Setia

Staying STEADFAST

Essex Garden,
Setia Eco Templer, Rawang

INTEGRATED REPORT 2020 | S P SETIA BERHAD

STAYING STEADFAST

These are unprecedented and challenging times for the property sector. S P Setia Berhad stayed competitive in the market and withstood the economic effects of the global pandemic by remaining agile and resilient in navigating through the challenges aside from adapting to the new norm.

Mindful of market sentiment, we strengthened our business strategies to counter market volatility. We implemented various cost-rationalisation initiatives across our operations, exercised prudency and ensured timely delivery of our products and launches.

Leveraging on our experience and expertise as well as building on our strengths, we stood steadfast and remained focused on delivering excellence, whilst ensuring long-term value for our stakeholders.

The rocks on the cover depict the strength and steadfast nature of S P Setia Berhad and its ability to weather the uncertainties of turbulent times; represented by the flow and swirls of the rushing water.

WHAT'S INSI

Available online at
www.spsetia.com

Setia Eco Templer, Rawang


DE

ABOUT OUR INTEGRATED REPORT

This integrated report has been prepared to provide a balanced and accurate account of S P Setia's performance and prospects based on our strategy, taking into account the challenges posed by the operating environment and other key risks impacting the property industry. The report is intended primarily for providers of capital, but is also relevant to all stakeholders who would like to understand how we seek to create sustainable value through good governance, balancing our vision for growth against environmental and social imperatives.

SCOPE AND BOUNDARY

We disclose material information relating to the Group – comprising our subsidiaries and joint ventures – covering the year from 1 January 2020 to 31 December 2020. Subsidiaries included are pursuant to Malaysian Financial Reporting Standards ("MFRS") 10 Consolidated Financial Statements.

REPORTING FRAMEWORK

Our integrated reporting process, as well as the contents of this report, is guided by the principles and requirements of the International <IR> Framework, the Main Market Listing Requirements ("MMLR") of Bursa Malaysia, the Corporate Governance Guide (3rd Edition) issued by Bursa Malaysia, the Companies Act 2016 ("CA 2016") and the Malaysian Code on Corporate Governance ("MCCG") 2017. All financial statements have been prepared in accordance with the requirements of the Companies Act 2016 ("CA 2016") and the MFRS.

MATERIALITY

Information disclosed is relevant to our material matters, which have been determined by extensive stakeholders engagement as well as internal evaluation. These material matters reflect existing and emerging risks and opportunities, which could affect our ability to create value in the short, medium and long term.

COMBINED ASSURANCE

Contents and the report development process are supported by robust internal controls and governance practices. Assurance for this report is provided by our management, internal auditors and Board of Directors ("Board"), supported by external verification – of financial and selected non-financial information – by Ernst & Young PLT Malaysia.

FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements relating to future performance. Such statements are premised on current assumptions and circumstances, which could change, hence they unavoidably involve uncertainty. Various factors could cause actual results to differ materially from those expressed or implied by these forward-looking statements.

United Nations Sustainable Development Goals Adopted

Cross References

Tells you where you can find more information within the report

Tells you where you can find more information online at www.spsetia.com

MATERIAL MATTERS

- Occupational Health and Safety
- Employment
- Economic Performance
- Indirect Economic Impacts
- Biodiversity
- Local Communities
- Anti-Corruption
- Natural Resource
- Security Practices
- Product and Service Quality
- Environmental Compliance

STAKEHOLDERS OF SETIA

- Shareholders and Investors
- Contractors and Suppliers
- Media
- Customers
- Employees
- Business Partners
- Banks and Analysts
- Local Community and NGOs
- Local Authorities
- Government and Regulators

Financial Capital
The pool of funds supporting business operations.

Manufactured Capital
Manufactured capital refers to our assets, business structure and operational processes, including our digital and IT infrastructure, that provide the framework and mechanics of how we do business.

Social and Relationship Capital
The strong relationships we create through regular engagements with all our key stakeholders.

Human Capital
The competencies, capabilities and experience of our employees and how they innovate, collaborate and align with our objectives.

Intellectual Capital
Intellectual capital refers to our brand value as well as product and service quality.

Natural Capital
Renewable and non-renewable resources consumed by the Company.

For a fuller account, please refer to our Stakeholders Engagement section on pages 30 to 33.

Overview

Setia Eco Glades, Cyberjaya

Overview · Key Message · Key Highlights · Management Discussion & Analysis

WHO WE ARE

Setia

S P Setia Berhad is an award-winning real estate player listed on the Main Market of Bursa Securities supported by more than 2,100 highly talented and dedicated employees referred to as Team Setia. Not only have we established a strong presence in Malaysia but also in the United Kingdom, Australia, Singapore, China, Vietnam and Japan.

We develop for every possible need, from townships to eco-sanctuaries, luxury enclaves, high-rise residences, and commercial, retail as well as integrated mixed developments. We are guided by our brand mantra 'StayTogetherStaySetia' in our approach to holistic living supported by our development philosophy of '**livelearnworkplay**' making our developments uniquely Setia.

Within Malaysia, we have established a strong presence in the Klang Valley, Johor and Penang, while making inroads into Kota Kinabalu, Sabah. Internationally, we collaborate with award-winning architects and designers to create iconic residential and commercial spaces as well as integrated developments such as London's Battersea Power Station.

We also have a growing portfolio of property investments which currently comprises three retail assets and two MICE venues, namely Setia SPICE in Penang and Setia City Convention Centre in Setia Alam.

We believe the communities around us are important to our ongoing success, hence influence positive social and environmental change wherever we operate. Sustainability is integral to the Group ("S P Setia Berhad and its group of companies"), as manifested in our vision, mission and values. Living our values, and respectful of the principles of sustainability, we help to enrich lives in healthy, cohesive communities.

WORKFORCE

2,162 employees

INTERNATIONAL PRESENCE

7 countries

EFFECTIVE REMAINING LAND BANKS

8,528 acres

OUR VISION

To Be the **Best** in All We Do

OUR MISSION

- To provide superior customer service and satisfy customer needs through a culture of excellence
- To enhance shareholders' value
- To be a caring and responsible employer
- To be mindful of our social responsibilities

VALUES

S.C.R.I.P.T

S – **S**etia's Work Ethics
- Respect
- Support one another

C – **C**ustomers
- Serve with passion
- Responsive to needs

R – **R**esponsibilities
- Commitment to success
- Learn & grow

I – **I**ntegrity
- Honesty
- Reliability

P – **P**rofessionalism
- Work professionally
- Continuous improvement

T – **T**eam Setia
- Teamwork
- Embrace diversity

WHAT WE DO

Property development is the main driver of S P Setia Berhad's operations focusing on four key segments:

- **Township Developments**
- **Eco-themed Developments**
- **Integrated Mixed Developments**
- **Niche Developments**

PROPERTY DEVELOPMENT

INTERNATIONAL PRESENCE

Vietnam | Australia | Singapore | China | United Kingdom | Japan

MALAYSIA

Klang Valley | Johor Bahru | Penang | Kota Kinabalu

KEY HIGHLIGHTS FOR STRONG GDV IN THE PIPELINE

RM136.87 billion

(Figures are for results in FY2020)

TOTAL COMPLETED GDV

RM2.22 billion

(Figures are for results in FY2020)

ONGOING PROJECTS

48 Projects

(Figures are for results in FY2020)

TOTAL SALES 2020

RM3.82 billion

(Figures are for results in FY2020)

Setia Warisan Tropika, Sepang

COMPLETED UNITS

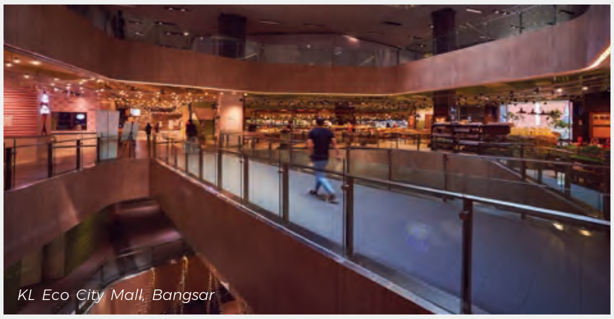
2,810 units

(Figures are for results in FY2020)

Setia Safiro, Cyberjaya

PROPERTY INVESTMENT

S P Setia Berhad is also a property investment company focusing on:



KL Eco City Mall, Bangsar

- **MEETINGS, INCENTIVES, CONFERENCING, EXHIBITIONS (MICE)**
- **RETAIL**
- **HOTELS** (future plans)

OTHER BUSINESSES

Other businesses of S P Setia Berhad include:

- **SETIA PRECAST, A GENERAL BUILDING CONTRACTOR**
- **SETIA WOOD INDUSTRIES, SUPPLIER OF WOOD COMPONENTS IN THE ASIA-PACIFIC**

KEY HIGHLIGHTS

Financial Highlights

REVENUE
RM3.23 billion

TOTAL ASSETS
RM30.38 billion

TOTAL SALES ACHIEVED
RM3.82 billion

UNBILLED SALES
RM10.05 billion

TOTAL EQUITY
RM15.34 billion

EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY
RM13.92 billion

STRONG GDV IN THE PIPELINE
RM136.87 billion

Business Highlights

Completed and delivered RM2.22 billion properties in various locations such as Setia Alam, Setia Eco Park, Setia Eco Glades, Setia Eco Templer, Alam Impian, Bandar Baru Seri Petaling, Bukit Indah, Taman Pelangi, Setia Tropika, Setia Eco Garden as well as Eco Lakes in Vietnam and also Marque Residences in Australia.

Invested approximately RM1.1 million in upskilling employees on various programmes including digital transformation and signature leadership series.

Established the **COVID-19 taskforce**. The taskforce:

- Monitored employees' health and safety
- Established strict SOPs
- Ensured Ministry of Health ("MOH") guidelines for health and safety measures at all offices and sales galleries
- Established a special emergency response team

Migrated and onboarded 1,700 employees to the Microsoft 365 productivity cloud which enabled Team Setia to work remotely using the online office apps and communicate via Microsoft Teams which is a proprietary **business communication** platform by Microsoft.

Setia Virtual-X, Setia's first virtual expo **generated sales amounting to a total GDV of RM1.08 billion**.

Sustainability Highlights

S P Setia Foundation **contributed approximately RM2.45 million** to the community

S P Setia Foundation formed a **COVID-19 Special Fund** to provide medical equipment and supplies worth approximately **RM630,000 to 26 hospitals** across Malaysia

3,119 students attended the **#StandTogether Kindness Workshop** online

RM1 million was donated to the Government-Linked Investment Companies Disaster Response Network

Launched the **World's first solar-powered hybrid F&B hub, D'Network** at Setia Eco Park, Setia Alam

CORPORATE STRUCTURE
AS AT 24 MARCH 2021

PROPERTY DEVELOPMENT

- **100%** Bandar Setia Alam Sdn Bhd
  - **50%** Greenhill Resources Sdn Bhd
  - **100%** Setia Alam Recreation Sdn Bhd
- **50%** Bandar Eco-Setia Sdn Bhd
  - **100%** Setia Eco Park Recreation Sdn Bhd
- **100%** Bukit Indah (Johor) Sdn Bhd
- **100%** Setia Indah Sdn Bhd
- **100%** Shabra Development Sdn Bhd
- **100%** Syarikat Kemajuan Jerai Sdn Bhd#
- **100%** Bukit Indah (Perak) Sdn Bhd#
- **100%** Setia Promenade Sdn Bhd
- **70%** Bukit Indah Property Management Sdn Bhd
- **50%** Golden Klang Valley Sdn Bhd#
- **100%** Sendiman Sdn Bhd
- **100%** Exceljade Sdn Bhd
- **100%** Aeropod Sdn Bhd
- **70%** Setia Eco Glades Sdn Bhd
- **70%** Kemboja Mahir Sdn Bhd
  - **100%** Ganda Anggun Sdn Bhd
- **100%** Kewira Jaya Sdn Bhd
  - **100%** Kay Pride Sdn Bhd
- **60%** Setia Putrajaya Sdn Bhd
  - **100%** Setia Putrajaya Development Sdn Bhd
- **100%** KL Eco City Sdn Bhd
- **100%** Setia International Limited
  - **100%** Setia MyPhuoc Limited
    - **57.25%** SetiaBecamex Joint Stock Company
  - **95%** Setia Lai Thieu Limited
    - **100%** Setia Lai Thieu One Member Company Limited
  - **100%** Setia Australia Limited
    - **100%** Setia (Melbourne) Development Company Pty Ltd
    - **100%** Setia St Kilda (Melbourne) Pty Ltd
    - **100%** Setia Carnegie Pty Ltd
    - **100%** Setia A'Beckett (Melbourne) Pty Ltd
  - **40%** Battersea Project Holding Company Limited & Subsidiaries
  - **40%** Battersea Power Station Development Company Limited & Subsidiaries
  - **40%** Battersea Power Station Estates Limited
- **100%** Setia Alamsari Sdn Bhd
- **100%** Setia City Development Sdn Bhd
- **100%** Gita Kasturi Sdn Bhd
- **50%** Retro Highland Sdn Bhd
- **100%** Setia Ecohill 2 Sdn Bhd
- **100%** Setia Hicon Sdn Bhd
- **100%** Setia Fontaines Sdn Bhd
- **100%** Setia Federal Hill Sdn Bhd
- **100%** Setia Bina Raya Sdn Bhd
- **100%** Intra Hillside Sdn Bhd
- **100%** Setia Eco Templer Sdn Bhd
  - **100%** Setia Eco Templer Recreation Sdn Bhd
- **100%** Setia Eco Land Sdn Bhd
- **100%** Setia Ecohill Sdn Bhd
  - **100%** Setia Ecohill Recreation Sdn Bhd
- **100%** S P Setia International (S) Pte Ltd
  - **100%** Setia (Bukit Timah) Pte Ltd
- **100%** Wawasan Indera Sdn Bhd
- **70%** Setia Safiro Sdn Bhd
- **100%** S P Setia Eco-Projects Management Sdn Bhd

CONSTRUCTION

- 100% Setia Readymix Sdn Bhd
- 100% Setia Prefab Sdn Bhd#
- 100% Setia Precast Sdn Bhd
- 100% Manih System Construction Sdn Bhd#
  - 60% Suharta Sdn Bhd*
    - 51% Suharta Development Sdn Bhd*
    - 60% Yunikhas Sdn Bhd*
      8% investment in Yunikhas Sdn Bhd is held by S P Setia Berhad
      10% investment in Yunikhas Sdn Bhd is held by Manih System Construction Sdn Bhd
      - 100% Aneka Baru (M) Sdn Bhd#

MANUFACTURING/INVESTMENT & PROPERTY HOLDING/PROPERTY MANAGEMENT/OTHERS

- 100% Setia-Wood Industries Sdn Bhd
  - 100% S P Setia Marketing Sdn Bhd
- 100% S P Setia Management Services Sdn Bhd#
- 60% S P Setia Estate Management Sdn Bhd*
- 100% S P Setia PMC Sdn Bhd
- 100% S P Setia Technology Sdn Bhd
- 100% Futurecrest (M) Sdn Bhd
  - 70% Kesas Kenangan Sdn Bhd
- 100% S P Setia (Indonesia) Sdn Bhd#
- 100% Setia International Japan Co. Ltd.
  - 51% Setia Osaka Tokutei Mokuteki Kaisha
- 100% Setia Japan Holding Sdn Bhd
  - 49% Setia Osaka Tokutei Mokuteki Kaisha
- 99.9% Kenari Kayangan Sdn Bhd#
  - 49% PTB Property Developer Sdn Bhd
- 100% Tenaga Raya Sdn Bhd
- 100% Setia Eco Green Sdn Bhd
- 45% Qinzhou Development (Malaysia) Consortium Sdn Bhd
  - 49% China-Malaysia Qinzhou Industrial Park (Guangxi) Development Co., Ltd.
- 100% Pelita Mentari Sdn Bhd
- 100% Flexrise Projects Sdn Bhd
- 100% S P Setia Property Services Sdn Bhd
- 100% Indera Perasa Sdn Bhd
- 100% Setia Eco Heights Sdn Bhd
- 100% S P Setia Development Pte Ltd
- 100% S P Setia DMC Sdn Bhd
- 100% Setia EM (Central) Sdn Bhd
- 100% Setia IP Holdings Sdn Bhd
- 100% Eco Meridian Sdn Bhd
- 100% Setia Ventures Excellence Sdn Bhd
- 100% S P Setia Project Management Sdn Bhd
- 100% I & P Group Sdn Berhad
  - Appendix A as attached

CORPORATE STRUCTURE
AS AT 24 MARCH 2021

Appendix A

Setia

100% I & P GROUP SDN BERHAD

- **100%** I & P Setiawangsa Sdn Bhd
- **100%** I & P Menara Sendirian Berhad
- **99%** I & P Alam Impian Sdn Bhd
- **70.09%** Syarikat Perumahan Pegawai Kerajaan Sdn Bhd
  - **100%** Plaza Damansara Sdn Bhd
- **51%** Perumahan Kinrara Berhad
  - **100%** Kinrara Golf Club Sdn Bhd
  - **100%** Kinrara Urusharta Sdn Bhd
  - **51%** I & P Kota Bayuemas Sdn Bhd
- **25.9%** I & P Kota Bayuemas Sdn Bhd
- **100%** Petaling Garden Sdn Bhd
  - **100%** Biltmore (M) Sdn Bhd
  - **100%** Setia Mayuri Sdn Bhd
  - **66.06%** Temasya Development Co Sdn Bhd
    - **100%** Alpine Affluent Sdn Bhd
    - **100%** Scenic Promenade Sdn Bhd
  - **70%** PG Resorts Sdn Bhd
- **30%** PG Resorts Sdn Bhd
- **100%** Pelangi Sdn Bhd
  - **100%** Yukong Development (Pte) Limited
  - **89.14%** Taman Gunong Hijau Sdn Bhd
  - **35%** Tanah Sutera Development Sdn Bhd
- **100%** I & P Multi Resources Sdn Berhad
  - **100%** Yong Peng Realty Sdn Bhd
  - **100%** Peninsular Land Development Sdn Berhad
  - **100%** I & P Supply Berhad
  - **100%** I & P Development Sdn Bhd
  - **100%** I & P Inderawasih Jaya Sdn Bhd
  - **100%** I & P Nibong Sdn Bhd
  - **100%** Perusahaan Minyak Sawit Bintang Sendirian Berhad
  - **100%** Petaling Garden Industrial Estate Sdn Bhd#
  - **100%** Eng Lee Knitting Factory Sdn Bhd#
  - **100%** Pelangi Concrete Industries Sdn Bhd
  - **20%** Fahim-I Hitech Sdn Bhd
  - **20%** Merit Properties Sdn Bhd

**In Creditors' Voluntary Liquidation*
#In Members' Voluntary Liquidation

Precinct Arundina, Setia Eco Park, Shah Alam

WHERE WE OPERATE
OUR PRESENCE

Central Region

- Setia Alam
- Setia City
- Setia EcoHill
- Setia EcoHill 2
- Setia Eco Park
- Setia Eco Templer
- Setia Eco Glades
- Setia Sky Seputeh
- Setia Seraya Residences
- TRIO by Setia
- KL Eco City
- Bandar Kinrara
- Temasya Glenmarie
- Alam Impian
- Bandar Baru Seri Petaling
- Setia Alamsari
- Kota Bayuemas
- Alam Damai
- Alam Sutera
- Setia Mayuri
- Setia Safiro
- Setia Warisan Tropika

Northern Region

- Setia Pearl Island
- Setia Greens
- Setia SPICE
- Setia Sky Vista
- Setia Sky Ville
- Setia Fontaines

Southern Region

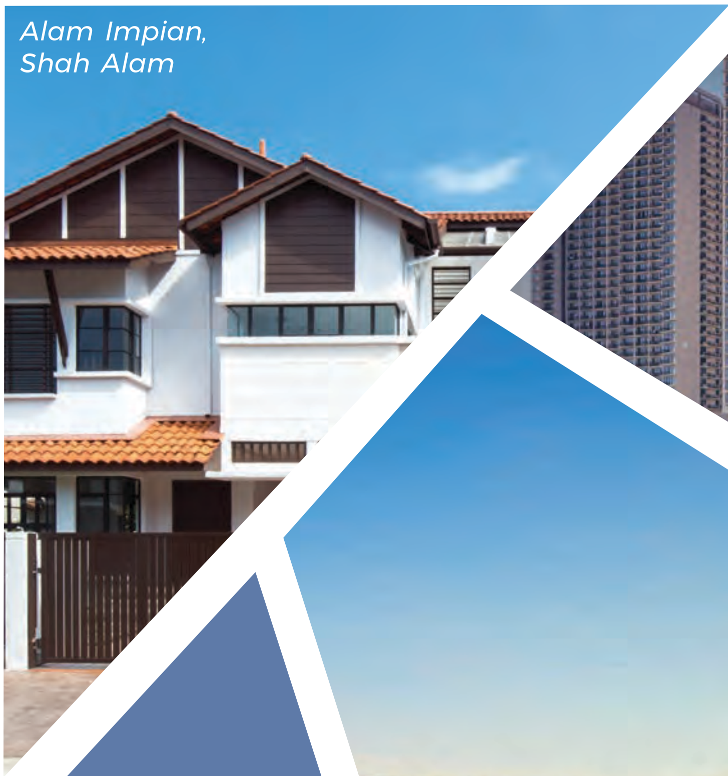
- Setia Eco Cascadia
- Setia Tropika
- Setia Indah
- Setia Eco Gardens
- Bukit Indah Johor
- Setia Business Park II
- Taman Perling
- Taman Rinting
- Taman Pelangi
- Taman Pelangi Indah
- Taman Industri Jaya

Eastern Region

- Aeropod


JAPAN
• Setia Izumisano City Centre
CHINA
• Qinzhou Industrial Park
VIETNAM
• EcoLakes
• EcoXuan
MALAYSIA
AUSTRALIA
• UNO Melbourne
• Sapphire by the Gardens
• Marque Residences
SINGAPORE
• Daintree Residence

OUR PROPERTY PORTFOLIO



Alam Impian, Shah Alam

Setia Alam, Shah Alam

Property Development

The Group is well-known for its township developments such as the award-winning Setia Alam. Besides that, S P Setia Berhad is also a pioneer and leader in developing eco-themed developments. Other types of developments include integrated mixed developments and also niche developments.

Setia Alamsari, Kajang

UNO Melbourne, Australia

Setia Safiro, Cyberjaya

Property Investment

The Group is steadily growing its Property Investment portfolio and currently has three retail assets under its belt and two large MICE venues i.e. Setia SPICE and Setia City Convention Centre located in Penang Island and Setia City in Setia Alam, respectively.

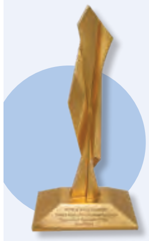
Amari Hotel, Setia SPICE, Penang

D'Network @ Setia Eco Park, Shah Alam

Setia City Convention Centre, Setia Alam, Shah Alam

KL Eco City Mall, Bangsar

OUR ACCOLADES

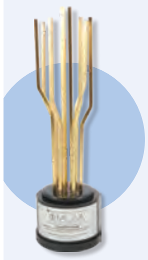


FIABCI World Prix d'Excellence Awards 2020
World Gold Winner for the 12th time

The Edge Malaysia Top Property Developers Awards 2020
No. 1 for the 13th time and Best in Qualitative Attributes Award 2020

EdgeProp Malaysia's Best Managed Property Awards 2020
EdgeProp-ILAM Malaysia's Sustainable Landscape Awards 2020:
– Adventure Park, Setia EcoHill 2

12th Malaysia Landscape Architecture Awards ("MLAA")
Developer Category for Landscape Development Awards:
– Excellence Award: Essex Garden, Setia Eco Templer



12th Malaysia Landscape Architecture Awards (MLAA 12)
Developer Category for Landscape Master Plan Awards:
– Excellence Award: Setia EcoHill 2 Master Plan

MSWG-ASEAN Corporate Governance Awards 2019 (awarded in 2020):
Industry Excellence Award category

The Edge Malaysia Property Excellence Awards 2020:
- The Edge Malaysia Affordable Urban Housing Excellence Award 2020: Seri Pinang Apartment, Setia Alam, Shah Alam
- The Edge Malaysia Outstanding Overseas Project Award 2020: Parque, Melbourne, Australia

12th Malaysia Landscape Architecture Awards
- Landscape Development Award (Honour) Developer & GLC Category: Residensi Vogue 1, KL Eco City, Bangsar

OUR STAKEHOLDERS

- Shareholders and Investors
- Contractors and Suppliers
- Media
- Customers
- Employees
- Business Partners
- Banks and Analysts
- Local Community and NGOs
- Local Authorities
- Government and Regulators

WHY INVEST IN US

AWARD-WINNING DEVELOPER IN MALAYSIA AND THE REGION

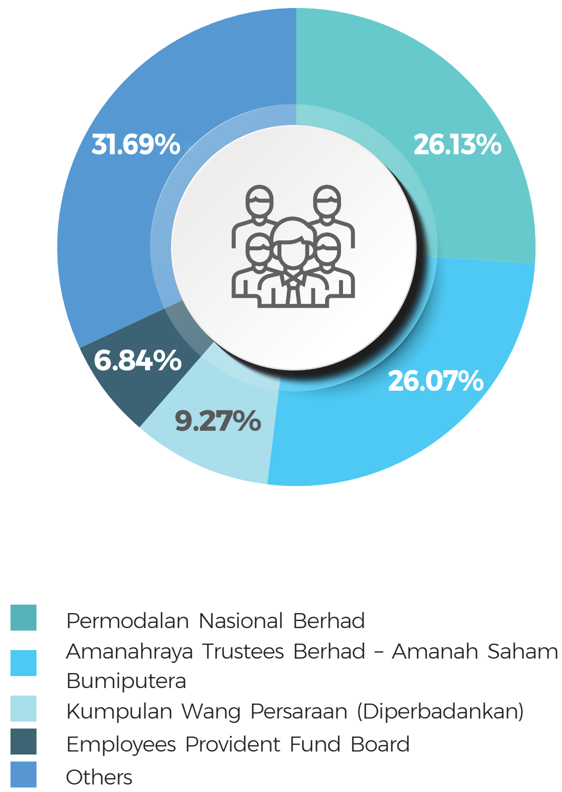
PRESENCE IN **7 COUNTRIES**

8,528 ACRES OF REMAINING LAND BANKS **WORTH RM136.87 BILLION IN GDV**

UNBILLED SALES OF **RM10.05 BILLION**

ROBUST GOVERNANCE PRACTICES

OUR SUBSTANTIAL SHAREHOLDERS



WHAT DIFFERENTIATES US

Malaysia's **first developer** to create a thriving and successful **eco-themed concept** with sustainable living environments to enrich the lives of many.

Incorporation of **advanced construction methods** including precast construction for superstructures, and **advanced system formwork enhancing efficiency and safety** while minimising waste.

To cater to different property purchases, our portfolio encompasses:
- Landed and high-rise units in established townships
- Luxury enclaves in eco-themed sanctuaries
- Residential and commercial units with transit-oriented convenience in Integrated Mixed developments
- High-rise units in niche developments.

Co-initiated the **#StandTogether anti-bullying and kindness** campaign to promote kindness in Malaysia.

Setia Eco Templer, Rawang

Key Message

Chairman's Message

"Without a shadow of a doubt, the year 2020 was challenging, with the COVID-19 pandemic impacting all markets worldwide. Despite the challenges, the Group surpassed its targeted sales of RM3.80 billion, achieving commendable total sales of RM3.82 billion. Behind the backdrop of this noteworthy accomplishment is the strategic yet prudent approach adopted by our collective leadership through the hard work of our values-driven Team Setia and the Company's agility as well as resilience, backed by strong fundamentals built over years of experience. Our business sustainability continues to align with our core beliefs in sustainable development for the community and the environment."

Y. A. M. TAN SRI DATO' SERI SYED ANWAR JAMALULLAIL
Chairman

CHAIRMAN'S MESSAGE

KL Eco City, Bangsar

OUR OPERATING ENVIRONMENT

The COVID-19 pandemic has led to an unprecedented crisis never experienced before, with movement and social restrictions severely curtailing business activities. Adding to the pandemic, major geopolitical events, including Brexit, the US Presidential Elections and the US-China trade war, caused global uncertainties with widespread repercussions.

Actions to flatten the curve of COVID-19 infections meant an imposition of a nationwide Movement Control Order ("MCO") by the Government which took effect from 18 March 2020, resulting in industries in Malaysia being brought to a standstill. The property sector was not spared. Despite stimulatory measures under the Government's National Economic Recovery Plan ("Penjana"), transaction volume and value of property purchases took a hit exacerbated by the resurgence of COVID-19 in the fourth quarter of 2020.

Overall, our national Gross Domestic Product ("GDP") shrank by 5.6% for the full year of 2020, as announced by Bank Negara Malaysia on 11 February 2021. The outlook for the year 2021 appears cautiously optimistic, with the expedited rollout of a mass vaccination programme in March 2021 to help curb COVID-19 infections lifting sentiments towards anticipated economic recovery.

REALIGNING OUR STRATEGY

One of S P Setia's key strengths is our ability to identify and adapt quickly to changes in our operating landscape. Following the MCO, we swiftly assessed the changes in the market as well as our operations and recognised an urgent need to realign our strategy according to the changes that were taking place. These changes are systemic – impacting not only short-term demand for different product types but also long-term consumer behaviour and their expectations.

In particular, there has been an exponential increase in the application of digital technologies by consumers in making purchases as well as communication with product and service providers. In response, we have accelerated our efforts and strategic investments into the adoption of digital technologies and have successfully developed several platforms, including Setia on the Go, a mobile application for potential buyers to browse for information about our latest properties; and Setia Virtual-X, S P Setia's very own virtual exhibition platform to connect and engage with potential buyers. Additionally, we quickly adjusted our product launches to meet demand in the most cost-efficient manner including offering existing inventory at attractive prices.

The digital platforms developed are part of a broader Digital Transformation journey that we have embarked on in our continuous pursuit of better operational efficiency and effectiveness. The digital road map that was put in place before the pandemic had enabled us to migrate seamlessly onto a cloud-based productivity service in the first quarter of the year. Within a week of the MCO, about 1,700 employees had been onboarded onto the platform, ensuring continued ability to hold meetings and collaborate, albeit virtually.

In addition, conserving cash was emphasised, and we looked into paring down our debt level while maintaining an optimal capital structure to strengthen our platform for growth. The Company reviewed its land banks and will continue to do so regularly to maximise utilisation, including monetising selected land under its portfolio.

SOUND PERFORMANCE

S P Setia has 48 ongoing developments backed by unbilled sales of RM10.05 billion. This will serve as our primary source of revenue for the next couple of years. As a result of our strategic response to the pandemic, we were able to surpass the sales target to achieve RM3.82 billion for the year.

Seri Pinang Apartment, Setia Alam, Shah Alam

CHAIRMAN'S MESSAGE

KEY ACHIEVEMENTS

S P Setia has become a trusted brand over the years in the realm of property development. Concerted efforts to understand our markets, combined with a relentless pursuit for excellence in everything we do have resulted in real estate that does not just meet customers' expectations but is also acknowledged as being among the best in its class.

Amidst the challenges of 2020, it was especially heart-warming to continue to be recognised as purveyors of quality. Of note, S P Setia won our 12th Gold at the prestigious FIABCI World Prix d'Excellence 2020 Awards, making us the only Malaysian property developer to have achieved this feat. Our win this year was for KL Eco City (KLEC), which outdid other global contenders in the Office category. We also clinched the top spot in The Edge Malaysia's Top Property Developers Awards ("TPDA") 2020 for the fifth consecutive year and for the 13th time in total. At the same awards ceremony, we also won the Affordable Urban Housing Excellence Award for Seri Pinang Apartments in Setia Alam and The Edge Malaysia Outstanding Overseas Project Award for Parque in Melbourne.

BUILDING CAPABILITIES & ENSURING WELL-BEING

Supporting our quest for excellence, we continue to develop our people and build their competencies in areas that are important in capacity building and achieving our corporate goals. This year, the focus was on accelerating the digital mindset and preparing our employees for greater adoption of digital technologies by helping them to acquire digital skillsets and savviness.

Other than our employees' competencies, our priority was to ensure their well-being and safety. Following the announcement of the COVID-19 outbreak, we immediately activated our COVID-19 Crisis Taskforce to establish and monitor the COVID-19 Health and Safety Standard Operating Procedures ("SOPs") and practices in all our premises as required by the Ministry of Health. Subsequently, a special COVID-19 Emergency Response Team was established, made up of multidisciplinary team members, trained and equipped with the capacity to deploy rapidly in response to any health emergency related to COVID-19 at the workplace. This was part of various initiatives undertaken along with the "Return to Work" guidelines developed by the COVID-19 Crisis Taskforce.

Understanding the levels of personal challenges that our employees may face and taking cognisance of their well-being, we introduced an Employee Assistance Programme in partnership with NALURI, a digital health application with an exclusive hotline that allows employees to reach out to psychologists, therapists, trainers and other professionals for support. The application also provides information and management tips on health matters.

SUSTAINABLE DEVELOPMENT & CORPORATE SOCIAL RESPONSIBILITY (CSR)

S P Setia is a property developer that believes in building sustainable living and communities. Staying true to this philosophy, we diligently initiate efforts to ensure social and environmental sustainability wherever we operate. This has led to the incorporation of green design elements in our developments for better environment management; community-building programmes; as well as outreach efforts aimed at greater social equity.

Our developments revolve around the theme "In Touch with Nature", where construction and maintenance methods adopted have minimal impact on nature. Our passion for preserving the environment has led to the development of multiple award-winning eco-themed townships such as Setia Eco Park, Setia Eco Glades, Setia Eco Templer and Setia Fontaines.

Our community-building programmes start from the masterplan blueprint itself. The development designs foster interconnected community activities through communal pockets in neighbourhoods that are connected to the main park through pedestrian pathways. These open-air spaces feature community centres, playgrounds, multipurpose halls, surau and neighbourhood watch centres. Community sporting infrastructure further supports larger-scale communal programmes such as festive gatherings, children's activities and other lifestyle events.

Among our CSR initiatives is the Setia Caring School Programme, under which we have adopted nine underperforming schools. The objective is to improve the children's academic and non-academic achievements with various continuous support. This year, we provided each school with RM10,000 to set up safe and happy corners for the students, ran a School Hygiene Education programme, and disbursed RM520,108 for school fees and books.


Parque, Melbourne, Australia

Despite the pandemic, we continued with the third edition of our #StandTogether campaign, a collaboration with Star Media Group's R.AGE team that seeks to curb bullying in schools. As students are spending more time online, they may be exposed to cyberbullying, and the programme has also catered for this.

The unprecedented pandemic had ignited calls for social intervention and philanthropy by corporations to step up and assist at the national level. In response, RM1 million was channelled to the Government-Linked Companies ("GLCs") and Government-Linked Investment Companies ("GLICs") Disaster Response Network ("GDRN"). We also set up a Special COVID-19 Fund, through which we donated RM630,000 worth of medical equipment and supplies to 26 hospitals nationwide.

Recognising the hardship faced by the foreign workers during these challenging times, we initiated Food Aid for some 6,000 workers at our project sites nationwide. We provided dry rations such as rice, flour, instant noodles and cooking oil during the lockdown.

STRONG GOVERNANCE

Good governance is integral to our business sustainability as it helps to build and maintain a high level of trust in S P Setia among our critical stakeholders, namely our customers, investors, business partners and employees. We recognise this and continue to uphold best practices in corporate governance to ensure integrity and transparency in all our actions.

In response to the Corporate Liability provision under Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act, 2018 (Amendment), we set up an Integrity & Governance Unit ("IGU") in early 2020. Among others, the IGU will manage all complaints related to improper/unethical conduct and enhance awareness of the Group's zero tolerance for corruption. Their efforts in 2020 reached no less than 91% of Team Setia in Malaysia. IGU is also tasked with ensuring that the Whistleblowing provisions which had been adopted by the Company are well understood by employees.

OUTLOOK & APPRECIATION

The global economy is expected to pick up in 2021 as various vaccines for COVID-19 have been approved and are being administered, with more in the pipeline. Along with this recovery, Malaysia's GDP is predicted to come in at between 6.5% and 7.5%, which is positive news for all industries, property inclusive.

With various actions and initiatives in place to face the new norm, we enter 2021 better equipped to focus on ongoing developments as we rebuild S P Setia's momentum of growth. Guided by an enhanced strategy that has been outlined, we will focus on further clearance of our inventory while designing new products that meet the specifics of emerging demand, such as homes with good transport and digital connectivity.

If there is one lesson the pandemic has taught us, it is to respect and not take for granted the environment we live in. At S P Setia, this knowledge has been shaping our developments for many years and is reflected in our philosophy of 'LiveLearnWorkPlay'. We will continue to enhance all efforts to ensure our developments promote holistic, sustainable living and respect for the environment.

In the last few years, the Group has enjoyed many successes, always staying one step ahead of the competition. This has been the result of the excellent leadership of our President and Chief Executive Officer ("CEO") Dato' Khor Chap Jen, who has helmed the Company for six years, ably supported by Deputy President and Chief Operating Officer ("COO") Datuk Wong Tuck Wai, since assuming their positions in 2015.

However, both will retire at the end of September 2021 and in preparation for a smooth transition, the Board of Directors of S P Setia ("Board") has named Datuk Choong Kai Wai to succeed Dato' Khor Chap Jen and Datuk Koe Peng Kang to succeed Datuk Wong Tuck Wai effective 1 October 2021. This decision by the Board was made following a succession plan which is part of the Company's leadership talent agenda, implemented based on leadership discussions within the Company. The succession plan is positioned to sustain the leadership position of S P Setia as the leading property developer in Malaysia. Both the successors are veterans in the property industry, locally and abroad, and are long-serving employees of the Company.

On behalf of the Board, I would like to thank Dato' Khor and Datuk Wong for their immense contributions in creating the award-winning Group that we are today. At the same time, we would like to extend a warm welcome to Datuk Choong and Datuk Koe. We have every faith in the new leadership's ability to build on the momentum of growth already established and bring the Company to greater heights.

To achieve our goals, we will need continuous support from our stakeholders, and I would like to take this opportunity to thank those who have been instrumental to S P Setia's successes to date. The list includes our shareholders, financiers, business partners, suppliers, customers and employees. To every one of you, let me express my heartfelt gratitude. I believe in the future of this Company and would like to assure you that we will continue to prioritise value creation as we venture into the new business landscape that is unfolding before us. Thank you. Stay safe.

Y. A. M. TAN SRI DATO' SERI SYED ANWAR JAMALULLAIL
Chairman

BUSINESS MODEL

We continue to uphold value creation in our businesses through all possible dimensions to bring distinctions to our products and services as we always do. Our focus on business sustainability lines up with our corporate values to fulfil both stakeholders' and shareholders' expectations.

VALUE ADDED BY S P SETIA BERHAD

Resources We Rely On

SUPPORTED BY STRONG GOVERNANCE AND ETHICS

INPUTS 6 CAPITALS

STRATEGIC GOAL

TO BE THE LEADING PROPERTY DEVELOPER IN MALAYSIA

STRATEGIC FOCUS AREAS

- Achieve high sales target
- Propel growth through efficient capital structure
- Optimise resources; both land banks and skill sets, to create value
- Diversify into new markets and business
- To complement internal strength through strategic partnership
- Build strategic investment properties

FINANCIAL

The pool of funds for business operations.

Net Gearing Ratio:
0.59 times

MATERIAL MATTERS
- Economic Performance
- Indirect Economic Impacts

MANUFACTURED

Manufactured capital refers to our collection of assets that we use in the provision of products and services to our customers.

Land Bank: **8,528 acres**

Ongoing Developments: **48**

- Product and Service Quality

HUMAN

A right setting of human capital within Setia that breeds innovative, creative and highly engaging staff which improves Setia both tangibly and intangibly through its business returns and a greater company culture.

Total number of employees	Total training hours	Total cost of training	Employee engagement index/score	Average training hours per employee
2,162	**27,456.5**	**RM1,091,299.12**	**81%**	**12.7**

- Employment (Including Diversity & Inclusion and Training & Development)
- Occupational Health and Safety

INTELLECTUAL

Intellectual capital refers to our brand value as well as product and service quality.

- Indirect Economic Impacts (incl. Digital Transformation)
- Product and Service Quality

SOCIAL & RELATIONSHIP

From the strong key stakeholder relationships that we create; as a result of it intangibly associating itself with Setia's brand and reputation, our business enabling environment has qualitatively soared to a greater height.

- Anti-Corruption
- Local Communities
- Security Practices

NATURAL

Renewable and non-renewable resources consumed by the Company.

Electricity consumption:
31.66 million kW/h*

Water consumption:
0.48 million m³**

- Cross ventilation air-flow analysis to reduce heat island effect
- Maximise daylight with efficient design
- Use of energy efficient lighting i.e. LED bulbs
- Use of renewable energy i.e. solar energy
- Sanitary wares and fittings with 3-star Water Efficient Labelling Scheme
- Rainwater harvesting and waste water recycling
- Irrigation system for gardens and parks

Material matters:
- Biodiversity
- Environmental Compliance
- Natural Resources (Including Energy and Water)

* *Electricity consumption data include estimation for the months of November and/or December 2020 for Setia EcoHill, Setia Seraya, Setia Bukit Indah, Setia International Australia, Setia Precast and Setia City Convention Centre.*

** *Water consumption data include estimation for the months of November and/or December 2020 for Setia EcoHill, Setia Seraya, Setia Eco Glade, Setia Eco Cascadia, Setia Tropika, Setia Precast and Setia City Convention Centre.*

Driven by our VISION
To Be the Best in All We Do

Guided by our VALUES
- SETIA's Work Ethics
- Customers
- Responsibilities
- Integrity
- Professionalism
- Team Setia

S.C.R.I.P.T

MARKET TRENDS SHAPING OUR BUSINESS
- Urbanisation
- Industrialisation
- Digitalisation
- Population growth and population age
- Changes in demand-supply fundamentals
- Accessibility, mobility and connectivity
- Market volatility

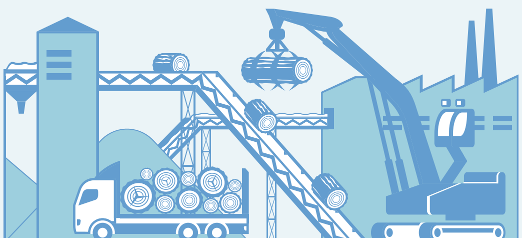
VALUE CREATED FOR S P SETIA BERHAD AND ITS STAKEHOLDERS

Value We Create

PROPERTY DEVELOPMENT
- Township development
- Eco-themed lifestyle development
- Integrated development
- Niche development

CONSTRUCTION & INFRASTRUCTURE

Setia Precast:
- A wholly-owned subsidiary of S P Setia Berhad
- An award-winning Building contractor, supporting property development of S P Setia
- Capable of catering to external demand in the future



WOOD-BASED MANUFACTURING

Setia Wood Industries:
- Supply wood component materials to Setia's construction arm, as well as to the local construction industry
- Renowned for its product range and high quality
- Prefabricated timber roof trusses, solid decorative and fire-rated doors, windows, mouldings and carpentry works

Other property-related businesses
- Diversify into other property-related businesses in the future as to complement our core business and add value to our stakeholders.

KEY RISKS
1. Pandemic risk
2. Market risk
3. Competition risk
4. Political & Regulatory risk
5. Forex risk
6. Geopolitical risk
7. Cyber Security risk
8. Workplace Health and Safety risk

OUTCOMES

INVESTORS/SHAREHOLDERS
- Equity attributable to Owners of the Company: **RM13.92 billion**
- Unbilled sales: **RM10.05 billion**

CUSTOMERS
- Customer Satisfaction Survey: **75%** of S P Setia's homebuyers recommend purchasing S P Setia properties to friends and relatives
- **64.3%** of our Property Development projects achieved **100%** in overall satisfaction and all service elements

EMPLOYEES
- Employee Engagement Index: **81%**
- Workforce Participation:
  - Female in the Company: **43%**
  - Female in Senior Management: **24%**
  - Female in Board: **30%**
- Average training hours: **12.7** hours per employee
- Build a future-ready workforce

COMMUNITIES
- S P Setia Foundation has spent a total of **RM76.75 million** since year 2000
  - Overall, it touched the lives of **16,400** children
- In FY2020, we spent a total of **RM2.56 million** on Foundation
  - Total no. benefitted from the above sum in FY2020: **5,100** students and teachers
- Through Setia Foundation, we have been adopting **9** schools in some states we are operating (3 in Selangor, 3 in Johor and 3 in Penang)
  - Total no. of B40 students adopted before FY2020 was **2,426**
  - In FY2020, we adopted another **2,274** new students (**94%** new ones), making a new total number of **4,700**

ENVIRONMENT
- We continue to win awards and recognitions for our continuous efforts in optimising preservation and bringing back nature to life within our project developments
  - (Refer to Sustainability Statement, pages 142 to 196)

Overview · Key Message · Key Highlights · Management Discussion & Analysis

STAKEHOLDERS ENGAGEMENT

As a leading property developer, we are aware of how our business decisions affect our stakeholders, which include shareholders, customers, regulators, employees and the local communities.

We continuously engage with our stakeholders to understand their concerns and areas of interest and to obtain feedback through various channels of engagement including meetings, events & roadshows, surveys and online platforms (website and social media) as summarised in the table below.

Frequency of Engagement

P	D	W	M	Q	HY	A
Periodic	Daily	Weekly	Monthly	Quarterly	Half yearly	Annually

Key Stakeholders Group	Channel of Engagement	Concerns Raised	Our Response	Frequency
Investors Our investors provide capital with the expectation of receiving monetary benefits in return.	• General meetings • Corporate announcements • Regular analyst and investor briefings • Media announcements • Annual reports • Company websites • Project specific micro-websites • Project launches	• Strategic directions • Economic prospects • Sustainable growth	We continue to be prudent in our risk management to maximise financial returns to our investors.	P M Q A
Shareholders Our shareholders invest in us with the expectation of receiving monetary benefits in the form of increased share price and dividends.	• General meetings • Corporate announcements • Analysts briefings • Media announcements • Annual reports • Company websites • Project launches	• Share liquidity • Share price performance • Dividends growth prospects • Sustainability, social investment and corporate governance	Similar to investors, we remain prudent in our risk management to maximise financial returns to our shareholders.	P M Q A
Fund Providers Fund providers support us through the provision of short-and long-term capitals enabling us to manage our operations and achieve our business objectives.	• Periodic reporting • Loan covenant compliance reporting	• Economic and financial performance • Dividend and growth prospects	In the midst of volatility, we ensure constant communication and timely repayments to our fund providers.	P Q HY A

Key Stakeholders Group	Channel of Engagement	Concerns Raised	Our Response	Frequency
Analysts Our analysts provide us with information such as economic conditions, business prospects and regulatory updates. At the same time, they provide information about our Company to investors through media briefings, commentaries and articles.	• General meetings • Corporate announcements • Analyst briefings • Media announcements • Annual reports • Company websites • Project launches	• Business overview • Strategic imperatives • Economic and financial performance • Growth prospects • Corporate governance • Sustainability performance	We keep our analysts updated and manage their expectations through regular briefings.	P Q
Government and Regulators Governments and regulators refer to federal, local governments and municipalities that shape policy and regulatory changes relevant to our businesses.	• Direct meetings • Industry associations • Regulatory requirements reporting • Compliance reporting • Site inspections and visits	• Regulatory requirements • Economic issues • Environmental issues • Public and community engagement • Government policies	Through our experience and expertise in private sector operation, we help manage infrastructure investments aligned with government policy and regulatory changes.	P M Q A
Customers Customers are individuals or businesses that purchase products and services from us. This includes property buyers, retail tenants, convention centre rentees, etc.	• Corporate announcements • Media announcements • Company websites • Project launches • Corporate and product brochures • Customer satisfaction surveys • Online/ Social media platforms • Customers community events	• Product and service quality • Product and services features/ amenities and facilities • Timely delivery • Pricing of products and services • Safety and security	We conduct In-Process Construction Quality and Construction Performance Assessment audits to ensure architectural and structural integrity and quality workmanship. In addition, our Technical Excellence Committee conducts ongoing research and development to overcome challenges in construction. Security at our developments is secured by stringent systems and auxiliary police.	D W M Q A

STAKEHOLDERS ENGAGEMENT

Key Stakeholders Group	Channel of Engagement	Concerns Raised	Our Response	Frequency
Media Media comprise organisations, both profit and non-profit channels, and formats controlled by communities of practice and interest.	• General meetings • Corporate announcements • Analyst briefings • Media and press announcements • Annual reports • Company websites • Project launches	• Impact of operations on surrounding communities and environment • Corporate governance • Awareness and promotions • Advertisements	We maintain strong relationship with the media and keep them updated on factual and accurate information.	D W M Q A
Employees Our employees are the backbone of our organisation that drives our business, enabling us to serve our customers and other stakeholders.	• Onboarding Programmes • Employees engagement activities • Corporate activities – such as festive luncheon and CEO/COO Dialogue • Performance development programmes • People Pulse Survey	• Compensation and benefits • Career enhancements • Health and safety • Performance development • Exit and retirement benefits • Succession plan	We strive to create a diverse and inclusive workplace where all employees can reach their full potential in a conducive work environment. We ensure our employees' well-being through competitive compensation and benefit plans, health and wellness programmes and a safe workplace.	D W M HY A
Suppliers and Contractors Our suppliers and contractors provide us with the materials and services we require to meet our customers' expectations.	• Daily contacts via telephone and e-mails • Periodic meetings and briefings • Tender briefings • Pre-qualification assessment • Contract and legal discussions • Project updates and meetings • CEO/COO Dialogue	• Payment terms • Contract terms and conditions • Future business dealings	We ensure our suppliers and contractors understand our business needs and areas covering integrity, labour and human rights, inclusivity and health, safety and environment. We engage with our suppliers and contractors to ensure little to no disruption in work progress, thus allowing for timely payment for materials and services provided.	D W M HY A

Key Stakeholders Group	Channel of Engagement	Concerns Raised	Our Response	Frequency
Local Communities Local communities refer to the group of people living within and surrounding the areas where we operate.	• Corporate announcements • Media announcements • Company websites • Project launches • Community activities • Festive seasons celebrations	• Economic well-being • Safety and health • Impact of operations on surrounding communities and environment • Employment opportunities	We aim to provide social and economic benefits to the communities, for example, through: • Sponsorship, financial assistance and charity • Visits, seminars and joint activities • Recruiting from impacted communities	D W M Q A


CEO Dialogue 2020 attended by Team Setia at Setia City Convention Centre

Throughout the year, we diligently consider feedback and comments gathered and through these encounters gain valuable input on our economic, environmental and social performance. Based on this information, we continuously improve our business processes and create products that our customers appreciate.

Setia Eco Glades, Cyberjaya

Management Discussion & Analysis

STRATEGIC REVIEW

ECONOMIC & PROPERTY MARKET REPORT

The global economy in 2020 contracted by an estimated 4.4% as compared to 2.8% growth in 2019, mainly due to the COVID-19 pandemic. In an attempt to curb the spread of the virus, governments imposed a series of lockdowns restricting movement as well as social and economic activities. Geopolitical events, such as the prolonged US-China trade war, Brexit and US Presidential Elections further exacerbated an environment of uncertainty, with far-reaching consequences.

In Malaysia, the Government imposed the Movement Control Order ("MCO") in March 2020. This has been in place in various forms since, accompanied by different degrees of social and economic restrictions. To counter the economic repercussions of the MCO, Bank Negara Malaysia ("BNM") reduced the Overnight Policy Rate ("OPR") four times during the year, ending at a record low of 1.75%.

However, this was not sufficient to prevent an economic contraction of 5.6%, in sharp contrast from 4.3% growth in 2019.

Hopes that the country was on the verge of overcoming the pandemic in September were subsequently dashed when the country entered a third wave of infections. Today, recovery is still not assured given a renewed up-tick in new COVID-19 cases. Although vaccines have been approved, their administration to create herd immunity in Malaysia will take time.

MALAYSIA

Operating Environment in 2020

The property market in Malaysia, already subdued for the last couple of years, was further impacted by the pandemic with dampened demand as cautious buyers took a 'wait and see' approach. To spur property demand, the Government reintroduced the Home Ownership Campaign ("HOC") in June 2020 under a broad-based economic stimulus package, Penjana. Ongoing till 31 May 2021, the HOC includes several new incentives targeting both sellers and buyers, such as removal of the 70% financing limit margin and real property gains tax ("RPGT") exemption.

Outlook & Opportunities in 2021

The global economy is expected to expand by 4.0% in 2021, on the assumption of widespread COVID-19 vaccine roll-out. Along with this recovery, GDP in Malaysia is projected to grow at between 6.5% and 7.5%.

The property market, however, is expected to remain subdued as uncertainties caused by the pandemic are likely to extend into the year. Concerned about financing and, to a certain extent, job security, consumers may hold back from buying "big ticket" items such as homes.

In its effort to cushion the impact of the pandemic, the Government has introduced various measures to preserve the welfare of the people, businesses and overall economy. Extension of the HOC, attractive offerings by property developers, and the current low-interest environment will attract end users while renewing interest from investors.

The National Budget 2021 also encompasses measures to stimulate the market. These include stamp duty exemption on Memorandums of Transfer ("MOTs") and loan agreements for the purchase of first residential properties worth up to RM500,000 from 1 January 2021 until 31 December 2025. This will help to boost home ownership during the five-year period.

In response to the current landscape, S P Setia will prioritise the following areas:

i. Launch of new phases in existing projects with the right product size and pricing

   We will focus on new phases in existing established townships in Setia Alam, Setia EcoHill 2, Setia Alamsari, Setia Safiro, Alam Impian, Bandar Kinrara, Kota Bayuemas; Setia Tropika, Taman Rinting, Taman Industri Jaya, Setia Fontaines, EcoLakes & EcoXuan.

ii. Clearing of completed stocks

   Targeting end users as well as investors, we will focus on dynamic marketing for completed stocks in the Klang Valley, Penang, Johor and Sabah. Our objective is to monetise existing inventories through attractive schemes that offer the right pricing and financing packages.

iii. Optimising land banks

   We will monetise selected land banks that are less strategic in order to raise funds for more strategic developments.

With 48 ongoing projects, total unbilled sales of RM10.05 billion and leveraging the versatility of the Group's product offerings, S P Setia is confident in retaining our position as the leading developer in Malaysia. We seek to maintain a sales target of RM3.80 billion for 2021, barring any further impact of COVID-19 on the business.

INTERNATIONAL MARKETS

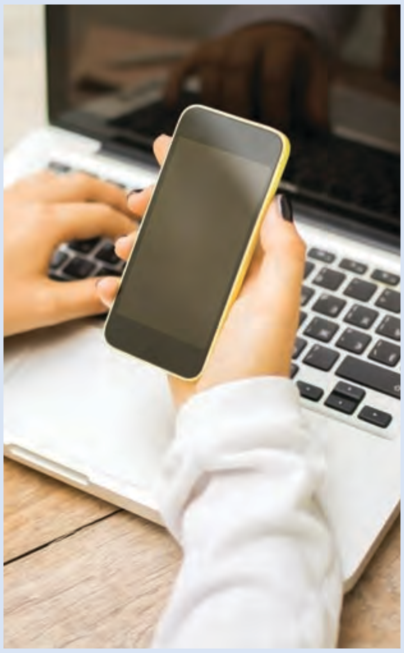
Country	Property Market Performance in 2020	Outlook
Singapore	Homes sales exceeded expectations amidst a low-rate environment and relatively low unemployment rate. For 2020, developers sold 9,982 new homes, up 0.7% from 9,912 units sold a year earlier. Positive measures include: 1. Allowing borrowers to defer loan repayments 2. Temporary waiver on extension charges of up to a total of six months for developers applying to extend their existing completion and/or disposal deadline	Housing demand is expected to pick up further on growing vaccine optimism and potential macroeconomic recovery.
Australia (Melbourne)	Melbourne property prices took a dip in 2020, especially from April to September, ending the year about 1.7% lower than at end 2019.	Low mortgage rates together with excellent COVID-19 containment is expected to boost property prices to pre-pandemic levels by February 2021.
Vietnam	Vietnam continues to be a high growth market in the region. Property prices continued to rise, albeit at a slower pace following the pandemic. Nevertheless, confidence was quickly restored, buoyed by real owner-occupier demand.	The property market is expected to remain fundamentally strong with improving infrastructure and increasing foreign investments serving as plus factors.
UK (London)	Despite COVID-19 and Brexit, the UK's property market enjoyed a robust year in 2020. At year end, annual property prices in London had increased 6.2%, due to pent-up demand (from the first lockdown) and homebuyers seeking more space.	Following the boom, property prices are expected to self-adjust and moderate. However, there will be no burst bubble, as the economy recovers with the vaccine.
Japan (Osaka)	Despite economic malaise, the Japanese property market has been resilient, continuing to attract foreign investment. Growth in the e-commerce-driven logistics sector is boosting rental in regional cities such as Osaka.	The high-rise market in Osaka has many catalysts for continued growth – inbound tourism, the 2025 World Expo and improving transport infrastructure.
China	The Chinese property market is one of the hottest in the world being well received by the both local and foreign purchasers. It is a crucial economic sector for the country and its people.	The Chinese economy is projected to strengthen in 2021 driven by healthy growth in investments, consumption and exports.

STRATEGIC REVIEW

KEY MARKET TRENDS

Changes in global trends and the new norm are reshaping the way people view property in terms of their expectations and type of investments. These changes influence developers' planning and decisions on what, where and how to develop their products. The four key trends we believe to be the most significant in the current landscape are presented here.

CHANGING LIFESTYLES



- **Mobility** is important to many home buyers today, as a growing number of people are digital nomads, working remotely from wherever they like. For such people, it is important to have easy access to efficient public transport systems such as rail and buses, especially in urban areas where traffic and the cost of driving are deterrents to using private cars.
- **Work From Home.** This has become a catchphrase as a result of the pandemic, which has required large sections of the working population to work from home. As more people spend more time at home, there is a greater need for larger space for comfort and the ability to work without disturbance. There is also increasing desire for balconies or gardens, to enjoy the feeling of being outdoors.
- **De-urbanisation.** Related to working from home, and the need for more space, people are more willing to move out from the cities to enjoy the benefits of larger homes that come at affordable price points. This was seen in London, where there was a discernible increase in number of people looking to move out of the capital city in 2020.
- **Access to Essentials.** Whether in the cities or not, COVID-19 has reinforced the need to have easy access to amenities such as supermarkets and pharmacies.
- **Rise in demand for Condotels.** Those with the means seek luxury apartments that offer all the conveniences of a hotel – such as concierge and cleaning services, co-working spaces, trendy cafes and business lounges overlooking swimming pools.

Our Response

S P Setia offers a wide range of product offerings that cater to everyone, be it first-time home buyers or upgraders to more affluent buyers and investors. These products range from high-rise residential properties such as condominiums, to landed terraced houses, semi-Ds and bungalows located in our townships as well as eco-themed, integrated and niche developments.

AGING POPULATION

- The aging population in Asia-Pacific is growing at one of the fastest rates in the world, and by 2050, one in four people in the region would be above the age of 60. This demographic is set to triple in size between 2010 and 2050, reaching close to 1.3 billion people. Along with changing lifestyles and migration of younger generations, a large number of senior citizens will not be living with their immediate families. There will therefore be a greater need for properties that cater to this growing segment of society.

Our Response

Our townships cater to all social demographics and are equipped with the amenities as well as infrastructure to provide accessibility and convenience to parks and green lungs for everyone. We also ensure that healthcare providers such as clinics and pharmacies are given priority during the planning stage of township development.

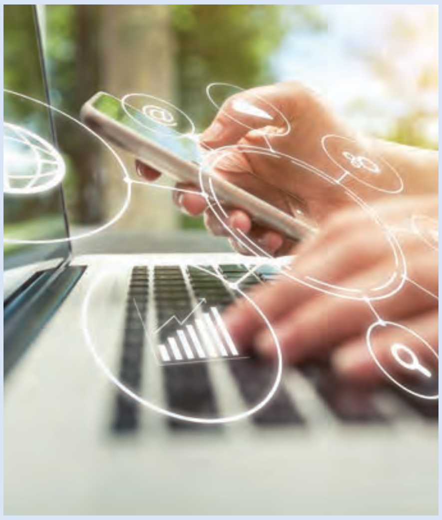
GREEN WAVE

- Along with increasing awareness of environmental issues such as climate change, people seek to play their part in contributing towards a more sustainable planet. This means adopting eco-friendly behaviours and living in homes that support green lifestyles. Demand for properties that have been designed to have a low carbon footprint – such as those that incorporate solar-powered energy systems and energy-efficient technologies – will become more pronounced.

Our Response

S P Setia is known for our eco-themed developments. During the year, we took our green commitment to a higher level by launching the world's first solar-powered hybrid F&B hub at D'Network in Setia Eco Park. Spanning across 3.16 acres, D'Network is powered by 345kWp of hybrid solar energy, complementing supply from the national grid. There is also a pet-friendly park that boasts Elizabeth Falls and a Musical Fountain, both which are powered by solar. To further make the hub sustainable, only organic fertilisers and compost are used.

DIGITALISATION



- As digital technologies continue to advance, people will be looking for homes that go beyond fast internet connection to incorporate smart systems enabling remote monitoring and management, including security systems such as IPTV. In addition, as with all other purchases, home buyers will rely increasingly more on online searches and reviews, and seek greater engagement with developers online. To keep up, developers will need to invest in building their digital sales and marketing capabilities.

Our Response

The Group has always invested in and leveraged digital technologies to enhance our efficiencies. With the pandemic and MCO, we have accelerated the adoption of digital technologies internally to engage with potential buyers. As online engagement replaces physical meetings, we launched two apps during the year, namely Setia on the Go and Setia Virtual-X. These enable us to reach out and stay connected with our existing as well as potential buyers.

Leadership ..... Governance ..... Creating Sustainable Value ..... Financial Statements ..... Shareholders' Information

STRATEGIC REVIEW

KEY RISKS AND MITIGATION

INTRODUCTION

Various risks are inherent to the property industry, creating challenges that are beyond our control. By monitoring known risks and being vigilant to emerging risks, however, we are able to minimise their potential/real impact, thus enhance the ability to achieve our performance targets and corporate goals. In 2020, the property industry – along with most others – was overwhelmed by the COVID-19 pandemic. Our swift response to this unanticipated risk, however, proved the robustness of our risk management systems and controls.

PANDEMIC RISK

RISK DESCRIPTION

The COVID-19 pandemic has affected the way we conduct our business. S P Setia's preparedness and resilience in ensuring business continuity is crucial to minimising disruption to our operations.

STRATEGIC MITIGATION EFFORTS

- Established the Setia Pandemic Plan
- Formation of the Setia Pandemic Taskforce
- Provided communication platforms for Team Setia

MARKET RISK

RISK DESCRIPTION

Our performance depends to a large extent on the buoyancy of the property markets in which we have a presence. This, in turn, is affected by domestic and global economies, government regulations, and supply-demand metrics. Amidst the COVID-19 pandemic, we are emphasising agility and speed in responding to market demands and needs in product design, master planning, construction and our communication channels.

STRATEGIC MITIGATION EFFORTS

- Close monitoring of property trends
- Product offerings and project development phased according to market demand
- Expedited digital marketing initiatives and virtual events
- Developed "Setia on the Go" application, an all-in-one lifestyle app for S P Setia purchasers to be kept updated on exclusive events, special deals and more

COMPETITION RISK

RISK DESCRIPTION

We face competition from local and international property developers in terms of pricing, design and quality of properties, facilities and supporting infrastructure, as well as the sale and marketing of properties.

STRATEGIC MITIGATION EFFORTS

- Conducted market intelligence surveys
- Aligned product offerings according to market trends and demand
- Came up with innovative marketing strategies
- Launched an interactive virtual showcase platform, "Setia Virtual-X"

POLITICAL AND REGULATORY RISK

RISK DESCRIPTION

Various rulings are in place to regulate the property market in each country where we operate. At the same time, government policies change according to the economic climate.

STRATEGIC MITIGATION EFFORTS

- Close tracking and monitoring of changes and new regulations
- Annual review of business plans
- Continuous communication with relevant stakeholders

FOREX RISK

RISK DESCRIPTION

As we have developments overseas, we are exposed to currency fluctuations.

STRATEGIC MITIGATION EFFORTS

- Secured project financing in the respective international currency for our developments abroad, to reduce forex exposure

GEOPOLITICAL RISK

RISK DESCRIPTION

Every country in which we operate has its own set of geopolitical risks, based on the political environment and government stance on foreign direct investment.

STRATEGIC MITIGATION EFFORTS

- Close monitoring of political environment
- Regular updates on geopolitical climate to Senior Management and the Board
- Partner with local businesses where relevant

CYBERSECURITY RISK

RISK DESCRIPTION

Like any other business that has adopted digital technology, we are exposed to the risk of cybercrime and of information being leaked or tampered with.

STRATEGIC MITIGATION EFFORTS

- Established IT policies and procedures
- Data protection through regular system checks
- Employee awareness programmes on cyber risks

WORKPLACE HEALTH AND SAFETY RISK

RISK DESCRIPTION

Safety risks are pronounced during the construction phase of projects. During the pandemic, compliance with regulatory requirements and standard operating procedures has been emphasised, and our zero tolerance to non-compliance are communicated to all relevant stakeholders.

STRATEGIC MITIGATION EFFORTS

- Established health and safety policies and procedures
- Training programmes on health and safety
- Adopt safer construction methods
- Enforcement, tracking and monitoring of regulatory requirements

The Setia Key Risks and Strategic Mitigation Efforts disclosures are detailed in the Statement of Risk Management and Internal Control (SoRMIC) on page 130 to page 139.

STRATEGIC REVIEW

STRATEGIC DIRECTION

The Group's objectives include maintaining our position as the leading property developer in Malaysia as we also grow our property investment portfolio to generate 10% of our earnings before income tax (EBIT) by 2025 and 30% of EBIT by 2035. To achieve our objectives, we have outlined a strategic blueprint focusing on six key areas which together will ensure we build our business in a profitable yet sustainable manner.

Our strategic direction during the year is reflected below:

	Initiatives
ACHIEVE SALES TARGET Property sales represent our key source of revenue.	Accelerated the adoption of digital technologies to engage with potential buyers online rather than physically, launched two apps: *Setia On The Go and Setia Virtual-X.* • Virtual show units displayed on video – a way to entice purchase • Leverage on Home Ownership Campaign ("HOC") deadline – a way to create urgency Concerted effort to sell existing stocks by giving special discounts or rebates. Various targeted advertising and promotional activities emerged independently from our Business Units to create hype in the midst of the MCO/CMCO. • Advertisements on social media platforms, eg: Instagram, Facebook, YouTube • Displays on widescreens outside the Sales Gallery/Welcome Centre of each project
EFFICIENT CAPITAL STRUCTURE TO PROPEL GROWTH We seek to reduce our gearing and maintain optimal capital structure.	• Continuous review of our capital structure to ensure its strength to support project development and growth • Monetising of selected land banks to raise funds which will be the key focus area for 2021
OPTIMISE RESOURCES TO CREATE VALUE We optimised our human capital and assets to embrace the new norm. COVID-19 expedited the need for employees to adopt digital technologies, especially in the first two months of the MCO when almost everybody was working from home.	• Organising in-house/external training • Upgrading the Microsoft system to M365, which is applicable not only on computers, but also handphones and tablets • Upgrading office desktops to laptops for greater employee mobility Group Information & Communication Technology ("GICT") continuously safeguarded the Company's business information from hacking/phishing activities.
DIVERSIFY INTO NEW MARKETS AND BUSINESS	S P Setia has identified various potential areas for business diversification. Logistics, e-commerce, healthcare and assisted senior living are among the markets to be explored.
STRATEGIC PARTNERSHIPS TO COMPLEMENT OUR STRENGTHS	S P Setia is constantly on the lookout for partners who are able to offer different areas of expertise that would complement and unlock the value of our land banks.
STRATEGIC INVESTMENT PROPERTIES	We seek to strategically expand our investment properties portfolio as a means of business diversification and to secure steady revenue streams.

PERFORMANCE REVIEW

FINANCIAL HIGHLIGHTS

← As per respective years' audited financial statements →

Year Ended (RM'million)	**31 December 2020**	**31 December 2019**	**31 December 2018**	**31 December 2017**	**31 December 2016**
Revenue	**3,228**	3,929	3,594	4,520	4,957
Gross Profit	**657**	1,016	1,092	1,514	1,441
Profit Before Tax – Before significant impairment provisions	**319**	598	991	1,271	1,185
Significant impairment:					
– Inventories impairment; and	**(140)**	–	–	–	–
– 40% share of inventories impairment at Battersea Power Station	**(336)**	–	–	–	–
Profit Before Tax – After significant impairment provisions	**(157)**	598	991	1,271	1,185
Profit After Tax	**(245)**	422	798	1,069	899
Profit Attributable to Owners of the Company	**(321)**	344	671*	933	808
Share Capital	**8,468**	8,432	8,252	6,694	2,140
Share Capital – RCPS-i A	**1,087**	1,087	1,087	1,119	11
Share Capital – RCPS-i B	**1,035**	1,035	1,045	1,065	–
Equity Attributable to Owners of the Company	**13,922**	14,349	14,144	11,944	9,201
Total Assets Employed	**30,381**	30,043	29,337	27,724	18,690
Total Net Tangible Assets	**15,327**	15,768	15,505	13,783	10,231
Earnings Per Share (sen)	**(11.2)**	5.3	14.8	26.8	29.8
Dividend Per Share (sen)	**–**	1.00	8.55	15.5	20.0
Net Assets Per Share Attributable to Owners of the Company (RM)	**2.91**	3.02	3.03	2.85	2.83
Return on equity (%)	**-2.3**	2.4	4.7	7.8	9.9^
Net gearing ratio (times)	**0.59**	0.52	0.49	0.10	0.16
Dividend payout ratio (%)	**#**	50.2	70.1	70.1	70.5
Share Price – High (RM) Low (RM)	**1.56** **0.55**	2.60 1.21	3.47 1.93	4.38 3.04	3.56 2.80

Total RCPS-i A & B dividends paid out for FY 2020 amounted to RM132 million. As FY 2020 financial results are in loss position, hence there is no relevant dividend payout ratio computed.

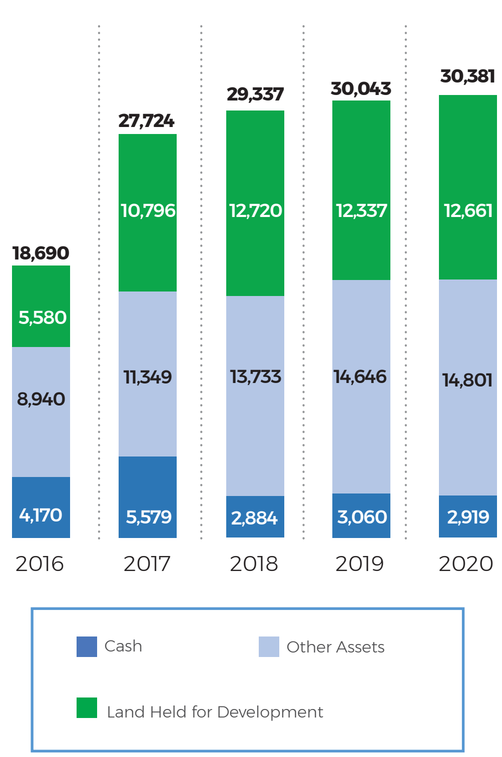
^ *After accounted for the weighted average effect of the timing of issuance of RCPS-i A on 2 December 2016*

* *Included in FY 2018 profit attributable to owners of the Company was a one-off remeasurement gain on the acquisition of the remaining equity interest in Setia Federal Hill amounting to RM349 million. If the said one-off item is excluded, the profit attributable to owners of the Company for FY 2019 is higher than the profit attributable to owners of the Company for FY 2018 by 7%.*

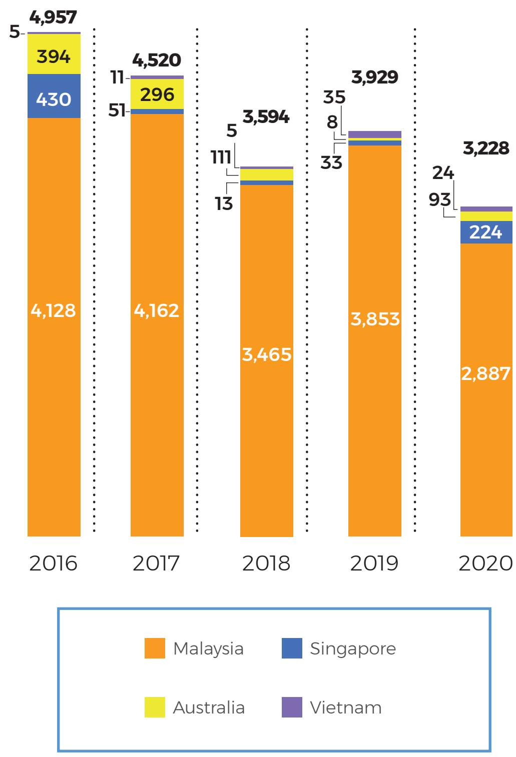
PERFORMANCE REVIEW

5-YEAR FINANCIAL SUMMARY

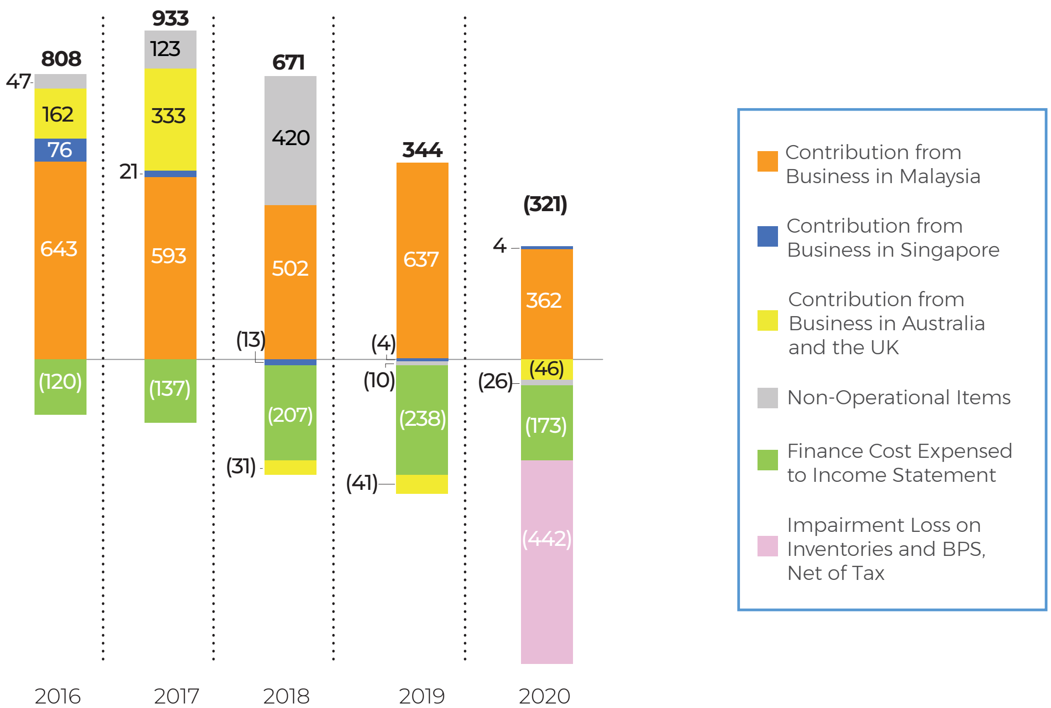
Total Assets (RM'million)



Revenue (RM'million)



Profit Attributable to Shareholders (RM'million)



Overview
Key Message
Key Highlights
Management Discussion & Analysis

In accordance with approved accounting standards, the Group adopts two different income recognition policies for our property development business. Income from the development business in Malaysia and Singapore is recognised over time, throughout the development periods. As such, they contribute revenue and profit more regularly to the Group. However, income from our developments in Australia and the UK is recognised at a point in time upon the completion and handover of the developed properties, hence revenue and profit contribution from these projects are more irregular.

In Australia, our second project, Parque Melbourne, was completed in stages between late 2016 and early 2017. Therefore, the first two projects, Fulton Lane and Parque Melbourne contributed significantly to both the Group's revenue and profit in FY 2016 and FY 2017. Subsequently launched projects, Sapphire by the Gardens and UNO Melbourne, have enjoyed robust sales. However, since these two projects are still under construction, their revenue and profit contribution will only be reflected in future financial years. In the meantime, certain overheads and marketing costs are required to be expensed off to profit or loss as and when they are incurred.

In the UK, the Group has 40% interest in the redevelopment of the Battersea Power Station ("BPS"), which delivered the completion of its first phase, Circus West Village, in 2017. Like our developments in Australia, income from the UK is also recognised upon the completion and handover of developed properties. The Group does not consolidate revenue from BPS as it is a jointly controlled entity, but we had equity accounted for RM268 million in share of profit from its first phase in FY 2017.

From 2016 to 2018, the Group embarked on several expansion initiatives. In 2016 and 2017, we acquired new land banks in the mainland of Penang, Bangi, Australia and Singapore. The Group also acquired I & P Group Sdn Berhad and all its subsidiaries in 2017, therein expanding our land banks from 5,384 acres to 9,660 acres. In 2018, the Group increased our ownership in the prospective Setia Federal Hill development project in Bangsar from 50% to 100%. Largely due to the need to finance these expansions, financial costs expensed to profit or loss have also increased.

As an integral part of the integration of I & P Group Sdn Berhad, certain non-core assets and non-property related operations were divested. That gave rise to non-operational gains in FY 2017. The acquisition of controlling interest in Setia Federal Hill in 2018 also entailed the recognition of a one-off fair value gain of RM349 million from the accounting requirement to remeasure our first 50% equity ownership in the company to the acquisition date fair value.

In Singapore, we completed our first two development projects in 2015 and 2016 respectively. Our third development project in the country began only very recently. As such, its contribution to the Group in FY 2019 was still small.

As Malaysia is still the Group's main focus, our local development business has contributed the most to Group revenue. Contribution from Malaysia has been consistent, save for periodical fluctuations due to variation in the overall development achievement profile of the portfolio of projects at work; and a Group-wide strategic re-timing of launches that happened in 2017 due to changes in market conditions, which resulted in slightly lower contribution in FY 2018. Contribution from our development business in Malaysia trended up again in FY 2019.

In 2020, the global COVID-19 pandemic has imposed unprecedented disruptions on the Group's operations in the property development, retail and construction sectors both in Malaysia and overseas. Site works for all projects came to a standstill and where activities have been permitted, these are being carried out with reduced workforce and strict observation of all standard operating procedures. Consequential to site progress impact, the Group resolved to aggressively reprice our inventories in the Sky 88 project in Johor Bahru and Sky Vista project in Penang, resulting in an impairment provision of RM139.6 million.

In London, as the delivery of Battersea Power Station projects was severely impacted by social distancing measures and lockdowns, an impairment provision of RM336.3 million (GBP62.4 million) in relation to the work in progress and inventories under development was equity accounted for. Excluding the impairment provisions, the Group would have achieved a positive contribution in FY 2020.

PERFORMANCE REVIEW

INVESTORS INFORMATION

INVESTOR RELATIONS

S P Setia Berhad is fully committed to providing accurate, transparent and timely communication to our shareholders, fund managers, analysts and the public at large, allowing them to make informed investment decisions. Regular engagements with these stakeholders are vital, and the Investor Relations ("IR") Team, which plays an important role in providing the ongoing updates and relevant information on strategies and prospects, emphasises the following:

Maintaining timely and transparent access to information

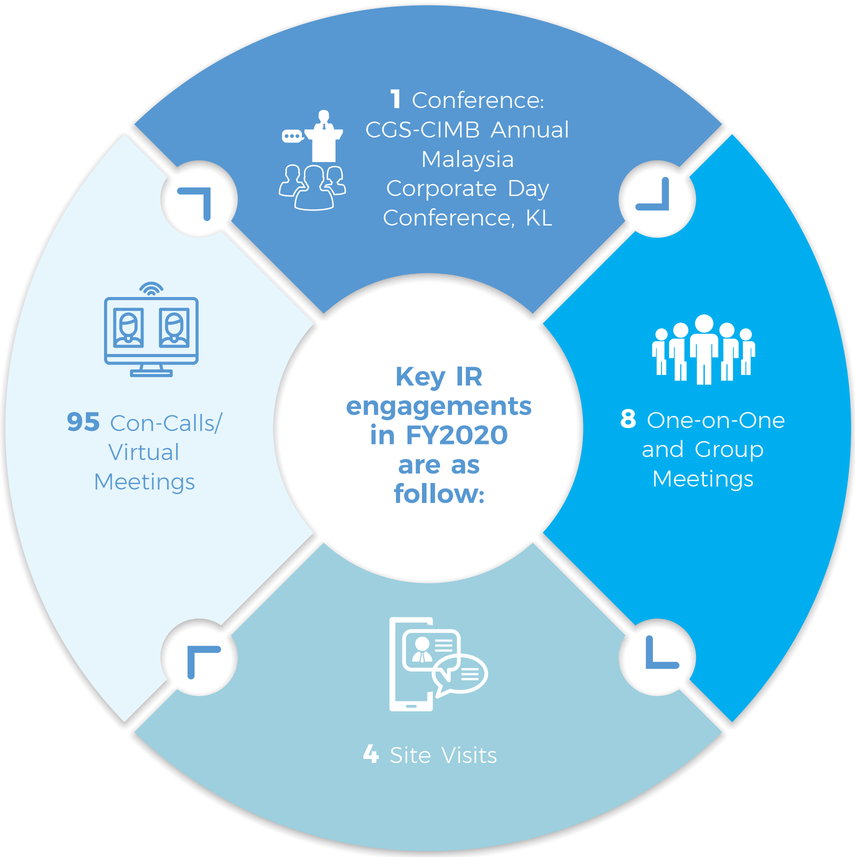
The IR Team emphasises the need to always provide clear, comprehensive and equal information to all stakeholders. Effective communication and disclosure of material, corporate development are announced to Bursa Securities, as well as dissemination of presentation materials, press releases and press conferences – all in a timely manner.

As the COVID-19 pandemic and MCO have led to social distancing where mass gatherings and meetings are not encouraged, the IR Team has accelerated the use of digital platforms where engagements are largely conducted via Microsoft Teams and Zoom applications.

Maintaining close rapport, instilling credibility and trust

The IR Team strives to instil credibility and trust in our investors and takes all the necessary steps to ensure that critical issues are addressed promptly, effectively and accurately. Our objective is to ensure that our investors are always kept abreast of corporate developments and have a broad and clear understanding of strategic issues.

Periodic and ad-hoc information is provided to the analysts and fund managers on the Group's performance. Presentation materials can be downloaded from the IR section of our website. In addition, Senior Management also meets with analysts and fund managers on a regular basis while hosting site visits to our projects to provide a better understanding of the Group's developments.



Overview ..... Key Message ..... Key Highlights ..... Management Discussion & Analysis

BROAD RESEARCH COVERAGE

Being the leading property developer in Malaysia, S P Setia Berhad is well covered by 17 local and foreign research houses. Appended below is a summary of the research houses' latest target prices and recommendations.

No	Financial Institution	Target Price	Recommendation	RNAV	Discount
1	MIDF	1.29	Buy	4.43	71%
2	Maybank	1.22	Buy	3.94	69%
3	KAF	1.20	Buy	3.95	70%
4	TA Securities	1.18	Buy	NA	NA
5	Credit Suisse	1.15	Outperform	4.60	75%
6	CIMB	1.04	Buy	NA	NA
7	AllianceDBS	1.00	Buy	4.00	75%
8	Hong Leong	0.98	Hold	4.90	80%
9	AffinHwang	0.98	Hold	1.64	40%
10	CLSA	0.97	Underperform	4.86	80%
11	Public	0.95	Neutral	3.80	75%
12	Kenanga	0.94	Market Perform	NA	NA
13	Macquarie	0.92	Neutral	6.05	85%
14	UOB	0.90	Hold	3.60	75%
15	AmInvestment	0.85	Hold	1.70	50%
16	UBS	0.80	Neutral	4.00	80%
17	Citi	0.66	Sell	2.20	70%

Note: NA = Not Applicable

KEY IR ISSUES

Given the disruptive nature of the COVID-19 pandemic and its impact on the property sector, the outlook of property developers is adversely affected initially, but as more initiatives are introduced to uplift the economy and also to spur the property sector, there is renewed demand towards the final months of FY2020.

The business outlook of developers is not always necessarily positive, but nevertheless, S P Setia Berhad believes in portraying an honest assessment of the Group's business outlook, even if prospects may not be particularly bright. In doing so, the Group hopes that investors will obtain a realistic expectation of the business cycles and will be in a better position to make informed investment decisions.

BUSINESS REVIEW

S P Setia, the leading property developer in Malaysia, has 48 ongoing developments backed by unbilled sales of RM10.05 billion. The Group also has 8,528 acres of land banks remaining in Malaysia, Australia, the United Kingdom ("UK"), Singapore, Vietnam, China and Japan, with a potential effective gross development value ("GDV") of RM136.87 billion.

Most of our development projects in Malaysia are in the Klang Valley, Johor Bahru and Penang, where we have transformed the landscape through the design and development of properties ranging from niche to integrated developments, eco-themed lifestyle destinations and townships.

Our international projects include high-rise as well as boutique residential developments in Melbourne, Australia; distinctive apartment living in Singapore; eco-themed townships north of Ho Chi Minh City, Vietnam; an industrial park in Qinzhou, China; the integrated Battersea Power Station in London, United Kingdom and soon, a towering mixed development in Osaka, Japan.


Setia Eco Park, Shah Alam

RESPONSE TO COVID-19

Our priority in 2020 was to maintain our position as the leading property developer in Malaysia by strengthening our fundamentals and ensuring financial stability to override the pandemic-induced economic recession. As a result of disruption to construction works during the Movement Control Order ("MCO") and soft buyer sentiment, we reviewed our strategies and revised our targets for greater alignment with market conditions.

Reduced Sales Target

Most pertinently, we reviewed and lowered our sales target for the year. Our original target was based on an expected recovery in the cyclical property market following years of downturn. Our optimism was further fuelled by measures introduced by the Government to stimulate property sales, a price threshold reduction for the purchase of high-rise properties by foreigners, as well as guarantees for Rent-to-Own financing schemes. These assumptions, however, were disrupted by the pandemic, prompting a downward revision of our sales target from RM4.55 billion to RM3.80 billion.

Significant Reduction in Completed Inventories

During the year, our emphasis shifted from launching new properties to reducing our completed inventory. The rationale was: 1) to cut down on the cost of promotional activities associated with new launches, thus averting any unnecessary capital outlay, and 2) to monetise existing assets to maintain positive cash flow. We, therefore, offered attractive incentives on the sale of completed projects and ran campaigns such as Setia Now with the tagline "Move On, Move in Now". These efforts proved successful, contributing to a reduction in inventories from RM1.46 billion to RM1.09 billion.

Accelerated Shift in Digital Adaptation

In response to social distancing and movement restrictions enforced during the MCO, the Group made a significant transition from offline to online operations. This enabled employees to continue to work efficiently from home while also allowing us to engage and connect with buyers through digital channels – from telephones to email, social chats, websites, mobile apps and social media.

As our marketing efforts were conducted online, we ensured all product information was not only available on our digital channels but was kept up-to-date. We encouraged potential buyers to view product details online and reach out to our personnel through the various digital channels available.

Two key customer-facing digital innovations launched in the year were:

- Setia on the Go: an all-in-one lifestyle app that provides consumers with updates on available S P Setia property, new launches, upcoming events, exclusives offers and promotions.
- Setia Virtual-X: a first-of-its-kind virtual expo of all our properties. Launched on 1 August, the platform takes users on a 3D virtual tour of various S P Setia properties. A three-month sales campaign run in conjunction with its launch attracted 118,441 visitors and generated sales of 912 units with a total GDV of RM1.08 billion.

BUSINESS REVIEW

OPERATIONAL REVIEW

New Launches

New launches during the year focused on meeting market demand, namely for well-priced and well-planned landed homes in established townships. A total of 2,599 residential and commercial units were introduced, bearing a total GDV of RM1.9 billion. Of this, RM1.6 billion (or 84.2%) was in Malaysia, while the remaining RM249 million or 13% was in EcoLakes and EcoXuan, Vietnam. The bulk of the launches, representing RM1.22 billion of GDV (66% of the total) was in the Central region in Malaysia.

Our selected launches were well received, leading to take-up rates of well over 80% for our terrace houses in Kota Bayuemas, Alam Impian, Bandar Kinrara, Setia Alam and Setia EcoHill, despite the limitation of social distancing and minimal promotional activities.

In the international market, two of our launches in EcoLakes and EcoXuan, Vietnam, received overwhelming demand, achieving 100% take-up rates for the newly introduced terraced houses.

Projects Completed

Despite the MCO, which halted construction work from 18 March to 4 May 2020, we completed 32 phases in Malaysia, Vietnam and Australia. Of the 2,810 units completed, 2,658 (or 95.0%) were residential, comprising terrace houses, bungalows, semi-detached houses, apartments and linked houses; and the remaining 152 units comprised shop offices.

Total GDV of the completed projects amounted to RM2.22 billion, of which RM1.90 billion (or 86%) was from residential units and the remaining RM314 million from commercial units.

Land Sale

During the year, S P Setia sold approximately 5 acres of land in Setia City, Shah Alam, to a subsidiary of Supermax Corp Bhd for RM73.5 million, which is to be used to build their business headquarters. This forms part of our placemaking plans, in which we seek to attract reputable corporations to invest in our township to increase overall footfall and vibrancy.

Completed projects in 2020, by type and location:

	Type of Development			Location			
	Residential	Commercial	Total	Central	Southern	International	Total
No. units	2,658	152	2,810	1,848	571	391	2,810
GDV (RM million)	1,904	314	2,218	1,430	582	206	2,218

Setia City Residences, Setia Alam, Shah Alam

BUSINESS REVIEW

Refining URBAN LIVING

Setia Warisan Tropika, Sepang

TRIO by Setia, Klang

MALAYSIA: Central Region

Our developments in the Central Region are dotted across Kuala Lumpur and Selangor – in Bangi, Cyberjaya, Klang, Bangsar, Puchong, Rawang, Semenyih, Sepang and Shah Alam. Currently, we still have 4,528 acres of undeveloped land bank holding a potential GDV of RM79.04 billion.

BUSINESS REVIEW

NEW LAUNCHES

Setia Alam

Launched in 2004, Setia Alam in Shah Alam has the distinction of being our flagship township. Over the years, it has matured into a self-contained and self-sustainable address offering every possible amenity residents would need, such as schools, parks, sports facilities, healthcare, entertainment and retail outlets – all within convenient reach.

In March 2020, a total of 52 semi-detached houses in Castanea were launched, each on land measuring 32 ft x 75 ft with built-up areas of 2,451 sq ft to 2,764 sq ft. Set by the water and a 20-acre wetland sanctuary, this idyllic residential precinct that links modern comforts with the natural environment has been fully sold.

In August, Loreum was introduced to the market, offering 62 units of double-storey terraced houses, with land size of 22ft x 70ft, spacious built-ups ranging from 2,079 sq ft to 2,555 sq ft. The homes are set by the water and an award-winning park. They are also within a short drive from the commercial Setia Taipan zone as well as Setia City, with its retail and lifestyle facilities.

Leveraging on the popularity and its renowned township, we then launched three other new phases in November – Leegeana, Conicus and Setia City Residences. Leegeana, located in Precinct 11, comprises 52 double-storey clustered semi-detached houses on plots measuring 32ft x 75ft with built-ups from 2,463 sq ft to 2,784 sq ft. Part of the Bywater Homes series, it is situated next to a lake and award-winning parks. Also located in Precinct 11, Conicus comprises 75 double-storey terraced houses with built-ups from 1,902 sq ft to 2,364 sq ft and land measuring 20ft x 70ft. With North-South orientation, the four-bedroom houses are ergonomically designed to avoid direct sunlight.

Setia City Residences, meanwhile, represents high-rise urban dwelling with resort-style facilities. The 260 apartments measure 858 sq ft to 1,221 sq ft and include Premier Designer Suites offering discerning buyers the opportunity to own luxury apartments exclusively designed to their taste. All residents also get to enjoy the convenience of being next to the award-winning Setia City Mall.

The 450,000 sq ft expansion at Setia City Mall was completed in December 2020 and was initially targeted for opening in March 2021. However, the date has been revised in view of the current pandemic. The "new" mall will offer 1.2 million sq ft of retail, food and beverage ("F&B") and personal grooming/wellness space, further elevating the lure of Setia Alam.

Key Development Data

Project launch: 2004

Total acreage: 2,429.43 acres

Developed acreage: 2,049.89 acres

Total expected GDV: RM19.11 billion

Effective remaining GDV: RM8.84 billion

Total 2020 sales: RM446 million

Setia Alamsari

Setia Alamsari is an integrated township in Bangi that has been carefully designed to blend seamlessly with the natural terrain. It comprises Setia Alamsari North, which was launched in 2007, and the soon-to-be-launched Setia Alamsari South.

The northern portion, featuring three parklands and a 11.8-acre Canal Park, is 39km from Kuala Lumpur city centre and 8km from Kajang's town centre. Infrastructure development is ongoing to further enhance accessibility to the area. This includes the following three roads:

- Link road connecting Jalan Bangi Lama and Semenyih, cutting the travelling time from Kuala Lumpur by 20 minutes – recently completed
- Link in the southwest connecting to Bukit Mahkota/Seri Putra and the PLUS highway via Putra Mahkota interchange – to be completed in mid 2023
- Jalan Bangi, via Persiaran KWSP/Jalan Alam Sari (near UKM train station) – to be completed in mid 2023

In November 2020, 36 units of Edence and Florence double-storey semi-detached houses were launched, with built-ups of 3,118 sq ft and land measuring 40ft x 80ft. Amenities include a jogging track, Twinkle Pavilion, a playground and outdoor fitness facilities.

Key Development Data

Project launch:
2007

Total acreage:
774.99 acres

Developed acreage:
208.56 acres

Total expected GDV:
RM5.80 billion

Effective remaining GDV:
RM5.03 billion

Total 2020 sales:
RM144 million

BUSINESS REVIEW

Setia EcoHill 1 & 2

Spread across the undulating hills of Semenyih, Setia EcoHill 1 & 2 represent a sustainable and safe haven. The development features an abundance of green zones that have been beautifully landscaped into communal spaces and parks interspersed with ponds and waterways, all guarded by the best multi-tiered security systems.

Among its highlights are an award-winning Adventure Park and clubhouse. The Adventure Park is the ideal location to discover indigenous plants and bird species, as well as to enjoy mountain biking. At South Creek, residents can go jogging, cycling, picnicking or just nature watching. Club360, meanwhile, offers the complete suite of clubhouse facilities and amenities – with an indoor sports centre featuring a gym, futsal court, four badminton courts (which can double as a full-sized basketball court) and table tennis. Housing the Setia EcoHill Welcome Centre, Club360 also offers space for events such as weddings and parties.

In October, Heleena comprising 70 units of double-storey terraced houses in Setia EcoHill 1, was launched. Each four-bedroom house occupies 20ft x 70ft land with built-ups starting from 2,053 sq ft. Built in line with the North-South axis, the temperature is slightly cooler, and all residents have access to Club360. In just three months after its launch, this phase was completely sold.

A month later, we launched Barrus in Setia EcoHill 2, comprising 105 units of double-storey terraced houses. Occupying the same plot size as Heleena, these four-bedroom houses have built-ups starting from 1,817 sq ft. With flexible/open layout, the homes allow for flexibility in space usage and have the added attraction of picturesque landscaping, including a water hyacinth garden and dragon pavilion.

Setia EcoHill is set to become a focal point for residents in the southern corridor of the Klang Valley once EcoHill Walk opens in early 2021, becoming the first integrated mixed development in Semenyih. In addition to creating business opportunities, upon its full completion, EcoHill Walk will consist of 243 units of lifestyle shops, a neighbourhood mall and two blocks of serviced apartments.

The Adventure Park at Setia EcoHill 2, an exciting mountain biking park amidst nature has earned a Gold award at The EdgeProp-ILAM Malaysia's Sustainable Landscape Award 2020 at EdgeProp Malaysia's Best Managed and Sustainable Property Awards 2020.

Key Development Data

Project launch: **2013 & 2016**

Total acreage: **1,683.77** acres

Developed acreage: **600.52** acres

Total expected GDV: **RM9.88** billion

Effective remaining GDV: **RM6.19** billion

Total 2020 sales: **RM251** million

Setia Safiro

Setia Safiro is a 57-acre eco-themed enclave in Cyberjaya bearing a distinct Spanish influence in its architecture and landscape. In March 2020, its offerings were expanded with the Oliveria collection comprising 162 units of double-storey linked houses in two styles – Eldeseo and Elamor. The four-bedroom houses stand on standard 20ft x 70ft plots with built-ups from 1,960 sq ft onwards costing from RM800,000 per unit. Distinctive architectural features include white-washed walls, grand arches and large ceiling-height windows reminiscent of Spanish villas.

The RM154 million Oliveria collection is expected to be completed by December 2022, while the entire township, just 4km from Setia Eco Glades in Cyberjaya is targeted to be completed by 2028.

Key Development Data

Project launch: **2019**	Developed acreage: **22.85** acres	Effective remaining GDV: **RM320.31** million
Total acreage: **57.02** acres	Total expected GDV: **RM763.08** million	Total 2020 sales: **RM138** million

BUSINESS REVIEW

Alam Impian

Alam Impian in Shah Alam is one of our more mature townships and is undergoing a facelift that will see the addition of a new hub including a Welcome Centre, a clubhouse and a retail centre incorporating al-fresco dining. The Welcome Centre, currently under construction, is to be completed in 2021. The hub will serve to liven up the retail and entertainment scene, attracting more economic investment. It will also act as a catalyst for other commercial developments in the Alam Impian town centre.

During the year, three phases were launched – Viola, Aria and Tinta. Viola and Aria comprise 110 and 78 double-storey terraced houses, respectively, while Tinta is a low-density and guarded neighbourhood with just 62 double-storey semi-detached homes.

Viola houses come in three main land sizes, i.e. 22ft x 80ft, 20ft x 85ft and 22ft x 75ft, with built-ups from 1,881 sq ft to 2,566 sq ft. These were quickly snapped up following their launch in February 2020. The enclave offers three recreational areas/open spaces, with some units looking out onto an artificial lake. The take-up rate of Aria has been equally as quick since its launch in July. The homes with 20ft x 85ft dimension have built-ups of 1,761 sq ft to 2,088 sq ft, while the enclave features two recreational areas/open spaces. Tinta, meanwhile, offers various layout options and two land sizes, i.e. 40ft x 80ft and 50ft x 80ft. Its built-up areas range from 3,113 sq ft to 4,536 sq ft on an "As-Is- Where-Is-Basis" from RM1.4 million per unit. The quiet neighbourhood presents an ideal environment for young families.

Key Development Data

Project launch:
2006

Total acreage:
1,235.00
acres

Developed acreage:
920.46
acres

Effective remaining GDV:
RM8.44
billion

Total 2020 sales:
RM341
million

Key Development Data

Project launch:
1991

Total acreage:
1,904.00
acres

Developed acreage:
1,817.92
acres

Total 2020 sales:
RM193
million

Bandar Kinrara

Bandar Kinrara occupies 1,904 acres of undulating freehold land in Puchong, Selangor, next to Bukit Jalil. 19km from Kuala Lumpur city centre and 35km from the Kuala Lumpur International Airport ("KLIA"), it is highly easily accessible via seven highways and the Light Rail Transit ("LRT") network. Launched in 1991, there are now close to 15,000 houses and a population of nearly 75,000.

In February 2020, Legasi 2 (Phase 8A3) comprising 76 units of double-storey terraced houses was launched. The units offer four bedrooms and occupy 22ft x 75ft with built-ups starting from 2,100 sq ft. All have been sold.

This was followed by two more phases in August – Legasi 3 (Phase 8A2) and Rimbun 3 (Phase 6B3(2)), comprising 43 units and eight units of four-bedroom double-storey terraced houses respectively. Legasi 3 homes sit on 24ft x 65ft land with built-up areas starting from 2,100 sq ft, while Rimbun 3 homes are on land measuring 20ft x 80ft and offer built-ups starting from 2,230 sq ft.

A total of RM147 million worth of GDV was launched in Bandar Kinrara throughout 2020.

BUSINESS REVIEW

Key Development Data

Project launch: **2006**

Total acreage: **545.00** acres

Developed acreage: **330.29** acres

Effective remaining GDV: **RM1.24** billion

Total 2020 sales: **RM61** million

Bayuemas Klang

Bayuemas Klang is a 545-acre township set amid peaceful surroundings in Klang, Selangor, close to TRIO. Once completed, it will feature tree-lined streets and several parks. The area is well connected – to the Shah Alam Expressway ("KESAS"), Federal Highway, New Klang Valley Expressway ("NKVE") and North-South Central Link ("ELITE"). Accessibility will be further improved upon completion of the West Coast Expressway via an interchange near KESAS point. It will also be served by the LRT 3 line once this is completed, with Johan Setia station located directly opposite the commercial heart of Bayuemas.

In January 2020, Areca (Phase C2B), comprising 84 units of four-bedroom double-storey terraced houses, was launched. The houses come in two land area sizes – 22ft x 70ft and 22ft x 75ft – with built-ups from 1,860 sq ft.

Key Development Data

Project launch: **2012**

Total acreage: **268.10** acres

Developed acreage: **209.10** acres

Total expected GDV: **RM2.95** billion

Effective remaining GDV: **RM857.78** billion

Total 2020 sales: **RM87** million

ONGOING PROJECTS

Setia Eco Glades

Setia Eco Glades in Cyberjaya is a gated and guarded green township. All houses, communal facilities and amenities carry the Green Building Index ("GBI") certification. 84 units of Atyca double-storey linked villas and 44 units of Leyana double-storey semi-detached houses are still available.

Key Development Data of Setia Eco Park

Project launch:
2004

Total acreage:
791.2 acres

Developed acreage:
617.02 acres

Total expected GDV:
RM5.87 billion

Effective remaining GDV:
RM1.04 billion

Total 2020 sales:
RM154 million

Setia Eco Park

Setia Eco Park is a green gem within Setia Alam township, offering 56 acres of forest park, waterways, lakes and creek. The luxurious gated and guarded enclave also features a clubhouse, a business centre, boutique offices and an F&B hub. Following the success of Setia Eco Park, Arundina, an adjoining precinct, was launched in 2019.

The 3.16-acre F&B hub, called D'Network, was launched in September 2020. Powered by 345kWp of solar supplementing electricity from the grid, it is one of the world's first solar-powered hybrid F&B hubs. Upon full occupancy, the hub will house not only F&B outlets but also grocers, a spa, fashion boutiques, garden resources, delivery point and e-services. To date, 11 tenants have begun operations including Grand Ya Lim Seafood Restaurant, The Grange Restaurant, Thai Odyssey, San Francisco Coffee, Garden Grocer supermarket, d'Global Cuisine restaurant, You & I insurance and shoe boutique, Liana & Dina bakeshop, Kotak Kopi restaurant, Community Garden & Services and Mail Boxes.

The venue includes a pet-friendly park that boasts Elizabeth Falls and a Musical Fountain, both powered by solar. Both the falls and the fountain which are solar-powered were launched in 2020. Making it a completely sustainable hub, only organic fertilisers and compost are used in the park, where all plants are being grown from seeds.

Arundina at Setia Eco Park

Arundina at Setia Eco Park was launched in 2019. Totalling 73.29 acres, currently, only 29.10 acres have been developed. The total expected GDV for this township stands at RM669.41 million, with an effective remaining GDV of RM489.90 million. In 2020, Precinct Arundina managed to garner RM24 million in sales.

BUSINESS REVIEW

Key Development Data

Project launch:
2016

Total acreage:
194.65 acres

Developed acreage:
105.04 acres

Total expected GDV:
RM1.82 billion

Effective remaining GDV:
RM1.05 billion

Total 2020 sales:
RM83 million

Setia Eco Templer

Setia Eco Templer is another eco-themed township, surrounded by the Templer Park and Bukit Kanching forest reserves, 28km to the north of Kuala Lumpur City Centre. Houses in the gated and guarded enclave reflect different cultural themes. Nine natural creeks flow through the lush property.

With air temperature normally one or two degree Celsius lower than in the city, coupled with easy access to major growth areas through the Federal Highway, North-South Highway (PLUS), Middle Ring Road 2 (MRR2), LATAR Expressway and Guthrie Corridor Expressway (GCE), Setia Eco Templer is undeniably a choice sanctuary for the young and senior citizens to enjoy living.

Setia Mayuri

Located on 209 acres in the Broga locality of Semenyih, near the University of Nottingham Malaysia, this luxury development boasts exclusive Balinese-styled houses. Two phases – Kandara and Allia – are due to be completed in September 2021. Featuring round-the-clock security, Setia Mayuri is well-suited for upgraders who seek tranquility and an escape from the bustle of the city while maintaining easy access to urban conveniences.

Key Development Data

Project launch:
2019

Total acreage:
163.52 acres

Developed acreage:
32.99 acres

Total expected GDV:
RM698 million

Effective remaining GDV:
RM544.93

Total 2020 sales:
RM24 million

Key Development Data

Project launch:
2016 & 2019

Developed acreage:
4.8 acres

Total expected GDV:
RM965.64 million

Total 2020 sales:
RM121 million

Setia Sky Seputeh

This exclusive high-rise residential development in Taman Seputeh, in the proximity of Mid Valley Megamall, Bangsar and KL Sentral, boasts a resort theme featuring a man-made beach. Each unit in the two towers is served by its own private lift. The handover is to be conducted from mid to end 2021.

Setia Warisan Tropika

This gated and guarded development in Bandar Baru Salak Tinggi, Sepang, boasts a tropical resort theme featuring open layout houses overlooking waterways or parks. Residents have access to an exclusive clubhouse with a half Olympic-sized pool.

Key Development Data

Project launch:
2019

Total acreage:
129.94 acres

Developed acreage:
26.39 acres

Total expected GDV:
RM900.80 million

Effective remaining GDV:
RM760.30 million

Total 2020 sales:
RM83 million

BUSINESS REVIEW

TRIO by Setia

TRIO is a development in Bandar Bukit Tinggi, Klang, comprising three blocks of 788 serviced residential units and 42 commercial units as well as a retail podium. Completion is targeted for 2023.

Key Development Data

Project launch:
2017

Total acreage:
5.49
acres

Developed acreage:
4.16
acres

Total expected GDV:
RM490.57
million

Effective remaining GDV:
RM30.39
million

Total 2020 sales:
RM18
million

Key Development Data

Project launch:
2008

Total acreage:
570.00
acres

Developed acreage:
501.06
acres

Effective remaining GDV:
RM2.04
billion

Total 2020 sales:
RM73
million

Temasya Glenmarie

Located in Glenmarie, about 37km to the west of Kuala Lumpur, this township that features residential, commercial and industrial components enjoy excellent connectivity to major growth areas, including Subang Jaya, Shah Alam, Petaling Jaya, Klang and Kuala Lumpur.

Key Development Data

Project launch:
2011

Total acreage:
24.88
acres

Developed acreage:
26.39
acres

Total expected GDV:
RM7.27
billion

Effective remaining GDV:
RM2.20
billion

Total 2020 sales:
RM75
million

KL Eco City

This transit-oriented development along Jalan Bangsar in Kuala Lumpur is designed to be a world-class satellite city close to the national capital. Various residential and commercial components have been completed, while Amari Hotel and VIIA Residences are under construction.

UPCOMING PROJECTS

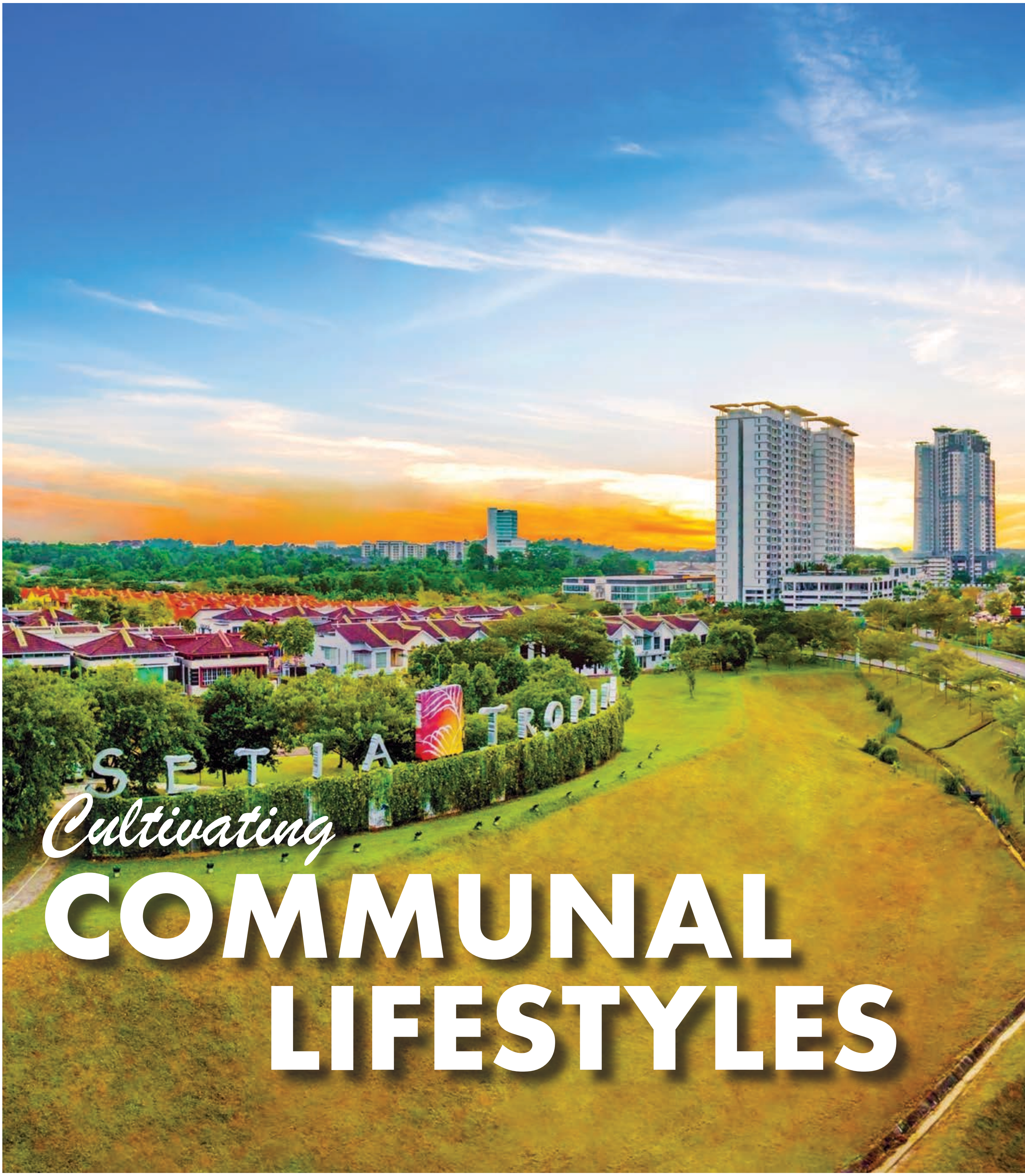
Setia Federal Hill

Setia Federal Hill is being designed to become another iconic development in the capital city of Kuala Lumpur. We are currently in the process of looking for a strategic partner to co-develop the 51.2-acre site, which carries an expected GDV of RM20 billion.

Key Development Data

Total acreage:
51.7
acres

Total expected GDV:
RM20.19
billion



Cultivating COMMUNAL LIFESTYLES

MALAYSIA: Southern Region

In the Southern Region, our developments are concentrated in Johor Bahru, the state capital of Johor, and specifically Iskandar Malaysia, which is being shaped to become a preferred international metropolis. Currently we have another 2,244 acres still to be developed holding a potential GDV of RM20.8 billion.

BUSINESS REVIEW

NEW LAUNCHES

Setia Tropika

Setia Tropika is a large township situated 12km from Johor Bahru city and 12km from the Customs, Immigration and Quarantine ("CIQ") checkpoint at the causeway linking to Singapore, as well as 18km from Senai International Airport. Fifteen years since its maiden launch in 2005, it has become a well-established gated and guarded township with 4,054 residential units and an integrated commercial component interspersed with green lungs.

Within its Central Business District are a Tesco hypermarket, an office tower with banks, restaurants, lifestyle retail outlets and Tropika Convention Hall, with room for more investors. It also includes government offices, including an Immigration Department, National Registration Department, Registry of Societies, Civil Defence Department and National Anti-Drug Agency.

The township is easily accessible via the North-South Highway from a designated exit (Exit 255B) built specially by S P Setia.

In July 2020, we launched 128 units of Calidora 2 double-storey cluster houses with a GDV of RM123 million. Each house occupies 32ft x 70ft of land and offers a built-up of 2,420 sq ft, priced from RM870,000.

Key Development Data

Project launch:
2005

Total acreage:
739.76
acres

Developed acreage:
553.92
acres

Total expected GDV:
RM4.00
bilion

Effective remaining GDV:
RM1.44
billion

Total 2020 sales:
RM107
million

Key Development Data

Project launch:
1997

Total acreage:
1,521.07 acres

Developed acreage:
1,478.04 acres

Total expected GDV:
RM5.25 billion

Effective remaining GDV:
RM586.08 million

Total 2020 sales:
RM41 million

ONGOING PROJECTS

Bukit Indah, Johor

Located in Iskandar Malaysia, Bukit Indah is a well-established township and one of the most sought-after residential and business addresses in Johor Bahru, with an award-winning 20-acre Town Park.

Setia Eco Gardens

This gated and guarded multiple award-winning eco-township in Iskandar Malaysia is set within a tranquil rainforest environment yet offers all the amenities of urban living. Among others, it is home to Tenby International School and Columbia Asia Hospital.

Key Development Data

Project launch:
2007

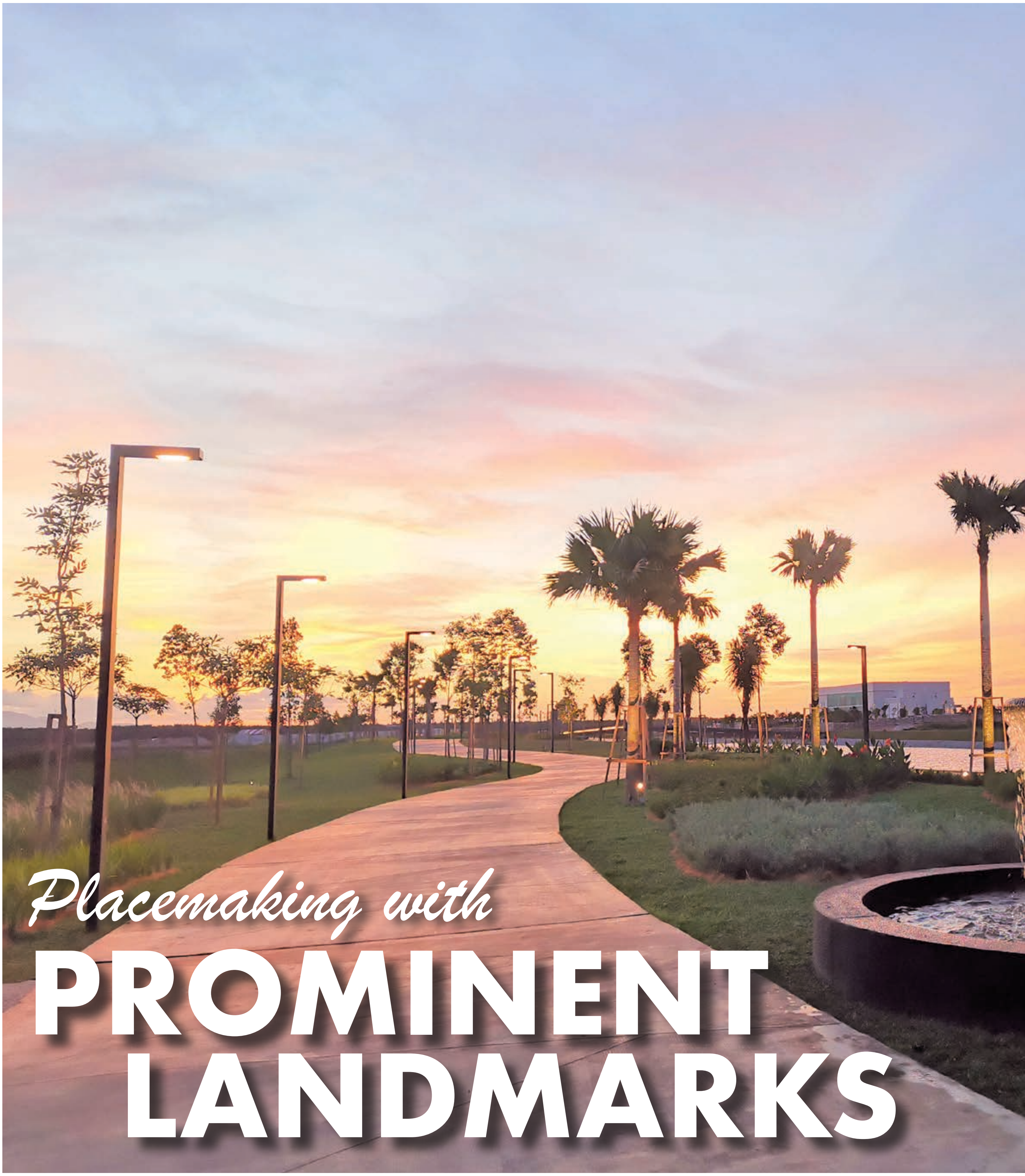
Total acreage:
764.83 acres

Developed acreage:
536.47 acres

Total expected GDV:
RM2.69 billion

Effective remaining GDV:
RM871.97 million

Total 2020 sales:
RM28 million Including Business Park 1



Placemaking with PROMINENT LANDMARKS

MALAYSIA: Northern Region

In 2003, we set up an office in Penang, where we have shaped a number of landmark addresses. We have developed an exhibition & convention complex on the island, and an iconic fountain-themed township on the mainland. In addition, we have 1,398 acres of land bank for further development with a total GDV of RM16.76 billion.

BUSINESS REVIEW

NEW LAUNCHES

Setia Fontaines

Located in Kepala Batas, mainland Penang, Setia Fontaines is surrounded by Sungai Petani, Kulim, Bukit Mertajam and Butterworth and easily accessible by major highways. Dubbed the "City of the North", this world-class mega township has been masterfully planned for sustainable living and features a 37-acre park, 63-acre lake, 8.8km of waterways, nine heritage-themed fountains, and interconnected islands with an integrated jogging path and cycling track.

Once completed, its commercial component will include office spaces, a trade centre, convention centre, warehousing for e-commerce, a techno hub, shopping malls, hotels and international F&B outlets on the waterfront, in addition to a fitness corner and a lifestyle district.

In November 2020, we soft-launched a new gated and guarded series, NusaCinta, comprising 489 residential units ranging from single-storey terraced houses to double-storey bungalows with built-ups from 1,403 sq ft to 3,433 sq ft and land sizes of 22ft x 70ft, 24ft x 70ft and 37ft x 70ft. Based on an island concept, most of the houses face waterways and greens, while some have internal courtyards.

During the year, 364 of the 489 units were launched, priced at between RM402,000 and RM1.26 million. The enclave includes a clubhouse, six fountains, a canal, a playground, a community garden and a games court, among others.

Key Development Data

Project launch:
2018

Total acreage:
1,691.00
acres

Developed acreage:
427
acres

Total expected GDV:
RM13.05
billion

Effective remaining GDV:
RM12.59
billion

Total 2020 sales:
RM83
million

ONGOING PROJECTS

Setia SPICE

Setia SPICE (Subterranean Penang International Convention & Exhibition Centre) in Relau, Penang comprises a Convention Centre, SPICE Arena, SPICE Canopy and SPICE Aquatic Centre. It is set to be an iconic landmark on the island. In 2021, we expect to complete a 453-room hotel owned by S P Setia and to be operated under the Amari Brand.

Key Development Data

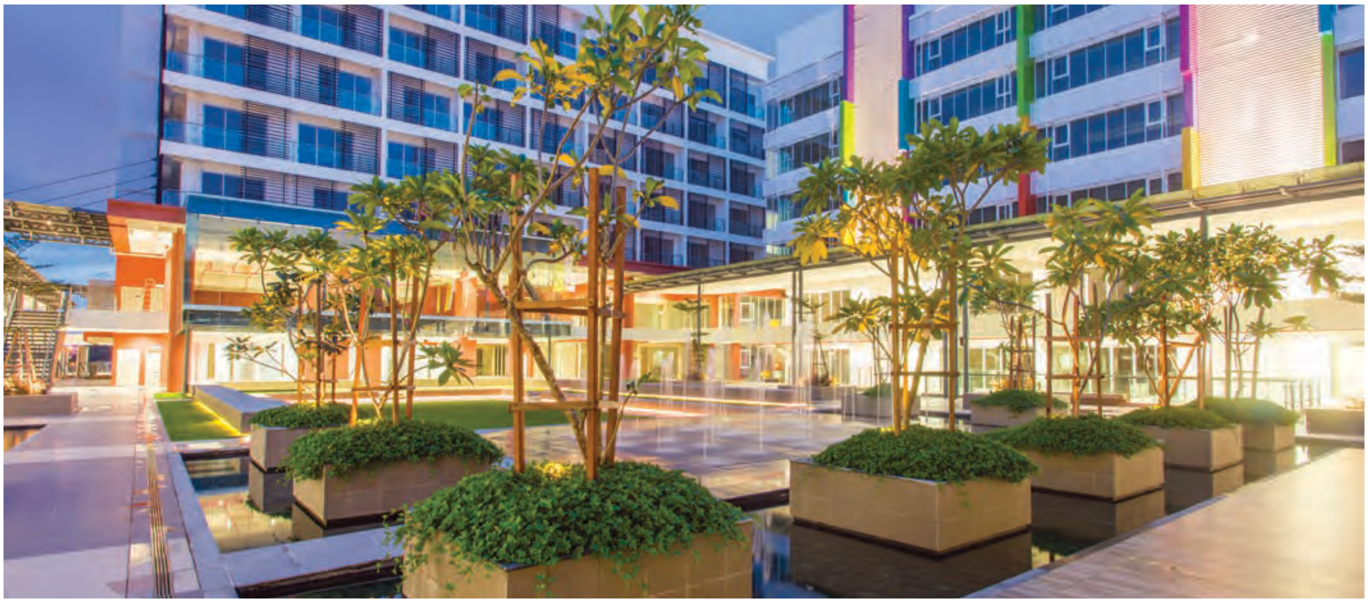
Project launch: **2016**

Total acreage: **25 acres**

BUSINESS REVIEW

MALAYSIA: Eastern Region

In 2012, we made our first foray into East Malaysia with Aeropod, an ambitious transit-oriented development in Kota Kinabalu, which will greatly enhance connectivity in this emerging Bornean city.



ONGOING PROJECT

Aeropod

Located across the Kota Kinabalu International Airport and encompassing the new Tanjung Aru railway station, this transit-oriented mixed development is set to be the largest integrated linear city in in Kota Kinabalu with luxury residences, boutique offices, retail units as well as business class hotels.

Key Development Data

Project launch: **2012**

Total acreage: **50.7** acres

Developed acreage: **6.71** acres

Total expected GDV: **RM2.342** billion

Effective remaining GDV: **RM1.728** billion

INTERNATIONAL: Australia

Our focus in Australia is on tapping the ever-growing need for property in one of the fastest-growing cities, Melbourne. This cosmopolitan hotspot has been consistently ranked among the top three most liveable cities in the world since 2002.

ONGOING PROJECTS

UNO Melbourne

A 65-storey development with a GDV of AUD462 million (RM1.33 billion), UNO Melbourne is targeted luxuriously spacious, modern and elegant apartments on A'Beckett Street within Melbourne's Central Business District. Amenities include a 24-hour concierge, childcare centre and wellness centre. At the end of 2020, 90% of the units had been sold. UNO Melbourne is targeted to be completed on a staggered basis from Q3 2022 to Q1 2023.

Key Development Data

Project launch: **2018**

Total expected GDV: **RM1.33 billion**

Total acreage: **0.4 acres**

Total 2020 sales: **RM51 million (AUD18.42 million)**

BUSINESS REVIEW

Key Development Data

Project launch:
2017

Total acreage:
1.02 acres

Total expected GDV:
RM3.01 billion

Total 2020 sales:
RM16 million (AUD5.85 million)

Sapphire by the Gardens

Comprising 64-storey twin towers – one to house the Shangri-la Melbourne Hotel; the other to comprise luxurious apartments, retail and office space – Sapphire by the Gardens is about "living in the city and by the gardens". Located near Melbourne University, 96% of the apartments have been sold to date and completion is targeted for 2022.

Marque Residences

Located in the inner suburb of trendy Prahran, Melbourne, this eight-storey building with 47 apartments, two retail shops fronting High Street, and a basement carpark with 63 bays offers a new benchmark in elegant, urban and sustainable living. The development was completed in October 2020. As of the end of 2020, 96% of the units were sold.

Key Development Data

Project launch:
2018

Total acreage:
0.2 acres

Total expected GDV:
RM105 million

Total 2020 sales:
RM15 million (AUD5.37 million)

INTERNATIONAL: United Kingdom

Together with Sime Darby Property Berhad and the Employees Provident Fund ("EPF"), S P Setia is involved in transforming a derelict power plant that previously supplied a-fifth of London's power, into an iconic and modern sustainable destination offering cultural and commercial space as well as homes.

ONGOING PROJECT

Battersea Power Station

Upon completion, the £9 billion (RM49.11 billion) Battersea Power Station will comprise 3.5 million sq ft of mixed commercial space, more than 4,000 residential units and an 18-acre public space. The development will benefit from a new station on-site, a 3km extension of the Northern Line underground which is due to open in 2021.

Phase 1 was opened to the public in early 2017 and currently Phases 2 and 3A are under construction and expected to be completed on a staggered basis in 2021 and 2022.

Key Development Data

Project launch:
2012

Total acreage:
41.67
acres

Developed acreage:
18.67
acres

Total expected GDV:
RM49.11
billion

Effective remaining GDV:
RM11.11
billion

BUSINESS REVIEW

INTERNATIONAL: Vietnam

In the country that is being called "the land of opportunity" for its economic advances over the last decade, we are involved in two eco-centric townships in the outskirts of Ho Chi Minh City. Here, we merge technological innovation with sustainable considerations to enable holistic living.

NEW LAUNCHES

EcoLakes

This urban integrated township is a veritable ecological oasis inspired by Setia Eco Park in Malaysia. Located in Binh Duong, about 40km to the north of Ho Chi Minh City, the township features a man-made beach among its terraced houses, bungalows, semi-detached houses, apartments and commercial centre. The latter encompasses a medical centre and schools.

In November 2020, two phases of the development were launched. This comprised 165 units of terraced house with a GDV of RM58 million under R8A (Phase 1); and 218 units of terraced houses with a GDV of RM93 million as well as nine shops with a GDV of RM5 million under R8A (Phase 2).

Houses under Phase 1 stand on land measuring between 1,072 sq ft and 2,102 sq ft with built-ups from 1,343 sq ft to 2,617 sq ft; and are priced from RM290,000 – RM592,000. Phase 2 offers the option of bigger houses, with land areas of 1,072 sq ft to 3,076 sq ft and built-ups from 1,343 sq ft to 3,073 sq ft. Prices are, accordingly, higher – at RM326,000 to RM785,000. Both phases have been fully taken up.

The shops are land measuring 1,292 sq ft to 2,240 sq ft with built-ups from 1,616 sq ft to 2,617 sq ft; and priced from RM477,000 to RM940,000. These have enjoyed a take-up of 78%.

Key Development Data

Project launch:
2010

Developed acreage:
67.08
acres

Total expected GDV:
RM2.23
billion

Total acreage:
558.46
acres

Effective remaining GDV:
RM855.09
million

Total 2020 sales:
RM54
million
(USD9.99 million)

Key Development Data

Project launch:
2010

Total acreage:
27.00 acres

Developed acreage:
16.74 acres

Total expected GDV:
RM892.33 million

Effective remaining GDV:
RM525.34 million

Total 2020 sales:
RM29 million (USD6.56 million)

EcoXuan

EcoXuan is a boutique development in Lai Thieu, about 16km to the north of Ho Chi Minh City. It is easily accessible from the city via a national highway and Phu Long bridge.

In December, 320 high-rise apartments and five shop lots were launched, bringing a combined GDV of RM92 million. The apartments, with built-ups of 506 sq ft to 926 sq ft and priced from RM192,000 to RM334,000, have seen a more than 80% take-up rate. The shop lots have built-ups from 439 sq ft to 844 sq ft and are being sold at RM189,000 to RM363,000.

INTERNATIONAL: Japan

Izumisano City in Osaka has been attracting visitors following efforts by the government. As our pioneer project in Japan, S P Setia plans to add to its lure by developing a modern lifestyle destination that will cater to foreigners as well as locals.

UPCOMING PROJECT

Setia Izumisano City Centre

We have drawn up the blueprint for a mixed development located near Kansai International Airport which includes high-rise apartments, a hotel, convention centre, office and retail space, and a community centre including a medical care unit. Its maiden launch, planned for 2021, has been put on hold pending recovery from the pandemic.

Key Development Data

Project launch: **2024**

Total acreage: **4.90** acres

Total expected GDV: **RM2.49** billion

INTERNATIONAL: Singapore

We have taken the S P Setia brand across the channel from Johor into Singapore, and established a presence in the residential property sector with the distinctive 18 Woodsville and Eco Sanctuary. We are currently completing our third project – Daintree Residence in central Bukit Timah.

Key Development Data

Project launch:
2018

Total expected GDV:
RM1.415 billion

Total acreage:
41.7 acres

Total 2020 sales:
RM551 million (SGD177.91 million)

ONGOING PROJECT

Daintree Residence

Daintree Residence comprises 327 units in 12 blocks of five-storey apartments, all linked by a 330-metre long Tree Top Walk. Designed to be green, light and spacious, the project was initially targeted to be completed in 2021. Nevertheless, due to the impact of the COVID-19 pandemic, the vacant possession of the project has been revised to be obtained by May 2022. Heightened interest in sales during the year saw its take-up rate increase to more than 90%.

OUTLOOK

As the year 2021 unfolds, all indications point to another challenging year.

The property market itself will continue to be impacted by the bearish environment and soft consumer sentiment, although this will be ameliorated to an extent by Government measures to stimulate the sector such as the stamp duty exemption for properties priced at below RM500,000 which is being offered up to end 2025.

This, alongside the positive sentiments and bullish outlook from the vaccination roll-out in Malaysia and globally, S P Setia is optimistic of being able to brave through the uncertainties.

Our resilience has been built through a combination of prudent management and strategic response to market needs. To maintain a strong balance sheet and robust capital structure we will endeavour to continue reducing the Group's borrowings while making concerted efforts to clear more of our unsold stocks as well as monetise our non-core land banks. At the same time, we will explore the possibility of expanding into new businesses to further diversify our income stream and collaborate with partners to optimise the use of our land.

We believe there will be strong demand for certain types of property such as mid-priced landed houses in established townships. Such properties did well in 2020 and we have every reason to believe they will continue to enjoy brisk sales in 2021. Currently, conversion from bookings to sales are slower but steadily picking up, largely because of stringent lending guidelines. Nevertheless, the Group is confident of achieving our sales target of RM3.80 billion for 2021, thus retaining our leadership position in Malaysia.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail
Non-Independent
Non-Executive Chairman

Dato' Khor Chap Jen
President and
Chief Executive Officer

Dato' Ahmad Pardas Bin Senin
Senior Independent
Non-Executive Director

Dato' Halipah Binti Esa
Independent Non-Executive
Director

Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob
Independent Non-Executive
Director

Puan Noraini Binti Che Dan
Independent Non-Executive
Director

Mr Philip Tan Puay Koon
Independent Non-Executive
Director

Tengku Dato' Ab. Aziz Bin Tengku Mahmud
Non-Independent
Non-Executive Director

Dato' Zuraidah Binti Atan
Independent Non-Executive
Director

Dato' Azmi Bin Mohd Ali
Non-Independent
Non-Executive Director

AUDIT COMMITTEE

Puan Noraini Binti Che Dan (Chairman)

Mr Philip Tan Puay Koon

Dato' Zuraidah Binti Atan

EXECUTIVE COMMITTEE

Dato' Halipah Binti Esa (Chairman)

Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob

Dato' Khor Chap Jen

FINANCE AND INVESTMENT COMMITTEE

Mr Philip Tan Puay Koon (Chairman)

Dato' Ahmad Pardas Bin Senin

Dato' Azmi Bin Mohd Ali

NOMINATION AND REMUNERATION COMMITTEE

Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail (Chairman)

Dato' Ahmad Pardas Bin Senin

Mr Philip Tan Puay Koon

Dato' Zuraidah Binti Atan

Tengku Dato' Ab. Aziz Bin Tengku Mahmud

RISK MANAGEMENT COMMITTEE

Dato' Ahmad Pardas Bin Senin (Chairman)

Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob

Tengku Dato' Ab. Aziz Bin Tengku Mahmud

Dato' Halipah Binti Esa

SECRETARY

Lee Wai Kim
SSM PC No. 202008001422
(MAICSA 7036446)

REGISTERED OFFICE

S P Setia Berhad Corporate HQ
12 Persiaran Setia Dagang
Setia Alam, Seksyen U13
40170 Shah Alam
Selangor Darul Ehsan
Tel : +603-3348 2255
Fax : +603-3344 1568

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01 Level 32 Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur
Tel : +603-2783 9299
Fax : +603-2783 9222

BANKERS

Affin Bank Berhad
Alliance Bank Malaysia Berhad
Al-Rajhi Banking & Investment Corporation (Malaysia) Berhad
Ambank (M) Berhad
AmIslamic Bank Berhad
Bangkok Bank Berhad
Bank of China (Malaysia) Berhad
Bank Islam Malaysia Berhad
Bank Muamalat Malaysia Berhad
Bank Sinopac Co., Ltd
Bank of the Philippine Islands
CIMB Bank Berhad
CIMB Islamic Bank Berhad
DBS Bank Ltd
E.Sun Commercial Bank, Ltd
Export-Import Bank of Malaysia Berhad
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
Industrial and Commercial Bank of China (Malaysia) Berhad
Malayan Banking Berhad
Maybank Islamic Berhad
OCBC Bank (Malaysia) Berhad
Oversea-Chinese Banking Corporation Berhad
Public Bank Berhad
RHB Bank Berhad
RHB Islamic Bank Berhad
Standard Chartered Bank Malaysia Berhad
Sumitomo Mitsui Banking Corporation
Taipei Fubon Commercial Bank Co., Ltd
Taishin International Bank Co., Ltd.
Taiwan Business Bank, Ltd.
The Shanghai Commercial & Savings Bank, Ltd.

AUDITORS

Messrs. Ernst & Young PLT
202006000003 (LLP0022760-LCA)
AF 0039
Level 23A Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

SOLICITORS

Shearn Delamore & Co Wong & Partners
Rosli Dahlan & Saravana Partnership

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

INDICES

FTSE Bursa Malaysia

WEBSITE

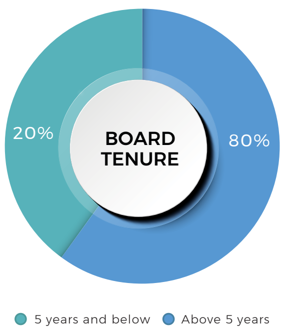
www.spsetia.com

BOARD AT A GLANCE

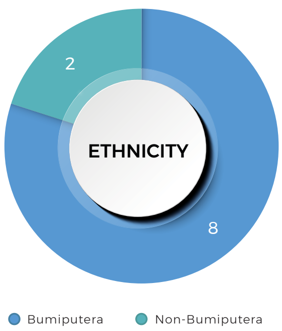
BOARD COMPOSITION

5	Independent Non-Executive Directors
2	Non-Independent Non-Executive Directors
1	Senior Independent Non-Executive Director
1	Non-Independent Non-Executive Chairman
1	President and Chief Executive Officer

BOARD TENURE



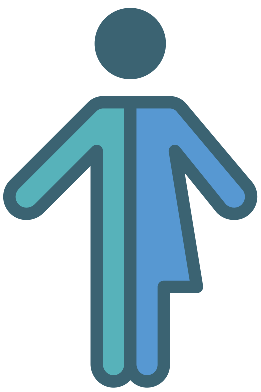
ETHNICITY



NATIONALITY

10 Malaysians

GENDER



7 MALES **3 FEMALES**

AGE

All are aged 60 and above

PROFILE OF BOARD OF DIRECTORS
AS AT 24 MARCH 2021

Y. A. M. TAN SRI DATO' SERI SYED ANWAR JAMALULLAIL
Non-Independent Non-Executive Chairman

Age
69

Gender
Male

Nationality
Malaysian

Date of Appointment
3 January 2019

Length of Service
2 years and 2 months

Number of Board Meetings Attended
8/8

Membership of Board Committee
Chairman of Nomination and Remuneration Committee

ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- Bachelor of Arts in Accounting, Macquarie University, Sydney, Australia
- Chartered Accountant, Malaysian Institute of Accountants
- Member, Certified Practising Accountant (CPA), Australia
- Court of Emeritus Fellows, Malaysian Institute of Management

SKILLS MATRIX AND INDUSTRY EXPERIENCE:

Current Principal Appointments:
- Chairman, Nestle (Malaysia) Berhad
- Chairman, Kenanga Investment Bank Berhad
- Chairman, Lembaga Zakat Selangor
- Chancellor, SEGi University

Past Relevant Experiences:
- Chairman, Cahaya Mata Sarawak Berhad
- Chairman, EON Bank Berhad
- Chairman, DRB-Hicom Berhad
- Chairman, Lembaga Tabung Haji Investment Panel
- Chairman, Malakoff Corporation Berhad
- Chairman, Malaysia Airports Holdings Berhad
- Chairman, Malaysian Resources Corporation Berhad
- Chairman, Media Prima Berhad
- Chairman, Radicare (M) Sdn Bhd
- Chairman, Realmild (M) Sdn Bhd
- Chairman, Uni Asia General Insurance Berhad
- Chairman, Uni Asia Life Assurance Berhad
- Independent Director, Bangkok Bank Berhad
- Independent Director, Maxis Communications Berhad
- Group Managing Director, Amanah Capital Partners Berhad
- Corporate Finance Manager, Amanah Merchant Bank Berhad
- Investment Manager, D&C Nomura Merchant Bank Berhad
- Senior Auditor, Price Waterhouse Australia (Sydney)
- Financial Accountant, Malaysian Airlines Systems Berhad

DECLARATION:

- Does not have any conflict of interest or any family relationship with any other Director(s) and/or major shareholder(s) of S P Setia Berhad except by virtue of being a nominee Director of Permodalan Nasional Berhad
- Has not been convicted of any offences within the past five years
- Has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2020

DATO' KHOR CHAP JEN
President and
Chief Executive Officer

Age
61

Gender
Male

Nationality
Malaysian

Date of Appointment
2002 to 2009
(Previous Directorship);
27 June 2013

Length of Service
7 years and 8 months

Number of Board Meetings Attended
8/8

Membership of Board Committee
Member of Executive Committee

ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- Bachelor of Engineering (Hons), University of Malaya
- Fellow, Institution of Engineers, Malaysia
- Professional Engineer registered with the Board of Engineers, Malaysia

SKILLS MATRIX AND INDUSTRY EXPERIENCE:

Current Principal Appointments:
- President and Chief Executive Officer ("CEO"), S P Setia Berhad effective 1 April 2016
- Chairman, Perumahan Kinrara Berhad
- Director, PNB Merdeka Ventures Sdn Bhd

Past Relevant Experiences:
- Acting President and CEO of S P Setia Berhad
- Acting Deputy President and Chief Operating Officer of S P Setia Berhad
- Has held various senior positions in the S P Setia Berhad Group since 1995 including as an Executive Vice President
- Associate Director for an Engineering Consultancy firm and was involved in the design and construction of housing, industrial, highways and infrastructure projects, such as the North-South Expressway and the KESAS Highway

DECLARATION:

- Does not have any conflict of interest or any family relationship with any other Director(s) and/or major shareholder(s) of S P Setia Berhad
- Has not been convicted of any offences within the past five years
- Has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2020

PROFILE OF BOARD OF DIRECTORS
AS AT 24 MARCH 2021

DATO' AHMAD PARDAS BIN SENIN
Senior Independent Non-Executive Director

Age
68

Gender
Male

Nationality
Malaysian

Date of Appointment
17 September 2014

Length of Service
6 years and 6 months

Number of Board Meetings Attended
8/8

Membership of Board Committee
- **Chairman of Risk Management Committee**
- **Member of Nomination and Remuneration Committee**
- **Member of Finance and Investment Committee**

ACADEMIC/PROFESSIONAL QUALIFICATION(S):
- Fellow, The Chartered Institute of Management Accountants
- Member, The Malaysian Institute of Accountants
- Member, Institute of Corporate Directors Malaysia

SKILLS MATRIX AND INDUSTRY EXPERIENCE:
Current Principal Appointments:
- Chairman, Battersea Project Holding Company Limited
- Director, Sime Darby Berhad

Past Relevant Experiences:
- Chairman, Desaru Development Corporation Sdn Bhd
- Chairman, Desaru Development Holdings One Sdn Bhd
- Chairman, Malaysian Directors Academy
- Deputy Chairman, Costain Group PLC
- Deputy Chairman, PLUS Expressways Berhad
- Deputy Chairman, UEM Builders Berhad
- Deputy Chairman, UEM Land Holdings Berhad
- Director, Silterra Malaysia Sdn Bhd
- Director, Themed Attractions Resorts & Hotels Sdn Bhd
- Director, Faber Group Berhad
- Director, Opus Group Berhad
- Director, Pharmaniaga Berhad
- Director, Sime Darby Energy Sdn Bhd
- Director, Sime Darby Industrial Holdings Sdn Bhd
- Director, UEM Environment Sdn Bhd
- Director, Universiti Malaysia Kelantan
- Director, Universiti Teknologi MARA
- Executive Director & CEO, Silterra Malaysia Sdn Bhd
- Managing Director, UEM World Berhad, Renong Bhd, TIME Engineering Berhad, TIME dotCom Berhad and EPE Power Corporation Berhad
- Managing Director and CEO, UEM Group Berhad
- Financial Controller, Malaysian Tobacco Company Berhad

DECLARATION:
- Does not have any conflict of interest or any family relationship with any other Director(s) and/or major shareholder(s) of S P Setia Berhad
- Has not been convicted of any offences within the past five years
- Has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 2020

Overview ⋮ Key Message ⋮ Key Highlights ⋮ Management Discussion & Analysis

DATO' HALIPAH BINTI ESA
Independent
Non-Executive Director

Age
71

Gender
Female

Nationality
Malaysian

Date of Appointment
29 August 2014

Date of Redesignation as Independent Non-Executive Director
28 February 2018

Length of Service
6 years and 6 months

Number of Board Meetings Attended
8/8

Membership of Board Committee
- **Chairman of Executive Committee**
- **Member of Risk Management Committee**

ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- Bachelor of Arts (Hons) in Economics, University of Malaya
- Master of Economics, University of Malaya
- Certificate in Economic Management, IMF Institute, Washington
- Certificate in Economic Management, Kiel Institute for World Economics, Germany
- Certificate in Advanced Management Programme, Adam Smith Institute, London, United Kingdom

SKILLS MATRIX AND INDUSTRY EXPERIENCE:

Current Principal Appointments:
- Director, Cagamas Berhad
- Director, Sime Darby Plantation Berhad
- Chairman & Founding Director of Securities Industry Dispute Resolution Centre

Past Relevant Experiences:
- Chairman, Pengurusan Aset Air Berhad
- Director, Bank Pertanian Malaysia Berhad
- Director, Employees Provident Fund Board
- Director, Inland Revenue Board
- Director, KLCC Property Holdings Berhad
- Director, Malaysia Deposit Insurance Corporation
- Director, MISC Berhad
- Director Malaysia Marine & Heavy Engineering Berhad
- Director, NCB Holdings Berhad
- Director, Petroliam Nasional Berhad
- Director, Malaysia Thailand Joint Development Authority
- Director, UDA Holdings Berhad
- Director, Putrajaya Holdings
- Director, Lembaga Kemajuan Tanah Persekutuan ("FELDA")
- Director-General, Economic Planning Unit ("EPU") in the Prime Minister's Department and has held various senior positions in the EPU
- Deputy Secretary General, Ministry of Finance

DECLARATION:

- Does not have any conflict of interest or any family relationship with any other Director(s) and/or major shareholder(s) of S P Setia Berhad
- Has not been convicted of any offences within the past five years
- Has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2020

PROFILE OF BOARD OF DIRECTORS
AS AT 24 MARCH 2021

DATO' SERI IR. HJ. MOHD NOOR BIN YAACOB
Independent
Non-Executive Director

Age
66

Gender
Male

Nationality
Malaysian

Date of Appointment
15 October 2014

Length of Service
6 years and 5 months

Number of Board Meetings Attended
7/8

Membership of Board Committee
- **Member of Risk Management Committee**
- **Member of Executive Committee**

ACADEMIC/PROFESSIONAL QUALIFICATION(S):
- Bachelor of Engineering, Universiti Teknologi Malaysia

SKILLS MATRIX AND INDUSTRY EXPERIENCE:
Current Principal Appointments:
- Director of several private limited companies

Past Relevant Experiences:
- Director, Prasarana Malaysia Berhad
- President, Board of Engineers of Malaysia
- Has held various senior positions in the Public Works Department including its Director-General

DECLARATION:
- Does not have any conflict of interest or any family relationship with any other Director(s) and/or major shareholder(s) of S P Setia Berhad
- Has not been convicted of any offences within the past five years
- Has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2020

DATO' ZURAIDAH BINTI ATAN
Independent
Non-Executive Director

Age
62

Gender
Female

Nationality
Malaysian

Date of Appointment
16 December 2014

Date of Redesignation as Independent Non-Executive Director
28 February 2018

Length of Service
6 years and 3 months

Number of Board Meetings Attended
8/8

Membership of Board Committee
- **Member of Audit Committee**
- **Member of Nomination and Remuneration Committee**

ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- LL.B (Hons), University of Buckingham, England
- Certificate in Legal Practice, Malaysia
- Advocate & Solicitor, Member of the Malaysian Bar
- Harvard Business School Executive Education Program ("Making Corporate Boards More Effective")

SKILLS MATRIX AND INDUSTRY EXPERIENCE:

Current Principal Appointments:
- Director, Kenanga Islamic Investors Berhad
- Chairman, IATSS Forum (Japan) National Committee, Malaysia, an annual ASEAN-JAPAN Leadership Training programme for young professionals, who are sent to Suzuka City, Mie Prefecture, Japan
- Honorary Advisor, The National Cancer Society of Malaysia
- Sole proprietor, Chambers of Zuraidah Atan

Past Relevant Experiences:
- Chairman, Yayasan Sukarelawan Siswa/Student Volunteers Foundation
- Director, Bank Kerjasama Rakyat Malaysia Berhad
- Director, Commodities and Monetary Exchange of Malaysia
- Director, HSBC Bank Malaysia Berhad
- Director, Malaysia Building Society Berhad
- Director, Milux Corporation Berhad
- Director, NCB Holdings Berhad
- Director, Northport (Malaysia) Berhad
- Director, Petron Malaysia Refining & Marketing Berhad
- Director, Universiti Sains Malaysia
- Public Interest Director, Bursa Malaysia Berhad, Bursa Malaysia Derivatives Berhad and Bursa Malaysia Derivatives Clearing Berhad
- Arbitrator, KL Regional Centre for Arbitration
- CEO and President, Affin Merchant Bank Berhad
- Independent Member, Consultation and Corruption Prevention Panel of Malaysian Anti-Corruption Commission

DECLARATION:

- Does not have any conflict of interest or any family relationship with any Director(s) and/or major shareholder(s) of S P Setia Berhad
- Has not been convicted of any offences within the past five years
- Has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 2020

PROFILE OF BOARD OF DIRECTORS
AS AT 24 MARCH 2021

TENGKU DATO' AB. AZIZ BIN TENGKU MAHMUD
Non-Independent
Non-Executive Director

Age
63

Gender
Male

Nationality
Malaysian

Date of Appointment
12 January 2015

Length of Service
6 years and 2 months

Number of Board Meetings Attended
8/8

Membership of Board Committee
- **Member of Risk Management Committee**
- **Member of Nomination and Remuneration Committee**

ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- Master of Business Administration, Cranfield Institute of Technology, United Kingdom ("UK")
- Bachelor of Science (Hons) in Civil Engineering, Loughborough University of Technology, UK
- Diploma in Management with Merit, Malaysian Institute of Management
- Member, Council on Tall Buildings and Urban Habitat
- Member, American Society of Civil Engineers
- Member, The Institution of Engineers Malaysia
- Member, Malaysian Institute of Management

SKILLS MATRIX AND INDUSTRY EXPERIENCE:

Current Principal Appointments:
- CEO, PNB Merdeka Ventures Sdn Bhd

Past Relevant Experiences:
- Head, Property Development, Sime Darby Property Berhad
- Head, Property, Kumpulan Guthrie Berhad
- CEO, Guthrie Property Development Holding Berhad

DECLARATION:

- Does not have any conflict of interest or any family relationship with any other Director(s) and/or major shareholder(s) of S P Setia Berhad
- Has not been convicted of any offences within the past five years
- Has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2020

PUAN NORAINI BINTI CHE DAN
Independent Non-Executive Director

Age
64

Gender
Female

Nationality
Malaysian

Date of Appointment
11 September 2015

Length of Service
5 years and 6 months

Number of Board Meetings Attended
8/8

Membership of Board Committee
Chairman of Audit Committee

ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- Honours Degree in Economics, University of Manchester, UK
- Member, The Malaysian Institute of Accountants
- Member, The Malaysian Institute of Certified Public Accountants

SKILLS MATRIX AND INDUSTRY EXPERIENCE:

Current Principal Appointments:
- Director, Bank Islam Malaysia Berhad
- Director, BIMB Holdings Berhad
- Director, Tenaga Nasional Berhad

Past Relevant Experiences:
- Vice President of Finance, MISC Berhad
- Has held various senior management positions in Pernas International Holdings Berhad, including Group General Manager and Chief Financial Officer
- Audit Senior, Hanafiah Raslan & Mohamad

DECLARATION:

- Does not have any conflict of interest or any family relationship with any other Director(s) and/or major shareholder(s) of S P Setia Berhad
- Has not been convicted of any offences within the past five years
- Has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2020

PROFILE OF BOARD OF DIRECTORS
AS AT 24 MARCH 2021

MR PHILIP TAN PUAY KOON
Independent
Non-Executive Director

Age
64

Gender
Male

Nationality
Malaysian

Date of Appointment
11 September 2015

Length of Service
5 years and 6 months

Number of Board
Meetings Attended
8/8

Membership of
Board Committee
- **Chairman of Finance and Investment Committee**
- **Member of Audit Committee**
- **Member of Nomination Remuneration Committee**

ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- First Class Honours B.A. Degree in Business Studies (Accounting and Finance), North-East London Polytechnic, UK
- Oxford International Executive Programme
- Stanford-NUS Executive Programme
- IMD-SIDC Advance Business Management Programme
- INSEAD Strategic Management in Banking Programme
- Fellow, Institute of Corporate Directors Malaysia
- Associate Fellow, Asian Institute of Chartered Bankers
- Adjunct Faculty, Iclif Executive Education Center, Asia School of Business (in collaboration with MIT Sloan)

SKILLS MATRIX AND INDUSTRY EXPERIENCE:

Current Principal Appointments:
- Chairman, Malaysian Electronic Payment Sdn Bhd
- Chairman, MEPS Currency Management Sdn Bhd
- Independent Director, Citibank Berhad
- Independent Director, Payments Network Malaysia Sendirian Berhad
- Non-Public Interest Director, Private Pension Administrator Malaysia
- Member, Corporate Debt Restructuring Committee (established by Bank Negara Malaysia)

Past Relevant Experiences:
- Managing Director, Chief Financial Officer of Emerging Market Sales & Trading, Asia Pacific, Citibank NA
- Director, Citibank Malaysia (L) Limited
- Director, Risk Treasury, Asia Pacific, Citibank NA
- Country Treasurer & Head of Financial Markets, Citibank Berhad
- Has held various senior management positions in the MUI Group
- Independent Director, Danajamin Nasional Berhad
- Independent Director, MIDF Amanah Investment Bank Berhad
- Independent Director, Cagamas Berhad

DECLARATION:

- Does not have any conflict of interest or any family relationship with any other Director(s) and/or major shareholder(s) of S P Setia Berhad
- Has not been convicted of any offences within the past five years
- Has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2020

DATO' AZMI BIN MOHD ALI
Non-Independent
Non-Executive Director

Age
60

Gender
Male

Nationality
Malaysian

Date of Appointment
3 March 2016

Length of Service
5 years

Number of Board Meetings Attended
8/8

Membership of Board Committee
Member of Finance and Investment Committee

ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- LLB (Hons), University of Malaya
- LLM in US & Global Business Law, University of Suffolk, Boston, USA

SKILLS MATRIX AND INDUSTRY EXPERIENCE:

Current Principal Appointments:
- Senior Partner, Azmi & Associates
- Director, Maybank Islamic Berhad
- Director, Sapura Energy Berhad
- Member, Appeals Committee of Bursa Malaysia Berhad
- Director, Worldwide Holdings Bhd
- Director, Institute of Corporate Directors Malaysia
- Director, TerraLex
- Director, UiTM Holdings Sdn Bhd
- Trustee, Endowment Fund, University Technology Malaysia
- Director, Yayasan Putra Business School

Past Relevant Experiences:
- Director, Sime Darby Berhad
- Director, Chemical Company of Malaysia Berhad
- Director, CCM Duopharma Biotech Berhad
- Director, Cliq Energy Berhad
- Director, Seacera Group Berhad
- Director, Perbadanan Nasional Berhad
- Director, Financial Reporting Foundation
- Director, Universiti Malaysia Kelantan
- Adjunct Professor of Law, Universiti Kebangsaan Malaysia
- Adjunct Professor of Law, International Islamic University Malaysia
- Partner, Hisham, Sobri & Kadir
- Associate, T.Tharu & Associates
- In-house counsel, PETRONAS

DECLARATION:

- Does not have any conflict of interest or any family relationship with any other Director(s) and/or major shareholder(s) of S P Setia Berhad except by virtue of being a nominee Director of Permodalan Nasional Berhad
- Has not been convicted of any offences within the past five years
- Has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2020

KEY MANAGEMENT TEAM

KEY MANAGEMENT TEAM MAKES PART OF THE SENIOR MANAGEMENT TEAM

DATUK WONG TUCK WAI
Deputy President and
Chief Operating Officer ("COO")
66, Male, Malaysian

Date of Appointment as Deputy President and COO of S P Setia Berhad:
1 April 2016

Relevant Experience:
Datuk Wong Tuck Wai started his career in civil engineering in 1976, handling projects with Syarikat Pembinaan Setia Sdn Bhd ("SPSSB").

After two decades of steady career progression in SPSSB, he was made CEO of Setia Putrajaya Sdn Bhd in December 1999, where he reinforced his reputation, helming the company that constructed a major chunk of Putrajaya – the Prime Minister's Office, Residence and Government residential quarters between the late 1990s and early 2000s.

Datuk Wong was appointed as Executive Vice President of S P Setia Berhad in 2013 and rose to his current position in 2015, first in an acting capacity before officially assuming the said position one year later.

Datuk Wong is also a director of Pelaburan Hartanah Nasional Berhad.

DATUK CHOY KAH YEW
Executive Vice President ("EVP") and
Chief Financial Officer ("CFO")
50, Male, Malaysian

Date of Appointment as EVP and CFO of S P Setia Berhad:
1 April 2016

Relevant Experience:
Datuk Choy Kah Yew joined S P Setia Berhad in April 2014 and was designated as Acting CFO effective 16 June 2014. With working experience in audit, finance and banking stretching back 26 years, Datuk Choy, who started his career with KPMG in 1990, held several senior leadership and management positions at Alliance Investment Bank Berhad ("AIBB") between 2004 and 2014.

On 1 April 2016, Datuk Choy was appointed as EVP and CFO of S P Setia Berhad respectively. Prior to joining S P Setia Berhad, he was the Head of AIBB's Capital Markets.

His professional qualifications include membership with the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants.

DATUK KOE PENG KANG
Senior Executive Vice President ("SEVP")
59, Male, Malaysian

Date of Appointment as SEVP of S P Setia Berhad:
1 July 2019

Relevant Experience:
Datuk Koe Peng Kang, 59, was appointed as SEVP of S P Setia Berhad after serving the Group for 20 years.

Prior to joining the Company, Datuk Koe was involved in various national projects including the country's rural water supply scheme, the Sungai Selangor Water Supply Scheme Phase 1 and the Petronas Twin Towers.

He is a qualified engineer and construction manager, having earned a BSc (Civil Engineering) from the University of Leeds, United Kingdom and a MSc (Construction Management) from the University of Birmingham, United Kingdom.

Datuk Koe is also the Vice President for FIABCI Asia-Pacific and the President of FIABCI Malaysia.

DATUK CHOONG KAI WAI
Chief Executive Officer of Setia (Melbourne) Development Company Pty Ltd
60, Male, Malaysian

Date of Appointment as CEO of Setia (Melbourne) Development Co. Pty Ltd:
1 May 2010

Relevant Experience:
Prior to joining S P Setia Berhad, Datuk Choong Kai Wai, 60, has more than 30 years of experience in the property sector, working with other developers as well as running his own business.

He was instrumental in setting up S P Setia Berhad's Australian business that grew over the years and cementing the Company's presence as a formidable property developer in Australia.

Datuk Choong earned his BSc (Hons) Mechanical Engineering from The City University London, United Kingdom.

DATUK TAN HON LIM
Executive Vice President ("EVP")
59, Male, Malaysian

Date of Appointment as EVP of S P Setia Berhad:
1 July 2015

Relevant Experience:
Datuk Tan Hon Lim started his career in the Company in 1990 as a project engineer and was appointed as EVP since July 2015.

He was involved in the Bukit Indah, Ampang project development and the Company's first mixed development township, Pusat Bandar Puchong.

From 2007 until 2009, he led the pioneer team in Setia's first overseas foray in Vietnam and set the foundation there with the construction of EcoLakes' sales gallery, show village, infrastructure and more. From 2019, he was once again tasked to manage the Vietnam's portfolio.

Datuk Tan is also currently leading and driving the Setia Technical Excellence Committee and the Customer Experience Committee. The former is responsible enhancing Setia's projects' technical initiative and innovative aspects while the latter to drive better customer enhancement.

Presently, he is REHDA National Council Member and REHDA Selangor Committee Member as well.

Datuk Tan earned a BSc (Civil Engineering), from Louisiana State University, United States of America.

KEY MANAGEMENT TEAM

DATUK KOW CHOONG MING
Executive Vice President
60, Male, Malaysian

Date of Appointment as EVP of S P Setia Berhad:
1 July 2015

Relevant Experience:
Datuk Kow Choong Ming, 60, joined S P Setia Berhad in February 1997 as an Assistant General Manager.

Datuk Kow earned a Bachelor of Engineering in Civil Engineering from the University of Malaya.

Datuk Kow is also a Fellow of the Institution of Engineers Malaysia (FIEM) and a Professional Engineer (PE) in Board of Engineers Malaysia. He is also a Council Member in the Master Builders Association of Malaysia.

Datuk Kow is currently a director of Ecopark P2 Homeowners Berhad and Ecopark P5 Homeowners Berhad.

DATUK YUSLINA MOHD YUNUS
Executive Vice President
54, Female, Malaysian

Date of Appointment as EVP of S P Setia Berhad:
1 December 2017

Relevant Experience:
Datuk Yuslina Mohd Yunus, 54, was Group Managing Director for the I & P Group before assuming her role as EVP of S P Setia Berhad.

With her vast experience, Datuk Yuslina oversees four Business Units as well as S P Setia Foundation and Group Quality Management.

Datuk Yuslina has an Advanced Diploma in Accountancy, Institute Technology MARA and an Executive Masters of Business Administration, Universiti Teknologi MARA.

DATUK STANLEY SAW KIM SUAN
Executive Vice President
54, Male, Malaysian

Date of Appointment as EVP of S P Setia Berhad:
1 July 2020

Relevant Experience:
Datuk Stanley, 54, joined S P Setia Berhad as a Project Manager in 1997. Among his notable career milestones in Setia include his secondment to Vietnam where he managed various projects there.

Subsequently, he assumed his role as Divisional General Manager for Property Division (South) of S P Setia Berhad in May 2016. Four years later, he was then promoted to Executive Vice President.

Stanley has a Bachelor of Engineering (Civil), from the University of New South Wales, Australia and a Master of Business Administration, from Nottingham Trent University, United Kingdom.

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DATUK ZAINI YUSOFF
Executive Vice President
57, Male, Malaysian

Date of Appointment as EVP of S P Setia Berhad:
1 July 2020

Relevant Experience:
Datuk Zaini Yusoff was the Chief Operating Officer (COO) for I&P Group prior to being appointed as S P Setia's Divisional General Manager before assuming the role of Executive Vice President.

Datuk Zaini carries with him 33 years of experience, providing fiscal, strategic and operations leadership in various corporations.

A Civil Engineer, he earned a Bachelor of Science (Hons) in Civil Engineering from Memphis State University, Tennessee, USA.

TONY LING THOU LUNG
Executive Vice President
47, Male, Malaysian

Date of Appointment as EVP of S P Setia Berhad:
1 July 2020

Relevant Experience:
Tony Ling, 47, joined S P Setia Berhad in 2007 as Project Manager for Setia Walk and rose through the ranks to become Head of Technical in 2012.

In 2015, he was appointed General Manager and subsequently in May 2016, he was promoted to Divisional General Manager for KL Eco City.

A qualified engineer, Tony has a Bachelor of Engineering (Hons) in Civil Engineering from the University of Science, Malaysia and a Master of Business Administration, from the University of Malaya.

PAUL SOH HEE PIN
Divisional General Manager ("Div GM")
57, Male, Malaysian

Date of Appointment as Div GM of S P Setia Berhad:
1 January 2015

Relevant Experience:
After joining S P Setia Berhad as Senior Manager in April 1997, Paul Soh, 57, rose through the ranks before assuming the role of Divisional General Manager, Niche Development Division.

Paul was also instrumental in the construction of the Prime Minister's Office, Residence and Government residential quarters between the late 1990s and early 2000s.

A qualified engineer, he has a Bachelor of Engineering (Civil) from the University of New South Wales, Australia.

KEY MANAGEMENT TEAM

NG HAN SEONG
Divisional General Manager
57, Male, Malaysian

Date of Appointment as Div GM of S P Setia Berhad:
1 July 2020

Relevant Experience:
Ng Han Seong, 57, joined S P Setia in 1999 as Senior Manager, Infrastructure Department. He was promoted to General Manager in 2004, Infrastructure Department, Setia Precast and Property North.

He holds a Bachelor Degree (BSc Hon), Civil Engineering from Birmingham University, UK; a Master Degree (MSc Engineering), Foundation Engineering also from Birmingham University, UK. Ng Han Seong is a Chartered Engineer (CEng)(England) and a member of the Institution of Civil Engineers (MICE) (England).

In 2014, Ng Han Seong was assigned to oversee the northern region projects of S P Setia which included the major iconic SPICE project.

In 2020, Ng Han Seong was promoted to Divisional General Manager and tasked to lead the Construction Division of the Group.

TAN SIOW CHUNG
Divisional General Manager
48, Male, Malaysian

Date of Appointment as Div GM of S P Setia Berhad:
1 July 2020

Relevant Experience:
Prior to joining S P Setia, Tan Siow Chung served as a consultant engineer. In 2000, upon joining the Company as Project Engineer, he first worked on the Wawasan Indera project in Pusat Bandar Puchong, one of the first few projects of the Company.

His career in S P Setia spans over 20 years and he spearheaded the Company's flagship township, Bandar Setia Alam in Selangor. In 2020 he was promoted to Divisional General Manager.

Tan Siow Chung has a first class honours degree in Electrical Engineering from UTM.

GOH TZEN SERNZ
Divisional General Manager
43, Male, Malaysian

Date of Appointment as Div GM of S P Setia Berhad:
1 July 2020

Relevant Experience:
Goh Tzen Sernz joined S P Setia Berhad in 2003 as Project Engineer for Setia Eco Park and rose through the ranks to become Deputy General Manager in 2012 to lead Setia Eco Glades.

He was appointed General Manager in 2016 and was promoted to Divisional General Manager for Eco-themed Division in July 2020.

A qualified engineer, Goh has a Bachelor of Engineering (Hons) in Civil Engineering from the University of Technology, Malaysia with 20 years experience in property development industry.

RICKY YEO CHENG JWAY
Divisional General Manager
50, Male, Malaysian

Date of Appointment as Div GM of S P Setia Berhad:
1 July 2020

Relevant Experience:
Before joining S P Setia, Ricky Yeo was attached to Resorts World Berhad where he gained experience in finance, sales and marketing. He was then involved in the implementation of a strategic project in Malaysia spearheaded by Dow Corning, an MNC based in the United States of America.

He then joined S P Setia in 2007 as Finance Manager in Johor before his current role as the DGM for the Company's projects in Penang.

Ricky holds a Bachelor of Science (Computer Science and Statistics) from Campbell University, US and an MBA (Finance & Business Policy) from Bradford University, UK. He is an associate member of Chartered Institute of Management Accountants (CIMA) and a member of Malaysian Institute of Accountants (MIA).

NADIAH TAN ABDULLAH
Chief Human Resources Officer ("CHRO")
52, Female, Malaysian

Date of Appointment as CHRO of S P Setia Berhad:
1 March 2017

Relevant Experience:
Being in the human resources field for more than two decades, Nadiah Tan Abdullah, 52, joined S P Setia Berhad in October 2016 as Divisional General Manager, Group Human Resources.

Her experience focused on Organisational Development and Change Management. She had also accrued experiences from local and Global Fortune 500 companies.

She earned a BA (Hons) International Relations, from Staffordshire University, United Kingdom.

Nadiah has been very active in driving change within the areas of Diversity and Inclusion and HR Transformation and have been called to contribute at the national level; she has been part of the 30% Club for Malaysia leading the Talent Pipeline Pillar, an elected Council member of the Malaysian Employers Federation (MEF) for the 2nd term. Her Coaching and Mentoring experience have also earned her seats in being called upon to be mentor/coach at local and regional Leadership Programs namely for the Global Institute of Leadership Development in Singapore (2018).

NURANISAH MOHD ANIS
Chief Risk Integrity & Governance Officer ("CRIGO")
48, Female, Malaysian

Date of Appointment as CRIGO of S P Setia Berhad:
3 April 2017

Relevant Experience:
Notching more than 24 years of experience, Nuranisah Mohd Anis has run the gamut of Enterprise Risk Management, Business Continuity Management, Internal and External Audit, Investment Management and Business Process Improvement, covering various PLCs.

She is a Chartered Accountant registered with the Malaysian Institute of Accountants (MIA). She has recently completed the course to obtain the Certified Integrity Officer (CeIO) certification, conducted by the Malaysia Anti-Corruption Academy (MACA).

Her other qualifications include the Certification in Risk Management Assurance (CRMA) from the Institute of Internal Auditors (IIA) Global, an Associate member of the IIA Malaysia and an Associate Business Continuity Professional (ABCP) registered with the Disaster Recovery Institute (DRI), USA. She graduated with Masters in Business Administration (MBA) from the Universiti Teknologi Mara, Shah Alam.

KEY MANAGEMENT TEAM

JENNIFER MOK KHA WAI
Chief Internal Auditor ("CIA")
48, Female, Malaysian

Date of Appointment as CIA of S P Setia Berhad
1 March 2017

Relevant Experience:
Jennifer Mok, 48, accrued 26 years of experience in internal audit, serving in various public listed companies since 1996 including property development companies. Jennifer is a member of the Institute of Internal Auditors Malaysia.

She has a Bachelor of Commerce (Accounting and Finance), from the University of Melbourne, Australia and is a Chartered Accountant with the Malaysian Institute of Accountants (MIA).

AZLINA BAHAROM
Chief Legal Officer ("CLO")
53, Female, Malaysian

Date of Appointment as CLO of S P Setia Berhad:
1 July 2020

Relevant Experience:
Azlina Baharom, was the General Manager, Group Corporate Services for I&P Group prior to her assuming her role as General Counsel and currently as Chief Legal Officer of S P Setia.

She was enrolled as an Advocate and Solicitor of the Supreme Court of Singapore and the High Court of Malaya in 1990 and gained experience as a law practitioner in corporate commercial and cross border transactions. Her foray as an in-house counsel spans more than 2 decades and she is a qualified company secretary having served both local and global companies listed on Bursa Malaysia.

Azlina holds a Bachelor of Laws (LL.B Honours) degree from the National University of Singapore.

LINDAYANI TAJUDIN
Head, Strategy & Business Development
48, Female, Malaysian

Date of Appointment as Head of Strategy & Business Development of S P Setia Berhad:
1 July 2020

Relevant Experience:
Lindayani Tajudin is a Chartered Accountant with in-depth knowledge and experience in the infrastructure industries both locally and internationally. Prior to joining S P Setia, Lindayani held senior management roles in a few listed companies.

Her core competencies include strategic planning, business development, mergers and acquisitions, project finance and investor relations amongst others. She holds a Bachelor of Science (Economics) (Hons) – Accounting and Finance, London School of Economics and Political Science, UK.

She is a Fellow of the ACCA (Association of Certified Chartered Accountants) and a member of the Malaysian Institute of Accountants (MIA).

PUAR CHIN JONG
Head, Corporate Finance
50, Male, Malaysian

Date of Appointment as Head of Corporate Finance of S P Setia Berhad:
23 September 2016

Relevant Experience:
Puar Chin Jong joined S P Setia Berhad in 2016 and took on the position as Head of Corporate Finance.

Spanning over two decades, he has extensive experience in corporate strategy and corporate finance. Other than RHB Investment Bank Berhad, he has held management positions in Karambunai Corp Berhad, Petaling Tin Berhad and Alliance Investment Bank Berhad.

He holds a Bachelor of Economics (Business Administration) First Class Honours from the University of Malaya, Kuala Lumpur. He is also an Associate Member of the Chartered Institute of Management Accountant ("CIMA").

LEE WAI KIM
Group Company Secretary
SSM PC No. 202008001422, MAICSA 7036446
44, Female, Malaysian

Date of Appointment as Group Company Secretary of S P Setia Berhad:
1 July 2016

Relevant Experience:
Lee Wai Kim, 44, joined S P Setia Berhad in August 2014 and was appointed as Company Secretary on 15 April 2016.

She commands over 20 years of experience in corporate secretarial and governance matters covering private limited companies and public companies listed on Bursa Malaysia Securities Berhad and London Stock Exchange as well as financial institutions and stock exchange.

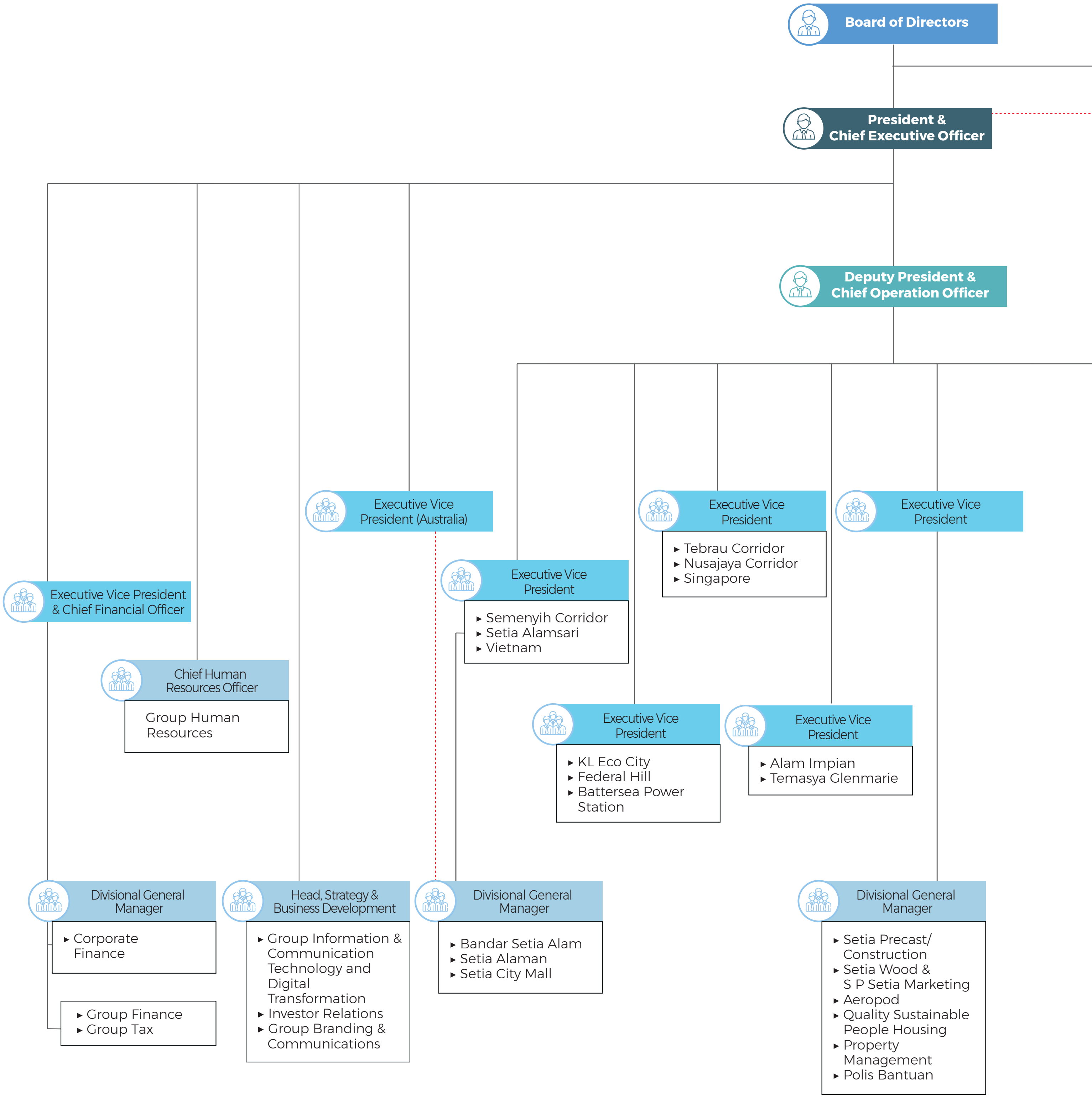
She is an Associate Member of the Malaysian Institute of Chartered Secretaries and Administrators and has a Master of Business Administration, from the Victoria University, Australia.

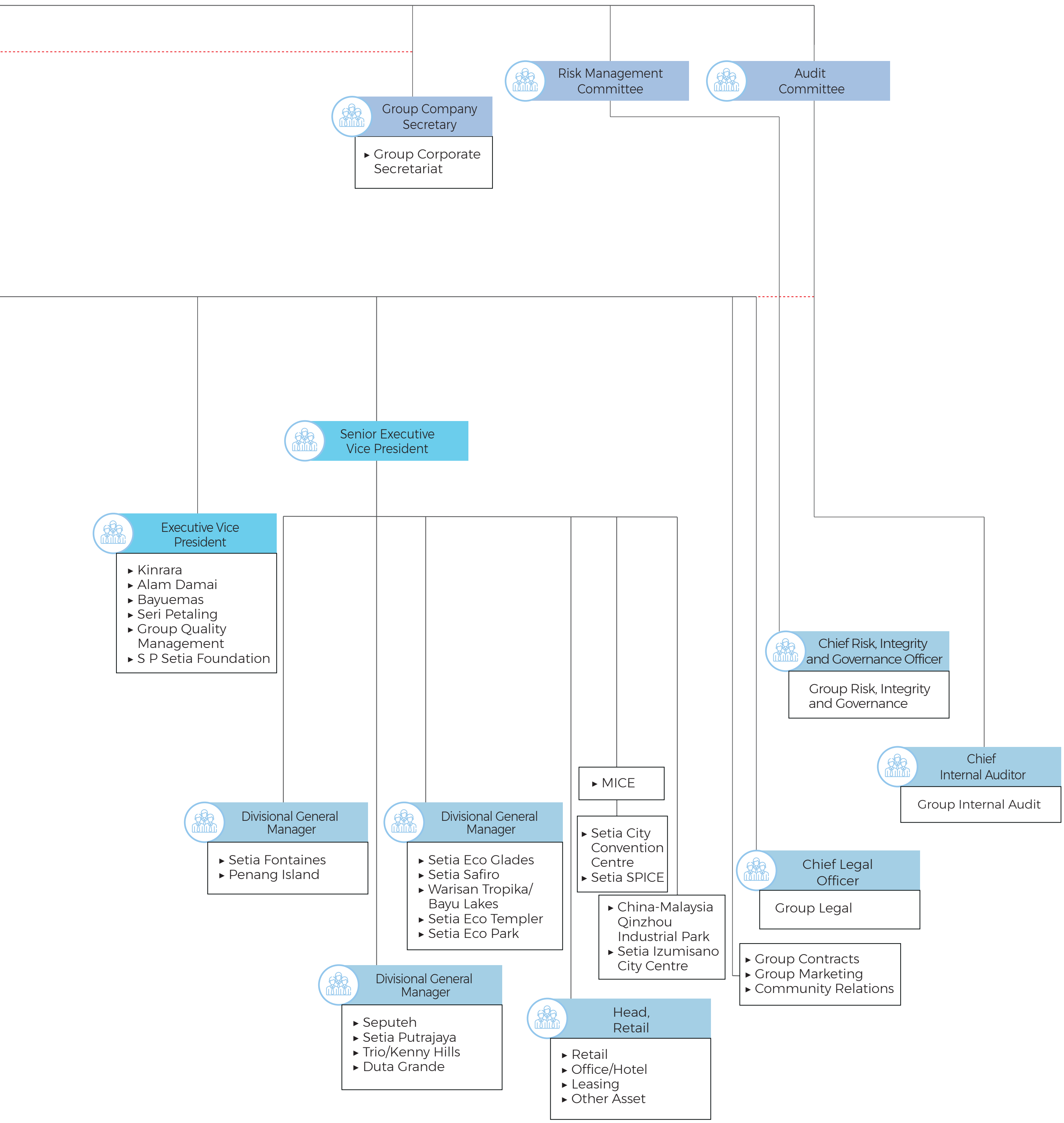
Notes:

1. *None of the Senior Management hold any directorship in any public companies and listed issuers other than in S P Setia Berhad Group (except for Datuk Wong Tuck Wai and Datuk Kow Choong Ming).*
2. *None of the Senior Management have any family relationship with any Director and/or any major shareholder of S P Setia Berhad, nor any conflict of interest with S P Setia Berhad.*
3. *None of the Senior Management have been convicted of any offences over the past five years and there was no public sanction or penalty imposed on him/her by the relevant regulatory bodies during the financial year.*

ORGANISATION STRUCTURE

AS AT 31 DECEMBER 2020




Risk Management Committee
Audit Committee
Group Company Secretary
▸ Group Corporate Secretariat
Senior Executive Vice President
Executive Vice President
▸ Kinrara
▸ Alam Damai
▸ Bayuemas
▸ Seri Petaling
▸ Group Quality Management
▸ S P Setia Foundation
Chief Risk, Integrity and Governance Officer
Group Risk, Integrity and Governance
Chief Internal Auditor
Group Internal Audit
▸ MICE
▸ Setia City Convention Centre
▸ Setia SPICE
Divisional General Manager
▸ Setia Fontaines
▸ Penang Island
Divisional General Manager
▸ Setia Eco Glades
▸ Setia Safiro
▸ Warisan Tropika/ Bayu Lakes
▸ Setia Eco Templer
▸ Setia Eco Park
▸ China-Malaysia Qinzhou Industrial Park
▸ Setia Izumisano City Centre
Chief Legal Officer
Group Legal
▸ Group Contracts
▸ Group Marketing
▸ Community Relations
Divisional General Manager
▸ Seputeh
▸ Setia Putrajaya
▸ Trio/Kenny Hills
▸ Duta Grande
Head, Retail
▸ Retail
▸ Office/Hotel
▸ Leasing
▸ Other Asset

CHAIRMAN'S INTRODUCTION TO CORPORATE GOVERNANCE

Dear Valued Shareholders,

As a company, our goal is to build a sustainable business that provides strong returns for our shareholders. The Board of Directors ("Board") is cognisant that sustainable business success is not possible without a clear corporate purpose and sound corporate governance.

The Board believes that good governance is not just about compliance with rules and regulations, it is also about our corporate culture, behaviour and values and whether we conduct our business responsibly and ethically. In that regard, the Board is committed to ensuring that S P Setia Berhad and its subsidiaries' (the "Group's") purpose, culture, values and standards are appropriately set from the top and embedded across the Group, with the Board taking the lead.

A key responsibility for me as Chairman is to ensure that the Board is skilled, balanced and effective, and delivers strong leadership in securing long-term success and sustainability of the Group, as well as creating long-term value for our stakeholders.

I am pleased to inform that the present Board has the dimensions which are necessary for the long-term success of the Group, with a strong 60% majority of the Board composition comprising Independent Non-Executive Directors. With strong independence and their wide expertise and experience, they have brought with them perspectives that are objective and balanced, thereby safeguarding the interests of all stakeholders.

In its stewardship, our Board continues to provide judicious leadership, strategic guidance and direction to safeguard stakeholders value creation within a framework of rigorous and effective controls. Together with Management, the Board drives robust strategies, executes value creating governance and sound financial practices across the Group.

As Chairman it is also my duty to ensure the actualisation of the corporate governance framework, in that it is sound, transparent, responsive and protective. The Board is fully committed towards continuously improving the Group's governance practices and processes to meet the increasingly challenging operating environment.

We will continue to be committed to acting with transparency and integrity and fostering the right culture within our businesses.

I am pleased to present our Corporate Governance ("CG") Overview Statement for the financial year under review which describes how the Company functions and the approaches we have taken to ensure effective governance and oversight of the Group's business.

The CG Overview Statement provides investors and other stakeholders with an overview of the application of the Principles set out in the Malaysian Corporate Code on Governance ("MCCG") and focuses on the three Key Principles of the MCCG namely:

A. Board Leadership and Effectiveness
B. Effective Audit and Risk Management
C. Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

The status and application of each Practice are explained in the CG Report which is available online at the Company's website at www.spsetia.com.

I am pleased to advise that we have substantially applied the Practices set out in the MCCG during the financial year ended 31 December 2020.

Y.A.M Tan Sri Dato' Seri Syed Anwar Jamalullail
Chairman

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

ROLES AND RESPONSIBILITIES

BOARD

Audit Committee ("AC")

Monitors and reviews the integrity of financial statements, the relationship with the external auditors, related party transactions and the Group's system of internal controls.

Executive Committee ("EXCO")

Oversees implementation of management decision as well as approval of contracts based on approved limits of authority.

Finance And Investment Committee ("FIC")

Reviews investment and divestment proposals, including fund raising exercises, and annual budget.

Nomination And Remuneration Committee ("NRC")

Reviews the composition and balance of the Board to ensure the right structure and skills are in place to deliver the Group's strategy.

Reviews overall remuneration policy and strategy implementation of the Board and Senior Management.

Risk Management Committee ("RMC")

Reviews the effectiveness of the Group's risk management framework to identify, assess, manage and monitor risks and oversees the implementation of the initiatives by Integrity and Governance unit.

President and Chief Executive Officer ("CEO")

Leads the business and is responsible for its day-to-day management.

The roles of the Chairman and the President and CEO are held by different individuals. The division of duties and responsibilities ensures an appropriate balance of roles and responsibilities at the Board level. The clear hierarchical structure with its focused approach facilitates efficiency and expedites informed decision-making.

All the Directors act with reasonable care, skill and diligence by applying the knowledge, skill and experience which they are expected to have. They maintain a sound understanding of the business and keep abreast of relevant developments to ensure they are able to discharge their duties and responsibilities effectively.

Summaries of the roles of the Chairman, the President and CEO, the Senior Independent Director and Non-Executive Directors are as follows:

Chairman

- Conducts meetings of the Board and shareholders and ensures that they are properly briefed at their respective meetings.
- Facilitates meetings of the Board and ensures that no Board member, whether executive or non-executive, dominates the discussion, and that healthy debate takes place.

President and CEO

- Responsible for the overall management of the Group, ensuring that strategies, policies and matters set by the Board are effectively implemented in line with the Board's direction.
- Regularly reviews the performance of the heads of divisions and departments who are responsible for all functions contributing to the success of the Group.

Senior Independent Director

- Designated contact to whom concerns pertaining to the Group may be conveyed to by shareholders and other stakeholders.
- Chairs meetings of the Board and shareholders in the absence of Chairman.

Non-Executive Directors

- Ensure that business and investment proposals presented by Management, key transactions or critical decisions are fully deliberated, examined and decided on by the Board in a meeting.
- Play a key role by providing unbiased and independent views, advice and judgment, which take into account the interests of the Group and all its stakeholders including shareholders, employees, customers, business associates and the community as a whole.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD CHARTER

Our Board Charter defines the roles, responsibilities and functions of the Board and Board Committees in accordance with the principles of good corporate governance. The Charter is reviewed periodically to ensure its adherence to the latest statutory and regulatory requirements as well as the Group's operational and business direction.

BOARD COMPOSITION

Currently, the Board comprises ten (10) Directors, namely:

(a) one (1) Chairman who is a Non-Independent Non-Executive Director;

(b) one (1) Managing Director who is the President and CEO;

(c) two (2) Non-Independent Non-Executive Directors;

(d) one (1) Senior Independent Non-Executive Director; and

(e) five (5) Independent Non-Executive Directors ("INEDs").

Throughout the year under review, the composition of the Board complied with the requirements of Paragraph 15.02 of Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR") and was in line with Practice 4.1 of the Malaysian Code on Corporate Governance ("MCCG") whereby INEDs made up to 60% of the Board's composition. The roles of INEDs are crucial particularly in the area of related party transactions where their presence is imperative to protect the interest of minority shareholders.

The members of the Board are persons of integrity and calibre who have sound knowledge and understanding of the Group's business and provide a diversity of breadth in experience and knowledge. They are selected based on their individual merits and experience, of diverse backgrounds with expertise and skills relevant to the Group's business. The Directors' profiles are set out on pages 84 to 93 of the Integrated Report 2020.

The Board believes that a truly diverse Board that leverages on differences in thought, perspective, knowledge, industry experience, age, ethnicity and gender will ensure effective decision-making and stewardship of management. This will steer the Group to retain its competitive advantage.

KEY AREAS OF FOCUS DURING FY 2020

The key areas of focus by the Board during the year under review were as follows:

- Strategic Growth
- Financial and Business Performance
- Risks and Internal Controls
- Integrity and Governance
- Board and Management Succession Planning

BOARD AND COMMITTEE MEETINGS

Procedures for Board meetings remain largely unchanged from previous years. The Company Secretary is responsible for advising the Board on appropriate governance matters and for ensuring good information flow and that Board procedures are properly followed.

Details of the number of meetings of the Board and its Committees held during the year under review and attendance of Directors thereat are set out below.

ACCESS TO INFORMATION AND ADVICE

The Board has full and unrestricted access to all information pertaining to the Group's business and affairs including inter alia, financial results, annual budgets, business reviews against business plans and progress reports on the Group's developments and business strategies, to enable it to discharge its duties effectively. The agenda and board papers are circulated to the Board members a week prior to the Board meetings to allow sufficient time for the Directors to review, consider and deliberate knowledgeably on the issues and, where necessary, to obtain further information and explanations to facilitate informed decision-making.

Access to Board papers is facilitated through an application which allows the Directors to securely access to read and review Board documents and collaborate with other Directors, the Management and Company Secretary electronically. This mode of dissemination and record keeping of Board and Board Committee papers allows the Directors to have instantaneous access to current and past records of the Company while ensuring security of confidential information.

The Board is kept apprised on announcements made by the Company to Bursa Securities on significant transactions, whereas news coverage on events, analyst reports and matters concerning the Group reported in the media are disseminated to all the Directors, if any.

Senior Management officers and external advisers may be invited to attend Board meetings when necessary, to furnish the Board with explanations and comments on the relevant agenda items tabled at the Board meetings or to provide clarification on issue(s) that may be raised by any Director.

All Directors have direct and unrestricted access to the advice and services of the Company Secretary and Senior Management. The Board may, either collectively or as individual members seek independent professional advice, at the Group's expense, if required, in furtherance of their duties.

DIRECTORS' ATTENDANCE FOR FY 2020

During the FY 2020, Board meetings and Board Committee meetings were held and the attendance record for each Director is as follows:

No.	Name of Directors	Number of Meetings						45th AGM
		Board	AC	EXCO	FIC	NRC	RMC	
1.	Y.A.M Tan Sri Dato' Seri Syed Anwar Jamalullail	8				6		√
2.	Dato' Khor Chap Jen	8		11				√
3.	Dato' Halipah Binti Esa	8		11			5	√
4.	Dato' Ahmad Pardas Bin Senin	8			8	6	5	√
5.	Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob	7		11			5	√
6.	Dato' Zuraidah Binti Atan	8	7			4(1)		√
7.	Tengku Dato' Ab. Aziz Bin Tengku Mahmud	8				0(2)	5	√
8.	Noraini Binti Che Dan	8	7					√
9.	Philip Tan Puay Koon	8	7		8	6		√
10.	Dato' Azmi Bin Mohd Ali	8			8			√
	TOTAL NO. OF MEETINGS HELD IN FY 2020	**8**	**7**	**11**	**8**	**6**	**5**	

Note:
(1) Appointed as Member on 1 June 2020
(2) Appointed as Member on 17 December 2020

RESPONSIBILITY AND DELEGATION

The Board is responsible for the overall governance of the Group and plays an active role in determining the long-term direction and strategy of the Group in order to enhance shareholders' value.

The responsibilities of the Board include defining and determining the strategic direction, directing future expansion, implementing corporate governance, identifying principal risks and ensuring the implementation of appropriate systems to manage these risks, human resource planning and development, reviewing investments made by the Group, overseeing the proper conduct of business and reviewing the adequacy and the integrity of the Group's internal control system and management information system.

There is a schedule of matters reserved specifically for the Board's decision which includes, among others, the approval of annual business plans and budgets, material acquisitions and disposals of assets, major capital projects, financial results, dividend recommendations, fund raising exercises and Board appointments. As part of its efforts to ensure the effective discharge of its duties, the Board has delegated certain functions to specific Committees with their own Terms of Reference ("TOR"). The TOR of the Board Committees are available on the Company's website at www.spsetia.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The President and CEO together with the Deputy President and Chief Operating Officer ("COO"), Chief Financial Officer ("CFO") and Executive Vice Presidents of the Group are accountable for the day-to-day management of financial, business and operational matters of the Group within the prescribed limits of authority and in accordance with the Group's standard operating procedures, including transforming strategies into performance targets to realise the approved business plan for the year. They are in turn supported by a management committee which comprises the heads of all Business Units and support units.

The Group's Key Performance Indicators ("KPIs"), comprising financial and non-financial operating drivers, for each financial year are set and approved by the Board to be achieved by the Management, led by the President and CEO. Performance of the Group against budget is reviewed and tracked by the Board on a quarterly basis in conjunction with the approval of the unaudited quarterly results of the Group. At the end of each financial year, the Board undertakes a full year review of the Group's performance against the budget and business plan approved by the Board in the preceding year.

DIRECTORS' INDEPENDENCE

The Board acknowledges the important contributions that INEDs make to good corporate governance. All Directors, regardless of their independent status, are required to act in the best interest of the Company and to exercise unfettered and independent judgement.

For the FY 2020, the Board was satisfied with the mix of independent and non-independent directors, the composition being diverse in demographics, skills and experience. Since 28 February 2018, the Board has comprised 60% INEDs. The Board practised active, robust and open discussions at Board meetings so as to ensure that opportunities were given to all Directors to participate and contribute to the decision-making process. Vigorous deliberations and all the views given by the Directors were considered before decisions were made by the Board. There was an existing process for the Chairman and Directors to declare and abstain from participating in discussions where a conflict of interest situation might arise in order to uphold the integrity of the decisions made by the Board.

During the year under review, the NRC and Board assessed the independence of the INEDs as part of the Board Effectiveness Evaluation ("BEE") process. The Board was satisfied with the level of independence demonstrated by all the INEDs and that they could continue to bring sound, independent and objective judgement to Board deliberations through active participation in discussions and decision-making by the Board and their ability to act in the best interests of the Group. The NRC and the Board also agreed that the continuous contributions of the INEDs are beneficial to the Board and the Company as a whole. Each INED had also provided his/her confirmation on his/her independence to the NRC and Board.

The Board Charter specifies that the tenure of an INED shall not exceed a cumulative term of nine (9) years. As at the date of this Statement, none of the INEDs has served the Board for more than nine (9) years.

Besides the annual assessment, a potential candidate must, prior to the appointment as an INED, submit his/her declaration of independence in compliance with the criteria set out in the MMLR, to the NRC and Board for consideration.

DIRECTORS' COMMITMENT

The Board meets at least five (5) times a year at quarterly intervals with additional meetings convened as and when necessary to approve quarterly financial results, business plans, budgets and other business development activities. The Board and Board Committee meetings for the whole year are scheduled in advance by the third quarter of the preceding financial year to enable the Board members to plan their schedules accordingly. All proceedings of the Board meetings are duly minuted, approved by the Board and signed by the Chairman of the Meeting.

The Board places importance on the contributions given through robust discussions by the Directors at each Board and Board Committee Meetings. For the FY 2020, all the Directors complied with the minimum 50% attendance requirement in respect of Board meetings as stipulated by the MMLR and the Company's Constitution. The Board was satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company.

In line with the MMLR, none of the members of the Board holds more than five (5) directorships in listed issuers. During the FY 2020, the Directors notified the Company Secretary as and when they were appointed to other boards, to ensure that such appointments would not unduly affect their time commitment and responsibilities to the Board. The Directors also provided updates of their directorships and shareholdings in other companies on a quarterly basis, which were tabled to the Board for notation.

ONBOARDING AND CONTINUING DEVELOPMENT PROGRAMME FOR DIRECTORS

All new Directors appointed to the Board are given a comprehensive onboarding programme, covering areas of the business, including among others, the Company's strategies, business segments and operations, the corporate governance framework within the Group and key risks.

In line with Paragraph 15.08 of the MMLR, the Directors recognise the importance and value of attending conferences, training programs and seminars in order to keep themselves abreast of the development and changes in the industry the Group operates as well as being updated on new regulatory and statutory requirements, if any.

The trainings/seminars/conferences attended by the Directors during the FY 2020 are set out on pages 120 to 123 of this Integrated Report 2020.

COMPANY SECRETARY

The Company Secretary of the Company is a qualified Company Secretary under Section 235 of the Companies Act 2016 ("CA 2016") and is also the secretary to the Board Committees. The Company Secretary plays an advisory role to the Board, particularly with regard to the Company's Constitution and Board policies and procedures as well as compliance with relevant rules and regulations.

The Company Secretary ensures that the discussions and deliberations at Board and Board Committee meetings are well documented and subsequently communicated to the relevant Management for appropriate action. The Company Secretary updates the Board and Board Committees on the follow-up of their decisions and recommendations by Management.

The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in discharging the functions in the year under review.

DIRECTORS' INDEMNITY

S P Setia continues to provide and maintain indemnification for its Directors throughout the year under review as allowed under the CA 2016 to the extent it is insurable, under the Directors' and Officers' Liability Insurance (D&O) procured by the Company. Directors and Officers are indemnified against any liability incurred by them in discharging their duties as Directors and Officers of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

NOMINATION AND REMUNERATION COMMITTEE REPORT

Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail
(Chairman & Non-Independent Non-Executive Director)

"Dear Shareholders

I am pleased to present the NRC Report for the FY 2020.

This report provides shareholders with valuable insight into the activities of the NRC during the year under review and the manner in which the NRC plays a key oversight role for the Board.

Going forward in the year ahead where the Company prepares itself for a seamless management handover supported by a comprehensive transition plan, the NRC will remain focused on driving performance management and continue with its execution of succession plans for the Board and Senior Management of the Company so as to build a strong pipeline of talent capabilities for the Group, which was one of the key activities undertaken during the FY 2020."

OVERVIEW

The primary objective of the NRC is to assist the Board in proposing new nominees for the Board and Board Committees, as well as evaluating performance of the Board and Directors and key management personnel on an on-going basis. The NRC also reviews the Board composition and ensures that any Board appointment brings with it the right balance and mix of skills, experience and diversity to the Board. The NRC is additionally entrusted with the responsibility of developing and establishing competitive remuneration policies and packages as well as administering the Group Employees' Long Term Incentive Plan ("LTIP") comprising the Employee Share Option Scheme ("ESOS") and the Employee Share Grant Plan ("ESGP") in such manner as it shall in its discretion deem fit within such powers and duties as are conferred upon it by the Board as defined in the By-Laws of the LTIP.

In addition to the above, the NRC plays an oversight role of monitoring the status of the Company's application of the Practices under each of the Principles set out in the MCCG to ensure that the Company upholds best governance practices throughout the Group.

MEMBERS OF THE NRC

During FY 2020, the NRC comprises solely NEDs with a majority being INEDs and includes a Senior INED. Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail, a Non-Independent Non-Executive Chairman, has been appointed by the Board as Chairman of the NRC since 31 May 2019 after taking into consideration his vast experience, knowledge and exemplary leadership needed in setting, driving and realising the objectives of the NRC.

The President and CEO attends the meetings of the NRC upon invitation. Other members of Senior Management are invited to meetings of the NRC when necessary to provide support to the discussion on matters related to the agenda of the meeting. The Company Secretary of the Company is the secretary of the NRC who is in attendance at all NRC Meetings and records the proceedings thereat.

The NRC has direct and unrestricted access to the advice and services of the Company Secretary and Senior Management. The NRC may, either collectively or as individual members seek independent professional advice, at the Company's expense, if required, in furtherance of their duties.

The members of the NRC as at the date of this report are as follows:

Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail
(Chairman & Non-Independent Non-Executive Director)
(Appointed on 31 May 2019), (Tenure: 1 year and 9 months)

Dato' Ahmad Pardas Bin Senin
(Senior Independent Non-Executive Director)
(Appointed on 12 March 2015), (Tenure: 6 years)

Philip Tan Puay Koon
(Independent Non-Executive Director)
(Appointed on 3 March 2016), (Tenure: 5 years)

Dato' Zuraidah Binti Atan
(Independent Non-Executive Director)
(Appointed on 1 June 2020), (Tenure: 9 months)

Tengku Dato' Ab. Aziz Bin Tengku Mahmud
(Non-Independent Non-Executive Director)
(Appointed on 17 December 2020), (Tenure: 3 months)

TERMS OF REFERENCE

The TOR of the NRC are available online for reference in the Board of Directors' section of the Company's website at www.spsetia.com.

APPOINTMENT/RE-ELECTION OF DIRECTORS

S P Setia practises a formal and transparent process on the appointment of new Directors. In its selection of suitable candidates, the NRC has a selection criteria based on competencies and attributes required to further strengthen to the Board's composition. All nominees to the Board are first considered by the NRC, taking into consideration among others the diversity in terms of mix of skills, competencies, experience, age and gender guided by the Diversity Policy adopted by the Board and time commitment required to effectively fulfil his or her role as a Director.

The NRC is responsible for recommending to the Board, Directors who are standing for re-election at the AGM pursuant to the Company's Constitution.

The NRC will consider the Directors who are due for re-election/re-appointment in the same manner as other Directors, taking into consideration the Director's performance during his/her term.

SUMMARY OF ACTIVITIES OF THE NRC DURING THE YEAR

The NRC met six (6) times during the FY 2020. Details of the NRC members' attendance at the NRC meetings held during the FY 2020 are disclosed on page 107 of the Integrated Report 2020. The summary of activities of the NRC during the FY 2020 is as follows:

With regard to nomination and related matters

(1) Reviewed the performance of the Directors who were subject to re-election at the 45th Annual General Meeting of the Company held on 22 June 2020 ("45th AGM") pursuant to Clause 102 of the Company's Constitution, and recommended to the Board, the re-election/re-appointment of Dato' Ahmad Pardas Bin Senin, Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob and Dato' Zuraidah Binti Atan. The Directors had met the Board's expectations of high performance based on the performance and contribution of each Director as assessed through the BEE carried out in 2019 by Willis Towers Watson, an independent consultant.

(2) Developed a formal Board Diversity Policy and Succession Plan having regard to the Step-Up Practice 4.3 of MCCG which has been adopted by the Board since 2019 and recommended the same to the Board for approval. In developing the Board Diversity Policy and Succession Plan, the NRC had considered the composition of the Board in terms of its diversity in areas of skillsets, qualifications, experiences, age, gender, tenure of service and ethnicity/cultural background to further complement the effective functioning of the Board going forward.

(3) Reviewed the composition of the NRC, having considered the qualification and skillsets of all the Directors including the time commitment to discharge their duties and responsibilities. Upon recommendation of the NRC, the appointment of Dato' Zuraidah Binti Atan and Tengku Dato' Ab. Aziz Bin Tengku Mahmud as members of the NRC effective 1 June 2020 and 17 December 2020, respectively, were approved by the Board.

(4) Involved in the execution of succession management for the President and CEO, Deputy President and COO and Executive Vice Presidents with changes to the organisation structure, and made its recommendations to the Board for approval. During the year, the NRC was instrumental in realising the management succession plan which included identifying, selecting and interviewing potential candidates for the position of the President and CEO as well as Deputy President and COO. In making its recommendations to the Board, the NRC had considered among others, the candidates' qualifications and experiences, and most importantly, strong leadership attributes that would garner strong support of various stakeholders to ensure continued stability of the Group's operations particularly in these challenging market and economic environment.

(5) Reviewed the approach and questionnaires to be used for the BEE and recommended the same to the Board for approval. For the BEE 2020, the Board undertook the assessment which was internally facilitated. The BEE 2020 assessed the performance of the Board as a whole, Board Committees and individual Directors of the Company. The areas of coverage of the BEE 2020 were composition, responsibility and conduct, process and administration.

The results of the BEE together with the Board Improvement Plan for 2021 were presented to the NRC and thereafter, to the Board. The BEE results indicated that the Directors were satisfied that the Board was effective in discharging their responsibilities, had an effective composition and was enabled by current process/administration. The Directors were of the view that the composition of the Board was well-balanced, taking into consideration the diversity of gender, mix of skills, qualifications, experience and the level of contribution from each of the members to the respective committees.

The Directors were also satisfied that the Board Committees provided added value to the Company's governance system and that the Company's business was being conducted in an effective and efficient manner.

CORPORATE GOVERNANCE OVERVIEW STATEMENT NOMINATION AND REMUNERATION COMMITTEE REPORT

Meanwhile, the actions identified to further improve the Board processes set out in the Board Improvement Plan for FY 2020 were monitored by the NRC until their completion during the year.

(6) Received report on the results of the People Pulse Survey and the management action plans to address the gaps identified. The Company undertakes this annual survey which serves as a barometer to measure the overall climate of the Company and to identify key issues and concerns of employees in order for the Management to construct action plans to address issues and concerns.

(7) Took cognisance of trainings attended by the Directors on a half-yearly basis including and recommending suitable areas of topics, if any.

During the FY 2020, all Directors attended the necessary training programmes and seminars to further broaden their perspectives, skills, knowledge and were kept abreast of the relevant changes in the law, regulations and the business environment. The trainings attended by the Directors are set out on pages 120 to 123 of this Integrated Report 2020.

(8) Performed annual assessment of the composition of the Board Committees, having regard to the mix of skills, experience, tenure of service, and the practices set out in the MCCG, to ensure that they remain effective and relevant in order for them to carry out the roles and responsibilities as delegated by the Board in an effective and efficient manner.

(9) Reviewed the performance of the AC pursuant to Paragraph 15.20 of MMLR.

(10) Reviewed the KPIs for the FY 2021 of the President and CEO, and KPIs for the FY 2020 and FY 2021 of the Chief Internal Auditor, Chief Risk, Integrity and Governance Officer and Group Company Secretary, and made its recommendations to the Board for approval. The NRC also reviewed the KPIs of the Senior Management team.

With regard to remuneration and related matters

(1) Reviewed and recommended to the Board, the payment of annual bonus and salary increment for the President and CEO and eligible employees with reference to their KPIs and the Group's performance.

(2) Approved the total allocations to the President and CEO, Senior Management and other eligible employees under the LTIP for the FY 2020 grant of shares and options pursuant to the ESGP and ESOS in accordance with the LTIP By-Laws, respectively.

(3) Benchmarked the remuneration practices of peers in the industry so as to ensure that the remuneration policy for the NEDs of the Company remain competitive to attract, retain and motivate Directors and to commensurate with the level of responsibility expected of the Directors.

The Remuneration Framework of the NEDs for the FY 2020, as approved by the shareholders at the 45th AGM of the Company was as follows:

Description of Remuneration/Benefits

Monthly Directors' Fees

Chairman of the Board – RM50,000

Member of the Board – RM12,000

Monthly Fixed Allowance

Chairman of Board Committee – RM3,000

Member of Board Committee – RM2,000

Meeting Allowance

Board Member – RM1,500 per meeting

Board Committee Member – RM1,500 per meeting

Allowance for membership on the Board of Directors of significant project/investment as appointed by the Board of the Company

RM5,000 per month

Other Benefits

Car, petrol and driver for Chairman, security services, Directors and Officers Liability Insurance, medical, hospitalisation and travel insurance and other claimable benefits

The details of the remuneration (excluding Sales and Services Tax) of each Director of the Company who served during the FY 2020 are as follows:

President and CEO	Basic Salary (RM'000)	Bonus (RM'000)	Fees* (RM'000)	Other Emoluments (RM'000)	Benefits-in-Kind (RM'000)	Total (RM'000)
1. Dato' Khor Chap Jen	2,885	561		369	319	**4,133**
Non-Executive Directors						
1. Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail			565	97	86	**749**
2. Dato' Halipah Binti Esa			136	96		**232**
3. Dato' Ahmad Pardas Bin Senin			136	185		**320**
4. Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob			136	143		**278**
5. Dato' Zuraidah Binti Atan			136	67		**202**
6. Tengku Dato' Ab. Aziz Bin Tengku Mahmud			136	44		**180**
7. Noraini Binti Che Dan			136	59		**194**
8. Philip Tan Puay Koon			136	188		**323**
9. Dato' Azmi Bin Mohd Ali			136	48		**184**

* *The Directors have voluntarily taken a reduction of Directors' Fee by 10% from June 2020 to December 2020.*

Going forward for year 2021, the Company would maintain the existing Remuneration Framework of the NEDs except for the proposed increase in the monthly allowance for the AC Chairman from RM3,000 to RM5,000 per month, subject to shareholders' approval to be sought at the 46th AGM of the Company.

The Company did not disclose the remuneration of the top 5 Senior Management for the FY 2020 in the Integrated Report 2020. The Board will consider the appropriateness of such disclosure in the future.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

RISK MANAGEMENT FRAMEWORK

The Board is responsible for determining both the nature and extent of the Group's risk management framework and the risk appetite that is acceptable in seeking to achieve its strategic objectives. The framework and the ongoing process in place for identifying, evaluating and managing the principal risks faced by the Group are described on pages 130 to 139 of this Integrated Report. These are regularly reviewed by the Board.

Primary responsibility for operation of the Group's internal control and risk management systems, which are extended to include financial, operational and compliance controls has been delegated to the Management. These systems have been designed to manage, rather than eliminate, the risk of failure to achieve the Group's business goals and can provide only reasonable, not absolute, assurance against material misstatement or loss.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

INTERNAL CONTROL

In delivering the Board's commitment to maintain and implement a strong control structure and environment for the proper conduct of the Group's business operations, the key elements of the Group's internal control are as follows:

- an established organisational structure with clear lines of responsibility, approval levels and delegated authorities
- a disciplined management and committee structure which facilitates regular performance review and decision-making
- undertaking review of the Group's financial performance at monthly Group Action Committee meetings
- having in place various policies, procedures and guidelines underpinning the development, asset management, financing and main operations of the business, together with professional support services including legal, human resources, information services, tax, Group secretarial and health, safety and security
- a risk management and internal audit function whose work spans the whole Group
- a financial and property information management system

RISK MANAGEMENT

The oversight role of risk management is carried out by the RMC and the Board. The RMC and the Board set the strategic direction for risk roles, responsibilities and reporting structure.

The periodic reporting to both the RMC and the Board on risk management activities is undertaken by the Management via the Management Risk Team ("MRT").

Additionally, the MRT and RMC receive and discuss on a quarterly basis the following matters:

- the Group's risk register, including significant and emerging risks, and how exposures have changed during the period
- summary reports and progress of the agreed action plans

The Group has in place policies to promote good business conduct and a healthy corporate culture that reflects integrity, transparency and fairness, namely the Code of Conduct and Business Ethics and Whistleblowing Policy. Additionally, decision-making by the Board and Management is guided by the Group's Discretionary Authority Limits.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

AUDIT COMMITTEE REPORT

PUAN NORAINI BINTI CHE DAN
Chairman of Audit Committee &
Independent Non-Executive Director

"Dear Shareholders

I am pleased to present the AC Report for the FY 2020. This report provides an insight into the activities of the AC during the FY 2020 and the manner in which the AC plays a key oversight role for the Board of the Company particularly in ensuring integrity of our processes and policies and accuracy of corporate reporting in line with the accounting standards applicable to the Group.

As the Group continues to face challenges from the gravity and impact of the unprecedented COVID-19, it is imperative for the Group to be resilient, agile and responsive to market environment and that its supporting internal controls and processes continue to be relevant and efficient so as to ensure the Group's ability to sustain its operational excellence. The AC shall also monitor updates on the accounting and financial reporting requirements in relation to the COVID-19 pandemic that may be issued by the regulatory authorities from time to time so as to ensure accuracy of corporate reporting."

OVERVIEW

The AC principally assists the Board in fulfilling its statutory and fiduciary responsibilities by overseeing the Group's management of financial risk processes, accounting and financial reporting practices, ensuring good corporate governance practices and adequacy of the Group's system of internal controls, providing oversight of both external and internal audit functions on behalf of the Board as well as promoting a culture of adherence and compliance throughout the Group.

MEMBERS OF THE AC

All the members of the AC are INEDs. The composition of the AC is in compliance with Paragraph 15.09 of MMLR and Step-up Practice 8.4 of MCCG.

The members of the AC as at the date of this report are as follows:

Noraini Binti Che Dan
(Chairman & Independent Non-Executive Director)
(Appointed on 11 September 2015), (Tenure: 5 years and 6 months)

Philip Tan Puay Koon
(Independent Non-Executive Director)
(Appointed on 11 September 2015), (Tenure: 5 years and 6 months)

Dato' Zuraidah Binti Atan
(Independent Non-Executive Director)
(Appointed on 15 May 2018), (Tenure: 2 years and 10 months)

The profiles of the AC members are disclosed on pages 89, 91 and 92 of this Integrated Report 2020.

The AC has an independent Chairman, Puan Noraini binti Che Dan, who is not the Chairman of the Board of S P Setia. She possesses the necessary skills, capabilities and attributes in ensuring AC Meetings are efficiently conducted by fostering open discussions with all members of the AC on the agenda items during meetings so as to facilitate thorough considerations to be given to all the subject matters presented to the AC. The AC Chairman together with the AC members play an active role in engaging with the Management, CFO, Chief Internal Auditor ("CIA"), Group Financial Controller ("GFC") and the External Auditors.

Puan Noraini binti Che Dan is a member of the Malaysian Institute of Accountants ("MIA") and Malaysian Institute of Certified Public Accountants.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
AUDIT COMMITTEE REPORT

TERMS OF REFERENCE

The TOR of the AC are available online for reference in the Board of Directors' section of the Company's website at: www.spsetia.com.

SUMMARY OF ACTIVITIES OF THE AC DURING THE YEAR

The AC met seven (7) times during the FY 2020. The President and CEO, Deputy President and COO, CFO, GFC, CIA and External Auditors attended the meetings, where applicable, together with the AC members.

Details of the AC members' attendance at the AC meetings held during the FY 2020 are disclosed on page 107 of this Integrated Report 2020.

The activities of the AC for the FY2020 with regard to matters relating to the financial statements of the Company and External Auditors were as follows:

(a) Reviewed the unaudited quarterly financial results, including its related Bursa Securities' announcements and press statements, the consolidated audited year financial statements of the Company and the Group, prior to recommending the same to the Board for approval, focusing particularly on:

- the overall performance of the Group, which included amongst others, sales, method of recognition of revenue and profit, land held for property development, the Group's investment properties, cashflow position, amount of receivables and payables and level of gearing;
- the prospects for the Group;
- the changes and implementation of major accounting policies and practices and the external auditor's report highlighting the key audit matters and the implications on the Group;
- compliance with accounting standards and other legal requirements; and
- significant accounting and audit matters raised by the External Auditors in the financial statements and the corresponding judgement made by the Management.

(b) Discussed significant accounting and audit issues in respect of the financial statements of the Group for the financial year ended 31 December 2019 with the External Auditors and assessed the actions and procedures taken by the External Auditors in respect of those areas.

(c) Reviewed the performance of the External Auditors, guided by the External Auditors Policy and independence of the External Auditors, and recommended their re-appointment to the Board. The annual assessment was carried out by the Group Finance Department via a questionnaire where performance of the External Auditors was rated according to a five-point scale. Areas of the performance review included the quality of service rendered, sufficiency of resources, level communication and interaction by the audit team and independence, objectivity and professionalism of the audit team. Upon conclusion of the audit, the External Auditors reconfirmed to the AC their independence in carrying out the audit of the financial statements of the Company for the financial year ended 31 December 2019 vide the report of audit results submitted to the AC as well confirmation obtained at the AC Meeting.

The Board had recommended the re-appointment of Messrs Ernst & Young PLT as External Auditors of the Company for the financial year ended 31 December 2020 at the Company's 45th Annual General Meeting held on 22 June 2020, which was approved by the shareholders.

(d) Reviewed the audit planning memorandum for the FY 2020 with the External Auditors including the adequacy of the external audit team. The areas of audit emphasis and action plans were discussed at length with the External Auditors and the Management to ensure that adequate actions were carried out to ascertain compliance with the relevant accounting standards, prior to finalising the audited financial statements of the Group. Received the declaration of independence in writing by the External Auditors in respect of the audit for the FY 2020.

(e) Reviewed the Group's tax matters and deliberated on the proposed actions plans to be taken as advised by the appointed tax solicitors.

(f) Reviewed the Group's internal re-organisation of business activities and companies for business continuity and build enterprise resilience in preparation for the new normal beyond the COVID-19 crisis.

(g) Held two (2) private sessions with the External Auditors on 25 February 2020 and 11 November 2020 without the presence of the President and CEO and Management to discuss relevant issues and obtain feedback for improvements. There were no areas of concern that warranted escalation to the Board.

The activities of the AC for the FY 2020 with regard to matters relating to internal audit function, internal controls and other operations were as follows:

(a) Reviewed the internal audit reports prepared by the Internal Auditors of the Group and provided constructive feedback in ensuring the adequacy and effectiveness of the internal control system of the Group. Where appropriate, the AC directed the Management to rectify and improve control procedures. The AC also monitored the progress of the agreed action plans taken by Management to close the audit findings.

(b) Reviewed the performance of the CIA against the approved KPIs for 2019.

(c) Responsible for the setting of the KPIs of the CIA for year 2020 and 2021.

(d) Reviewed the internal audit reports of the audit conducted on an associate company of the Group.

(e) Reviewed the Audit Committee Report and Statement of Risk Management and Internal Control for inclusion in the Annual Report 2019.

(f) Reviewed the internal audit framework to further improve the reporting and rating of the state of internal controls so as to ensure soundness of the Group's system of internal controls and that appropriate action plans are taken to address audit findings.

(g) Reviewed and approved the updates to the Group Internal Audit Charter which encompass further updates and alignment to the International Professional Practice Framework of Internal Auditing.

(h) Held two additional discussion sessions and special meetings in addition to the quarterly AC meeting, to further assess, evaluate and guide GIA on relevant issues. During one of the meeting sessions, the AC, reviewed jointly with the Risk Management Committee the alignment of Internal Audit scope to Integrity and Governance Unit implementation and the Group's key risk areas.

(i) Reviewed and approved the internal audit plan for 2021 including the resource requirement, manpower sufficiency and adequacy of the scope of internal audit function.

(j) Reviewed the procedures for recurrent related party transactions for purposes of ensuring that the processes and controls were in place to ensure that recurrent related party transactions were not more favourable to the related parties than those generally available to the public and were not to the detriment of the minority shareholders.

(k) Reviewed and verified the share option allocations for the ESOS and ESGP under the Company's LTIP for the FY2019 award that was confirmed by the External Auditors. The AC was satisfied that the allocation of the share option was in compliance with the LTIP By-Laws.

INTERNAL AUDIT FUNCTION

The internal audit function is performed by GIA, an independent in-house function, which forms an integral part of the assurance framework. The mission of GIA is to enhance and protect the Group's organisational value by providing risk-based and objective assurance, advice and insight. The GIA assists the Group to accomplish its objectives through a systematic and disciplined approach by evaluating and improving the effectiveness of risk management, internal control and governance process.

GIA is headed by Jennifer Mok, who has over 26 years of experience in internal auditing in various public listed companies. Jennifer is a chartered accountant and a member of the MIA and the Institute of Internal Auditors Malaysia.

GIA carries out its risk based review based on the approved annual audit plan and is guided by its Group Internal Audit Charter and 2017 International Professional Practices Framework. During the FY 2020, GIA carried out the following key activities:

(a) Performed audit engagements which covered reviews of internal control systems, management information systems, risk management and governance compliances.

(b) Internal audit reports were issued and tabled to the AC whereat significant risk and key areas of concerns were identified, together with their recommendations for improvements.

(c) Performed follow up procedures on the implementation of agreed upon action plans to ensure that necessary actions had been taken/were being timely implemented as recommended.

(d) Reported to the AC on review of the adequacy, appropriateness and compliance with the procedures established in relation to recurring related third parties' transactions in accordance with the guidelines set out in the Circular to Shareholders dated 22 May 2020.

Overview ···· Key Message ···· Key Highlights ···· Management Discussion & Analysis

(e) Reviewed on an ad hoc basis, areas where there were concerns that affected financial reporting, internal controls and governance. In an effort to provide value-added services, GIA also provided additional assurance and advisory services to Business Units upon request by the Management in relation to compliance, governance, risk management and internal controls.

(f) Revisited the audit plans and audit approach for the year to ensure that adequate time was allocated to perform the audit and to consider carrying out alternative procedures to ensure that sufficient appropriate evidence was obtained.

GIA is adequately resourced with a total of 13 internal auditors and assisted by an office executive. All internal auditors are equipped with relevant experience and qualifications. In order to perform their functions effectively, the internal auditors undergo continuous training to equip themselves with the required skills and business acumen.

The total cost incurred for the internal audit function for the FY2020 was approximately RM2.5 million.

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

EFFECTIVE SHAREHOLDER COMMUNICATION

The Group values the importance of having effective communication with its shareholders and investors.

Information disseminated is clear, relevant and comprehensive, and is timely and readily accessible by all stakeholders. Effective communication channels with the Company's shareholders, stakeholders and the public are maintained through the dissemination of press releases, press conferences, timely announcements and disclosures made to Bursa Securities.

The Company's Investor Relations Department plays an important role in providing ongoing updates on the Group's development activities and conducting regular dialogues and discussions with fund managers, financial analysts, shareholders and the media. These meetings provide a vital avenue and direct channel of communication where financial analysts and institutional fund managers can gain a better understanding of the businesses and direction of the Group; enter into constructive dialogues and discussions based on mutual understanding of objectives; and where relevant, feedback is factored into the Group's business decisions. The media are also invited to attend the Group's major events and property launches where briefings are given on the relevant projects. Currently, the Company is covered by 17 local and foreign research houses and brokerages. The Company will continue to participate in investor conferences/roadshows locally and abroad.

A press conference is usually held after the conclusion of each Annual General Meeting ("AGM") or Extraordinary General Meeting if any, and is attended by the Chairman, President and CEO, Deputy President and COO and CFO to keep the investing public abreast of the outcome of the meeting. At the same forum, the President and CEO also clarifies issues which the media may have with regard to the performance of the Group and its corporate developments. If necessary, an analysts briefing is also convened after the press conferences with the objective of updating the fund managers of the Group's performance for the year under review. The press conferences and analyst briefings are also attended by the Senior Management of the Group.

These are the few initiatives carried out by the Management as part of the continuous engagement programme to keep the relevant stakeholders apprised on the business development and financial performance of the Group.

Apart from the Company's website, enquiries on Investor Relations can be sent to Mr. Justine Jiew, Head of Investor Relations, Group Strategy & Business Development to Investors Relations at ir@spsetia.com or 603-33482576.

GENERAL MEETING

The Company's General Meetings remain the principal forum for dialogue and communication with shareholders, in particular, private investors. Shareholders are encouraged to attend General Meetings of the Group, given sufficient time and opportunity to participate in the proceedings, ask questions on the resolutions being proposed as well as the operations of the Group, and communicate their expectations and possible concerns. Presentations will also be given by the President and CEO to brief shareholders on project updates or proposals for which the approval of shareholders are being sought. All Board members, Senior Management and the Group's external auditors as well as the Group's advisers are available to respond to shareholders' questions during General Meetings of the Group.

The Integrated Report 2019 was issued on 29 April 2020 while the Notice of the 45th AGM dated 22 May 2020 was issued to the shareholders 28 days prior to the 45th AGM. Where necessary, explanatory notes were provided in the notice with the objective of providing shareholders with the relevant background information pertaining to the resolutions tabled for approval.

The Company holds its General Meetings at the time and venue which are convenient and easily accessible to shareholders. General Meetings of the Company remain important platforms for the Board and Management to have a better and more intimate engagement with the shareholders present.

Only shareholders whose names appear in the Record of Depositors as at the date determined by the Company in accordance with the Company's Constitution are entitled to attend, speak and vote at General Meetings. Shareholders who are unable to attend are entitled to appoint proxy(ies) to attend, speak and vote at the General Meetings. The shareholders' participation whether in person or by proxy(ies) at the 45th AGM of the Company in 2020 via the Remote Participation and Voting Facilities arranged by the Company was satisfactory as they represented a significant percentage of the Company's issued share capital.

The Company's 45th AGM held on 22 June 2020 was conducted entirely through live streaming from the Broadcast Venue as part of the Company's effort to curb the spread of COVID-19. During the proceedings of the 45th AGM, the President and CEO of the Group presented to the shareholders the updated financial performance of the Group as well as the other proposals at hand. The voting by poll was undertaken by the Company by way of online remote voting further underscored the recognition of the principle of one vote one share.

CORPORATE DISCLOSURE

Corporate Disclosure Policy

The Company is committed to ensuring that all information such as corporate announcements, circulars to shareholders and financial results are disseminated to the general public in a timely and accurate manner. The Board is responsible for presenting a balanced, clear and meaningful assessment of the Group's financial position to the shareholders, investors, stakeholders and regulatory authorities.

The Company's quarterly interim and full year audited financial results are released within two (2) months from the end of each quarter/financial year and the Integrated Report, which remains a key channel of communication, is published within four (4) months after the financial year-end. The Integrated Report is not merely a factual statement of financial information and performance of the Group; it provides an insightful interpretation of the Group's performance, operations, and other matters affecting shareholders' interest. It is hoped that such insights will allow shareholders and investors to make more informed investment decisions based not only on past performance but also premised on the future direction of the Group.

INFORMATION TECHNOLOGY

Leverage on Information Technology for Effective Dissemination of Information

The Company maintains a website that serves as a forum for the general public to have access to information on the latest developments taking place in the Group. Corporate presentations, annual reports, corporate announcements and financial information utilised during analyst and fund manager briefings are also available on the Company's website at www.spsetia.com.

SUSTAINABILITY

Strategies that Promote Sustainability

The Company is committed to imbibing corporate responsibility practices into our business activities. Sustainability is embedded in the organisation's mission, vision and values and is manifested in our products. The scope of the Sustainability Statement covers the Group's operations in Malaysia during the reporting period from January 2020 to December 2020.

The Sustainability Statement is set out from pages 142 to 196 of the Integrated Report 2020 and explains the Group's practices and activities carried out during the FY 2020.

COMPLIANCE STATEMENT

The Board has deliberated, reviewed and approved this Statement and is satisfied that the Company has substantially complied and applied the three key Principles of the MCCG for the FY 2020.

Details of how the Company has applied the MCCG Principles and complied with its Practices are set out in the Corporate Governance Report 2020 ("CG Report"). Departures are further explained in the CG Report which is available on the Company's website at www.spsetia.com.

The Board is further satisfied that the Company has fulfilled its obligations under the relevant paragraphs of MMLR, CA 2016 and other applicable laws and regulations throughout the FY 2020.

DIRECTORS' TRAINING

No.	Name of Directors	Course/Seminar
1.	**Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail**	1. Strategic Review on Group Human Resource 2. Reinventing Cybersecurity with Artificial Intelligence 3. S P Setia In-House Training - Innovation and Sustainability in Integrated Township Development 4. S P Setia In-House Training: - Property Development and Its Challenges - Digital Transformation Journey 5. Module 1: Directors as Gatekeepers of Market Participants 6. Module 2: Business Challenges and Regulatory Expectations – What Directors Need to Know (Equities & Futures Broking) 7. Module 3: Risk Oversight and Compliance – Action Plan for Board of Directors 8. Module 4: Emerging and Current Regulatory Issues in the Capital Market 9. Setia Governance Risk & Audit Forum 2020
2.	**Dato' Khor Chap Jen**	1. S P Setia In-House Training: - Refresher on Section 17A of Malaysian Anti-Corruption Commission (Amendment) Act 2018 - Innovation and Sustainability in Integrated Township Development 2. S P Setia In-House Training: - Property Development and Its Challenges - Digital Transformation Journey 3. Malaysia and ASEAN: Navigating China-US Relations in the 21st Century 4. Setia Governance Risk & Audit Forum 2020
3.	**Dato' Ahmad Pardas Bin Senin**	1. S P Setia In-House Training: - Refresher on Section 17A of Malaysian Anti-Corruption Commission (Amendment) Act 2018 - Innovation and Sustainability in Integrated Township Development 2. Presentation by McKinsey & Co: "China & The World" 3. S P Setia In-House Training: - Property Development and Its Challenges - Digital Transformation Journey 4. Malaysia and ASEAN: Navigating China-US Relations in the 21st Century 5. Setia Governance Risk & Audit Forum 2020
4.	**Dato' Halipah Binti Esa**	1. S P Setia In-House Training: - Refresher on Section 17A of Malaysian Anti-Corruption Commission (Amendment) Act 2018 - Innovation and Sustainability in Integrated Township Development 2. External Environment Assessment Forum 2020 3. S P Setia In-House Training: - Property Development and Its Challenges - Digital Transformation Journey 4. Malaysia and ASEAN: Navigating China-US Relations in the 21st Century 5. Have a Dispute with your Financial Service Provider? Independent, Impartial, Effective: Resolution Made Possible 6. YTI Memorial Lecture 2020: How Safe Are The Save Haven Assets in Malaysia? Lessons From COVID-19 Pandemic 7. Setia Governance Risk & Audit Forum 2020
5.	**Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob**	1. S P Setia In-House Training: - Refresher on Section 17A of Malaysian Anti-Corruption Commission (Amendment) Act 2018 - Innovation and Sustainability in Integrated Township Development 2. S P Setia In-House Training: - Property Development and Its Challenges - Digital Transformation Journey 3. Malaysia and ASEAN: Navigating China-US Relations in the 21st Century 4. Setia Governance Risk & Audit Forum 2020

No.	Name of Directors	Course/Seminar
6.	**Dato' Zuraidah Binti Atan**	1. Real Property Gains Tax – Conceptual Framework, Guided Applications with Tax Planning Considerations 2. Digital Talk – Blockchain Applications in Capital Markets 3. The Prohibition of Gharar (Uncertainty) in Islamic Finance 4. S P Setia In-House Training: – Refresher on Section 17A of Malaysian Anti-Corruption Commission (Amendment) Act 2018 – Innovation and Sustainability in Integrated Township Development 5. Preparing Genuine Leaders in ASEAN to thrive in a Data Driven Organisation 6. Training on Qawaid Fiqhiyyah (Islamic Legal Maxims): Principle of Intention in Islamic Finance 7. Islamic Finance Financial Measures Announced by BNM Pursuant to COVID-19 – Taking First Steps Post MCO 8. Re-BUILDING Post MCO/COVID-19 (Construction Law) 9. Umum al-Balwa in Islamic Finance (Shariah screening methodology) of companies listed as shariah counters on Bursa 10. Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLA) and the AML/CFT – Data and Compliance Report 11. What Are The Statutory Duties of Developer/JMB/MC? 12. Sustainable and Responsible Investment (SRI) 2020: The Strategic Value of Sustainability Insights into SRI Initiatives in the Malaysian Capital Market 13. S P Setia In-House Training: – Property Development and Its Challenges – Digital Transformation Journey 14. Captains' Forum: Transformation Towards Recovery Session 1: Financial Resilience 15. Conventional Accounting vs Islamic Accounting 16. Fraud Awareness – Ethics & Integrity: Culture for Combatting Fraud in the New Normal 17. Cyber Risk Awareness 18. Training on Waqf (Islamic endowment of property to be held in trust) 19. Malaysia and ASEAN: Navigating China-US Relations in the 21st Century 20. YTI MEMORIAL LECTURE 2020: How Safe Are the Safe Haven Assets in Malaysia? Lessons from COVID-19 Pandemic 21. Setia Governance Risk & Audit Forum 2020
7.	**Tengku Dato' Ab. Aziz Bin Tengku Mahmud**	1. Reinventing Cybersecurity with Artificial Intelligence 2. AMLATFPUAA 2001: The Law, Compliance & Case Studies For Senior Management 3 S P Setia In-House Training: – Refresher on Section 17A of Malaysian Anti-Corruption Commission (Amendment) Act 2018 – Innovation and Sustainability in Integrated Township Development 4. MACC Act 2009 – Section 17A Corporate Liability 5. Special Online Power Talk: Preparing the Board for a Post-COVID World 6. S P Setia In-House Training: – Property Development and Its Challenges – Digital Transformation Journey 7. How to be an Effective NED in a Disruptive World 8. Malaysia and ASEAN: Navigating China-US Relations in the 21st Century 9. YTI Memorial Lecture 2020: How Safe Are The Save Haven Assets in Malaysia? Lessons From COVID-19 Pandemic 10. Setia Governance Risk & Audit Forum 2020

DIRECTORS' TRAINING

No.	Name of Directors	Course/Seminar
8.	**Noraini Binti Che Dan**	1. Islamic Finance for Board of Directors 2. Table Top Exercise by FireEye 3. S P Setia In-House Training: - Refresher on Section 17A of Malaysian Anti-Corruption Commission (Amendment) Act 2018 - Innovation and Sustainability in Integrated Township Development 4. Impact of COVID-19 Pandemic to the Global and Malaysia Economy 5. Seminar Liabiliti Korporat Seksyen 17A 6. S P Setia In-House Training: - Property Development and Its Challenges - Digital Transformation Journey 7. Islamic Finance for Board of Directors Programme 8. Business Foresight Forum 2020: Evolutionary Change To Revolutionary Impact: Reimagining a New World Post COVID-19 9. Malaysia and ASEAN: Navigating China-US Relations in the 21st Century 10. Setia Governance Risk & Audit Forum 2020 11. Integrity Day: United Against Corruption Speak up for integrity
9.	**Philip Tan Puay Koon**	1. Cyber Risk in the Boardroom 2. S P Setia In-House Training: - Refresher on Section 17A of Malaysian Anti-Corruption Commission (Amendment) Act 2018 - Innovation and Sustainability in Integrated Township Development 3. Adequate Procedures: The Director's Response to Individual Liability 4. COVID-19 and Current Economic Reality: Implications for Financial Stability 5. Big Data 101 and its Challenges Big Data Trends and Case Studies Big Data and Use Cases for the Capital Market 6. Challenging Times: What Role Must The Board Play? 7. Central Banks: Navigating In Turbulent Times: Communications in Times of Crisis 8. Central Banks: Navigating In Turbulent Times: Financial Support in Times of Crisis 9. Central Bank's Dilemma In Times of Crisis: Independence, Subservience or Co-Dependence with the Government? 10. Force Majeure & COVID-19: How are Contractual Relationships affected and managed? 11. Managing Political Risks 12. S P Setia In-House Training: - Property Development and Its Challenges - Digital Transformation Journey 13. Malaysia and ASEAN: Navigating China-US Relations in the 21st Century 14. Setia Governance Risk & Audit Forum 2020

No.	Name of Directors	Course/Seminar
10.	**Dato' Azmi bin Mohd Ali**	1. S P Setia In-House Training: – Refresher on Section 17A of Malaysian Anti-Corruption Commission (Amendment) Act 2018 – Innovation and Sustainability in Integrated Township Development 2. Authentic Leadership (Leadership Today: Authentic, Open & Transparent) 3. Digitalisation (Cybersecurity Considerations Amid A Global Pandemic) 4. Future of Work in the Legal Sector: Collaboration, Behaviour and Space 5. Stakeholder Engagement (In Times of Crisis: Stakeholders Take Centre Stage) 6. S P Setia In-House Training: – Property Development and Its Challenges – Digital Transformation Journey 7. TERRALEX Know-How Protection Webinar Series: How And Why To Protect Know-How 8. LAWASIA 2020 Conference Online: Corporate Securities & Investment 9. TERRALEX Webinar: Investment Opportunities and Incentives in Asia post – COVID-19 10. The Quiet Transformation of Corporate Governance 11. Setia Governance Risk & Audit Forum 2020

ADDITIONAL COMPLIANCE INFORMATION

AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid or payable by the Company and its subsidiaries to the external auditors and their affiliated companies for financial year ended 31 December 2020 are as follows:

	Group (RM'000)	Company (RM'000)
Fees for statutory audits – current year		
– Messrs. Ernst & Young PLT Malaysia	1,790	142
– Member firms of Ernst & Young Global	460	–
Other non-audit services		
– Messrs. Ernst & Young PLT Malaysia	316	33

The amount of non-audit fees incurred for the services rendered to the Company and the Group by its external auditors, Messrs. Ernst & Young PLT and its member firms of Ernst & Young Global for the financial year ended 31 December 2020 are RM316,350 and RM33,000 respectively.

Services rendered by Messrs Ernst & Young PLT were not prohibited by regulatory and other professional requirements, and are based on globally practised guidelines on auditors independence. Messrs Ernst & Young PLT was engaged in these non-audit services based on their expertise and experience on the subject matter.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest which were still subsisting as at the end of the financial year under review or which were entered into since the end of the previous financial year except as disclosed in Note 41 of the financial statements.

RECURRENT RELATED PARTY TRANSACTIONS

At the 45th AGM of the Company held on 22 June 2020, the Company had obtained the approval from its shareholders for the renewal of the shareholders' mandate to enter into recurrent related party transactions of a revenue or trading nature, which are necessary for its day-to-day operations and in the ordinary course of its business, with related parties.

The said mandate took effect on 22 June 2020 and will continue until the conclusion of the forthcoming AGM of the Company.

At the forthcoming AGM to be held on 22 April 2021, the Company intends to seek its shareholders' approval to renew the existing mandate for recurrent related party transactions of a revenue or trading nature. The details of the shareholders' mandate to be sought will be furnished in the Circular to Shareholders dated 24 March 2021 attached to this Integrated Report 2020.

EMPLOYEE SHARE SCHEME

During FY2020, the Company issued ordinary shares ("Shares") and options under the Employee Share Grant Plan ("ESGP") and Employee Share Option Scheme ("ESOS"), respectively, pursuant to the Long Term Incentive Plan ("LTIP"). Further information on the ESGP and ESOS is set out in the Directors' Report and Note 24 of the Annual Audited Financial Statements for FY2020 in this Annual Report.

Brief details on the number of Shares and options granted, vested and outstanding since the commencement of the LTIP on 10 April 2013 and from FY2013 to FY2020 are set out in the table below:

For the period from 10 April 2013 to 31 October 2013	Total	Executive Director/CEO	Senior Management	Other Entitled Employees
ESGP				
Number of Shares granted ('000)	17,035	896	3,354	12,785
Number of Shares vested ('000)	–	–	–	–
Number of Shares lapsed ('000)	(521)	–	–	(521)
Number of Shares outstanding as at 31 October 2013 ('000)	**16,514**	**896**	**3,354**	**12,264**
ESOS				
Number of Options granted ('000)	80,864	25,600	55,264	–
Number of Options exercised ('000)	–	–	–	–
Number of Options lapsed ('000)	–	–	–	–
Number of Options outstanding as at 31 October 2013 ('000)	**80,864**	**25,600**	**55,264**	**–**

For the period from 1 November 2013 to 31 October 2014	Total	Executive Director/CEO	Senior Management	Other Entitled Employees
ESGP				
As at 1 November 2013 ('000)	16,514	896	3,354	12,264
Number of Shares granted ('000)	13,110	300	2,608	10,202
Number of Shares vested ('000)	(4,064)	(203)	(759)	(3,102)
Number of Shares lapsed ('000)	(5,145)	(505)	(1,166)	(3,474)
Number of Shares outstanding as at 31 October 2014 ('000)	**20,415**	**488**	**4,037**	**15,890**
ESOS				
As at 1 November 2013 ('000)	80,864	25,600	55,264	–
Number of Options granted ('000)	3,312	–	3,312	–
Number of Options exercised ('000)	(9,311)	(4,800)	(4,511)	–
Number of Options lapsed ('000)	(27,193)	(12,800)	(14,393)	–
Number of Options outstanding as at 31 October 2014 ('000)	**47,672**	**8,000**	**39,672**	**–**

ADDITIONAL COMPLIANCE INFORMATION

For the period from 1 November 2014 to 31 December 2015	Total	Executive Director/CEO	Senior Management	Other Entitled Employees
ESGP				
As at 1 November 2014 ('000)	20,415	488	4,037	15,890
Number of Shares granted ('000)	8,825	160	1,643	7,022
Number of Shares vested ('000)	(6,832)	(191)	(1,446)	(5,195)
Number of Shares lapsed ('000)	(3,745)	–	(1,391)	(2,354)
Number of Shares outstanding as at 31 December 2015 ('000)	**18,663**	**457**	**2,843**	**15,363**
ESOS				
As at 1 November 2014 ('000)	47,672	8,000	39,672	–
Number of Options granted ('000)	15,500	–	15,500	–
Number of Options exercised ('000)	(7,380)	–	(7,380)	–
Number of Options lapsed ('000)	(11,439)	–	(11,439)	
Number of Options outstanding as at 31 December 2015 ('000)	**44,353**	**8,000**	**36,353**	**–**

For the period from 1 January 2016 to 31 December 2016	Total	Executive Director/CEO	Senior Management	Other Entitled Employees
ESGP				
As at 1 January 2016 ('000)	18,663	457	2,843	15,363
Number of Shares granted ('000)	5,429	150	1,141	4,138
Number of Shares vested ('000)	(9,129)	(247)	(1,883)	(6,999)
Number of Shares lapsed ('000)	(664)	–	(53)	(611)
Number of Shares outstanding as at 31 December 2016 ('000)	**14,299**	**360**	**2,048**	**11,891**
ESOS				
As at 1 January 2016 ('000)	44,353	8,000	36,353	–
Number of Options granted ('000)	9,586	1,600	7,986	–
Number of Options exercised ('000)	(1,703)	–	(1,703)	–
Number of Options lapsed ('000)	(450)	–	(450)	–
Number of Options outstanding as at 31 December 2016 ('000)	**51,786**	**9,600**	**42,186**	**–**

For the period from 1 January 2017 to 31 December 2017	Total	Executive Director/CEO	Senior Management	Other Entitled Employees
ESGP				
As at 1 January 2017 ('000)	14,299	360	2,048	11,891
Number of Shares granted ('000)	15,339	300	2,500	12,539
Number of Shares vested ('000)	(7,427)	(204)	(1,404)	(5,819)
Number of Shares lapsed ('000)	(1,083)	–	(128)	(955)
Number of Shares outstanding as at 31 December 2017 ('000)	**21,128**	**456**	**3,016**	**17,656**
ESOS				
As at 1 January 2017 ('000)	51,786	9,600	42,186	–
Number of Options granted ('000)	142,889	15,518	114,575	12,796
Number of Options exercised ('000)	(2,370)	–	(2,370)	–
Number of Options lapsed ('000)	(1,371)	–	(893)	(478)
Number of Options outstanding as at 31 December 2017 ('000)	**190,934**	**25,118**	**153,498**	**12,318**

For the period from 1 January 2018 to 31 December 2018	Total	Executive Director/CEO	Senior Management	Other Entitled Employees
ESGP				
As at 1 January 2018 ('000)	**21,128**	**456**	**3,016**	**17,656**
Number of Shares granted ('000)	16,969	300	3,026	13,643
Number of Shares vested ('000)	(10,728)	(254)	(2,063)	(8,411)
Number of Shares lapsed ('000)	(1,401)	–	(87)	(1,314)
Number of Shares outstanding as at 31 December 2018 ('000)	**25,968**	**502**	**3,892**	**21,574**
ESOS				
As at 1 January 2018 ('000)	190,934	25,118	153,498	12,318
Number of Options granted ('000)	18,665	–	16,112	2,553
Number of Options exercised ('000)	(1,018)	–	(1,018)	–
Number of Options lapsed ('000)	(3,588)	–	(3,137)	(451)
Number of Options outstanding as at 31 December 2018 ('000)	**204,993**	**25,118**	**165,455**	**14,420**

ADDITIONAL COMPLIANCE INFORMATION

For the period from 1 January 2019 to 31 December 2019	Total	Executive Director/CEO	Senior Management	Other Entitled Employees
ESGP				
As at 1 January 2019 ('000)	25,968	502	3,892	21,574
Number of Shares granted ('000)	13,970	225	2,131	11,614
Number of Shares vested ('000)	(9,982)	(198)	(1,661)	(8,123)
Number of Shares lapsed ('000)	(1,248)	–	–	(1,248)
Number of Shares outstanding as at 31 December 2019 ('000)	**28,708**	**529**	**4,362**	**23,817**
ESOS				
As at 1 January 2019 ('000)	204,993	25,118	165,455	14,420
Number of Options granted ('000)	3,447	–	–	3,447
Number of Options exercised ('000)	–	–	–	–
Number of Options lapsed ('000)	(3,440)	–	–	(3,440)
Number of Options outstanding as at 31 December 2019 ('000)	**205,000**	**25,118**	**165,455**	**14,427**

For the period from 1 January 2020 to 31 December 2020	Total	Executive Director/CEO	Senior Management	Other Entitled Employees
ESGP				
As at 1 January 2020 ('000)	**28,708**	**529**	**4,362**	**23,817**
Number of Shares granted ('000)	**6,695**	**38**	**470**	**6,187**
Number of Shares vested ('000)	**(14,229)**	**(275)**	**(4,734)**	**(9,220)**
Number of Shares lapsed ('000)	**(1,097)**	**-**	**-**	**(1,097)**
Number of Shares outstanding as at 31 December 2020 ('000)	**20,077**	**292**	**98**	**19,687**
ESOS				
As at 1 January 2020 ('000)	**205,000**	**25,118**	**165,455**	**14,427**
Number of Options granted ('000)	**3,282**	**-**	**1,791**	**1,491**
Number of Options exercised ('000)	**-**	**-**	**-**	**-**
Number of Options lapsed ('000)	**(4,612)**	**-**	**-**	**(4,612)**
Number of Options outstanding as at 31 December 2020 ('000)	**203,670**	**25,118**	**167,246**	**11,306**

Maximum Allowable Allocation of the LTIP

Based on the LTIP By-Laws, the aggregate number of Shares comprised in the LTIP Awards to be awarded to a selected person in accordance with the LTIP shall be determined at the discretion of the Nomination and Remuneration Committee subject to the following:-

i. The total number of new Shares made available under the LTIP shall not exceed 15% of the issued and paid-up share capital of the Company (excluding treasury shares, if any) at the point in time when an LTIP Award is offered; and

ii. Not more than ten percent (10%) of the total new Shares to be issued under the LTIP at the point in time when an LTIP Award is offered be allocated to any individual Selected Person who, either singly or collectively through persons connected with him, holds twenty per cent (20%) or more in the issued and paid-up share capital of the Company (excluding treasury shares, if any).

As of 31 December 2020, 8% of the Shares granted pursuant to the ESGP (excluding number of shares lapsed) has been granted to the Executive Director/CEO and Senior Management since the commencement of the LTIP up to FY 2020.

Options under the ESOS were granted to the Executive Director/CEO, Senior Management and other eligible employees of the Company during FY 2020.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

> "Setia continues to monitor and evaluate the changing business landscape and monitors changes to the legislative and regulatory requirement to proactively mitigate risks and possible benefit from any opportunities to remain competitive."

The Board of Directors ("Board") of S P Setia is committed to maintaining a sound internal control and risk management system. Each business unit has implemented its own control processes under the leadership of the Chief Executive Officer (CEO), who is responsible for good business and regulatory governance.

The Statement on Risk Management and Internal Control was prepared pursuant to paragraph 15.26(b) of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Main LR") and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines").

BOARD RESPONSIBILITY

The Board upholds its commitment and responsibility for the Group's risk management and internal control systems covering not only financial controls but also strategic, operational, compliance with regulatory requirements, as well as ensuring the adequacy and effectiveness of these systems.

The implementation of these control systems is undertaken by the management, which regularly reports on key risks identified and actions taken to mitigate and/or minimise such risks. The oversight of these critical areas is carried out by the Sub-Board Committees namely the Risk Management Committee ("RMC") and the Audit Committee ("AC").

The Group's risk management and internal control systems are designed to efficiently and effectively manage risks to an acceptable level, to ensure the achievement of the Group's business objectives, and to provide information for accurate reporting, decision making, and ensuring compliance with regulatory and statutory requirements.

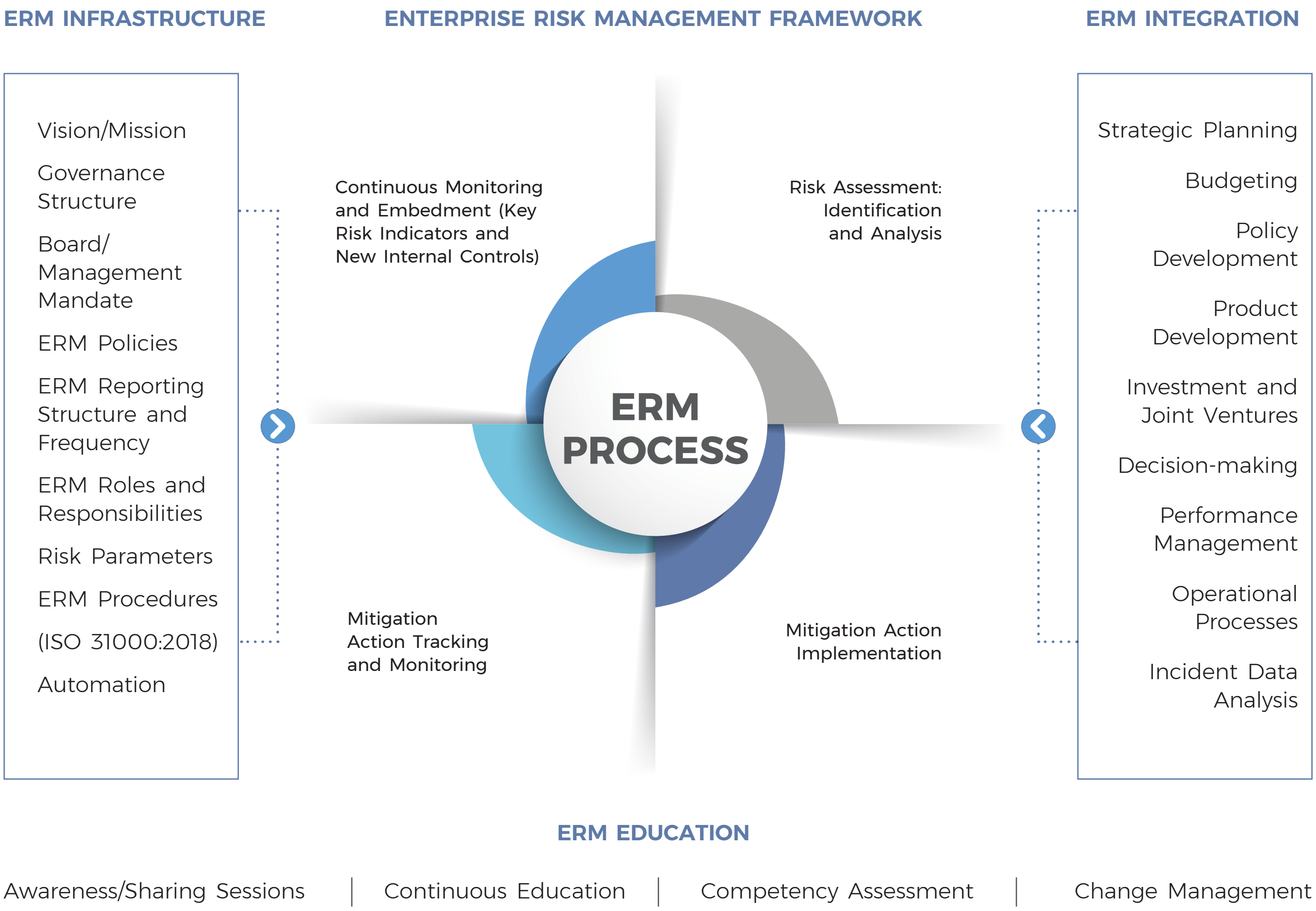
The Board also ensures that there is a robust framework of ongoing risk management processes in identifying, evaluating, and managing significant risks faced by the Group to promote long-term success of the Company. The design of these systems is mainly to manage and mitigate, rather than eliminate the risks which have been identified and reassessed by the Management.

ENTERPRISE RISK MANAGEMENT

The Group Risk, Integrity and Governance ("GRIG") has established an Enterprise Risk Management ("ERM") Framework to proactively identify, evaluate, and manage key risks to an acceptable level based on set of parameters. In line with the Group's commitment to deliver sustainable value, this ERM framework aims to provide an integrated and organised approach group-wide. It outlines the ERM methodology which is in line with the Principles and Guidelines of ISO31000:2018 Risk Management, primarily promoting the risk ownership and continuous monitoring of key risks identified.

Overview ····· Key Message ····· Key Highlights ····· Management Discussion & Analysis

The Group's ERM Framework is summarised as follows:



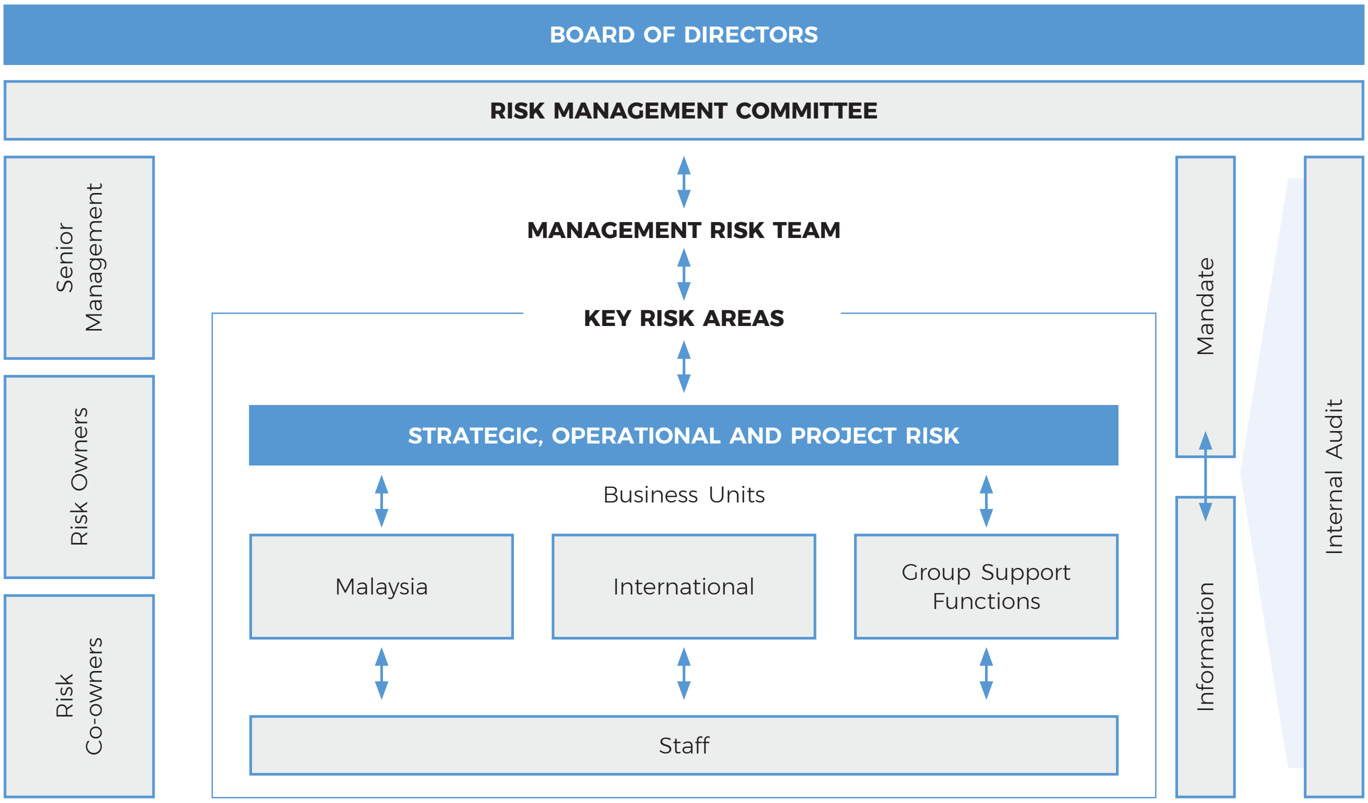
a. Enterprise Risk Management Oversight

The oversight role of risk management is carried out by the Risk Management Committee ("RMC") and the Board. The mandate and commitment from RMC and the Board are the key success factors in the implementation of the ERM programmes. The RMC and the Board set the strategic direction for risk policies, roles, responsibilities, and risk reporting structure. The periodic reporting to both the RMC and the Board on risk management initiatives is undertaken by Management via the Management Risk Team ("MRT"), which keeps the RMC and the Board apprised with respect to the Group's key risk areas, implementation of risk action plans and emerging risk & trends.

The MRT comprises key members of the Senior Management and is chaired by the President and Group Chief Executive Officer. The MRT maintains the risk oversight within the Group at the management level, as outlined in the endorsed ERM Framework.

The ERM Reporting structure below illustrates the Board and Management's involvement in ensuring effective ERM communication and implementation:

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL



The MRT is assisted by GRIG, where its primary role is to ensure effective implementation of the ERM and Business Continuity Management ("BCM") framework, programmes, and continuous education and awareness across the Group; and the provision of independent and objective assessment of key risks as well as timely reporting to the MRT, RMC and the Board.

b. Enterprise Risk Management Policy

The Board recognises that inherent risks are present in the normal course of the Group's core businesses, presenting both threats and opportunities. The ERM policy has been developed to ensure effective implementation of enterprise risk management framework which is consistent with the Group's aspiration in achieving its corporate objectives and meeting shareholders' expectations. The following risk policy provides guidance on the management of risks and applies across all Business Units:

- To manage risks proactively.
- To manage both negative and positive risks.
- To manage risks pragmatically to an acceptable level, given the particular circumstances of each situation.
- To ensure that risk assessment is performed and that the process is embedded in the system.
- To manage risk routinely and in an integrated and transparent way in accordance with good governance practices; and
- To require that an effective and formalised risk management framework is established and maintained by SETIA.

c. Risk Reporting

The Group's ERM Framework provides for regular review and reporting. The reports include the risk profiles, risk action plans, and status updates. During the year under review, these reports were presented on a quarterly basis and deliberated by the MRT, RMC and the Board.

d. Risk Management Initiatives

As part of the Group's effort to instil a proactive risk management culture and ownership the following initiatives were undertaken during the year under review:

- Continuous ERM Education Programmes which includes ERM technical briefings/trainings, awareness and refresher sessions.

Overview ... Key Message ... Key Highlights ... Management Discussion & Analysis

- On 7 December 2020, GRIG organised the Virtual Setia, Governance, Risk and Audit Forum 2020 (SGRAF 2020) for members of the Board of Directors, Management, and Team Setia, with the theme *"Navigating the Governance Culture towards Resiliency and Sustainability in the New Norm"*.

These efforts formed part of the Group's initiative in communicating and ensuring effective application of ERM in the day-to-day business operations.

- Held discussions with Heads of BUs to obtain endorsement on key risk areas.
- Provided risk advisory and independent assessment as well as facilitated workshops across the Group.
- In 2020, we expanded the BCM programme to other Business Units namely Setia City Convention Centre (SCCC) in Bandar Setia Alam and Setia SPICE in Penang. In total, 16 Business Impact Analysis (BIAs) have been established and (3) call tree testing were conducted.

MANAGING SETIA'S KEY RISKS

Based on our operating environment as well as key stakeholders concerns, we have identified seven key risks that could potentially impact our business performance and value creation if not managed effectively. These risks are carefully monitored and managed to ensure they do not escalate beyond our tolerance limits.

Risk	Description	Strategic Mitigation Efforts
Pandemic Risk	The COVID-19 pandemic has affected the way we conduct our business. Setia's preparedness and resiliency in ensuring business continuity is crucial to ensure minimal disruption to the operations.	• We have established the Setia Pandemic Plan (SPP) to proactively address emerging exposures and incorporated mitigation strategies to minimise business disruptions. • We established the Setia Pandemic Taskforce to monitor and track pandemic related matters and report the outcome to the Senior Management on a regular basis. • We established a communication platform to enable quick response in ensuring that the safety and health of Team Setia remains as top priority.
Market Risk	Our performance depends to a large extent on the buoyancy of the property markets in which we have a presence. This, in turn, is affected by domestic and global economies, government regulations, and supply-demand metrics. In the current pandemic situation, we emphasised on agility and speed in responding to market demands and needs in product design, master planning, construction and marketing channels.	• We monitor closely property trends in the markets where we operate, and plan developments that meet current demand. • We offer a range of residential and commercial units to suit different needs and budgets, while phasing our developments according to market conditions and demands. • We expedited our digital marketing initiatives and virtual events. • We developed an application called "Setia On-The-Go" to introduce our vast range of properties to potential homebuyers.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Risk	Description	Strategic Mitigation Efforts
Competition Risk	We face competition from local and international property developers in terms of pricing, design and quality of properties, facilities and supporting infrastructure, as well as the sale and marketing of properties.	• We carry out market intelligence surveys to understand needs. • We align our product offerings according to market trends and demand. • We employ innovative marketing strategies in line with economic conditions and market demand. • We launched "Setia Virtual-X", an online property showcase platform that offers interactive functions and features such as virtual tours and walk-throughs, virtual events and virtual show units.
Political & Regulatory Risk	Various rulings are in place to regulate the property market in each country where we operate. At the same time, government policies change according to the economic climate.	• We keep track of new regulations as these arise. • We review our business plans annually to ensure compliance with new regulations. • We communicate continuously with all stakeholders on regulatory changes and our response.
Forex Risk	As we have developments overseas, we are exposed to currency fluctuations.	• We secured project financing in the respective international currency for our developments abroad, to reduce forex exposure.
Geopolitical Risk	Every country in which we operate has its own set of geopolitical risks, based on the political environment and government stance on foreign direct investment.	• We closely monitor the political environment. • We provide regular updates on the local geopolitical climate to Senior Management and the Board. • We partner local businesses to understand the market and facilitate business, where relevant.
Cyber Security Risk	Like any other business that has adopted digital technology, we are exposed to the risk of cybercrime and of information being leaked or tampered with.	• We have in place IT policies and procedures. • We protect our data through regular system checks. • We ensure employees are aware of cyber risks and play their part to keep our systems safe.
Workplace Health and Safety Risk	Safety risks are pronounced during the construction phase of projects. During the pandemic situation, compliance with the regulatory requirements and standard operating procedures is emphasised to ensure zero tolerance to non-compliance.	• We have well-defined health and safety policies and procedures. • We constantly raise awareness of health and safety via training. • We seek continuously to adopt safer construction methods and ensure our contractors are up-to-date on best practices. • We enforce controls and regulations on-site. • Our HSE practices includes end-to-end monitoring and tracking of compliance with standard operating procedures (SOP) issued by Ministry of Malaysian National Security Council (MKN) and Ministry of International Trade and Industry (MITI).

INTEGRITY AND GOVERNANCE

In line with the Government of Malaysia's aspiration in embarking on a journey to promote good ethical practices and good governance, Setia has also established its framework and initiatives for the embedment of high integrity culture and effective management of integrity and governance matters in Setia.

The Group Integrity & Governance Unit ("IGU") of S P Setia Berhad had been established in-line with the Prime Minister's directive to all Government Linked Companies ("GLCs") which was effective October 2018. The IGU which will also be the centralised function that would oversee the compliance to the Corporate Liability provision under the Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act, 2018 (Amendment), which has been recently enforced on 1 June 2020.

Based on the Guideline on the IGU Establishment and Management issued by the MACC in 2019, the IGU is responsible for the execution of the following four (4) core functions:

- **Complaints Management** – To receive and respond to all complaints and information concerning violation of possible criminal, improper conduct and ethics of S P Setia Berhad.
- **Identification and Verification** – To identify and verify complaints in regards to possible criminal, improper conduct and the violation of the Code of Conduct and Business Ethics of S P Setia Berhad and ensure appropriate actions are taken. To report criminal and corruption related offences to the relevant enforcement agencies.
- **Strengthening Integrity** – To inculcate, institutionalise and implement the concept of integrity in organisation.
- **Governance** – To ensure the implementation of good governance.

The IGU has a direct reporting line to the RMC and ultimately the Board of Directors.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Setia's integrity and governance framework had been established and endorsed by the Board of Directors with specific references to the:

i. The National Anti-Corruption Plan 2019
ii. The Guidelines on Adequate Procedures by the Prime Minister's Department
iii. ISO 37001:2016 on Anti-Bribery Management System ("ABMS")
iv. Setia's core values "SCRIPT"

The framework took into consideration Setia's readiness and preparedness in facing the possible challenges and impact of the enforcement of the Corporate Liability provision. Setia is continuously embarking on initiatives to ensure that adequate measures are in place as a defence mechanism based on the TRUST principle under the Guidelines on Adequate Procedures, issued by the Minister of the Prime Minister's Department.

The following policies had been approved by the Board for implementation and compliance by Team Setia and Setia's Business Associates:

i. Anti-Bribery and Corruption ("ABC") Policy
ii. Code of Conduct and Business Ethics
iii. Whistleblowing Policy
iv. Gifts and Hospitality Policy
v. Donations and Sponsorship Policy
vi. Third Party Engagement Policy

As per Bursa Malaysia's listing requirements, these policies are accessible by the Public, Business Associates and Team Setia either via Setia's corporate website or Setia Intranet platforms. The IGU has the responsibility to facilitate and oversee the enforcement of these policies, ensure awareness and effectiveness of its implementation.

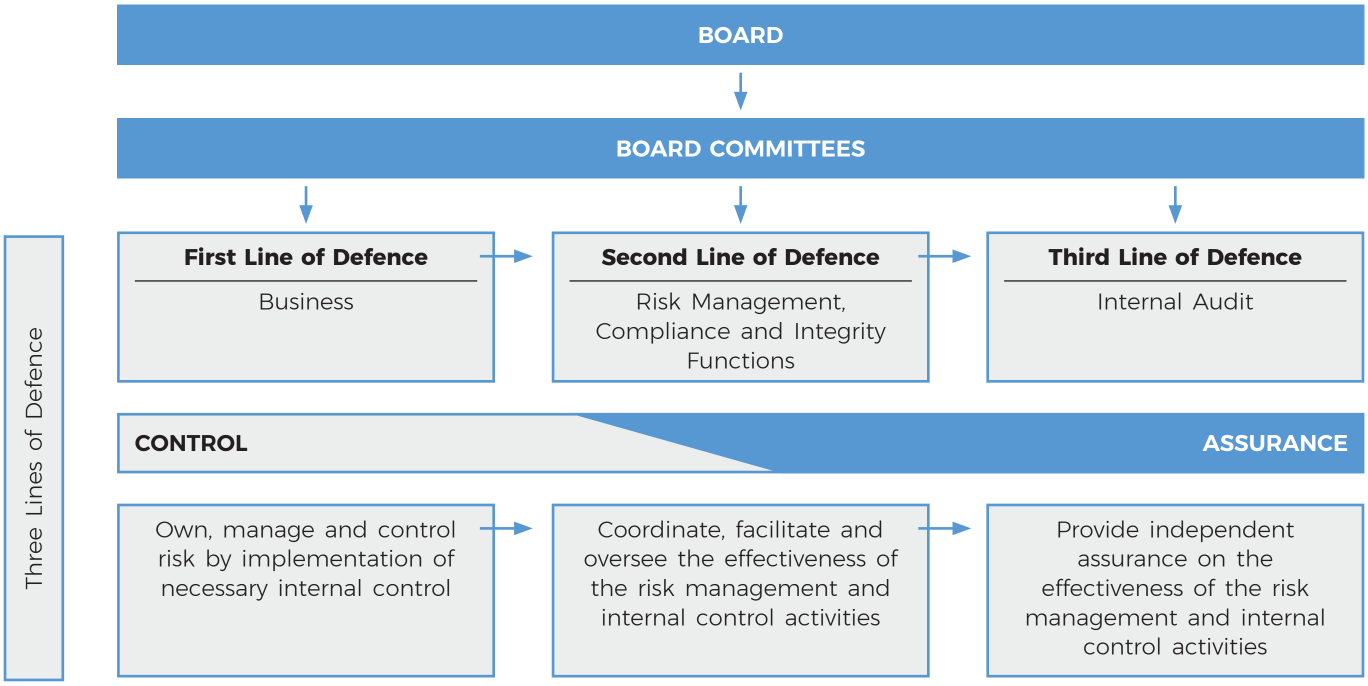
The IGU also facilitates the Corruption Risk Assessment workshops which are being conducted at both Setia Group and Business Unit levels. The Corruption Risk Profiles will be re-assessed and reported to the RMC on a periodic basis.

As part of IGU's continuous education and awareness initiative, the "Setia Integrity Roadshows 2020" were conducted which as at todate, 91% (i.e. 1,890) of Team Setia from Business Units in Malaysia had attended the training and executed their individual corruption free pledge.

In creating awareness and commitment to Setia's "Zero Tolerance" to corruption and bribery among Business Associates (BAs), specific briefing to the BAs during the "Annual CEO Dialogue" was conducted. Formal correspondences are also being sent for them to acknowledge and confirm their understanding of Setia's ABC Compliance Program.

FEATURES OF KEY INTERNAL CONTROLS IN SETIA

In SETIA, "Three Lines of Defence" model as depicted below guides our practice of effective internal controls:



a. First Line of Defence

The first line of defence is provided by the Senior Management; and the Heads of Business Units are accountable for all risks and effective internal controls assumed under their respective areas of responsibility. Senior Management is also responsible for promotion of the risk culture, which will ensure greater understanding of the importance of risk management whilst ensuring its principles are embedded in key operational processes, including project evaluation and monitoring.

The Group's internal control systems do not apply to Associate Companies and Jointly-Controlled Entities where the Group does not have full management control. However, the Group's interest is served through representation on the Boards of the respective Associate Companies and Jointly-Controlled Entities.

b. Second Line of Defence

The second line of defence is provided by the GRIG and Group Quality Management ("GQM"). GRIG is responsible for facilitating the Enterprise Risk Management processes based on the approved ERM Framework; whereas GQM is responsible in ensuring effective implementation and compliance with the Setia Group's safety & health and quality related policies and procedures.

c. Third Line of Defence

The third line of defence is provided by the Group Internal Audit ("GIA"). GIA provides independent assurance on the adequacy and reliability of the risk management processes and system of internal controls, and ensures compliance with related regulatory requirements.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Key Internal Control System	Assurance Mechanism/Enabler
Policies, Guidelines and Procedures	**Group Quality Management ("GQM")** Facilitates the establishment and maintenance of the Setia Group's approved policies and standard operating procedures. Establishes and manages an integrated quality, health & safety and environment management system for the Property Division, manufacturing and construction arms. The integrated system is progressively reviewed to ensure its relevance. GQM supports the Group in accomplishing its objectives by performing regular quality audits and assisting the Group to progressively improve its business processes relating to product and service quality as well as regulatory compliance. *(The details of GQM's initiatives i.e. HSE Governance and quality commitment) have been described in the Sustainability Statement under Social section)* **Discretionary Authority Limits ("DAL")** The DAL document is crucial to ensure there is an optimal balance between strong corporate governance practices and operational efficiency. It is a written delegation of authority by the Board to the respective Board Committees and Management within the Setia Group. Its key objectives are to provide a holistic view of the authority limits set, to encourage delegation, empowerment and accountability, and to eliminate guesswork, confusion and to provide clarity. The DAL document is subject to periodical review to incorporate any changes that affect the authority limits.
Financial Performance Tracking and Monitoring	**Group Finance** Group financial planning and budgeting, monitoring, reviewing, and reporting of the Group financial performance via periodic reviews of actual performance versus targets, and ensures initiatives and mitigating action are taken. The review and deliberation of financial performance of the Group are conducted on a monthly basis during the Group Action Committee ("GAC") meeting.
ICT and Digital Transformation	**Group Information Communication Technology ("ICT") and Digital Transformation** The core role are to plan, develop, implement, support, and improve IT and digital services to enable the business to: · Increase revenue and workplace productivity · Improve operational excellence and cost optimisation · Mitigate cyber risk to ensure business continuity · Adopt emerging technologies to enable value creation · Leverage data and technology to improve connectivity Setia's community and enable smart and sustainable development *(The details of Digital Transformation initiatives have been described in the Sustainability Statement under Digital Transformation section)*
Manpower & Talent Management	**Group Human Resources ("GHR")** GHR plays a strategic role in ensuring that our People Plans are aligned to the Business. GHR is responsible for the formulation, implementation, monitoring, and review of the overall Human Resources Strategy. The scope covers the entire employee life cycle from Talent Acquisition, Performance Management, and Talent Development and drives Organisational Change in building organisational capabilities. *(The details of GHR initiatives i.e. employee engagement, development focus, etc) have been described in the Sustainability Statement under Social section)*

Key Internal Control System	Assurance Mechanism/Enabler
Governance & Compliance	**Group Internal Audit ("GIA")** **Reports directly to the Audit Committee ("AC")**, undertakes the internal audit function of the Group, and provides independent and objective assurance on the adequacy and the effectiveness of the internal control system implemented by the Group. GIA proactively participates in the Group's effort to create awareness on the importance of upholding the high standards of governance culture within the Group. Apart from conducting series of sharing sessions on Internal Control best practices, GIA together with Group Risk, Integrity & Governance ("GRIG") had jointly organised the Setia Governance, Risk and Audit Forum 2020 held on 7 December 2020.

MONITORING, REPORTING AND REVIEWING

The Group's system of risk management and internal controls are monitored via periodic management review of financial and operational results, business processes, the state of internal controls and business risk profile by the respective Heads of BUs and reported to the GAC.

In addition, the Board is updated on the Group's performance on a quarterly basis and reviews are undertaken by GIA on the effectiveness of controls implementation at each individual business unit. Reports on the reviews carried out by GIA are submitted on a regular basis to management and the AC. In addition, updates on the risk profiles and key mitigations are also tabled to the RMC and the Board on a quarterly basis.

BOARD COMMENTARY AND OPINION

For the financial year under review, the Board has received a written assurance from the President and CEO, Deputy President and COO as well as CFO that the Group's enterprise risk management and internal control systems, in all material aspects, are operating adequately and effectively. There were no material control failures or adverse compliance events that directly resulted in any material loss to the Group. Taking into consideration the information and assurance given by the President and CEO, Deputy President and COO and CFO, the Board is satisfied that the enterprise risk management and internal control systems in place for the year under review and up to the date of approval of this Statement are sound and effective to safeguard the interest of all shareholders, the Group's assets, and other stakeholders. The Board has deliberated and approved the recommendations brought forth by the RMC and the AC.

REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

The External Auditors, Messrs. Ernst & Young PLT, have performed limited assurance procedures on the Statement in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagement Other Than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3 - Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in this Annual Report. Messrs. Ernst & Young PLT have reported to the Board that nothing has come to their attention that causes them to believe that the Statement included in this annual report is not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate.

This Statement is made in accordance with the resolution of the Board dated 25 February 2021.


Setia Eco Glades, Cyberjaya

Creating Sustainable Value

SUSTAINABILITY STATEMENT

S P Setia Berhad was founded based on core values that drive sustainable development. As a leading property group operating throughout Malaysia and in six (6) countries, our vision of sustainability seeks to create a long-term value for our stakeholders. We are guided by our core values:

- **Strong work ethics**
- **Treat our customers right**
- **We are responsible in what we do**
- **Act with integrity and professionalism**
- **Working through diversity**

The Group's Economy, Environmental and Social ("EES") success helps direct sustainable development by inspiring our associates, partners and customers to take a wider outlook encompassing a long-term view when making business decisions.

We live by our **livelearnworkplay** philosophy in everything we do and we strive to strike a balance to ensure all our stakeholders' needs are fulfilled.

This Sustainability Statement (the "Statement") highlights our sustainability journey in managing the various stakeholders' expectation, ranging from the disclosure of our sustainability governance structure, the identification of material sustainability matters, and the implementation and monitoring of corresponding EES programmes.

Reporting Period

This statement describes S P Setia Group's sustainability activities for the period from 1 January 2020 to 31 December 2020.

Reporting Scope

S P Setia established its sustainability framework and standards in accordance with:

- Bursa Securities' Listing Requirements; and
- Bursa Securities' Sustainability Reporting Guide (2nd edition).

We advocate continuous improvement and strive to achieve the best in our sustainability efforts. In the previous year, selected key sections in the following sustainability frameworks were adopted:

- Global Reporting Initiative ("GRI");
- United Nations Sustainable Development Goals ("UNSDGs"); and
- Global Real Estate Sustainability Benchmark ("GRESB").

For this year's statement, we have incorporated some enhancements, including recommended improvements by these global sustainability frameworks, in our sustainability disclosures.

Setia Warisan Tropika, Sepang

Enhancements in this Statement

ECONOMIC
Inclusion of "Anti-Corruption", covering policies, procedures, corruption risk assessments, awareness and training

ENVIRONMENTAL
Inclusion of intensity ratio (energy and water consumption over gross floor area)

SOCIAL
Inclusion of COVID-19 responses such as the Group's Pandemic Readiness and Mitigation Strategies, donations, other forms of aid (for our employees and communities) and more

Entities included in this Statement

The information and figures in this statement refer to S P Setia Berhad and its active ongoing projects within Malaysia, Vietnam, Singapore and Australia, unless otherwise stated. The 'RM' sign used in this report refers to Ringgit Malaysia which is also the functional currency.

This is our fifth sustainability statement and we have engaged external consultants to perform an annual gap analysis and identify areas for improvement based on the sustainability frameworks and standards.

The sustainability objectives, strategies and action plans established in the coming years would take into consideration these global sustainability practices. This is further explained in "Our Sustainability Journey" section below.

Feedback

Stakeholders' feedback is important to us. We welcome any feedback on this Statement and any aspect of our sustainability performance. Please address all feedback to our Management Risk Team at groupriskmanagement@spsetia.com.

SUSTAINABILITY STATEMENT

OUR SUSTAINABILITY JOURNEY

S P Setia Berhad had commenced its sustainability journey about half a decade ago in 2016. We started off with a compliance-based report, in accordance with Bursa Securities' Sustainability Reporting Guide and received annual feedback from Bursa Securities' on areas of improvement for disclosure purposes.

Since then, we have stepped up our sustainability efforts. We reached another milestone in 2019 with the establishment of S P Setia's Sustainability Framework where we formalised the sustainability processes across the Group, with reference to GRI Standards and UNSDGs. This included determining our material sustainability matters via stakeholders' and business impact analyses, enhancement of data analysis disclosure and scope of reporting.

We further enhanced our sustainability framework to integrate with the Group's strategic business goals, established a Sustainability Mission Statement to encompass a broader perspective and refined our sustainability roadmap to ensure our sustainability management was more holistic in its approach. This sustainability roadmap was approved by the Management Risk Team ("MRT") on 21 January 2021, post-financial year.

2023 - 2024

Embedment and Full Integration

- To ensure full integration to business strategies, relevant KPIs and achievement of relevant UNSDGs.
- To continuously improve on implementation as well as tracking and monitoring of sustainability initiatives.
- To enhance culture embedment.
- To achieve sustainability excellence.

2021 - 2022

Process Enhancement and Integration to Business Strategies

- To establish the Setia Sustainability Statement and Policy which includes roles and responsibilities.
- To establish sustainability initiatives based on key prioritised areas and periodic reporting mechanism.
- To ensure integration to business strategies (review of relevant process) and linkage to relevant KPIs.
- To develop and build sustainability infrastructure – consideration on people, process and technology.

2020

Capacity enhancement and roll-out

- Establishment of the Sustainability Management Unit under Group Risk, Integrity & Governance Division.
- Focus on prioritised action plans to close the identified gaps.
- Established a playbook to facilitate data compilation group-wide.

2019

Building the base and gaps identification

- Established the Setia Sustainability Framework and reaffirmed material matters via stakeholders and business impact analyses.
- Identified areas of improvement, enhancement of data analysis disclosure and scope of reporting to include all international Business Units.
- Obtained external assurance from Messrs. Ernst & Young PLT for the Sustainability Statement Disclosure as recommended by Bursa Securities.

2016 - 2018

Compliance-based Reporting

- The yearly sustainability reporting was based on the Bursa Securities' Sustainability Reporting Guide.
- Received yearly Bursa Securities' feedback on gaps identified and areas for improvement in terms of disclosure.

During the year, we restructured our organisation pyramid and a Sustainability Management Unit ("SMU") was established under Group Risk, Integrity & Governance ("GRIG") Division to lead the sustainability efforts throughout the Group. The SMU led numerous awareness and briefing sessions to all relevant Business Units across the Group to instil a culture that not only supports sustainability, but also fosters common understanding among various parties on the Group's sustainability initiatives.

SMU with assistance from external consultants, had established sustainability action plans to manage gaps identified in prior years. Sustainability action plans are prioritised based on its materiality and impact to the Group and stakeholders. Thereafter, SMU will continuously monitor the implementation status of the sustainability action plans and report to the Risk Management Committee ("RMC") and Board of Directors ("Board") on a quarterly basis.

Moving forward

We recognise that the assimilation of sustainability consistently throughout the Group is an arduous process. As we progress on our sustainability journey, we will constantly identify new areas of improvements – innovative, yet sustainable solutions – to be implemented across our project developments. Through multiple awareness and briefing sessions led by our GRIG team, we are confident that the level of awareness and adoption of sustainable measures by our people have improved.

Notwithstanding, we will continue to strengthen our sustainability process within the Group through the Adopt, Consolidate and Align approach as described below.

In the next two (2) years, we plan to further enhance our sustainability processes and integrate these sustainability initiatives with our business strategies. This includes refining roles and responsibilities as our sustainability processes grow and mature. For sustainability action plans which were identified during the year, we will continue to ensure timely implementation and monitor the progress made.

A key area is the identification of sustainability targets and metrics, taking into consideration sustainability frameworks, international standards and global sustainability best practices. Business processes and strategies will then have to be reviewed and revised ensuring linkage, and embedment of sustainability culture to achieve identified sustainability targets and metrics.

2020 HIGHLIGHTS

During the year, we have faced many challenges following the COVID-19 outbreak worldwide, including multiple Movement Control Orders ("MCOs") in Malaysia since March 2020, which affected some of our business operations.

In response to the challenges ahead, the Group proactively implemented several sustainability initiatives that focused on the impact of COVID-19 and achieved greater milestones in our sustainability journey.

Our focus this year is to assist both our internal and external stakeholders to counter the effects of the pandemic. Notwithstanding, our sustainability initiatives relating to the other sustainability factors were carried out, wherever possible, employing multiple fronts and action plans to ensure our objectives were achieved.

COVID-19 Response

In anticipation of the pandemic worsening subsequent to the declaration of Public Health Emergency of International Concern by the World Health Organisation in January 2020, the Group swiftly prepared an extensive pandemic response plan which was tabled to the Group Action Committee in February 2020. The result of this was the establishment of Setia Pandemic Taskforce, with the objective of monitoring and tracking pandemic-related matters. The taskforce convened its first meeting on 13 March 2020, shortly before the declaration of Movement Control Order ("MCO") by the Malaysian Government commencing 18 March 2020.

The taskforce consists of members from various Business Units across the Group covering human resources, risk, integrity and governance, finance, marketing, branding and communications, information technology and quality management, to ensure the smooth implementation of the pandemic response and mitigation strategies. On a close monitoring basis, the taskforce continuously updated the Strategic Executive Team ("SET") on the progress made, proposed next steps and communication initiatives to Team Setia.

The chart below describes the Group's Readiness and Mitigation Strategies, part of the Setia Pandemic Plan, identified to manage the COVID–19 outbreak, covering four (4) areas, namely human capital, operational and financial strategies, business continuity and systems, and continuous communication and engagement.

Updates were made to the relevant Human Resources Policies which were affected, such as Work From Home policy, leave policy and travel policy. During the year, the Group Marketing and Communications team launched the "Stay Home. Stay Setia" Campaign via our Setia Digital Platform. Our IT Support Policy was reviewed and no further actions were required as the current procedures were sufficient to cover IT support during business-as-usual or crisis situations.

While the curtain has yet to drop for the COVID–19 pandemic, the Group has taken additional steps to further enhance its Business Continuity Plan to include specific crisis response and communications plan in preparation for any other pandemic outbreak in the future.

In May 2020, post-MCO, employees were allowed to resume work in the office premise. Several guidelines were put in place to ensure employee health as well as to minimise contact and any transmission risks. A Return to Work ("RTW") Protocol, which specified the new working arrangement, was rolled out to ensure health and safety measures such as safe physical distancing were adhered to at all times.

Practising social distancing

Common areas such as the gaming area, gym and training centre were closed. The Protocol also provided other general guidelines such as avoiding physical contact and touching surfaces unnecessarily, wearing a face mask at all times, sanitising hands frequently, and maintaining at least one (1) metre apart from one another.

Upon entering the office premises and project sites, employees were required to complete a Health Declaration Form and temperature screening. For offices at our headquarters ("HQ"), employees were required to complete the health declaration via an internal online form and check-in at the office premises using the MySejahtera App launched by the government to assist in contact tracing. Thermal scanners were deployed at the entrance of the building to capture employees' body temperature, thus, reducing both contact and manual work.


Sanitising hands frequently


Wearing a face mask at all times

SUSTAINABILITY STATEMENT

Thermal scanner installed at entrances of Setia offices and Sales Galleries

We successfully installed 37 thermal scanner devices across our offices and sales galleries/welcome centres in Malaysia as well as seven (7) units across Centralised Labour Quarters ("CLQs") which are occupied by our workers. The initiative involved a total investment cost of RM296,376. At project sites, we implemented ID tags with QR Codes to monitor the movement of construction workers within sites. Screening of construction workers was also conducted.

The sudden outbreak of COVID-19 had called for an acceleration in the digital transformation journey across S P Setia Group. One of the initiatives introduced was the Setia M365 Mover Programme which was focused on replacing obsolete Microsoft Office and Microsoft Exchange servers, thus providing employees with tools to be more productive and flexible as they adapted to the work from home lifestyle.

Within three (3) weeks, we managed to convert 1,600 laptops "online", providing our employees with tools to enable video conferences, meetings, file collaboration with internal as well as external parties and more. These laptops were also secured to protect employee credentials. This initiative involved investments amounting to RM2.88 million.

As work processes moved to the "online" space, the Group launched Security First, an initiative to keep our business safe. The focus of this initiative was to increase security capabilities, thus ensuring access to technology and processes remained secure across the Group. This includes protecting the user device, managing control access and conducting regular cybersecurity awareness sessions on an ongoing basis.

Meetings conducted virtually via Microsoft Teams

During the year, the Group, through the Government-Linked Companies and Government-Linked Investment Companies' Disaster Response Network ("GDRN") Collective Contribution to the Ministry of Health, pledged RM1 million to provide necessary personal protective equipment and ventilators to front-liners and patients respectively, at selected hospitals.

In addition, the Group spent a total of RM2.83 million to provide donations and relief to our employees, workers, and other stakeholders. These included medical supplies, food supply aid, personal hygiene kits, necessary health equipment as well as swab tests.

Distribution of food to contractors and workers

Pledged donation to GDRN

Setia personal hygiene kit with face mask

Food Supply Aid
RM137,443

Swab Tests
RM616,542

Personal Hygiene Kits
RM826,344

Others
RM1,249,655

Total
RM2,829,984

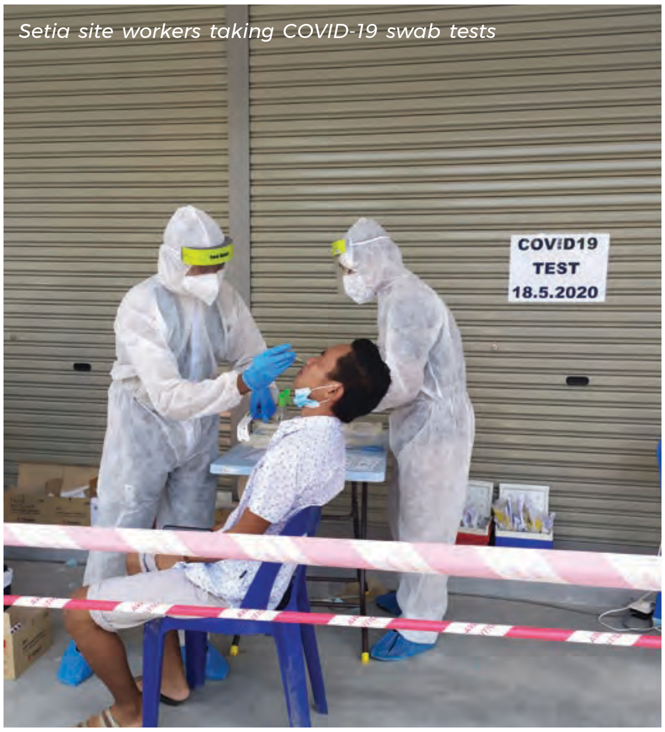
SUSTAINABILITY STATEMENT

Food aid initiatives were rolled out to support our workers living in our workers' dormitories and other centralised labour quarters. The contribution was carried out during the three-month MCO period to provide workers with basic needs such as food and groceries.

The Group complied with the Ministry of International Trade and Industry's ("MITI") regulations that requires all foreign workers to take the COVID-19 swab tests. We also took additional precautionary measures by extending the swab test requirements to our local workers as well. These workers were also trained to recognise symptoms and the necessary steps to be taken as this will allow early detection and avoid the widespread of this infectious disease.

A security cabin for CLQ was set up at Setia EcoHill, Setia EcoHill 2 and Setia Mayuri to monitor movements within the project site area as well as to allow the screening of workers upon entering and exiting the area.

Other forms of aid were also provided during the various MCO periods, such as rental waivers and discounts. For Setia Eco Park, rental waivers were extended to February 2021 to help tenants, especially those in the retail and F&B sectors, brace through this challenging period as the economy remained soft.



Setia site workers taking COVID-19 swab tests

Property Development/Projects

GOALS AND PROGRESS

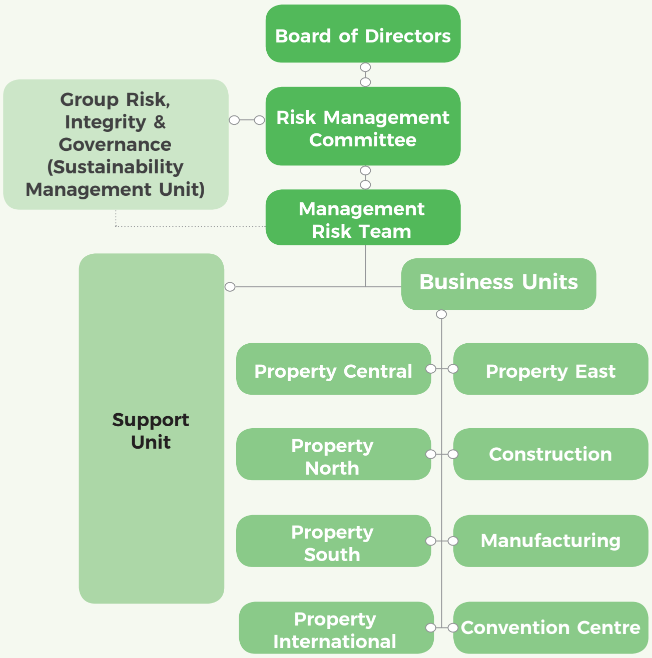
The sustainability principle, strategies, performance targets and indicators remain the same for FY2020. Actual achievements during the year have exceeded our established performance targets.

S P Setia Berhad recognises that sustainability management is a continuous process and strives to refine its goals and performance indicators as we go along this journey.

Sustainability Agenda	Sustainability Principle	Strategies/Activities	Performance Indicators	Targets	Actual Achievements for FY2020
Products & Services	**Delivering quality products**	• Customer satisfaction – low defects claim	• Customer satisfaction survey	• > 80/100	• 79% (2019 - 86%)
Economic Growth & Benefits		• Close working relationship with suppliers, vendors and business associates	• Contractors' quality excellence such as In-Process Construction Quality and Construction Performance Assessment	• ICQ: > 75% • CPA: > 75%	• ICQ: 82% (2019 - 81%) • CPA: 76% (2019 - 79%)
Climate Change	**Environmentally-friendly developments**	• Introduce pioneering green and sustainable projects • Community and people consideration	• Awards and recognitions • Green certification	• At least 10 awards and recognitions • At least 1 green certification for each upcoming project	• 10 awards and recognitions received (2019 - 26 awards) • 5 active green certifications (2019 – 4 certifications)
Biodiversity			• Number of birds, vegetation and other species	• Increasing number as compared to the previous year	• Status quo (no research carried out for the year)
Energy & Water					
Ethics & Integrity	**Maintain high integrity culture**	• Zero tolerance to corruption and bribery • Continuous education and awareness sessions	• Number of proven bribery and corruption-related cases	• Zero proven cases	• Zero proven bribery and corruption related cases reported (2019 – 0)
Human Capital	**Retaining talent**	• Employee performance and retention	• Employee happiness survey rating	• > 80/100	• 81% (2019 – 86%)
		• Conducive working environment	• Low employee turnover	• Single digit rate	• 6.66% employee turnover (2019 – 7.56%)
	Diversity appreciation	• Ensuring equal opportunities and reduce discrimination	• Gender Diversity: Male to Female ratio	• M/F : 55:45	• 57:43 (2019 – 57:43).
Community Engagement	**Creating communities**	• Accessible developments – infrastructure accessibility such as roads and public transportation access • Green leisure developments such as parks and gardens • Excellent features, amenities and facilities	• Percentage of development allocated to green spaces and amenities	• > 10%	• More than 10% of developments allocated to green spaces and amenities for our Eco-series projects
Health & Safety **Security**	**Providing safe and conducive working environment**	• Zero major incidents	• Number of major incidents	• Zero cases	• Zero major incidents reported (2019 – 0%)

SUSTAINABILITY STATEMENT

SUSTAINABILITY GOVERNANCE



The RMC monitors the consistent enforcement of Sustainability Policy across S P Setia Group and reviews this on a regular basis to ensure it remains relevant to the business and operations; aligned to the prevailing laws and regulations; and in compliance to the Group's sustainability targets and goals. The committee articulates, challenges and provides guidance on identified sustainability matters, materiality ratings, targets and indicators, and sustainability action plans.

S P Setia Group's sustainability operational management is delegated to the MRT, which consists of members of the Group's Senior Management. The MRT is supported by Business Units that focus on operational risks and monitor the progress of our EES activities. On a quarterly basis, the MRT also deliberates on material sustainability matters relating to EES risks, new opportunities as well as keeps the RMC and Board updated on these issues.

Building Sustainable Communities For All

We aim to grow our shareholders' value responsibly by building sustainable developments and enriching our local communities, both economically and socially while remaining mindful and respectful of the environment.

Sustainability Mission Statement

Post-financial year, we established the Sustainability Mission Statement which defines our sustainability goals and strengthens our sustainability practices within the Group, as follows:

Sustainability Agenda

Economy
- Products and Services
- Economic Growth and Benefits
- Procurement

Environment
- Climate Change
- Biodiversity
- Energy and Water

Social
- Ethics and Integrity
- Human Capital
- Community Engagement
- Health and Safety
- Security

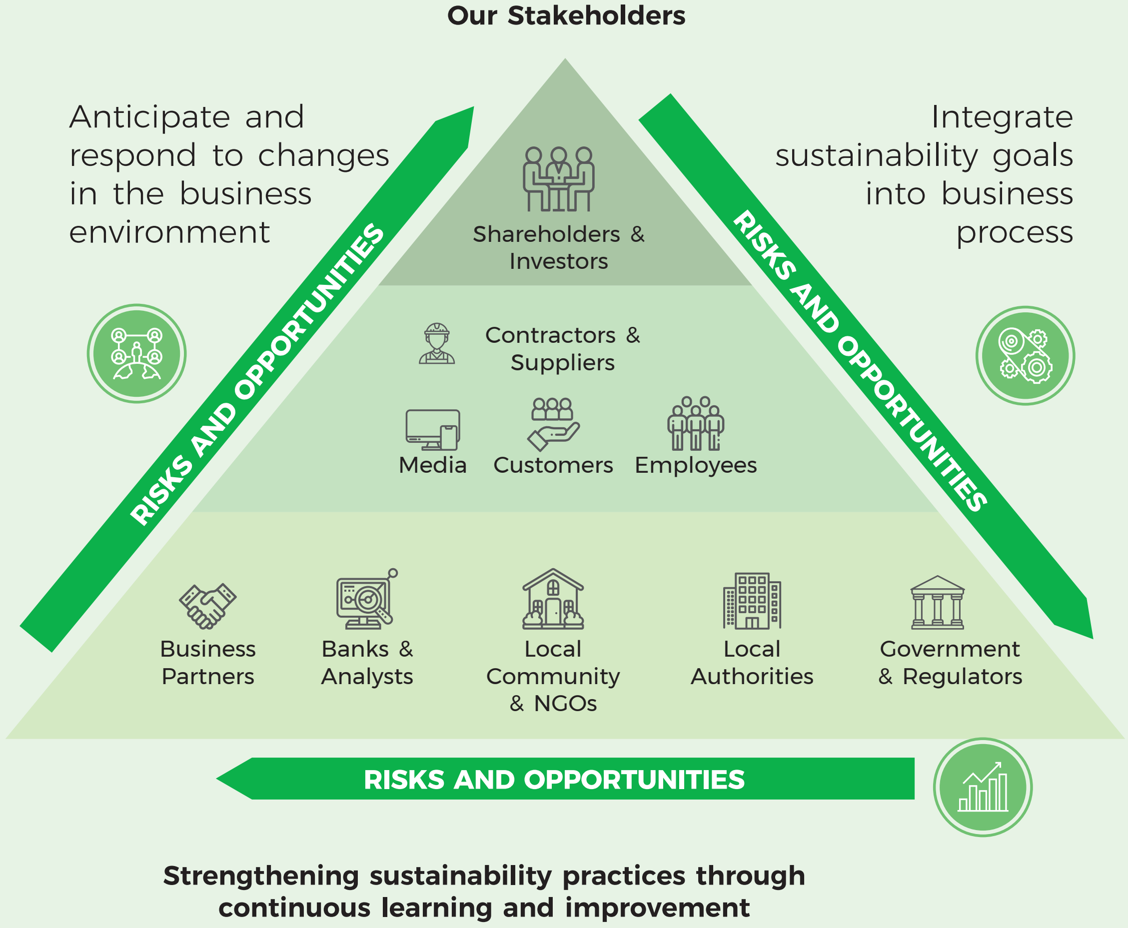
Sustainability Objectives

S P Setia Group remains committed to meeting its various stakeholders' interests while achieving its strategic objectives. In order to achieve this effectively, it is critical for the Group to possess the capabilities to manage its material sustainability matters to an acceptable level.

We believe that the high standards of corporate governance forms a strong basis for safeguarding stakeholders' interests. By being responsive and transparent in our business practices, we can demonstrate our accountability and ensure long-term business growth. We also continue to act as early adopters of new regulations, best practices, policies and procedures throughout our operations.

The Board has a stewardship responsibility to understand the material sustainability matters, provide guidance on dealing with these matters and ensure they are managed proactively in a structured and consistent manner.

S P SETIA BERHAD SUSTAINABILITY FRAMEWORK



Key Business Processes

- Governance
- Strategic Planning
- Policies and Procedures
- Regulatory Compliance
- Reporting and Monitoring
- Assurance and Verification
- Budget and Finanical Planning
- Risk Management
- Brand Management
- Talent Management
- Digital Transformation

Our sustainability framework which was established last year, provides the overarching principle of our sustainability practices within the Group.

The framework encompasses three (3) pillars i.e. Sustainability Agenda, Our Stakeholders and Key Business Processes.

Sustainability Agenda

- details the EES matters which are important to S P Setia.

Our Stakeholders

- identification of stakeholders and how we engage them to provide value-added products and services.

Key Business Processes

- integration of sustainability into each of the key processes identified.

We have adopted the Sustainability Policy for the Group which includes:

- To integrate sustainability management into the culture, business activities and decision-making processes.
- To anticipate and respond to the changing economic, environmental, social and governance landscape requirement proactively.
- To manage sustainability matters pragmatically to an acceptable level given the circumstances of each situation.
- To implement a robust Sustainability Framework that is aligned with S P Setia Group's strategic sustainability objectives and best practices.
- To continuously strive towards strengthening sustainability management practices through continuous learning and improvement.

SUSTAINABILITY STATEMENT

MATERIALITY ASSESSMENT AND KEY SUSTAINABILITY MATTERS

Annually, the material sustainability matters will be reviewed against its impact on S P Setia Group's business and stakeholders. This is done to assess the current materiality profile in order for the management to respond accordingly.

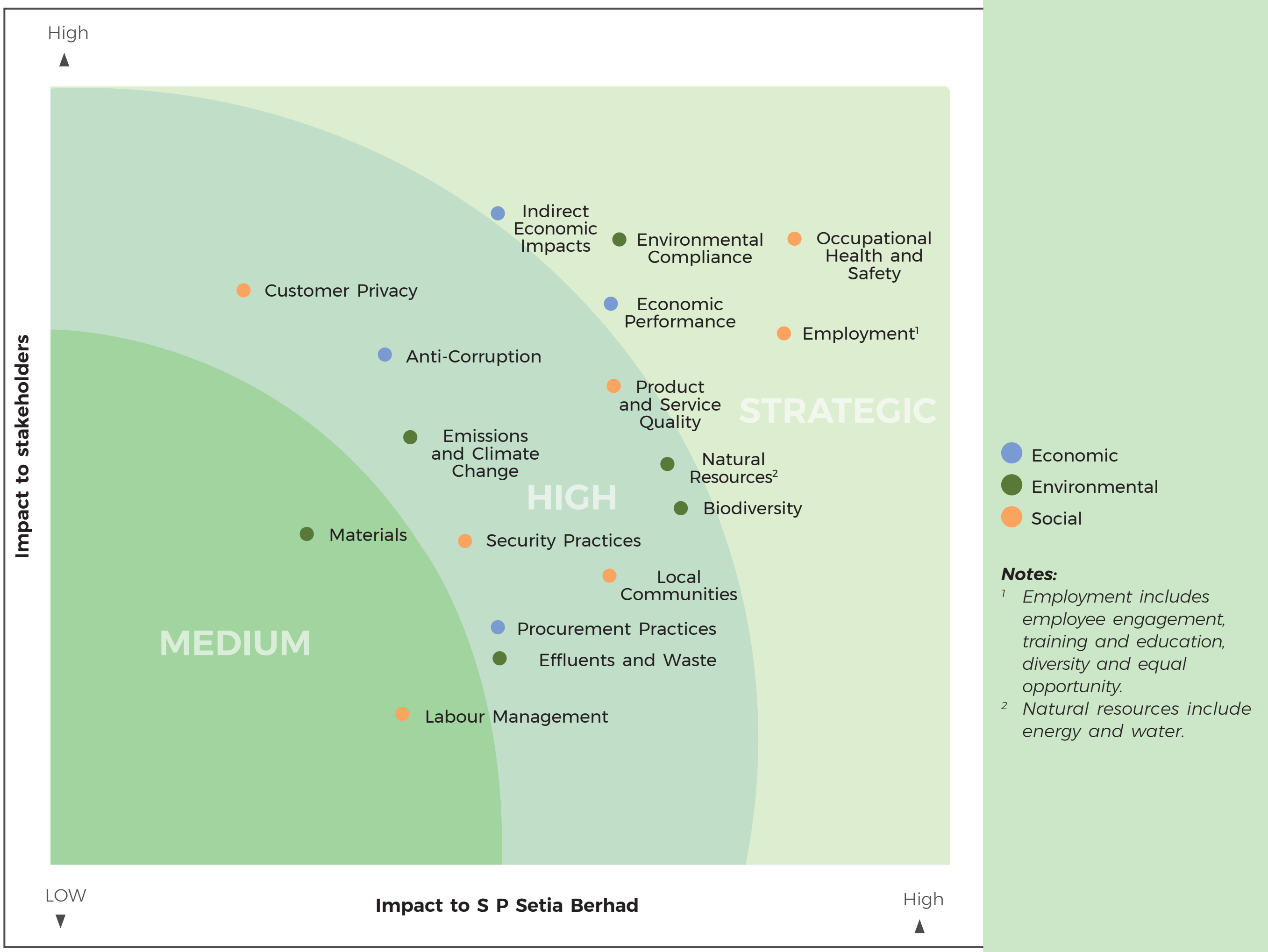
The process of materiality assessment was guided by the GRI sustainability standards, a widely adopted global standards for sustainability reporting, and as recommended by Bursa Securities for all listed entities. In addition, we have also adopted several goals under the UNSDG Agenda which we feel are important and relevant to the business and the Group.

As there were no material changes to business operations, the materiality profile was reviewed and re-assessed with the involvement of the Senior Management. Subsequently, 16 discussion sessions were conducted with the relevant Business Units to obtain acknowledgement on the materiality profile as well as to obtain additional feedback.

The current year's review revealed that the impact of "Occupational Health and Safety" and "Anti-Corruption" had increased and constituted as the main components of the Group's top 11 material matters. This also resulted in "Procurement Practices" to be excluded from the top 11 material matters, while the others remained.

In line with the Section 17A of Malaysian Anti-Corruption Commission (Amendment) Act 2018, which came into force in June 2020, the Group has established and implemented various policies and procedures to promote integrity and good governance within the Group. For specific details, please refer to the "Anti-Corruption" section on pages 167 to 168.

Naturally, "Occupational Health and Safety" increased its materiality amidst the current COVID-19 pandemic. For further details, please refer to the "COVID-19 Responses" section on pages 146 to 150 and "Occupational Health and Safety" on pages 184 to 186.



Notes:

[1] *Employment includes employee engagement, training and education, diversity and equal opportunity.*

[2] *Natural resources include energy and water.*

The uncertainties and volatility of the business environment during the year had other sustainability matters take foremost importance, rendering the materiality of "Security Practices" to reduce slightly within the Group. Nonetheless, security practices remained intact and comprehensive.

Albeit the cost-cutting exercises carried out by many companies during the pandemic period, the Group maintained our security personnel to ensure our residents and employees remained safe and protected. For specific details, please refer to the "Security Practices" section on page 189.

The revised top 11 material sustainability matters critical to S P Setia Group for FY2020 were identified as follows. The details for each of the material sustainability matters are covered at the respective sections at the following pages.

S P Setia Group's Top 11 Material Sustainability Matters

From the revised top 11 material sustainability matters identified, the relevant UNSDGs were adopted by the Group and were reviewed to ensure alignment to the sustainability objectives, policies and agendas.

SUSTAINABILITY STATEMENT

The revised top 11 material sustainability matters mapped to the UNSDGs are shown in the table below:

Material Sustainability Matters	UNSDG Reference	Why Is It Important
Economic		
Economic Performance	8 DECENT WORK AND ECONOMIC GROWTH	Sustain economic growth and achieve higher levels of economic productivity to meet the needs of our shareholders and investors.
Indirect Economic Impacts	8 DECENT WORK AND ECONOMIC GROWTH 11 SUSTAINABLE CITIES AND COMMUNITIES 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	• Ensure access for all adequate, safe and affordable housing and basic services. • Provide safe, accessible and sustainable transport systems for all, improving road safety. • Enhance inclusive and sustainable urbanisation and capacity for participatory, integrated and sustainable human settlement planning and management. • Increase income-generating employment opportunities.
Anti-Corruption	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Conflict of interest, bribery and corruption remain as threats to sustainable development. Transparency and accountability shall be provided to build an effective organisation.
Environment		
Natural Resources (energy and water)/ Environmental Compliance	6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION	• Provide access to reliable, sustainable and modern energy services. • Increase the share of renewable energy and improve energy efficiency. • Strengthen resilience and adaptive capacity to climate-related hazards and reduce impact on social, economic and natural systems. • Ensure availability and sustainable management of water for all.
Biodiversity	15 LIFE ON LAND	• Conserve and restore the sustainable use of terrestrial and inland freshwater ecosystems. • Promote sustainably managed forests and combat desertification, halt and reverse land degradation, and halt and end biodiversity loss. • Integrate ecosystem and biodiversity values into planning and development process.

Risk/Opportunities	Our Responses
Changing customer needs and increasing regulatory requirements has made the property industry challenging.	We strive to find a balance between creating value for our customers and achieving financial results to meet the needs of our stakeholders, especially shareholders and investors. *Please refer to page 164 for more details.*
Consideration of broader economic, environmental, social and governance principles in the context of direct and indirect financial performance.	Indirect economic benefits such as infrastructure investments, job opportunities and the well-being of our communities are key considerations in all our project developments, especially at our Eco-series township projects. We have embarked on our digital transformation journey across the Group since 2019 with the objectives of unlocking business opportunities, digitalise business processes, automation and system consolidation for operational excellence and cost optimisation. *Please refer to pages 165 to 166 for more details.*
Corruption directly correlates to the branding and reputation of an organisation. A recent change in the regulatory requirement had pushed for more transparent policies and disclosures.	At S P Setia, bribery and corruption is strictly prohibited. We take a zero-tolerance approach to all forms of bribery and corruption. We ensure that all our stakeholders such as employees, suppliers, business partners and other third parties are educated with our existing anti-bribery and corruption policies as well as Code of Conduct and Business Ethics through regulation training and briefing sessions. *Please refer to pages 167 to 168 for more details.*
The building sector has strong environmental impact and is heavily reliant on natural resources for its operations. Climate-related litigation, new policies and more stringent regulations such as carbon pricing, water tariffs hike and stricter building standards are expected. Rising energy cost and carbon pricing will pose challenges to maintain profitability and sustained growth.	Environmental concerns are centric in all our property development projects. Green design such efficient use of energy and water are considered throughout the project lifecycle from design, planning to construction. Our initiatives are guided by S P Setia's Group Environmental Management System which has been certified ISO 14001:2004, resulting in S P Setia garnering various green building awards and certification for a number of our projects. *Please refer to pages 170 to 175 for more details.*
Failure to comply with environmental regulations on conserving forests and habitats can lead to consequence of reputation and ability to achieve business operation. A township that integrates green initiatives bodes well for the customers as there are increasing awareness on longer-term sustainability and environmental concerns.	Our eco-philosophy DNA safeguards environmental protection and advocates green initiatives to preserve the biodiversity and ecosystem. This is particularly evident in our Eco-series projects such as Setia Eco Glades, Setia Eco Park, Setia Eco Templer, and Setia Eco Gardens. We collaborated with various environmental associations and interest groups such as Forest Research Institute Malaysia ("FRIM"), Malaysian Nature Society ("MNS"), Zoo Negara and Penang Butterfly Farm to conduct an analysis of the biodiversity landscape in the selected project locations. *Please refer to page 174 for more details.*

SUSTAINABILITY STATEMENT

Material Sustainability Matters	UNSDG Reference	Why Is It Important
Social		
Employment (including training and education, diversity and equal opportunity)	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES	• Provide decent work for all women and men, including for young people and persons with disabilities. • Achieve full, productive employment as well as promote a safe, secure and conducive working environment that supports creativity and innovation. • Ensure equal opportunities, equal pay for work of equal value, reduce inequalities of discrimination and promote appropriate legislation and policies.
Occupational Health and Safety	3 GOOD HEALTH AND WELL-BEING	• Achieve universal health coverage, including financial risk protection, access to quality healthcare services and medicines/vaccines for all. • Address the growing burden of mental health and well-being. • Tackle deaths and illnesses from hazardous chemical, air, water and soil pollution.
Product and Service Quality	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	• Develop quality, reliable, sustainable and resilient infrastructure to support economic development and human well-being. • Increase resource-use efficiency and greater adoption of clean and environmentally-sound technologies and industrial processes.
Security Practices	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Reduce all forms of violence and related death rates.
Local Communities	4 QUALITY EDUCATION	• Access to education to help lift people out of poverty, bring a deeper understanding of the world around us and provide better opportunities for everyone. • Educate on sustainable development, including, among others, sustainable lifestyle, gender equality, peace and non-violence and appreciation of cultural diversity.

A detailed explanation for each sustainability area of economic, environmental and social is provided in the next section.

Overview ····· Key Message ····· Key Highlights ····· Management Discussion & Analysis

Risk/Opportunities	Our Responses
Training and development opportunities are provided to groom our employees to be the future leaders of S P Setia and part of our succession planning. The outflow of talent will have an impact on S P Setia's human resources, operational efficiency and sustained growth.	Diversity and inclusion form the essence of Team Setia. We also put emphasis on workplace and employee benefits, training and development and various engagement activities. *Please refer to pages 176 to 183 for more details.*
The safety, health and wellness of employees and contractors' workers may affect work performance and productivity. As most activities at construction sites and managed buildings are carried out by third parties, the appointed contractors are also exposed to workplace health and safety risk if the management of contractors are not sufficiently stringent.	The safety and well-being of our people is our priority. We place great emphasis on ensuring strong health and safety standards are maintained across the Group, both in our offices and at project sites. Various programmes are in place to ensure conducive and safe workplace such as establishment of Group Safety Committee, OSHAS 18001 compliant, implementation of Quality Excellence Award Programme ("QEAP"), continuous Health, Safety and Environment ("HSE") awareness and trainings, and provision of adequate employee medical benefits and insurance. Through our continuous and relentless safety efforts, we achieved zero Lost Time Incident ("LTI") major incidents. *Please refer to pages 184 to 186 for more details.*
Delivery of quality products and services directly affects customer satisfaction, corporate reputation and sales.	Our quality commitments are demonstrated by maintaining the ISO 9001 accreditation, our QEAP, In-process Construction Quality ("ICQ") Assessment and Construction Performance Assessment ("CPA"). During the year, our overall property development projects have exceeded the targeted score of 75%, with ICQ score at 82% and CPA score at 76% respectively. *Please refer to pages 186 to 188 for more details.*
Failure to meet legal obligations and contractual responsibility to ensure the safety of the occupant at the residential, office and commercial developments could lead to reputational and financial losses.	Providing a safe and secure environment for our customers is our top-most priority. We have assigned auxiliary police force and security guards for our townships, sales gallery and convention centres. We also constructed and installed an integrated perimeter fencing and tight security system within our projects to enhance security monitoring. *Please refer to page 189 for more details.*
Continuous engagement with the local communities provides a platform for S P Setia to achieve high quality, efficient and collaborative care that extends beyond its customers.	As a responsible corporate citizen, we established the S P Setia Foundation in 2020 to help underprivileged individuals and charitable bodies. During the year, the Foundation disbursed approximately RM2.45 million in its area of interests, namely education, general welfare and medical assistance. This was achieved via its two core programmes, namely StandTogether and the Setia Caring School Programme. *Please refer to pages 190 to 192 for more details.*

SUSTAINABILITY STATEMENT

DIGITAL TRANSFORMATION

Since July 2019, S P Setia has embarked on its digital transformation initiatives to develop a future-proof digital platform and infrastructure to create better user-experience for customers and employees. This was also done in support of UNSDG 9 which is centred on Industry, Innovations and Infrastructure.

This involves building data analytics capabilities by exploring the Group's data assets to unlock business opportunities; digitalise business processes; automate and consolidate systems for operational excellence and cost optimisation; and adopt the Security First approach to mitigate cyber security risks and sustain business continuity.

Through improved productivity and engagement, the Group has been able to focus on crucial factors, which is essentially sustainable innovations for its stakeholders and future generations.

We are proud to be the first property developer in Malaysia to conduct a virtual property expo, **Setia Virtual-X**, that enables the public to visit a property expo from the comfort of their home, 24 hours a day and seven (7) days a week. The layout and flow were designed as close as possible to a physical expo to offer visitors an immersive experience.

This platform was launched on 1 August 2020 and attracted 119,617 visitors as at 31 December 2020. There were a total of 25 booths at the virtual expo, showcasing Setia's projects in Malaysia, UK, Singapore, Australia, and Vietnam. Visitors were able to browse through project details, layouts and videos at the virtual booths as well as connect with sales personnel directly via WhatsApp.

As at December 2020, a total of 912 units with signed SPAs through the Setia Virtual-X platform were sold. This amounted to a GDV of RM1.08 billion.

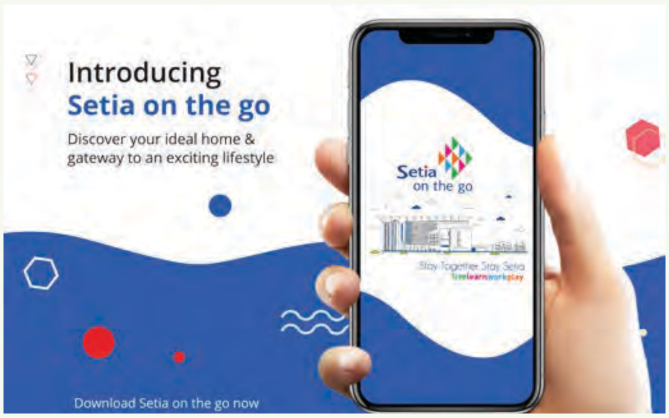
Investment cost: RM247,786

Setia Virtual-X lobby

Setia On The Go (Phase 1 and 2), is a lifestyle app which provides users all the information on the Group's projects, community events, exclusive offers and rewards was launched. The all-in-one app also features a 360⁰ virtual sales gallery for property viewing and instant credit checks with sales and loan tracking solutions to ease the home purchase process.

More app features such as home management (e.g. visitor registration, facility booking and maintenance fee payment) and online payments will be made available in the near future.

Investment cost: RM238,660

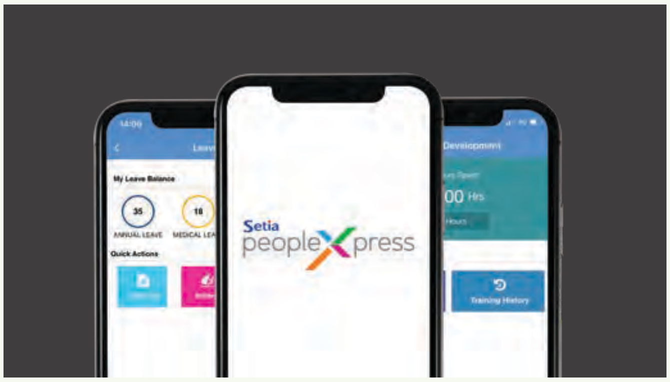


Setia On The Go

Setia peopleXpress is an enhanced human capital solution which consolidates the various HR functions into a single integrated platform, hosted on cloud. This allows all employees of S P Setia Group from Malaysia and Singapore to access the system from any device, anytime and anywhere, thus improving collaboration and engagement among the various Business Units within the Group.

Currently, the platform provides users with general information related to human resources such as organisation structure, policies, leave module application and other areas. For the next phase, the focus will be on the roll-out of payroll and claims.

Investment cost: RM274,675 (in progressive payments)



Setia peopleXpress

Setia Data Platform (Phase 1) Predictive analysis enables our project development and planning teams to further invent and innovate new products and features for our customers. The platform, which is linked to the inventory, provides close to real-time transparency on inventory position, thus allowing the Group to reduce inventory holding.

Investment cost: RM95,400

Setia Data Platform

Our **snagR System** includes two applications, Post Vacant Possession ("VP") and Pre-Certificate of Practical Completion ("CPC") Inspection.

The Post VP application links our customers to contractors, consultants, the Customer Relations Unit and even purchasers for matters regarding handover and defect management. Whereas, the Pre-CPC application is a new application used for inspection and defect management.

With the introduction of these applications, processing and turnaround time will be greatly reduced through the instant exchange of information between the related parties. Our customers will be able to access real-time information on the project's progress status, thus elevating customer experience.

Investment cost: RM502,388 (Post VP), RM129,500 (Pre-CPC)

snagR System

Due to the sudden COVID-19 outbreak which impacted Malaysia early this year, a few of our initiatives which were planned for the later part of the year was accelerated to support the change in working environment. For further details, please refer to COVID-19 Responses on pages 146 to 150.

We will continue to ride on the digital wave and take advantage of the emerging technologies at an early stage in order to provide smart and innovative solutions to our stakeholders. For example, big data, AI and machine learning, virtual and augmented reality, internet of things, usage of drones and 5G telecommunication technology. At the same time, we will continue to explore new digital business models that enables value-creating interactions between Setia and our stakeholders.

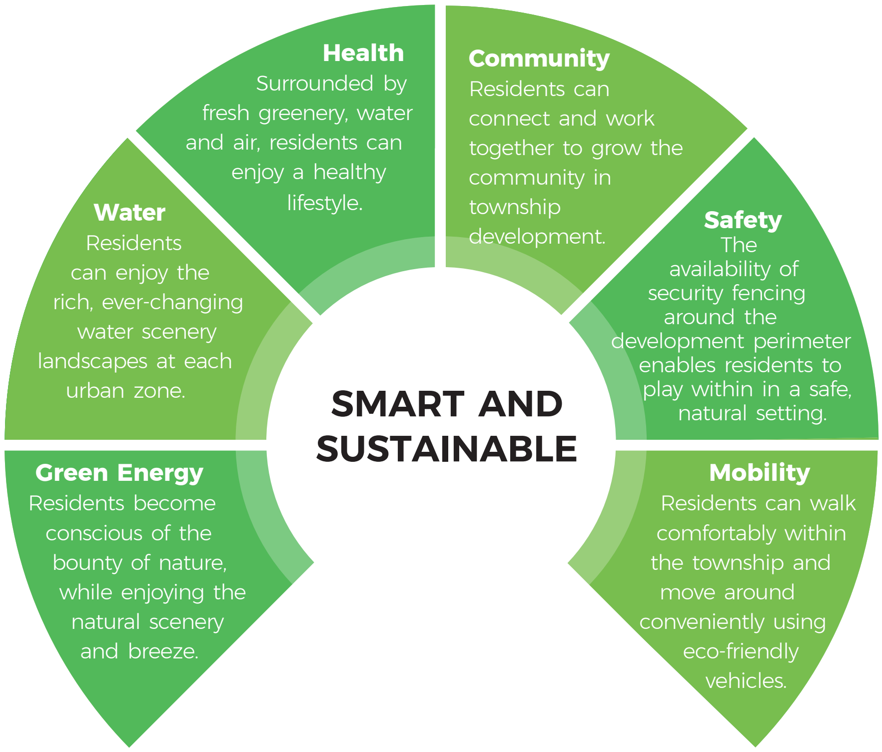
SUSTAINABILITY STATEMENT

SUSTAINABLE + SMART DEVELOPMENT

An internal taskforce - Technical Excellence Committee ("TEC") - comprising key personnel and representatives from each project, was formed to drive Sustainable + Smart Development ("SSD"), a subset of the Setia Digital Transformative Initiative, across the Group.

The TEC is responsible for reviewing and enhancing the project's technical requirements by conducting various research and development on new technologies, both within the local and global context, to understand the latest sustainable and smart innovations in the property construction and project development industry.

There are six (6) pillars under the SSD Framework, integrating both the sustainable and smart concept i.e. green energy, water, health, community, safety, and mobility.



Guided by the six (6) pillars above, TEC has identified 11 key topics and various initiatives under each topic.

SUSTAINABIITY

- Energy Efficiency
- Indoor Environment Quality
- Water Efficiency
- Site Planning/ Master Layout Planning

SMART

- Smart Community/ Lifestyle
- Smart Safety
- Smart Mobility
- Smart Wellness/ Healthcare
- Smart Energy
- Smart House/ Building
- Smart Digital Infrastructure/ ICT

Key processes binding all SSD initiatives are site planning and master layout planning. As compared to the conventional approach in the design planning processes, sustainability planning process includes the involvement of the architect, engineer, landscape artist and town planner at all stages during the design phase. At times, an economist is also required to assess the viability of the project and surrounding areas.

Sustainable site planning is crucial and integral to S P Setia Group as it minimises impact on the environment and preserves the site's ecology and biodiversity. Some projects are inherently more material as they are situated within areas that are sensitive to the local ecology and biodiversity such as Kota Bayuemas which is located within floodplains, Setia Eco Glades within wetlands and Setia Eco Templer within an environmentally-sensitive area. Each and every project is designed to bring out the best of its existing features while at the same time, conserve energy and optimise resources.

Another key initiative carried out involved improving overall site mobility and connectivity. This was done by having a green lung area, encouraging the use of non-motorised transportation given the availability of properly demarcated bicycle lanes with secured parking, providing access to dedicated footpaths, vehicular lanes as well as a seamless public transportation system.

At S P Setia, we build spaces not only for people, but also for nature. We do this by using native species for landscaping, designing and placing landscape areas to receive better and efficient runoff, capture rainwater as well as filter and clean storm water. Open spaces, namely green and public spaces, have been thoughtfully designed to enable our communities to not only socialise but also create and sustain high quality of community value. This is evident with our Adventure Park located within Setia EcoHill 2 which garnered the Gold Award at The EdgeProp Malaysia's Best Managed Property Awards 2020.

Other initiatives include having a universal design to cater to the ageing population as well as younger generation, maximising site density, land utilisation and storm water management (from streets, swales and conveyance furrows), all of which will be taken into consideration during the site planning phase of each new project.

MEMBERSHIP IN ASSOCIATIONS

	Organisation	S P Setia Berhad Representation	
PROPERTY	Real Estate Housing Developer Association ("REHDA")	Setia EcoHill Setia Trio Setia Putrajaya Development (Niche Development)	Setia Alam Impian Property North Island Setia Precast
	International Real Estate Federation ("FIABCI")	S P Setia Berhad (Vice-President)	Property North Island
	Malaysian Developers Council of Australia ("MDCA")	Setia International Australia (President)	
	Sabah Housing And Real Estate Developers Association ("SHAREDA")	Aeropod	
CONSTRUCTION	Master Builders Association Malaysia ("MBAM")	Setia Precast	Setia Wood
	Construction Industry Development Board ("CIDB")	Setia Wood	
	Malaysian Timber Council ("MTC")	Setia Wood	
	Malaysian Wood Moulding & Joinery Council ("MWMJC")	Setia Wood	
COMMERCIAL	Malaysian Association of Convention and Exhibition Organisers and Suppliers ("MACEOS")	Setia City Convention Centre	Setia SPICE Convention Centre
	Malaysian International Chamber of Commerce & Industry ("MICCI")	Aeropod	
	Malaysia Retail Chain Association ("MRCA")	Setia EcoHill	
CORPORATE	Association of Certified Integrity Officers Malaysia ("ACeIO")	S P Setia Berhad's Integrity & Governance Unit	
	Malaysian Association of Risk & Insurance Management ("MARIM")	S P Setia Berhad	

SUSTAINABILITY STATEMENT

Setia Eco Park, Shah Alam

As a leading property developer in Malaysia, S P Setia Berhad ensures sustainability by creating economic value from all our developments and maintaining a track record of delivering products of exceptional quality.

ECONOMIC

A. ECONOMIC PERFORMANCE

2020 was a turbulent year for the Group in terms of our economic performance. The unprecedented COVID-19 pandemic resulted in a softer property market and no industry was spared. Our focus shifted to our employees, workers and community members, encouraging them to stay healthy and survive this pandemic, which had caught most of us off-guard. Notwithstanding, investments and donations were made to support the economic and social well-being of our stakeholders. For further details, kindly refer to COVID-19 Response section from pages 146 to 150.

We were able to soldier on through these hard times financially with our cost optimisation initiatives, deferring non-critical capital investment and stringent monitoring on our operating expenses. We took care of the well-being of our employees through regular engagement, built team spirit and continued to deliver our best while supporting our investors and shareholders. Weekly update meetings were carried out across all Business Units, including the Finance Department, to allow the Group to quickly react to any potential adverse situations. At the same time, financial performance, budgets and forecasts were closely monitored.

For further details on our financial performance and outlook, kindly refer to Management Discussion and Analysis section from pages 35 to 81 and Financial Statements from pages 197 to 339.

Overview ..... Key Message ..... Key Highlights ..... Management Discussion & Analysis

B. INDIRECT ECONOMIC IMPACTS

As the leading Malaysian property developer that focuses on place-making, embedded with our **livelearnworkplay** philosophy, our projects are designed to reinvent existing places with the community at heart – to connect people, and improve the economic, social and healthy well-being of the community.

Infrastructure investments

The Group continues to enhance the living quality of the local communities by upgrading the surrounding infrastructure and amenities, embedding sustainability elements where possible. We completed infrastructure projects worth approximately RM88.44 million during the year, mainly relating to upgrades in landscaping works, drainage and sewage, maintenance of road works, construction of recreational parks, including a clubhouse for residents and surrounding communities.

SETIA ECO HILL	SETIA INTERNATIONAL VIETNAM	SETIA FONTAINES	SETIA ECO PARK
Landscaping works for EcoHill Walk: **RM56.00 MILLION** Road resurfacing and repairing works for Jalan Semenyih and Persiaran EcoHill Timur: **RM1.05 MILLION** Setia Mayuri Lamantara park: **RM1.86 MILLION** Sewage pumping station: **RM0.57 MILLION**	Maintenance of road, drainage and sewage **RM1.57 MILLION**	Temporary road access to Setia Fontaines' projects: **RM6.65 MILLION** Lake: **RM7.97 MILLION** Recreational townpark: **RM7.17 MILLION**	Canopy Clubhouse: **RM5.17 MILLION** Commercial area for residents and public: **RM0.44 MILLION**

KL Eco City

KL Eco City ("KLEC"), Malaysia's first green mixed development located in the country's largest urban area – Kuala Lumpur, stands out as a new commercial and retail space that has redefined the workplace and lifestyle concept. It combines diversity of use with leading sustainable principles to create an authentic, complex yet enriching city district.

During the year, KLEC won the Gold Award at the FIABCI World Prix d'Excellence 2020 Awards in the Office category, making it the developer's 12th FIABCI World Gold award. This win also makes S P Setia Berhad the only property developer in Malaysia to achieve this feat. KLEC's Vogue Suites 1 tower was also awarded the Malaysia Landscape Architecture Awards - Honour, in the Landscape Development Award category. Each of the office towers were also awarded with at least one green certification, including GBI Gold certification, LEED Core and Shell Gold certification.

KL Eco City, Bangsar

SUSTAINABILITY STATEMENT

EcoHill Walk, Semenyih

The project encompasses five (5) office towers and a luxury residential tower built amidst a shared retail space, creating various job opportunities and at the same time, elevating the local economy of the surrounding area, as companies and businesses moved their offices to KLEC. The diverse tenant mix includes co-working spaces, multi-national companies, tech start-ups and more, adding commercial currency and vibrancy to the area. Each office tower is equipped with fibre optic backbone for high speed internet connectivity, high speed lifts with Destination Control System, and a 24-hour security system with CCTVs to improve work productivity as well as ensure the safety of our tenants.

Embracing one of the principles of place-making, i.e. accessibility and connectivity, the project not only houses the KL Eco City KTM commuter station but is also located adjacent to the Abdullah Hukum LRT station. The development of this integrated rail hub, costing approximately RM29.34 million, serves to connect the public to KLEC and Mid Valley City, providing for both work and leisure travel needs.

The project was built with a unique internal two-tier road system, as well as six (6) dedicated access points to five (5) major road networks, costing approximately RM195.71 million. Improved the accessibility for residents of Kampung Haji Abdullah Hukum via road connectivity, including a direct link to Lingkaran Syed Putra (to Petaling Jaya), Federal Highway (to City Centre), Jalan Bangsar and Jalan Pantai Bahru (to Bangsar).

Located adjacent to KLEC is the Pantai River, which is made-up of natural waterways and earth streams covered with vegetation, that was not properly lined. This resulted in the overflow from low-lying site areas during heavy downpours, thus affecting the surrounding local community. To mitigate this, an L-shaped drain was constructed to replace the river, following the already lined section of Pantai River, just upstream of the project site during project development. In doing so, we prevented future erosion and flooding, keeping the development and surrounding area safe.

EcoHill Walk

Ecohill Walk, located in Setia EcoHill, is an exciting integrated mixed development located at the Kajang-Semenyih Corridor. Featuring a lifestyle shopping mall complex, 16 units of retail shops and 80 blocks of office spaces, it serves the 600,000 population from several major townships, all within a 20-minute drive radius from the project.

EcoHill Walk is targeted for completion by 2021. It will benefit the surrounding neighbourhood area, provide convenience, create more job opportunities and add vibrancy to the communities in the vicinity. Link bridges will also be constructed to extend the convenience of reach between the existing service apartments, neighbourhood mall and commercial retail shops, thus providing a safe and secure environment for residents and communities around Ecohill Walk.

C. ANTI-CORRUPTION

Ethics, honesty, and integrity are cornerstones of our approach in doing business. S P Setia Group is committed to upholding the highest ethical standards in our workplace, across all business dealings and relationships wherever we operate.

We have established and enhanced the relevant policies which are aligned to the Group's Code of Conduct and Business Ethics. These policies act as a guide to our employees and business associates in dealings with bribery and corruption situations within and outside the company. While the Anti-Bribery and Corruption Policy clearly states that the Group adopts zero tolerance towards bribery and corruption, the Group has taken necessary steps to identify various corruption risks across our operations and value chain, along with the planning and implementation of adequate mitigation measures.

These policies and the related Standard Operating Procedures have been uploaded onto the intranet for Team Setia's references. As per the Bursa Securities' listing requirements, the policies are also made available to the public on the Group's website, accessible at https://www.spsetia.com/en-us/corporate-governance/corporate-governance-home

You may also access the Group's policies by scanning the QR code here

Initiatives Taken in 2020

- Establishment of Integrity & Governance Unit
- Appointment of personnel with Certified Integrity Officer qualification
- Conducted 6 Corruption Risk Assessment Workshops at Group and business unit levels
- Conducted 78 Setia Integrity Roadshows across Malaysia
- 90% of Team Setia (within Malaysia) signed off the Individual Corruption-Free Pledge
- Distributed formal correspondences to Business Associates for acknowledgement and confirmation

To further strengthen the implementation of anti-bribery and corruption practices, we established the Integrity & Governance Unit ("IGU"), and appointed a qualified Certified Integrity Officer ("CeiO") to oversee and monitor the effectiveness of the IGU function. For further details, please refer to "Statement on Risk Management and Internal Controls" section on pages 130 to 139.

40 Integrity Governance Champions ("IGC") were appointed, consisting five (5) Executives/Senior Executives, two (2) Assistant Managers, 11 Managers and 22 Senior Managers to assist the IGU on all integrity and governance matters, including corporate liability, at the respective business and support units. This includes monitoring relevant reporting as well as implementing the Anti-Bribery and Corruption policies and procedures. These individuals also ensured the scheduled training/briefing sessions were successfully carried out to meet its objectives, in addition to facilitating the collation of relevant data and information, as and when required.

SUSTAINABILITY STATEMENT

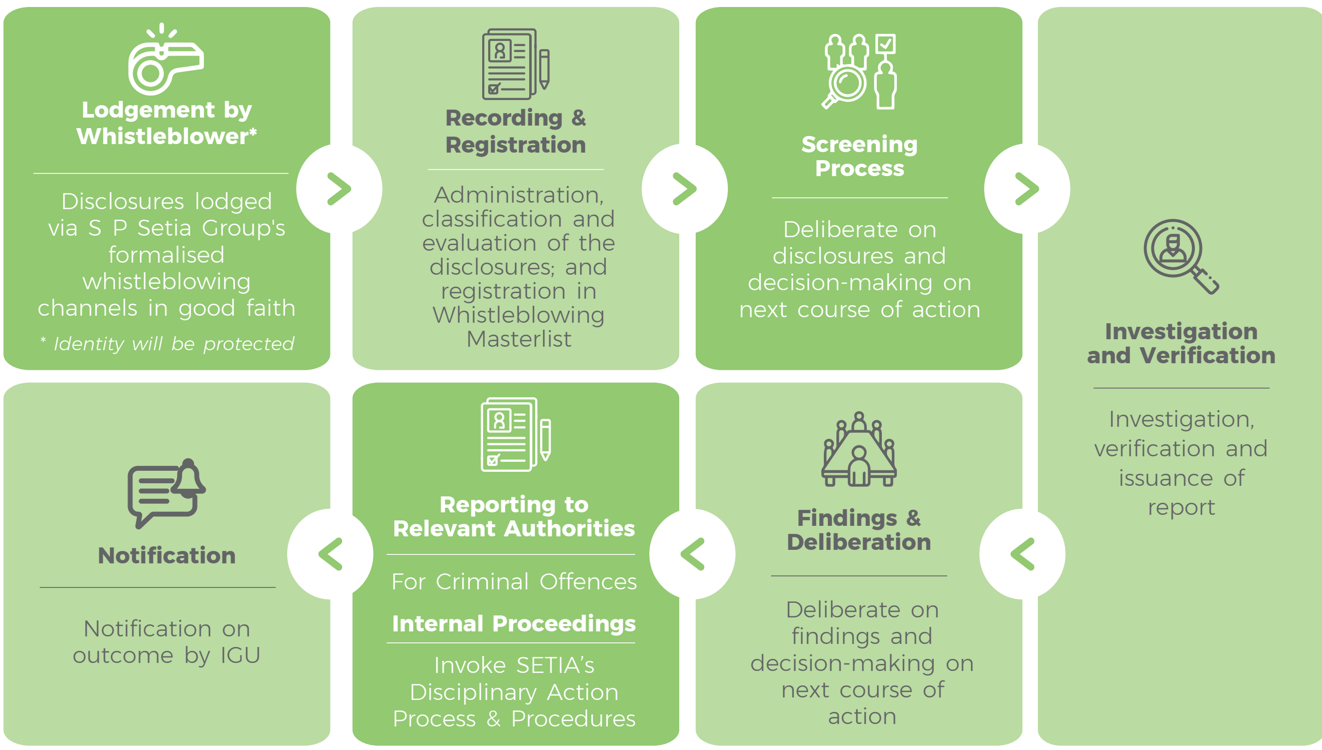
In 2020, we conducted six (6) corruption risk assessment workshops at both the Group and business unit levels. Despite the various MCO phases, the IGU successfully held 78 Setia Integrity Roadshows designed to raise awareness on corporate business ethics and integrity. These awareness sessions, held with Team Setia via physical and virtual communication platforms, successfully reached out to 90% of Team Setia (within Malaysia), who also signed the Individual Corruption-Free Pledge.

Moving forward, we will continue to conduct business ethics and integrity awareness sessions to the remaining Business Units. We will also extend these sessions to our Business Associates as well.

Setia Integrity Roadshows at S P Setia Corporate HQ

Stakeholders were encouraged to report any breaches in ethical conduct via the Group's approved Whistleblowing channels such as the Whistleblowing e-form which can be found at the Group's official website, dedicated hotline number at 603-33482719, direct email to the Chairman of RMC at apardas@spsetia.com or IGU at igu@spsetia.com, or walk-in/appointment with Chairman of RMC or IGU.

The report of breaches in ethical conduct shall be processed according to the Group's Whistleblowing Policy as shown below:



Setia Eco Glades, Cyberjaya

Environmental responsibility is vital to S P Setia Berhad's commitment to sustainable development. We track and monitor our impact on the environment through a combination of initiatives. From energy efficiency initiatives to flood and waste management, we strive to create world-class sustainable developments that leave a positive impact on society and the environment.

ENVIRONMENTAL

Setia Warisan Tropika
Provisional Green Building Index Certification – Clubhouse 2020

S P Setia Corporate Headquarters
GBI Platinum – Completion & Verification Assessment 2015

Setia City Convention Centre
GBI Certified – Non-Residential New Construction 2017 – 2020

SPICE Convention Centre
GBI Certified – Non-Residential New Construction 2017 – 2020

KL Eco City Sales Gallery
GBI Gold – Non-Residential New Construction 2012 – 2015

KL Eco City Office Tower 3
GBI Gold – Non-Residential New Construction 2015

KL Eco City Office Tower 2 (Mercu 2)
GBI Silver – Non-Residential New Construction 2020 – 2023

Setia City Mall
GBI Silver – Non-Residential New Construction 2015 – 2018, 2018 – 2021

KL Eco City (Retail)
GBI Certified – Non-Residential New Construction 2015 – 2018

S P Setia Group's branding is synonymous with being the leader in environmental-friendly property development projects. Our development philosophy is to embed sustainability and smart features across all our projects. This has led to the establishment of the SSD taskforce, with the objective of continuously improving and enhancing project features to cater to our customers.

Our achievements throughout the years is reflective with the receipt of various accolades and recognitions issued by both local and international bodies. Please refer to page 18 for a full list of accolades and recognitions won throughout 2020.

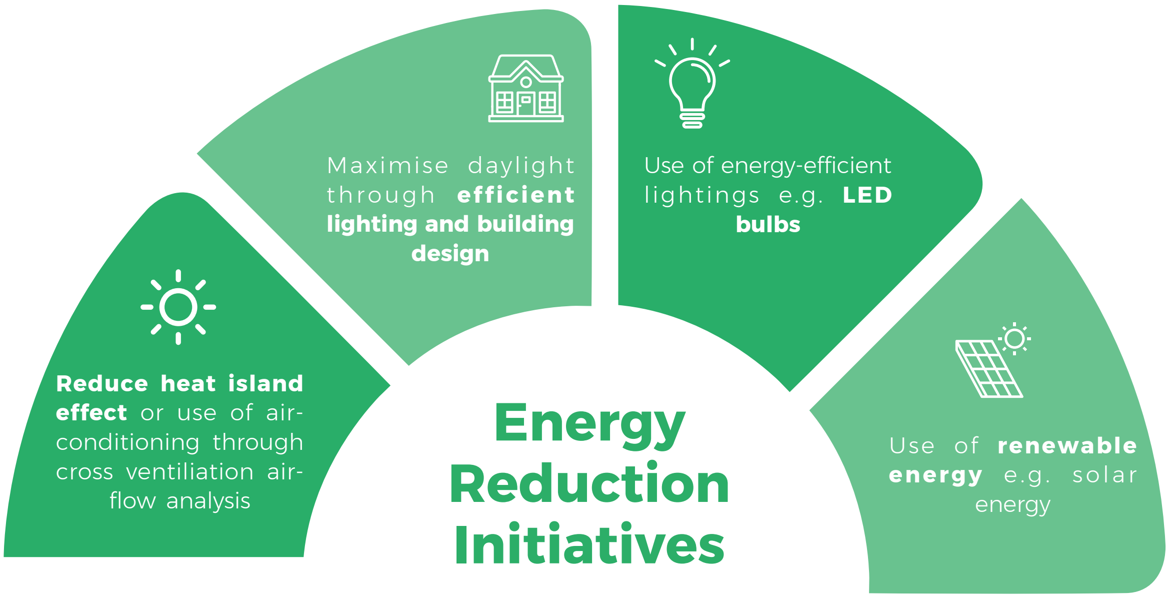
Among our belt of green certifications include our S P Setia Corporate Headquarters as the first privately-owned office and third building in Malaysia to be certified GBI Platinum as well as GreenRE Platinum. Within the same vicinity, our Setia City Convention Centre was the first GBI-certified Convention Centre.

A. NATURAL RESOURCES

i. Energy Efficiency

We recognise the importance of energy savings as electricity is used throughout our projects to power electronics and machineries for productivity purposes. It is also used to light up the area, be it for key attractions or security purposes.

Among the energy reduction initiatives which were implemented across our projects include the reduction of heat island effect, efficient lighting design, use of energy savings lightings, renewable energy and more.



To reduce heat island effect, analysis of cross ventilation air-flow was conducted throughout the project development phase to identify and mitigate stagnant hotspots. This was made possible with the assistance of computer simulation through building and landscape modelling. Building orientations were optimised to minimise indoor heat gain, thus, reducing the need for the use of air-conditioners and other cooling equipment.

Efficient lighting design was also considered during the project design to enable more daylight into buildings. This was carried out based on sun path analysis through passive design. High-performance double-glazed windows and louvres were used, not only to reduce heat gain, but to also encourage the use of natural daylight to illuminate the buildings.

Throughout the Group, we installed energy-efficient lightings such as LED lightings, among the many initiatives, to reduce electricity consumption in most of our projects. During the year, additional LED lightings were either installed or replaced throughout our project developments, including Setia Eco Templer, Setia Eco Hill, Setia Eco Park, Setia Alam Impian, Setia Warisan Tropika, Setia International Vietnam, Setia International Australia and Setia City Convention Centre.

We strive to reduce carbon emissions by promoting the use of renewable energy such as solar energy.

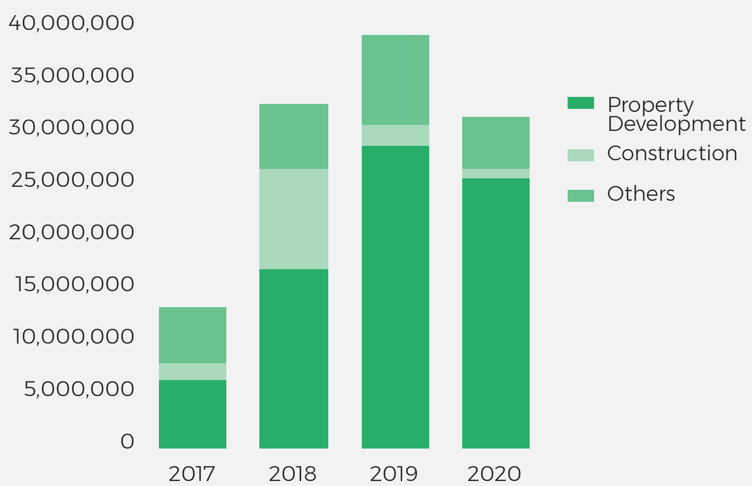
The world's first solar-powered hybrid F&B hub, D'Network in Setia Eco Park, Setia Alam was launched in September 2020. D'Network is a realisation of S P Setia's vision to build a green and sustainable hub that effectively runs on solar power, which generates electricity to be used for lighting, ventilation, air conditioners, irrigation systems, etc. Spanning across 3.16 acres of land, the F&B hub is powered by 345kWp of hybrid solar energy, complementing the supply from traditional electricity grids.

The venue also houses the world's first solar musical fountain. Known as the Symphony of Sustainability, the fountain charges up during the day using solar power to illuminate through the night with lights, water dancing and melodious tunes.

D'Network @ Setia Eco Park, Shah Alam

To manage the heightened concerns surrounding the pandemic, the Group in collaboration with Panasonic, took further steps to fully-equip the F&B Hub with the latter's patented air purification device, powered 24-hours a day by solar energy. The technology - the first of its kind in Malaysia - works by collecting invisible moisture in the air and applies high voltage to it, to produce "hydroxyl radicals contained in water", which amongst others inhibits pathogenic micro-organisms (bacteria, fungi, and viruses) and allergens. In other words, effectively neutralising viruses that are mostly found on fabric and surfaces to produce better, safer air quality for workers and patrons.

S P Setia Group Electricity Consumption (kW/h)



	2017	2018	2019	2020
	5,315,227	6,166,861	8,573,648	4,924,969
	1,662,074	9,585,931	1,994,629	949,206
	6,519,408	17,145,953	28,935,989	25,790,250

Electricity Consumption and Intensity Ratio

As a result of the various lockdowns that occurred globally (especially Malaysia's MCO), S P Setia Group managed to reduce its electricity and water consumption in 2020 as compared to previous years.

The graph on the left shows the Group's electricity consumption from 2017 to 2020. The electricity consumption data includes estimations for the months of November and/or December 2020 for Setia EcoHill, Setia Seraya, Setia Bukit Indah, Setia International Australia, Setia Precast and Setia City Convention Centre.

Electricity consumption data from 2017 to 2019 were updated to include two (2) additional projects under the Property Development segment, namely Setia Trio and Setia Eco Cascadia; adjustment on Others segment; and inclusion of 2019 actual data for Property Development segment and Others segment which were not available in FY2019.

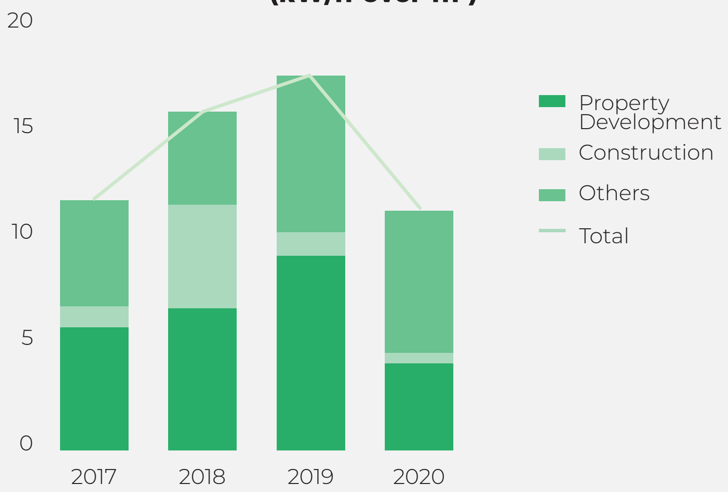
SUSTAINABILITY STATEMENT

The Group consumed a total 31.6 million kW/h of electricity in 2020, a 20% reduction in electricity consumption as compared to 2019 which was 39.5 million kW/h.

Based on segments, the Property Development's electricity consumption in 2020 decreased by 11%, despite additional electricity consumption experienced at Setia Warisan Tropika's new Welcome Centre. This Welcome Centre was completed and began operations this year. Similarly, the Construction and Others segments also recorded a significant decrease in electricity consumption from 2019 to 2020, that is 52% and 43% respectively.

In line with GRI 302-3: Energy Intensity, the Group has determined the space size m² as the organisation specific metric (the denominator) to calculate the energy intensity ratio. The graph on the right represents the result of energy intensity ratio analysis from 2017 to 2020.

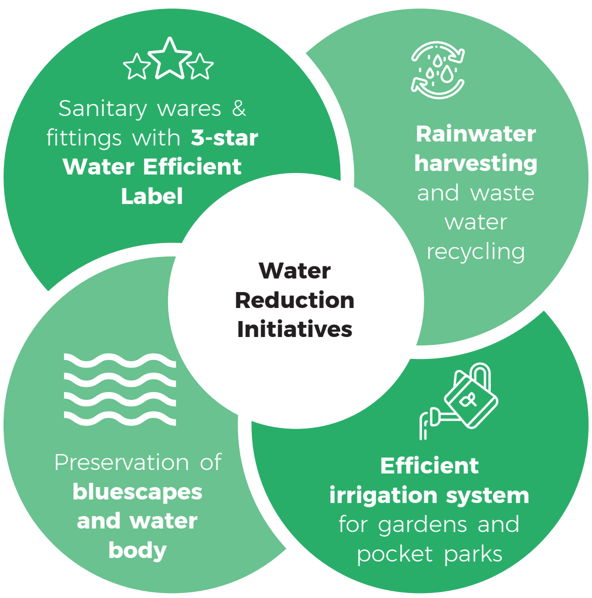
S P Setia Group Energy Intensity Ratio (kW/h over m²)



	2017	2018	2019	2020
	5.78	6.67	9.27	5.34
	0.89	5.13	1.07	0.51
	5.04	4.46	7.51	6.74
	11.71	16.25	17.85	12.59

All segments across the Group, namely Property Development, Construction and Others, experienced a decrease in its energy intensity ratio as compared to 2019, in line with the Group's overall reduction in energy consumption.

The Property Development segment registered 6.7 kW/h per m², a 10% decline in its energy intensity ratio as compared to the previous year. Meanwhile, the energy intensity ratio for the Construction segment stood at 0.51 kW/h per m² and Others recorded 5.34 kW/h per m², both segments successfully lowering their energy intensity ratio by 52% and 42% respectively, as compared to the previous year.



ii. Water Efficiency

Based on statistics from the National Water Services Commission ("SPAN"), Malaysians consume an average of 201 litres of water per person per day, which is equivalent to 134 bottles (1.5-litre capacity each).

Most of our projects were equipped with sanitary wares and fittings with a 3-star Water Efficient Product Labelling Scheme ("WEPLS") by SPAN. Toilets consumed the largest amount of water in any home, using about 30% of the household's water. As such, dual flush toilets were provided in our projects to encourage our house buyers and commercial users to lessen their water usage.

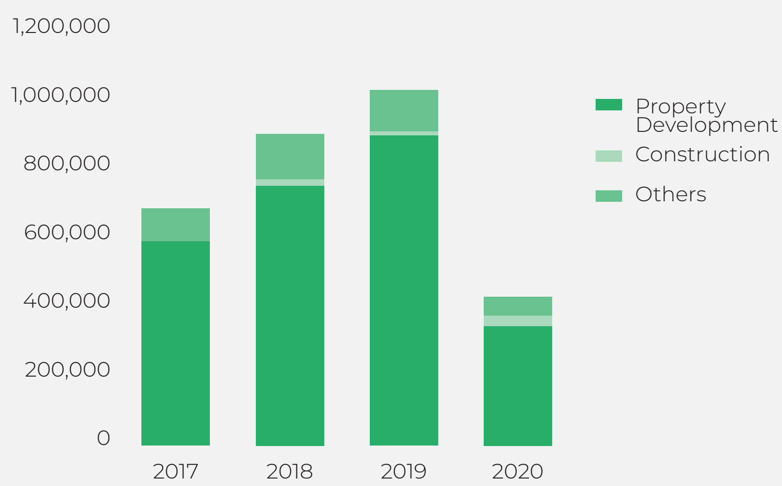
Rainwater harvesting systems were implemented in a few of our projects, including Setia Eco Glades, Setia Alamsari, Setia Alam Impian, Setia Fontaines and both at our Setia City Convention Centre and SPICE. Rainwater was collected and channelled via a rainwater downpipe and stored in a concealed tank within the building compound. This can be reused for outdoor purposes, such as watering plants, indirectly helping reduce water consumption.

Having many gardens and pocket parks in our projects, efficient irrigation system for our greenscapes is critical not only to the environment, but also to optimise maintenance costs. The Group is looking into upgrading our irrigation system to include more soaker hoses, a drip irrigation system that releases water slowly and directly onto the plant's roots, at more of our project's gardens and pocket parks. This system helps to reduce runoff and evaporation. As it can also be set to a timer, for example, to water plants after dark, making this a good way to minimise evaporation.

Bluescapes or water body were incorporated into our projects, mainly our Eco-series projects, to promote biodiversity and improve the ecosystem within the project area. For example, ponds and lakes were created to not only store water, but also serves as a cooling agent for the overall development and provides water to flora and fauna. The natural waterfall located at our projects increases water circulation and contact with oxygen, thus ensuring a conducive living environment for the fishes. It also serves to reduce water evaporation and preserve nature.

Setia Eco Templer, Rawang

S P Setia Group Water Consumption (m³)



	2017	2018	2019	2020
	95,885	130,415	131,625	85,967
	1,308	1,437	1,186	34,408
	141,145	162,550	310,834	358,196

Water Consumption Intensity Ratio

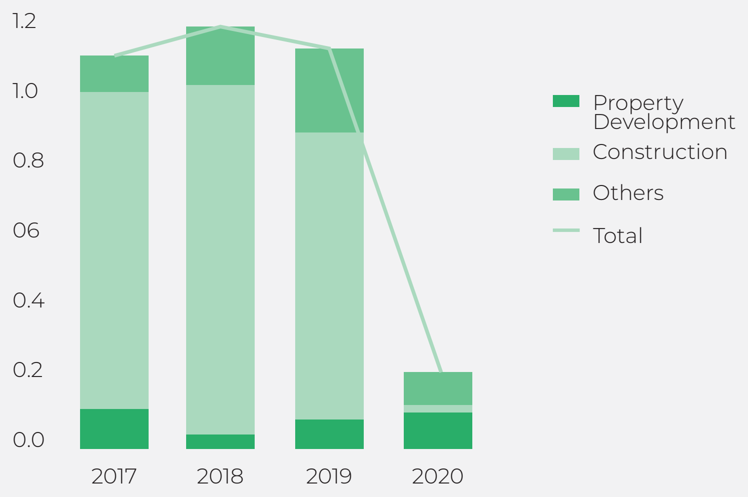
The following chart represents the water consumption of the Group from 2017 to 2020. The water consumption data also includes estimates for November and/or December 2020 for Setia EcoHill, Setia Seraya, Setia Eco Glade, Setia Eco Cascadia, Setia Tropika, Setia Precast and Setia City Convention Centre.

Similar to the adjustments made for electricity consumption, water consumption data for 2017 to 2019 were updated to include two (2) additional projects under the Property Development segment, namely Setia Trio and Setia Eco Cascadia; adjustment on Others segment; and inclusion of 2019 actual data for Property Development segment and Others segment which were not available in FY2019. In addition, we discovered material discrepancies in the water consumption data from 2017 to 2019 which affected the data disclosed for the Property Development segment. Accordingly, we have recomputed and adjusted for the discrepancies in this year's disclosure, resulting in a downward variance of 65% (2017), 67% (2018) and 57% (2019) respectively, or an average of 63% for the three-year period, as compared to the amount disclosed in 2019.

The water consumption by the Group increased by 8%, as compared to the previous year, from 0.44 million m³ to 0.48 million m³. Based on segments, the Property Development segment experienced a 15% growth in water consumption, rising from 0.31 million m³ to 0.36 million m³ due to increase in Club Memberships and tenants for Setia Eco Templer and Setia EcoHill, maintenance for Setia Eco Garden and Setia EcoHill, Setia Warisan Tropika's new Welcome Centre and Setia Fontaines's new Setia Experience Centre.

SUSTAINABILITY STATEMENT

S P Setia Group Water Intensity Ratio (m³ over m²)



	2017	2018	2019	2020
	0.10	0.16	0.23	0.09
	0.87	0.96	0.79	0.02
	0.11	0.04	0.08	0.10
	1.00	1.00	1.00	0.00

Meanwhile, there was a stark upsurge in water consumption for the Construction segment, rising from 0.001 million m³ to 0.034 million m³ as water consumption data for the Setia Precast project site was included for the first time in 2020. Previously, data from 2017 to 2019 was not recorded.

Water consumption for the Others segment lessened significantly by 35%, from 0.13 million m³ to 0.09 million m³ as a result of the various MCOs phases in 2020 where our convention centres halted operations during this period.

Further analysis on our water intensity ratio showed tremendous reduction in total water consumption (m³) for every floor area (m²). When broken into segments, water consumption for every floor area for the Property Development segment recorded an increase of 0.22% in 2020, growing from 0.08m³/m² in the previous year to 0.10 m³/m² in 2020. Nevertheless, the Construction segment recorded 0.02 m³/m² and Others segment 0.09 m³/m², a significant reduction of 98% and 60% respectively.

B. BIODIVERSITY

Setia EcoHill 2's Adventure Park, located at the highest point of the project in Semenyih, garnered the Gold Award for The EdgeProp-ILAM Malaysia's Sustainable Landscape Award 2020 at the EdgeProp Malaysia's Best Managed and Sustainable Property Awards 2020.

The area was formerly an oil palm and rubber estate which was revitalised into Malaysia's first residential mountain biking park amidst nature. It was developed by utilising and navigating through the existing vegetation and terrain, with more than 90% of the original landscape preserved. Sustainability and environmentally-friendly principles were also applied throughout the entire development process to reduce our impact to the environment. This posed a few challenges, such as allowing only small machineries to enter the site to avoid destroying the plants.

Cognisant on the importance of sustaining our forest systems, the existing forest at the Adventure Park was regenerated by infusing biodiversity elements to create a new healthy ecosystem. For example, fruit trees and nectar plants were planted to attract insects, butterflies, birds and animals back to the area as this served as natural biological pest control. Natural irrigation systems for the forest also largely reduced maintenance costs.

Adventure Park @ Setia EcoHill 2, Semenyih

The "park on the hill" doubles up as a space for active social interactions, with residents and visitors flocking the area for jungle trekking, bird watching, and quality outdoor family time. It provides a blend of adventure for those who enjoy nature, with its facilities such as obstacle courses, forest playground, par-course and a vertical climbing wall within the park. Residents and visitors would also be able to reconnect, while enjoying the serenity of nature at the butterfly lawn and fern garden. Alternatively, they could also take a stroll along the Park's Canopy Walk.

C. ENVIRONMENTAL COMPLIANCE

Despite the various MCOs phases that restricted employees from entering their workplace, the Group's environmental compliance monitoring and audit processes were carried out as usual. The Group continued to monitor and audit our contractors on a bi-weekly basis, focusing on construction waste management, noise pollution, air pollution and effluent management.

Various activities and processes were carried out to ensure adherence to regulations and guidelines issued by the Department of Environment's ("DOE"). This includes:

On a regular basis, impact reduction initiatives such as the installation of water sprays to reduce air pollution at project sites; erection of sound barriers and use of mufflers for machinery to reduce noise pollution; and building on-site toilets equipped with septic tanks to prevent water pollution, amongst others, were implemented. These efforts were carried out to reduce environmental impact as well as boost the health of our workers.

The Group did not violate any environmental laws and regulations and has not been penalised or fined for any major environmental violation in financial year ended 31 December 2020.

The Group regularly reviews any risks and potential issues related to the environment for its operations. Actions and steps were taken to ensure relevant environmental factors remained within the regulatory requirements of our operations. This included reviewing and monitoring relevant environmental parameters at all our project sites, both in-progress and completed.


Adventure Park @ Setia EcoHill 2, Semenyih

S P Setia Berhad acknowledges the social influences of its operations and activities on its employees, customers and local communities. We believe in improving the lives of local communities by creating opportunities for education, health and overall well-being. We strive to provide our employees with an environment that presents professional challenges, encourages innovation and creativity, and rewards success and effective teamwork.

SOCIAL

A. EMPLOYMENT

i. Diversity and Inclusion

We acknowledge that a diverse and inclusive workplace provides an environment for increased productivity and collaboration among Team Setia. Over the years, we continued to plan and carry out various programmes and initiatives to strengthen diversity and inclusion.

Women of Inspiration@Setia or better known as WIN is an initiative by the Setia Women's Network that recognises gender diversity and inclusion as its main goal, providing a support system that encourages the women of Setia to follow their career aspirations. In 2020, our activities and programmes such as Virtual WIN Circle, Intimate Virtual WIN Circle, Virtual Workout Session and Project Humans of Setia, were conducted virtually.

Project Humans of Setia. Photoblog inspired by the famous Humans of New York

Virtual WIN Circles. Open to both male and female employees, with interesting themes such as "Stay Home Stay Healthy Stay Setia", "Show & Tell (Team Setia Junior Edition)" and "Pets of Team Setia!"

Intimate Virtual WIN Circle. Limited to 30 participants for each session with meaningful themes i.e., "Imperfect is Perfect" and "We Better than Me"

Virtual Workout Session. Hosted by our own Team Setia. Enjoyable and interesting work out i.e., Dynamic Tabata and Fat Burning

Project Humans of Setia is a great platform that was launched prior to the MCO, with the objective of supporting our Team Setia to appreciate each other's strengths and uniqueness. Inspired by the famous Humans of New York, this photoblog provided our people with a platform to share stories on their journey as individuals of Team Setia, including demonstrating positive qualities in terms of leadership, engagement and inclusivity.

Bryant Ong Hock Choon
Setia Pearl Island

Moving into an Unknown Territory

Prior to joining SP Setia, I worked in the banking industry selling financial products. I used to be a "Lone Ranger" as I hardly work in a team or with anyone. It was all about chasing sales figure, competing with each other for commissions and incentives. It was tiring and just not fulfilling.

However, I was blessed and grateful for one of my friends shared a job vacancy with me. It was a role in the Customer Relations and Property Management department in Setia. It was completely new role, different from what i was currently doing at that time. It was something unfamiliar, yet I did not think twice, immediately I handed in my resume. I got the job; at that point in time, my life changed.

I was never able to truly appreciate the word- TEAMWORK until I joined Setia. In Setia, I learned the true meaning of 'live - learn - work - play'. Where work-life balance matters; it's all about how do we help each other and together make it better; the constant sharing of ideas and taking advice from each other. Through this new journey, I discovered true friendship and the bond of a family called TEAM SETIA.

Each night as I fall asleep, I reflect and be thankful for that decision i made to dive into an unknown territory; for this journey has led me to grow and be a better man today.

Nor Azaziah Ahmad
Setia Eco Park

My Growth with Team Setia

I started my journey in Setia as a Sales and Marketing Executive at Setia Sky Residence, back in September 2007.

I am blessed to have good leaders throughout my journey in Setia, especially those who have mentored me in my career. Back then, I was selected as a High Flyer, and therefore, I had the opportunity to travel to Kuching, Miri, Kota Kinabalu, Medan, Melbourne, Qatar and London for work.

I enjoy my work, even though I have to travel daily from Setia Alam to KL for eight years. In 2016, I decided to request for transfer to Setia Eco Park as my children started schooling, and this would allow me to spend more time with my family as I was then pregnant with my 4th child. I am thankful to have a supportive husband and mother who helps to share the load of taking care of our five children.

The support given by my superior has also assured me as I juggle between family and work responsibility. Sometimes, I have to bring my children to work on weekends, and my bosses are understanding to allow for such arrangements.

S P Setia has a unique culture of employee dance performances, and one of my best memories is performing for annual dinner, charity dinner and an exclusive event for property purchasers, with the theme of Back Street versus Phantom of the Opera.

I am happy with what I am doing now, as there are always opportunities for growth and to handle new tasks. I was managing high-rise project, and the switch to township project allows me to learn different set of skills.

Lastly, I would like to humbly share that to be successful in anything is never easy – it requires hard work, sacrifice, support system, determination and discipline.

Setia

Naluri Virtual Workout: Dance to fit!

Virtual WIN Circle with Team Setia

Our Virtual WIN Circles programme is one of the many platforms where small groups of Team Setia would come together to champion peer support, learning and growing together. Opened to both male and female employees, the programme attracted more than 100 participants from Team Setia. It is essentially a platform that encouraged employees to strengthen and reinforce relationships among Team Setia members. Weekly Virtual WIN Circles get-togethers were carried out via Microsoft Team with different themes introduced, including "Stay Home Stay Healthy Stay Setia", "Show & Tell (Team Setia Junior Edition)" and "Pets of Team Setia!"

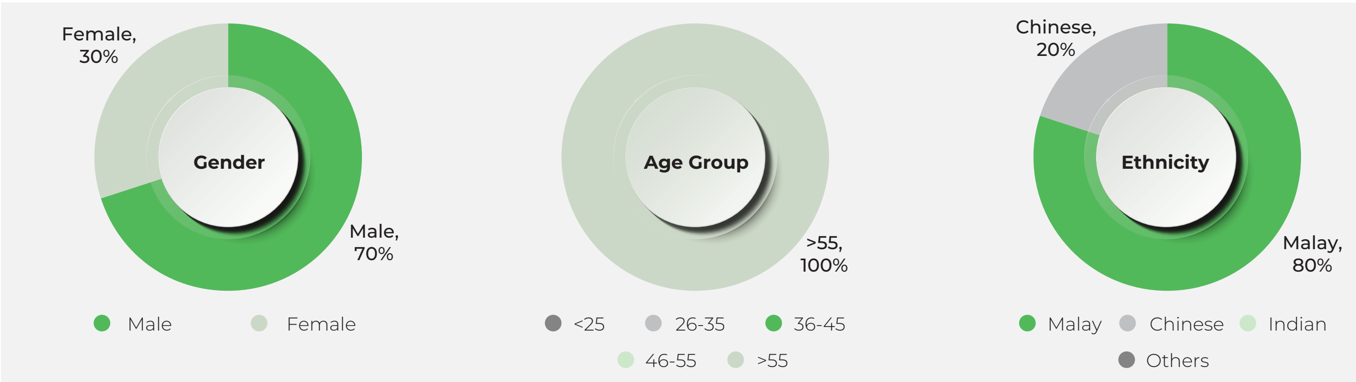
Intimate Virtual WIN Circle was an additional programme created to encourage and motivate women to strive towards continuous progress, instead of perfection. Participants also learnt the importance of embracing diversity in relationships while maintaining their individuality, truthfulness, openness and vulnerability in all interactions. Opened to a maximum of 30 participants for every session, each session had different themes such as "Imperfect is Perfect" and "WE Better than ME".

In addition, we managed to conduct weekly Virtual sessions, hosted by our very own Team Setia, in collaboration with Virtual WIN Circles and Setia Sports and Recreational Club ("SSRC"). Regular work-out sessions included Dynamic Tabata and Fat Burning.

SUSTAINABILITY STATEMENT

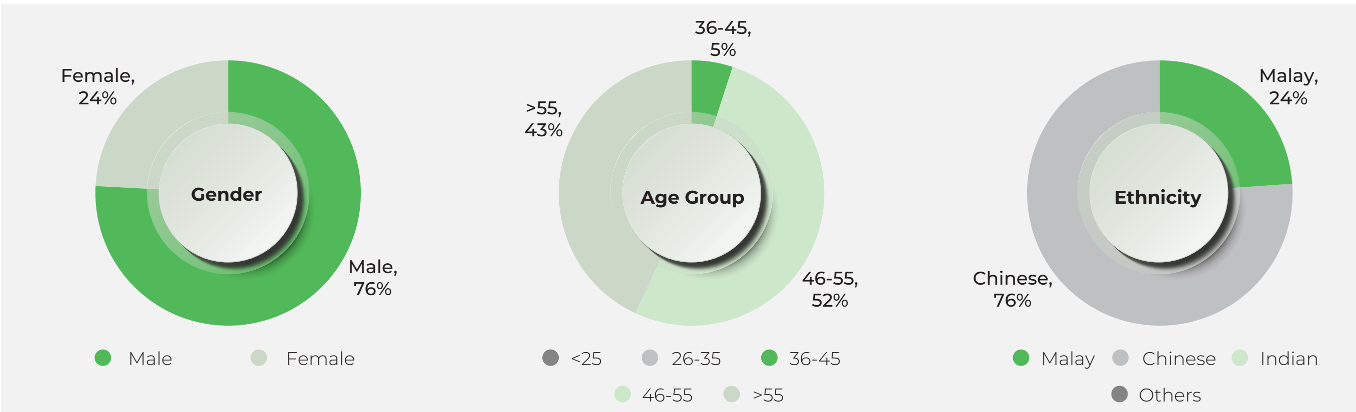
During the year, the Board of Directors' profile (based on gender, age and ethnicity) remained unchanged from 2019. Meanwhile, the profiles of those from senior management, employees and new hires showed slight changes from 2019 to 2020.

Board of Directors Profile



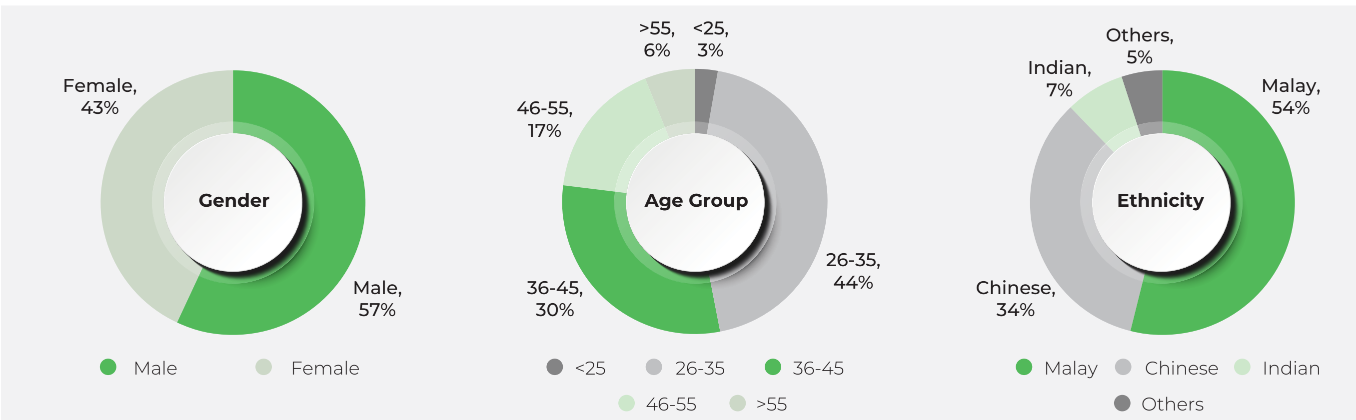
Senior Management Profile

There were slight changes in the Senior Management Profile (by gender, age group and ethnicity) for 2020 as compared to 2019. During the year, the female to male employee ratio decreased to 24:76 (2019 – 30:70). In terms of ethnicity, the Senior Management profile in 2020 stood at 24% for Malay (2019 – 25%), 74% for Chinese (2019 – 73%) and 0% for Indian (2019 – 2%).



Employees Profile

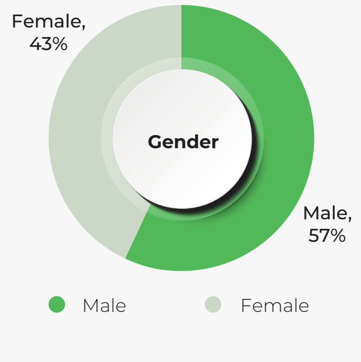
In 2020, the female to male employee ratio remained at 43:57 (2019 – 43:57). Similarly, employee ethnicity in 2020 remained almost the same as the previous year, 54% for Malay (2019 – 54%), 34% for Chinese (2019 – 35%), 7% for Indians (2019 – 7%) and 5% for Others (2019 – 4%).

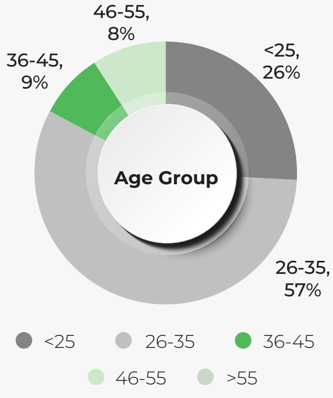


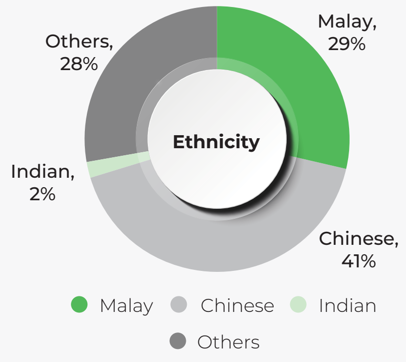
On a global scale, the pandemic caused many companies to downsize their operations by reducing the number of employees. However, our employee turnover rate remained within the single digit range for 2020.

New Hires Profile

During the year, the female to male new hires ratio remained at 43:57 (2019 – 43:57). In terms of the ethnicity of new hires, 2020 registered 29% for Malays (2019 – 43%), 41% for Chinese (2019 – 45%), 2% for Indians (2019 – 6%) and 28% for Others (2019 – 7%).



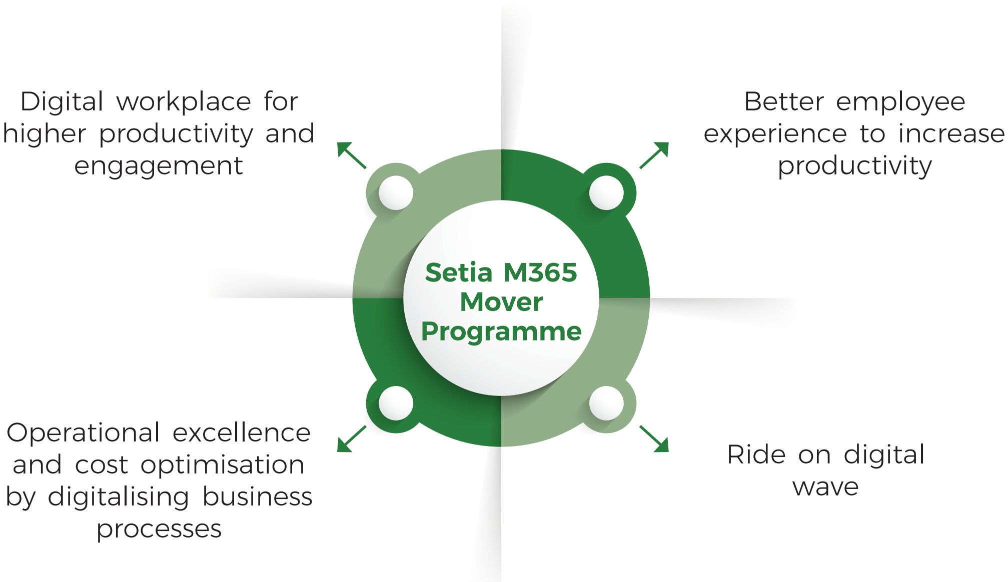




ii. Workplace and Employee Benefits

In response to the COVID-19 pandemic, the nation-wide preventive measures that resulted in the declaration of various MCO phases saw the creation of a new work culture for us. Working from home emerged as a new normal and for us at S P Setia, we were well-positioned to leverage on this as the Group had embarked on our Digital Transformation Programme since 2019. For more information, please refer to Digital Transformation section from pages 160 to 161.

The Setia M365 Mover programme is one of the many initiatives under our Digital Transformation Programme. Under this initiative, champions for respective Business Units were appointed as the go-to-person to grow and sustain the Microsoft 365 roll-out, spreading awareness and helping their peers adapt to this new way of working. Themed "Work Anytime, Anywhere on the Device", this programme uses Microsoft Office 365 Pro Plus which enabled a multitude of deliverables including video/voice conference for all employees, file collaborations with internal and external parties via Microsoft Teams and Cloud Storage (One Drive), leading to the creation of a more productive workforce. This programme not only improved employee productivity and engagement, but also reduced manpower used to manage email systems and office upgrades.



SUSTAINABILITY STATEMENT

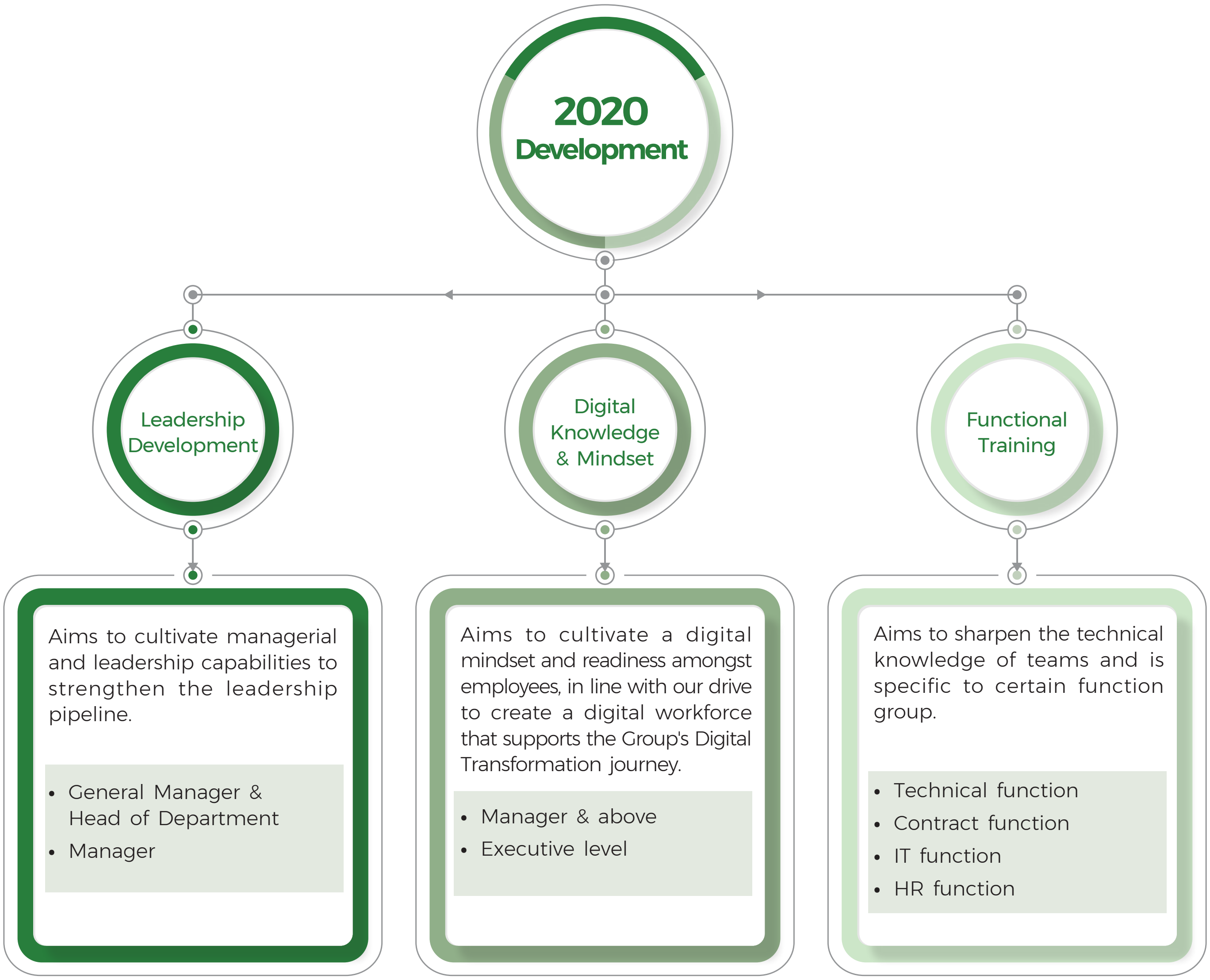
Despite the restrictions placed, we continued to provide benefits to our employees such as annual leave, special leave (such as paternity, study and marriage leave) and monthly meal allowance. Employee Share Option Scheme ("ESOS") and Employee's Share Grant Plan ("ESGP") were also provided at the discretion of the Board as governed by the By-Laws of the Group's Long-Term Incentive Plan ("LTIP"). Further information can be obtained from the Financial Statements on pages 197 to 339.

Our focus this year was on employee health. The Setia Pandemic Taskforce was established and various initiatives were implemented to reduce the risk of exposure to COVID-19. Some of these initiatives included the creation of the "Return to Work" guidebook, virtual roadshow sessions for all employees prior to returning to the office post-MCO, including the distribution of daily fabric masks and hand sanitisers to employees.

iii. Talent Development

Our people are an important asset to our company. In 2020, we continuously provided various platforms for our employees to enhance their skills and competencies. This year's talent development programmes focused mainly on three dimensions, namely Digital Knowledge & Mindset, Functional Competency and the Setia Leadership Pipeline.

Both the Digital Knowledge & Mindset and Functional Competency programmes were focused on creating a strong digital workforce with strong functional capabilities. At the same time, we continued to build our Setia Leadership Pipeline through the Structured Leadership Development programmes and initiatives.



In addition to the three (3) main talent development dimensions mentioned earlier, our employees were also able to advance their skills and competencies via other internal and external public programmes. This resulted in a total of 27,456.5 training hours for this year and an average of 12.7 training hours per employee.

The People Pulse Survey was conducted in 2020 to capture employee feedback, based on this year's engagement levels. Our overall employee engagement score for this year stood at 81% (2019 - 86%). The feedback obtained from the survey provided a platform for us to identify areas of improvement.

27,456.5
Training Hours

- Digital-Related Programmes
- Functional/ Technical Training
- Leadership Development
- Internal Programmes
- External Public Programmes

The inaugural Setia Leadership Re-imagined ("SLR") Network was launched this year to help "graduates" from our Setia Leadership Programme (Harvard Leadership, People4ward and PeopleXcellence) develop critical skills in order to be more efficient leaders in our company. It is a continuous learning platform that allows graduates to apply the skills gained throughout their careers, access to cross-learning through the sharing of best practices and at the same time, create a strong internal support system for the community.

The goal of SLR Network is to create a community of leaders who will then go on to nurture other potential leaders, simultaneously creating a common learning platform for continuous growth through thought leadership. In order to be part of SLR Network, graduates were required to complete their Individual Development Plan, register with Naluri's Digital Coaching Programme and identify two successors to be groomed.

Our ongoing training programme such as PeopleXcellence@ Setia and PersonalXcellence@Setia continued to be carried out.

The inaugural launch of Setia Leadership Re-imagined ("SLR") Network at Setia Corporate HQ

The former training programme is targeted at preparing new managers for transition to a managerial career by bringing a mind-set change and learning new skills to build a solid foundation in people management.

The PeopleXcellence@Setia Programme saw the participation of 21 employees. It was carried out across nine (9) days, covering topics such as building self-awareness, hiring, development, performance management and career progression.

Meanwhile, the latter is targeted to the high potential executives with the objective of developing future leaders through enhancing their personal effectiveness, and cultivate leadership behaviours and mindset in the early years of their career. The PersonalXcellence@ Setia Programme, which was carried out across a four-month period, saw the participation of 27 employees. Various sub-programmes were carried out to advance the competency skills which we found to be relevant to the participants, such as self-awareness, innovation and creativity, speaking and pitching, and leadership behaviour.

During the year, our first cohort consisting 50 participants completed the Harvard Leadership Direct series. The goal of this series was to expose our potential leaders to emerging leadership trends and challenges as this would help them support the Company's business strategy. Topics such as managing complexity with collaboration, thinking ahead of the curve, driving innovation, and change were carried out across the three (3) modules.

SUSTAINABILITY STATEMENT

iv. Engagement Activities

Prior to MCO, we managed to conduct our annual Chinese New Year-themed luncheon. During the luncheon, fun games and live performances by Team Setia were held for our employees as well as local communities. The luncheon, which was held at the Setia City Convention Centre, was attended by employees from all Business Units across Malaysia, all dressed in their traditional Chinese attire. Prosperity-themed dishes were served much to the delight of everyone, accompanied by martial art performances and artwork that demonstrated the elements of a Chinese New Year celebration.

Chinese New Year celebrations at Setia City Convention Centre

CEO/COO Dialogues were held, involving all employees, suppliers, contractors and business associates. The CEO/COO Dialogue, which is essentially a townhall session, was conducted to bring together employees across all levels as well as provide employees with the opportunity to get up close and personal with the leadership team. In January 2020, seven (7) CEO/COO Dialogue physical sessions were held across different locations i.e., Melbourne, Central Region, Setia Wood, Vietnam and Aeropod. These sessions were attended by approximately 90% of total employees. The second CEO/COO Dialogue session was held virtually in June 2020, attended by approximately 79% of total employees.

We are aware that the COVID-19 pandemic may have affected our employees' psychological health due to change in environment, especially in terms of their personal life, workplace and risk of exposure to COVID-19. Cognisant of this, frequent and continuous engagement with employees were essential to keep them motivated, enhance their sense of well-being and productivity. During the year, various employee engagement activities such as weekly meetings and continuous communication via digital platforms such as email and WhatsApp were conducted.

Taking it a step further, the Good Morning Setia sessions were also conducted virtually every weekday. Good Morning Setia is a regular sharing and discussion session within Business Units/division teams that provides cross-learning opportunities, enhances communication and sharing among employees as well as improves employees' engagement. Apart from this, articles and information relating to updates relevant to the industry and business, as well as latest news pertaining to the Group and Company, were posted on this Intranet platform.

Another maiden programme launched in 2020 was Naluri – an Employee Assistance Programme aimed at improving mental health and employee engagement, especially during this pandemic period. We engaged Naluri, a digital therapeutics company, to provide COVID-19 support and ensure our employees were well taken care of, both physically and mentally. As of 30 November 2020, 34% of employees had subscribed to this programme.

Roadshow Clinics were conducted across three (3) regions, namely Central, North and South to heighten awareness on the existence of the Naluri - Employee Existence Programme among Team Setia members. These Roadshow Clinics were filled with various activities such as basic health screening, meet and greet session with the coaches, hands-on assistance for the installation of Naluri's application and 'live' demonstrations of the user journey. To help subscribers improve and maintain their overall well-being, the modules in the Naluri's App comprised of Multi-Disciplinary Professional Coaching, Health Curriculum Learning Modules, Thought Journal: Digital CBT, Food Journal, and Planner: Reminders and Activity Tracking.

CEO Dialogue 2020

Subscribers of this programme may enjoy a variety of activities including:

Activities	Details
Naluri Public Webinars	The COVID-19 Webinar Series, hosted by Naluri, was held at least twice a month, exclusive for Team Setia. The Webinar covered the following topics: • Togetherness beyond social distancing (by Dr. Shawn Lee, Clinical Psychologist). • Leading Remote Team during Turbulent times (by Azran Osman-Rani, Naluri Co-Founder and CEO). • Financial Management during Critical Situations (by Fateen Rosli, Financial Planner). • Stress Management and how to be productive during the COVID-19 Pandemic (by Goh Lei Kheng, Clinical Psychologist). • Desk side exercises and stretching (by Tien Cin Yong, Certified Fitness Trainer).
Weekly Newsletter	Weekly Newsletters were sent out to Team Setia, providing useful tips on improving general well-being, such as: • Tips on handling stress during pandemic. • Tips on how to be productive during the month of Ramadhan. • Tips on how to stay on track with our new norm. • Tips on working from home.
Dedicated Telephone Helpline	A Naluri hotline was set-up exclusively for Team Setia. Employees were encouraged to contact the hotline for consultation with Naluri's psychologist and counsellors on matters pertaining to COVID-19, be it anxiety, stress or frustration, at the workplace or at home.
Video Therapy Session	Under Naluri, subscribers going through mental health pressure, were encouraged to attend consultation and therapy sessions with the qualified clinical psychologist identified. The therapy sessions were done via video conference or face-to-face session on-site.

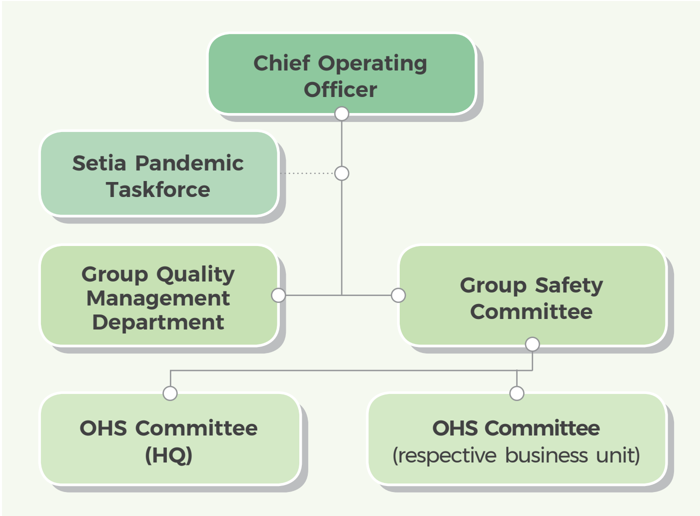
Monthly Naluri Webinar for Setia employees

B. OCCUPATIONAL HEALTH AND SAFETY

HSE Governance

Health and safety are of paramount importance to S P Setia Berhad. It is our obligation and responsibility to implement comprehensive practices and measures to prevent accidental injuries and occupational-related illnesses from occuring to our employees, customers and the general public.

Our Heath, Safety and Environment ("HSE") standards is governed by the Health, Safety and Environment Policy, which is endorsed by our CEO. The HSE Policy was revised and updated during the year to reiterate the Group's commitment on health, safety and environment aspects.



S P Setia Berhad has a dedicated team, Group Safety Committee, to oversee all HSE matters at Group and business unit levels, monitor HSE performance and review the effectiveness of HSE policies and procedures. The Group Safety Committee is chaired by our COO and led by our Group Quality Management team and HSE representatives from the respective Business Units.

Occupational Health and Safety ("OHS") Committee at headquarters ("HQ") level leads the implementation of HSE initiatives at project sites and HQ office building, as well as to monitor HSE performance. At the respective business unit level, a separate OHS Committee was established to discuss preliminary findings of HSE audits conducted by Group Quality Management, any accident/incident reporting, safety performance, issues, challenges and accident avoidance measures. The Group OHS Committee and business unit-level OHS committees meet on quarterly and monthly basis respectively.

In view of the COVID-19 pandemic, S P Setia Berhad established an internal taskforce to protect the health and safety of our employees and general public. The Setia Pandemic Taskforce was established to monitor and track pandemic-related matters, which include the development and enforcement of procedures on contact tracing and quarantine. Kindly refer to the details of COVID-19 initiatives in the Sustainability Statement from pages 146 to 150 for further details.

Key Health and Safety Metrics

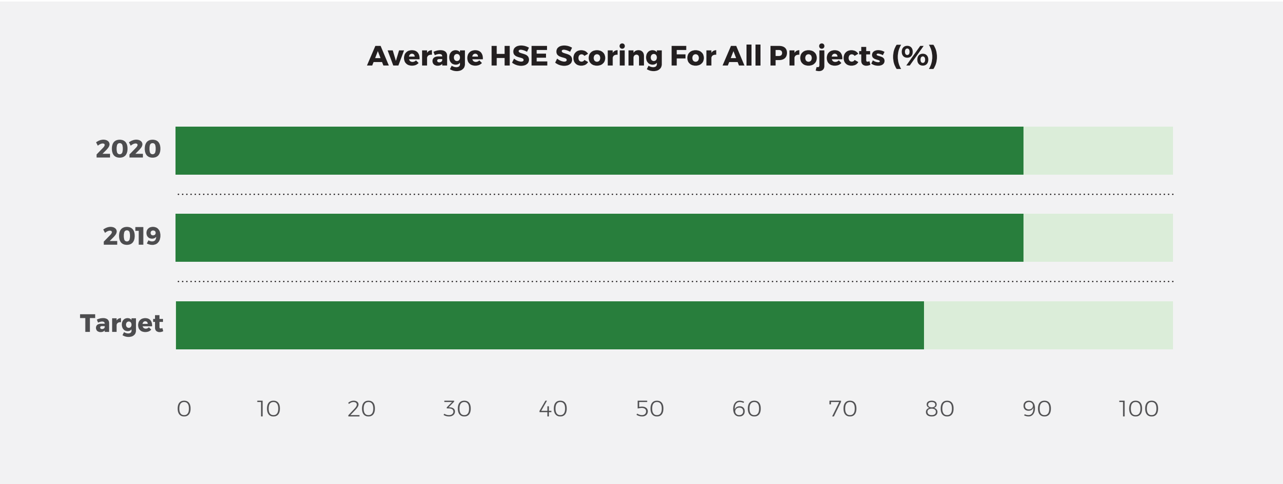
A health and safety culture at the workplace has been embedded within our day-to-day business operation activities, from Group level to all business unit levels through regular HSE inspections at project sites, HSE audits and training awareness sessions. In order to maintain the excellent health and safety standards set by S P Setia Berhad, we targeted zero fatalities and loss time accidents, 100% compliance to regulatory requirements and high HSE standards. In 2020, our OHS performance is illustrated in the table below:

Injury Index FY2020			
Incident Rate	**Frequency Rate**	**Severity Rate**	**Fatality Rate**
0	0	0	0

Note:
Formulas used for Injury Index are based on Department of Occupational Safety and Health (or Jabatan Keselamatan dan Kesihatan Pekerjaan) Form 8:
i. Incident rate - (Number of accidents x1,000)/(Average number of employee)
ii. Frequency rate - (Number of accidents x 100,000)/(Total manhours worked)
iii. Severity rate - (Total workday lost x 1,000,000)/(Total manhours worked)
iv. Fatality rate - (Number of fatalities x 1,000)/(Total manhours worked)

OHS Performance	2019	2020
Major Incident (case)	0	0
Non-compliance incident (case)	0	0
Penalty (RM)	0	0
Manhours without injuries	14,609,309	14,631,896

Note: *Manhours without injuries exclude Setia EcoHill as data was not available.*



Health and Safety Monitoring Efforts

As the property development leader in Malaysia, having a safe work environment has contributed towards safeguarding our reputation and supported our project tenders. Our Head of Group Quality Management – Product Quality and HSE ensures that we comply with all regulatory requirements as well as adhere to our HSE policies and OHS procedures across all Business Units.

In 2020, we enhanced our OHS management standards to comply with ISO45001:2018 Occupational Health and Safety Management, a globally-recognised standard to manage occupational health, safety risk and opportunities.

In addition, we established procedures for COVID-19 control measures at the workplace, adhering to MITI's requirements for all project sites and HQ office building to manage pandemic risks and ensure continuity of business operations. Kindly refer to the details of COVID-19 initiatives in the Sustainability Statement from pages 146 to 150 for further details.

Our health and safety monitoring efforts through enforcement, monitoring and awareness in 2020 include:

Enforcement

- Established and implemented the OHS procedures
- Established and implemented COVID-19 control measures
- Conducted monthly HSE audit for all project sites
- Imposed penalties and fines for safety violations
- Ensured adherence of quality HSE standards by contractors and sub-contractor through S P Setia's Quality Excellence Award Programme ("QEAP")
- Issued workers' ID for restricted access to project sites

Monitoring

- Reported HSE findings to Group Safety Committee on a quarterly basis during HSE meetings
- Conducted annual review on the adequacy of HSE policy and procedures
- Established the Setia Pandemic Taskforce to oversee the implementation of COVID-19 control measures

Awareness

- Conducted various HSE training and awareness briefings on fire safety, emergency response and more to our employees
- Implemented safety tool box briefings at all project sites

HSE Awareness and Trainings

We believe that health and safety is the responsibility of all. Therefore, the culture of health and safety working environment is inculcated not only to our employees, but also extended to our contractors, through the various awareness programmes and trainings.

Leveraging on the digital transformation journey implemented throughout the year, we were able to continue providing HSE awareness briefings and trainings to our contractors, to ensure 100% adherence to HSE standards set by S P Setia Berhad, at the same time complying with the safety workplace measures.

As for our Business Units, HSE training and awareness programmes were conducted at each business unit level, forming part of the HSE KPIs. Similarly, training sessions were carried out via virtual meetings (i.e. Microsoft Teams).

During the year, most of the HSE training programmes were related to the COVID-19 pandemic, such as First Responders training programme which was initiated and led by our Group Human Resources Department.

Through our annual CEO/COO Dialogue, we were able to drive engagement and communicate our health and safety commitment to our contractors, subcontractors and other business associates. The dialogue provided updates of regulatory requirements, highlighted our HSE standards and procedures, including our expectations on products and service quality.

Briefing session on on-site safety procedures

In 2020, 583 business associates attended the CEO/COO Dialogue. To encourage commitment, awards were given out to S P Setia Berhad's contractors who have performed best under the two (2) main categories of the QEAP, i.e. HSE and Product Quality.

C. PRODUCT AND SERVICE QUALITY

Delivering Quality Product

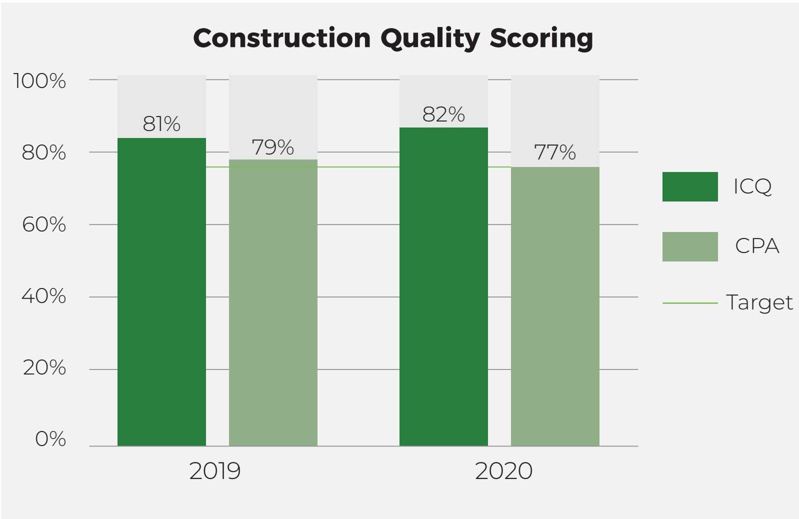
Quality is directly associated with our capability as a reliable and sustainable developer. We are committed to consistently meet and exceed every customer's needs by providing exceptional product quality and customer service.

Quality Commitment

We are committed to delivering high quality products and services. Our quality commitment is driven by the Group Quality Management Department, which oversees the quality standards set out by the Group and maintains ISO 9001 Quality Management System accreditation. Our Quality Management System measures product quality performance from In-Process Construction to design, workmanship and Post Construction.

The Group Quality Management Department performs ICQ and CPA to assess product quality performance through regular site audits. The criteria of ICQ and CPA covers architectural and structural building, workmanship of flooring, roofing, ceiling, and installation of mechanical and electrical. To ensure excellent standards were set in product quality, defects were highlighted by the quality team via site quality audits, followed by prompt corrective and preventive actions.

Whereas, for completed construction projects, the quality team performs the CPA to measure quality of the architectural works achieved as per S P Setia Berhad's quality standard, prior handover. A minimum of 75% is required to achieve CPA, in order for the Certificate of Practical Completion to be issued. In 2020, our property development projects exceeded our initial targets, achieving 82% (2019 - 81%) in ICQ and 76% (2019 - 79%) in CPA respectively.



TEC was established with the objective of achieving technical excellence in terms of technology and innovation for future projects, improvement of product quality, and overcome challenges in construction activities.

Technical excellence covers across six (6) key aspects, which are planning and design, contractor and product quality, consultant, landscape people development and sustainable smart development.

As the Group moves towards sustainability and digitalisation strategy, TEC is conducting research on using augmented reality application to enhance existing parks and exploring Sustainable Smart Township.

Customer Satisfaction

We engage with our customers on a regular basis in order to meet their needs and also provide avenue for feedback on our quality of products and reliability of service. Through our interactions with customers including surveys, we are better placed to gauge and understand their expectations.

During the year under review, we conducted two customer satisfaction surveys and the results of the surveys were analysed by Group Quality Management Department to identify improvement areas in product quality and customer service. The surveys revealed that on average 79% (2019 - 86%) of home buyers recommended their friends/relatives to purchase S P Setia Berhad's property.

More than half of our Business Units achieved 100% in overall satisfaction and service elements. Our customer service elements such as “ease to contact” and “courtesy and helpfulness” have continually ranked the highest satisfaction score. Whereas improvements on customer service were highlighted in the survey such as follow-through services from both customer relations and site supervisor, handling of customer complaints for customer relations service, handling of rectification works for site supervisor services, and workmanship.

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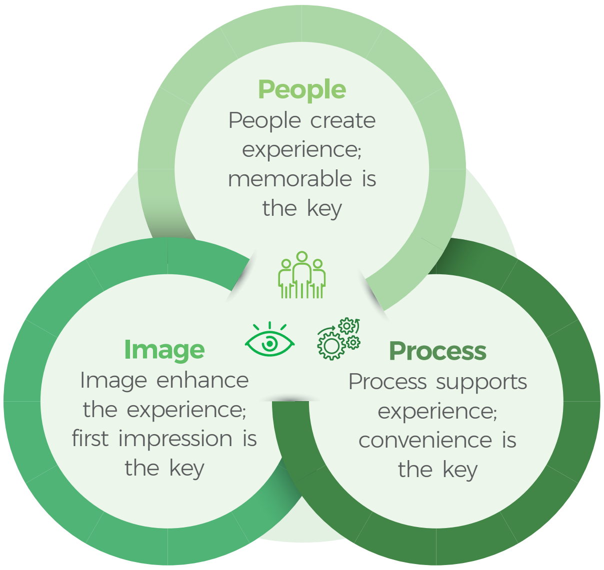
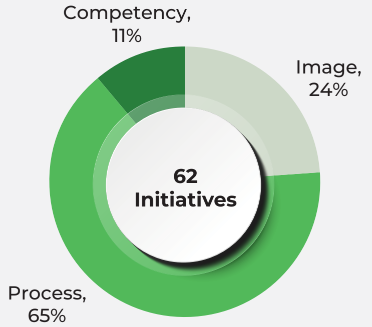




We believe delivering great experiences to customers, in return for customer loyalty and cost reductions in the long-term. A Customer Experience Committee ("CEC") was established in S P Setia Berhad, which acts as a holistic approach to a customer centred structure and as master reference point for future development work. Customer Experience Framework which was developed, emphasised on the three (3) key elements which are People, Process and Image. In 2020, the CEC implemented 62 initiatives and programmes for our people to increase the Group's brand image and value.

Cutting Edge through Industrialised Building System

The Fourth Industrial Revolution (Industry 4.0) came into an era in which the widespread of digital technology applications such as augmented reality and artificial intelligence are seen across all facets of manufacturing. Industry 4.0 is urging the property development industry to deliver products through innovation. To keep ourselves at the forefront of these emerging trends, we were among the early adopters of Industrialised Building System ("IBS") in Malaysia.

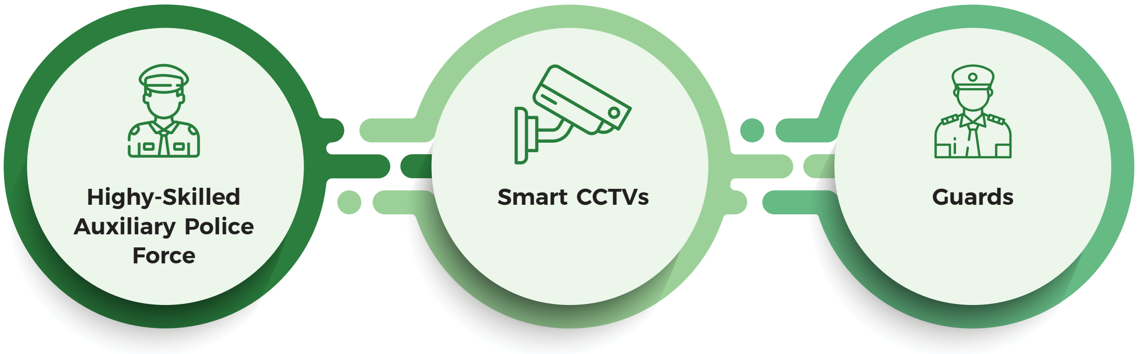
Setia Precast Sdn Bhd ("Setia Precast"), our wholly owned subsidiary, manufactures structural components such as walls, beams, and staircases by utilising IBS and precast technology. The adoption of IBS has increased efficiency of construction and meets the quality and safety requirements during construction stage. In recognising high level of construction material quality, our two (2) batching plants located at Setia Federal Hill and Bandar Setia Alam, attained the Certification of Conformity issued by Construction Research Institute of Malaysia's ("CREAM's") Certificate Service ("CCS"), a subsidiary of Construction Industry Development Berhad ("CIDB").

In 2020, we successfully delivered the following residential and commercial developments which were assembled through our IBS technology.

Project	Location	Completion Date
D'Kristal Apartment	Setia EcoHill	October 2020
Government Quarters Bangsar	Bangsar	December 2020
Setia City Residences (Service Apartment)	Bandar Setia Alam	June 2020

D. SECURITY PRACTICES

Despite COVID-19, we remained committed in ensuring our townships, sales offices, HQ office, and convention centres were secured and maintained vigilance through stringent security systems. A variety of alternatives were taken to provide a safe living environment for our customers and public as well as a safe workplace for our employees.

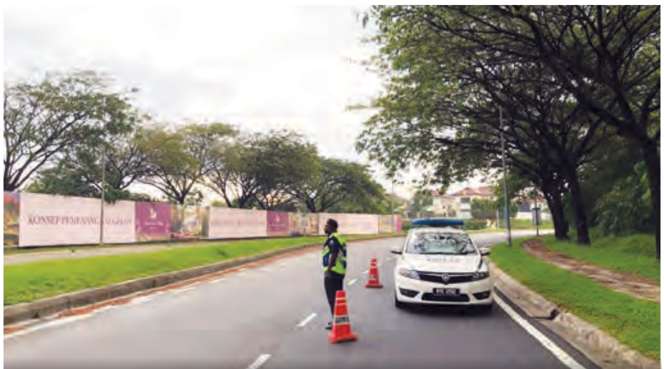


Safe Living Environment for Customer and Public

The Auxiliary Police Force plays an important role in protecting our customers and public safety. It is a practice for our newly hired Auxiliary Police Force personnel to undergo three (3) months training under Polis Diraja Malaysia ("PDRM"). The training helps new Auxiliary Police Force personnel prepare themselves both physically and mentally to manage the security and safety of customers and the public. To ensure we have a highly-skilled and motivated Auxiliary Police Force, the team's KPIs include maintaining their Body Mass Index ("BMI") score, stamina and strong knowledge foundation in Law, is closely monitored.


Security guards daily roll-call

In addition to the security protection by Auxiliary Police Force, our townships are equipped with security features ranging from 24-hour daily patrol, single entry and exit point, each home fitted with an alarm system and integrated perimeter fencing security. We also enhanced the security for Setia Eco Park and Setia Eco Glades with the installation of Smart CCTVs at strategic locations. The Smart CCTV system has several features including intelligence surveillance systems with the use of artificial intelligence, intrusion detection, access control management, face recognition and contact tracing.


Patrol and monitoring by Auxiliary Police Force Personnel

Safe Working Environment for Employee

We strive to provide a safe working environment for our employees by outsourcing security guards from selected reliable security services providers. Stringent criteria were imposed during the outsourcing and selection process, from ensuring valid licences to compliance with the relevant government's security requirements. In 2020, 109 security guards continued to be hired for S P Setia Berhad HQ office and sales offices.

Yearly evaluation and constant monitoring were carried out to assess the performance and capabilities of the security guards in ensuring the safety and security of our employees and public at large. Setia's Security team's daily routine include a roll-call by our management team to ensure constant service quality.

E. LOCAL COMMUNITIES

Launching of School Hygiene Education Programme at SK Semenyih

The S P Setia Foundation has been incepted since 2020, with the aim of lending a helping hand to underprivileged Malaysians. We are proud to be able to touch many lives for the past 20 years through the various programmes and initiatives carried out.

Governed by our Board of Trustee and Trust Deed, the activities carried out under S P Setia Foundation have the following objectives:

- Assisting in the advancement of the education of disadvantaged pupils in Malaysia;
- Performing initiatives which cater for the relief of distress amongst Malaysians affected by epidemics of diseases, natural disasters or other similar emergencies;
- Providing assistance in meeting the needs of Malaysians who are underprivileged, disabled, poverty stricken or critically ill;
- Organising activities that will promote national unity through education, sports, culture or the arts, particularly amongst the youth of various races.

In 2020, Setia Foundation contributed RM2.45 million to the community.

In addition to the RM1 million contribution by S P Setia Berhad to the Government–Linked Investment Companies' Disaster Response Network, S P Setia Foundation spent another RM629,700 to provide medical equipment and supplies to 26 identified hospitals across Malaysia, including Sabah. The donations included 4,300 units N95 masks, 50 units Mercy Care Intubation Protection Box, 25 units syringe pump, 10 units video laryngoscope, three (3) units patient monitors, unit ventilators, 10 units of powered air purifying respirators and three (3) units of high-flow nasal cannulas.


Donation of medical equipment to identified hospitals

Setia Caring School Programme

Since 2015, S P Setia Foundation has been taking in schools under the Setia Caring School Programme ("SCSP"). This programme aims at nurturing students to be more empathetic, morally grounded and sets the foundation towards developing a caring society. Starting with three (3) schools during the pilot programme, we have now expanded to include nine (9) schools, across diverse groups and backgrounds.

Prior to the COVID-19 pandemic, students from different schools under the SCSP Programme were given the opportunity to physically participate in various programmes initiated by the schools and S P Setia Foundation. Through these programmes, they did not only gain knowledge and enjoyed themselves, but were also able to foster stronger relationships and drive unity.

Through the Teachers Roundtable Discussion which is usually held at least once a year, we were able to gather feedback and response from the teachers on the pressing issues and critical needs faced by the students and their families.

During the year, RM166,536 was spent on our Pastoral Care Programme to create a Safe Happy Intelligent Place ("SHIP" Room) for the students. This is aligned with the Malaysian Government's initiative to establish community centres as transit centres for children to attend after school as well as alleviate the cost of living for the urban B40 Group, especially working parents.

The SHIP Room was created with the aim of providing students a safe space after school hours, and allowing the students to pick up and nurture good habits at a young age. Reading materials, reference materials, and mind stimulating games were provided. Additionally, five (5) refurbished computers were donated to each school, equipped with online learning programmes which were subscribed by the schools and borne by S P Setia Foundation.

B40 Group students of SJK(T) Tasek Permai were supported financially through the Student Annual Stipend Programme to purchase school supplies and necessities

Due to the loss of income caused by the pandemic, we have seen an increase of B40 Group families among our adopted schools, i.e. a 64% increase from 1,390 students in 2019 to 2,284 students in 2020. To alleviate the living costs of these students, S P Setia Foundation spent RM342,268 on our Student Annual Stipend Programme to provide for education assistance to the identified B40 Group students. The stipend allowed students to purchase exercise books, stationaries, sports attire, and bags amongst others. An additional RM177,840 stipend was provided to 1,880 students, used for purchasing school uniforms to further alleviate their financial burden.

Our maiden School Hygiene Education ("SHE") Programme was launched in response to the COVID-19 outbreak. A total investment amount of RM877,478 was spent to provide personal hygiene kits and equipment to both the students and the schools, as well as to inculcate the habit of 'Amalan 3W' among students.

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Distribution of face masks and casings to SCSP adopted schools

To date, we have carried out four (4) phases of distributing disposable face masks to schools under our care, two (2) phases of distributing face mask and casing, two (2) phases of distributing soap and sanitiser dispensers, and surface spray sanitisers and refills.

#StandTogether Campaign

The #StandTogether anti-bullying campaign co-initiated by S P Setia Foundation and Star Media Group's R.AGE has been running for three (3) years and is going strong. Endorsed by the Education Ministry, in 2020, this campaign became more relevant for Malaysians as empathy and kindness is the best way to cope with anxiety and hardships amidst the COVID-19 pandemic.

Despite the challenges that came with the pandemic, we continued to engage the different stakeholders that consist of students, educators, Team Setia and society at large, to stand up against bullying and to revive the simple act of kindness. Themed #EmpathyEmpowers, #StandTogether 2020 was aimed to impart the kindness message to a bigger crowd by conducting a series of online-based experiences which includes:

i. Kindness Challenge

There were a total of 729 participants who joined in daily kindness missions which was conveyed via WhatsApp-based "kindness chat bots" during the National Kindness Week, which was held from 21-27 September 2020. Every day, a message will be sent to the participants to perform a simple act of kindness and spread positivity.

Participants of the five-day Kindness Challenge received daily kindness missions via WhatsApp kindness chat bots

ii. Kindness Leadership Programme

Our first ever #StandTogether Kindness Leadership Programme, participated by a total of 1,112 participants, was formed with the objective of guiding students to becoming advocates for kindness and empathy in their schools and communities by providing resources, mentorship and even a financial grant. Essentially, it encompasses:

- A year-long fellowship between Members of Parliament and celebrities via exclusive access to activities and learning opportunities
- An e-learning programme using the Education Ministry's Google Classroom platform to teach kind and empathetic leadership through a 6-weeks course
- A peer support network which provides an online community for students to support each other

Ismail Izani visits SMK (P) Jalan Ipoh

iii. Kindness Workshops

To reinforce the campaign's messaging, #StandTogether curated several educational content. Some of which are presented by celebrity ambassadors such as Harith Iskander, Farah Ann, Lisa Surihani and more. This year, there were 17 Kindness Workshops organised online across 14 states, with two (2) open to the general public. The workshops which were funded by KitaConnect, a youth network by Unicef Malaysia, was participated by 2,927 participants.

Kindness ambassadors participated in the online Kindness Workshop with special celebrity appearances

The @KitaConnect Telegram channel by Unicef Malaysia saw an additional participation of 2,000 in the Teen Takeover Challenge by students and teachers during the #StandTogether campaign. The challenge calls upon all youth to share videos on how they have been spending their time at home during the MCO.

Employee Financial Assistance

Financial assistances was also extended to all employees of S P Setia Group who were in dire need of financial support such as unexpected hospitalisation and medical expenses, handicapped or disabilities, victims of natural disaster and any other deserving, cases based on merit. The recommendations were submitted to the Board of Trustees for approval. To date, we have provided assistance amounting to RM33,823 to our employees.

SUSTAINABILITY STATEMENT MAPPING TO GRI

A. MAPPING GRI CONTENT INDEX – CORE OPTION

GRI STANDARD	DISCLOSURE	REFERENCE
GENERAL DISCLOSURES		
102-1	Name of the organisation	S P Setia Berhad
102-2	Activities, brands, products and services	Overview, pages 6 to 19
102-3	Location of headquarters	Pages 6 to 7
102-4	Locations of operations	Where We Operate Our Presence, pages 14 to 15
102-5	Ownership and legal form	Corporate Structure, pages 10 to 12 Analysis of Shareholdings, pages 340 to 345
102-6	Markets served	Where We Operate Our Presence, pages 14 to 15 Our Property Portfolio, pages 16 to 17 Our Operating Environment, page 24
102-7	Scale of the organisation	Corporate Structure, pages 10 to 12 Management Discussion & Analysis, pages 35 to 81
102-8	Information on employees and other workers	Leadership, pages 83 to 103 Employment, pages 176 to 183 Occupational Health and Safety, pages 184 to 186
102-9	Supply chain	Economic & Property Market Report, pages 36 to 37
102-10	Significant changes to the organisation and its supply chain	Not applicable
102-11	Precautionary principle or approach	Not applicable
102-12	External initiatives	Indirect Economic Impacts, pages 165 to 166
102-13	Membership of associations	Page 163
102-14	Statement from senior decision maker	Chairman's Message, pages 22 to 27
102-18	Governance structure	Corporate Governance Overview Statement, pages 105 to 119 Sustainability Governance, page 152
102-40	List of stakeholder groups	Stakeholders Engagement, pages 30 to 33
102-42	Identifying and selecting stakeholders	Stakeholders Engagement, pages 30 to 33
102-43	Approach to stakeholder engagements	Stakeholders Engagement, pages 30 to 33
102-44	Key topic and concerns raised	Key Risks and Mitigation, pages 40 to 41 Stakeholders Engagement, pages 30 to 33
102-45	Entities included in the consolidated financial statements	Corporate Structure, pages 10 to 12
102-46	Defining report content and topic boundaries	Pages 142 to 143
102-47	List of material topics	Materiality Assessment and Key Sustainability Matters, pages 154 to 159
102-48	Restatements of information	Natural Resources, pages 170 to 175
102-49	Changes in reporting	Not applicable
102-50	Reporting period	Page 142
102-51	Date of most recent report	The Sustainability Statement is issued on an annual basis together with S P Setia Berhad's Annual Report, which is accessible here: https://spsetia.com/en-us/investor-relations

GRI STANDARD	DISCLOSURE	REFERENCE
GENERAL DISCLOSURES (CONTINUED)		
102-52	Reporting cycle	Reporting Scope, page 142
102-53	Contact point for questions regarding the report	Feedback, page 143
102-54	Claims of reporting in accordance with the GRI Standards	Reporting Scope, page 142
102-55	GRI content index	Mapping to GRI, pages 194 to 196
102-56	External assurance	Our Sustainability Journey, page 144

B. MAPPING GRI CONTENT INDEX – SPECIFIC TOPICS

GRI STANDARD	DISCLOSURE	REFERENCE
MATERIAL TOPICS		
Economic Performance		
103-1	Explanation of the material topic and its boundaries	Materiality Assessment and Key Sustainability Matters, pages 154 to 159
201-1	Direct economic value generated and distributed	Financial Statements, pages 197 to 339.
Indirect Economic Impacts		
103-1	Explanation of the material topic and its boundaries	Materiality Assessment and Key Sustainability Matters, pages 154 to 159
203-1	Infrastructure investments and services supported	Indirect Economic Impacts, pages 165 to 166
203-2	Significant indirect economic impacts	Indirect Economic Impacts, pages 165 to 166
Anti-Corruption		
103-1	Explanation of the material topic and its boundaries	Materiality Assessment and Key Sustainability Matters, pages 154 to 159
205-1	Operations assessed for risks related to corruption	Anti-Corruption, pages 167 to 168
205-2	Communication and training about anti-corruption policies and procedures	Anti-Corruption, pages 167 to 168
205-3	Confirmed incidents of corruption and actions taken	Anti-Corruption, pages 167 to 168
Energy		
103-1	Explanation of the material topic and its boundaries	Materiality Assessment and Key Sustainability Matters, pages 154 to 159
302-1	Energy consumption within the organisation	Energy Efficiency, page 171
302-3	Energy intensity	Energy Efficiency, page 172
Water		
103-1	Explanation of the material topic and its boundaries	Materiality Assessment and Key Sustainability Matters, pages 154 to 159
303-5	Water consumption	Water Efficiency, page 173
Biodiversity		
103-1	Explanation of the material topic and its boundaries	Materiality Assessment and Key Sustainability Matters, pages 154 to 159
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity, page 174

SUSTAINABILITY STATEMENT
MAPPING TO GRI

GRI STANDARD	DISCLOSURE	REFERENCE
MATERIAL TOPICS (CONTINUED)		
Environmental Compliance		
103-1	Explanation of the material topic and its boundaries	Materiality Assessment and Key Sustainability Matters, pages 154 to 159
307-1	Non-compliance with environmental laws and regulations	Environmental Compliance, page 175
Employment		
103-1	Explanation of the material topic and its boundaries	Materiality Assessment and Key Sustainability Matters, pages 154 to 159
401-1	New employee hires and employee turnover	Goals and Progress, page 151 New Hires Profile, page 179
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Workplace and Employee Benefits, pages 179 to 180
401-3	Parental leave	Workplace and Employee Benefits, pages 179 to 180
Occupational Health and Safety		
103-1	Explanation of the material topic and its boundaries	Materiality Assessment and Key Sustainability Matters, pages 154 to 159
403-1	Occupational health and safety management system	Occupational Health and Safety, pages 184 to 186
403-2	Hazard identification, risk assessment and incident investigation	Occupational Health and Safety, pages 184 to 186
403-3	Occupational health services	Occupational Health and Safety, pages 184 to 186
403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety, pages 184 to 186
403-5	Worker training on occupational health and safety	Occupational Health and Safety, pages 184 to 186
403-6	Promotion of worker health	Occupational Health and Safety, pages 184 to 186
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety, pages 184 to 186
403-8	Workers covered by an occupational health and safety management system	Occupational Health and Safety, pages 184 to 186
403-9	Workers covered by an occupational health and safety management system	Occupational Health and Safety, pages 184 to 186
403-10	Work-related injuries	Occupational Health and Safety, pages 184 to 186
Training and Education		
103-1	Explanation of the material topic and its boundaries	Materiality Assessment and Key Sustainability Matters, pages 154 to 159
404-1	Average hours of training per year per employee	Talent Development, pages 180 to 181
404-2	Programmes to update employee skills and transition assistance programmes	Talent Development, pages 180 to 181
Diversity & Equal Opportunity		
103-1	Explanation of the material topic and its boundaries	Materiality Assessment and Key Sustainability Matters, pages 154 to 159
405-1	Diversity of governance bodies and employees	Diversity and Inclusion, pages 176 to 179
Security Practices		
103-1	Explanation of the material topic and its boundaries	Materiality Assessment and Key Sustainability Matters, pages 154 to 159
410-1	Security personnel trained in human rights policies or procedures	Security Practices, page 189

Financial Statements

CORPORATE INFORMATION

DOMICILE

Malaysia

LEGAL FORM AND PLACE OF INCORPORATION

Public listed company limited by way of shares incorporated in Malaysia

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REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

S P Setia Berhad Corporate HQ
No.12, Persiaran Setia Dagang
Setia Alam, Seksyen U13
40170 Shah Alam
Selangor Darul Ehsan

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The Directors hereby present their report and the audited financial statements of the Group and of S P Setia Berhad ("the Company" or "S P Setia") for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The principal activities and other information relating to the subsidiary companies are provided in Note 8 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Net (loss)/profit for the financial year	(244,522)	59,691
Attributable to:		
Owners of the Company	(321,026)	59,691
Non-controlling interests	76,504	–
	(244,522)	59,691

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

DIVIDENDS

At the Extraordinary General Meeting of the Company held on 20 March 2014, the shareholders of the Company resolved to approve the Company's Dividend Reinvestment Plan ("DRP"). The authority granted to the Company to allot and issue new shares of the Company pursuant to the DRP was renewed by the shareholders at the 45th Annual General Meeting ("AGM") of the Company held on 22 June 2020.

The DRP provides an option to the shareholders to reinvest either all or a portion of the declared dividends in new shares in lieu of receiving cash. Shareholders who elect not to participate in the option to reinvest, will receive the entire dividend wholly in cash.

During the financial year, the Company paid a single-tier dividend of 1 sen per ordinary share each amounting to RM40,424,817 in respect of the financial year ended 31 December 2019 on 2 April 2020. The Company did not offer the DRP for this single-tier ordinary dividend.

There were no ordinary shares dividends declared for the financial year ended 31 December 2020.

PREFERENTIAL DIVIDENDS

During the financial year, the Company paid the following preferential dividends:

(a) a semi-annual preferential dividend of 6.49% per annum in respect of the Islamic Redeemable Convertible Preference Shares ("RCPS-i A") and 5.93% per annum in respect of the Class B Islamic Redeemable Cumulative Preference Shares ("RCPS-i B") for financial period from 1 July 2019 to 31 December 2019. A total of RM66,023,695 was paid in cash on 1 April 2020; and

(b) a semi-annual preferential dividend of 6.49% per annum in respect of the RCPS-i A and 5.93% per annum in respect of the RCPS-i B for financial period from 1 January 2020 to 30 June 2020. A total of RM66,023,695 was paid in cash on 23 September 2020.

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

PREFERENTIAL DIVIDENDS (CONT'D)

Subsequent to 31 December 2020, the Directors declared a semi-annual preferential dividend of 6.49% per annum amounting to RM35,326,948 in respect of the RCPS-i A and 5.93% per annum amounting to RM30,694,201 in respect of the RCPS-i B for financial period from 1 July 2020 to 31 December 2020. The financial statements for the current financial year do not reflect this proposed dividend. It will be accounted for in equity as an appropriation of retained earnings for the financial year ending 31 December 2021.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up share capital by way of the following allotment of new ordinary shares:

(a) 14,228,567 new ordinary shares pursuant to the vesting of shares under the Employee Share Grant Plan ("ESGP") at the price of RM0.84 per share; and

(b) 23,314 new ordinary shares pursuant to the conversion of 97,920 RCPS-i B at the conversion ratio of every 21 RCPS-i B for every 5 ordinary shares.

EMPLOYEE SHARE GRANT PLAN AND EMPLOYEE SHARE OPTION SCHEME

The Company's Long Term Incentive Plan ("LTIP" or "Scheme") is governed by the By-Laws which was approved by the shareholders on 28 February 2013 and is administered by the Nomination and Remuneration Committee ("NRC") which is appointed by the Board of Directors, in accordance with the By-Laws of LTIP.

On 23 February 2017, the Board of Directors approved the extension of the LTIP for another 5 years pursuant to By-Laws 18.2 of the By-Laws of LTIP and as such the LTIP shall be in force for a period of 10 years up to 9 April 2023.

The LTIP comprised the ESGP and Employee Share Option Scheme ("ESOS"). The salient features, terms and details of the LTIP are disclosed in Note 24 to the financial statements. During the financial year, the Company granted 6,694,556 shares under the ESGP and 3,282,100 options under the ESOS to eligible Executive Directors and eligible employees of the Company and/or its eligible subsidiary companies. The details of the shares and options granted under LTIP and its vesting conditions during the financial year and the number of shares and options outstanding at the end of the financial year are disclosed in Note 24 to the financial statements.

DIRECTORS

The Directors in office since the beginning of the financial year to the date of this report are:

Y.A.M Tan Sri Dato' Seri Syed Anwar Jamalullail
Dato' Khor Chap Jen
Dato' Halipah Binti Esa
Dato' Ahmad Pardas Bin Senin
Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob
Dato' Zuraidah Binti Atan
Tengku Dato' Ab. Aziz Bin Tengku Mahmud
Puan Noraini Binti Che Dan
Mr Philip Tan Puay Koon
Dato' Azmi Bin Mohd Ali

DIRECTORS (CONT'D)

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those directors listed above) are:

Datuk Wong Tuck Wai
Datuk Choy Kah Yew
Datuk Koe Peng Kang
Datuk Tan Hon Lim
Datuk Kow Choong Ming
Datuk Choong Kai Wai
Datuk Yuslina Binti Mohd. Yunus
Datuk Saw Kim Suan
Soh Hee Pin
Datuk Zaini Bin Yusoff
Ng Han Seong
Neo Keng Hoe
Yeo Cheng Jway
Jamalullail Bin Abu Bakar
Sha'ari Bin Hanapi
Tan Mui Hiang
Saniman Bin Amat Yusof
Hong Boon Toh
Zulfakar Bin Abdullah
Azmy Bin Mahbot (resigned on 2 January 2020)
Anuar Bin Kasim (appointed on 30 October 2020)
Anwar Syahrin Bin Abdul Ajib (appointed on 2 January 2020 and resigned on 30 October 2020)
Li Wai Chee
Goh Tzen Sernz (appointed on 15 July 2020)
Ling Thou Lung (appointed on 15 July 2020)
Tan Siow Chung (appointed on 15 July 2020)
Tuan Hj Ahmad Khalif Bin Tan Sri Datuk (Dr) Hj Mustapha Kamal
Gan Hwa Leong
Gan Hua Tiong
Mohd Auzir Zakri Bin Abd Hamid
Nasleena Binti Mohamad Shariff (appointed on 3 November 2020)
Shahril Bin Ramli (resigned on 3 November 2020)
Mohd. Salem Bin Kailany
Fadzidah Binti Hashim
Puar Chin Jong
Dato' Sri Ghazali Bin Mohd. Ali
Dato' Sri Syed Saleh Bin Syed Abdul Rahman
Jeneral Tan Sri Dato' Sri Rodzali Bin Daud (retired)
Hizamuddin Bin Jamalluddin (resigned on 11 December 2020)
Iszad Jeffri Bin Ismail
Neoh Swee Guat (resigned on 17 August 2020)
Dato' Abu Sujak Bin Mahmud
Dato' Beh Hang Kong
Beh Chee Hong
Dr Shahril Bin Simon (appointed on 22 February 2021)
Wan Azlan Bin Wan Abdul Rashid (appointed on 22 February 2021)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

DIRECTORS' INTEREST IN SHARES AND LTIP

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its subsidiary companies during the financial year except for the following:

	No. of ordinary shares			
	At 1.1.2020	Addition	Disposal	At 31.12.2020
Dato' Khor Chap Jen – direct	1,428,000	275,250	–	1,703,250

	No. of Islamic redeemable convertible preference shares ("RCPS-i A")			
	At 1.1.2020	Addition	Disposal	At 31.12.2020
Dato' Khor Chap Jen – direct	222,178	–	–	222,178

	No. of Class B Islamic redeemable convertible preference shares ("RCPS-i B")			
	At 1.1.2020	Addition	Disposal	At 31.12.2020
Dato' Khor Chap Jen – direct	321,778	–	–	321,778

The following Director had an interest in LTIP during the financial year:

	No. of shares under the ESGP				
	At 1.1.2020	Granted	Vested	Lapsed	At 31.12.2020
Dato' Khor Chap Jen	528,000	37,500	(275,250)	–	290,250

	No. of share options under the ESOS				
	At 1.1.2020	Granted	Exercised	Lapsed	At 31.12.2020
Dato' Khor Chap Jen	25,449,670	–	–	–	25,449,670

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements or the fixed salary of a full-time employee of the Company as shown in Note 36 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefit which may be deemed to have arisen from the transactions disclosed in Note 41 to the financial statements.

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than those arising from the shares or share options granted under the LTIP.

The Directors and officers of the Group and of the Company are covered by Directors and Officers liability insurance for any liability incurred in the discharge of their duties while holding office. During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and officers of the Group and the Company are RM30,000,000 and RM52,600 respectively. The Directors and officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts; and

  (ii) to ensure that any current assets which were unlikely to realise their values in the ordinary course of business as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances:

  (i) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

  (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or

  (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

  (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

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

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

OTHER STATUTORY INFORMATION (CONT'D)

(e) In the opinion of the Directors:

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

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

AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Details of auditors' remuneration are set out in Note 36 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit for an unspecified amount. No payment has been made to indemnify Ernst & Young PLT during and since the end of the financial year.

This report is approved by the Board of Directors on 25 February 2021.

Signed on behalf of the Board of Directors

Y.A.M TAN SRI DATO' SERI SYED ANWAR JAMALULLAIL
Chairman

DATO' KHOR CHAP JEN
Director

Shah Alam, Malaysia

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	Group 2020 RM'000	Group 2019 RM'000 Restated	Group 1.1.2019 RM'000 Restated	Company 2020 RM'000	Company 2019 RM'000
ASSETS						
Non-current assets						
Property, plant and equipment	2	**703,811**	639,630	577,293	**424**	512
Right-of-use - property, plant and equipment	3	**2,341**	3,613	4,225	**-**	-
Investment properties	4	**2,034,472**	2,006,439	1,971,817	**3,438**	3,243
Right-of-use-investment properties	5	**69,054**	75,853	89,045	**-**	-
Inventories - land held for property development	6	**12,661,069**	12,315,617	12,711,191	**-**	-
Intangible asset	7	**13,385**	14,089	14,793	**-**	-
Investments in subsidiary companies	8	**-**	-	-	**9,028,267**	8,950,110
Investments in joint ventures	9	**2,703,702**	2,979,178	2,736,896	**35,251**	35,251
Investments in associated companies	10	**559,857**	560,090	540,648	**95,621**	95,621
Other investments	11	**96**	96	96	**-**	-
Amounts owing by subsidiary companies	12	**-**	-	-	**4,899,505**	4,970,409
Amounts owing by joint ventures	13	**69,785**	69,785	69,785	**-**	-
Trade receivables	17	**28,824**	30,249	16,335	**-**	-
Other receivables, deposits and prepayments	19	**73,464**	66,017	57,139	**-**	-
Deferred tax assets	16	**324,511**	256,074	212,660	**500**	783
		19,244,371	19,016,730	19,001,923	**14,063,006**	14,055,929
Current assets						
Trade receivables	17	**849,503**	722,003	824,596	**-**	-
Contract assets	18	**1,263,891**	1,077,886	1,065,142	**-**	-
Other receivables, deposits and prepayments	19	**238,969**	212,277	257,521	**1,912**	2,798
Inventories - property development costs	6	**3,158,533**	3,072,270	2,514,429	**-**	-
Inventories - completed properties and others	6	**1,099,851**	1,469,217	1,614,715	**-**	-
Contract cost assets	20	**1,433,933**	1,196,405	856,097	**-**	-
Amounts owing by subsidiary companies	12	**-**	-	-	**1,225,273**	1,035,520
Amounts owing by joint ventures	13	**82,589**	85,104	97,932	**58,836**	59,301
Amounts owing by associated companies	14	**4,336**	590	450	**647**	576
Amounts owing by related parties	15	**458**	930	811	**-**	-
Current tax assets		**84,889**	69,421	116,942	**-**	-
Short-term funds	21	**1,485,695**	1,676,226	1,082,940	**781,020**	526,905
Short-term deposits	22	**208,725**	179,503	402,552	**-**	10,000
Cash and bank balances	23	**1,224,816**	1,204,348	1,398,060	**75,199**	59,857
		11,136,188	10,966,180	10,232,187	**2,142,887**	1,694,957
TOTAL ASSETS		**30,380,559**	29,982,910	29,234,110	**16,205,893**	15,750,886

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	Group 2020 RM'000	Group 2019 RM'000 Restated	Group 1.1.2019 RM'000 Restated	Company 2020 RM'000	Company 2019 RM'000
EQUITY AND LIABILITIES						
Equity						
Share capital	24	**8,468,287**	8,432,321	8,252,253	**8,468,287**	8,432,321
Share capital - RCPS-i A	25	**1,087,363**	1,087,363	1,087,363	**1,087,363**	1,087,363
Share capital - RCPS-i B	25	**1,035,218**	1,035,304	1,044,753	**1,035,218**	1,035,304
Share-based payment reserve *(non-distributable)*		**132,400**	144,721	140,987	**132,400**	144,721
Reserve on acquisition arising from common control *(non-distributable)*	26	**(1,295,884)**	(1,295,884)	(1,295,884)	**-**	-
Exchange translation reserve *(non-distributable)*		**75,028**	(27,162)	(50,058)	**-**	-
Retained earnings *(distributable)*		**4,419,228**	4,912,727	4,848,736	**560,226**	673,008
Equity attributable to owners of the Company		**13,921,640**	14,289,390	14,028,150	**11,283,494**	11,372,717
Non-controlling interests		**1,418,860**	1,432,647	1,376,263	**-**	-
Total equity		**15,340,500**	15,722,037	15,404,413	**11,283,494**	11,372,717
Non-current liabilities						
Redeemable cumulative preference shares	27	**37,140**	37,006	69,292	**-**	-
Other payables and accruals	28	**69,267**	90,874	43,572	**-**	-
Long-term borrowings	29	**9,357,935**	8,838,769	7,947,130	**2,853,431**	2,948,549
Lease liabilities	30	**1,167**	2,404	3,128	**-**	-
Deferred tax liabilities	16	**467,792**	455,575	470,829	**-**	-
		9,933,301	9,424,628	8,533,951	**2,853,431**	2,948,549
Current liabilities						
Redeemable cumulative preference shares	27	**-**	32,413	-	**-**	-
Trade payables	31	**1,581,560**	1,592,878	1,747,302	**-**	-
Contract liabilities	18	**152,467**	158,966	123,937	**-**	-
Other payables and accruals	28	**759,880**	688,592	870,315	**14,528**	19,231
Short-term borrowings	29	**2,583,271**	2,330,399	2,517,735	**1,436,403**	1,124,190
Lease liabilities	30	**1,290**	1,288	1,133	**-**	-
Current tax liabilities		**27,278**	30,591	33,981	**8,291**	9,349
Amounts owing to subsidiary companies	12	**-**	-	-	**609,746**	276,850
Amounts owing to related parties	15	**1,012**	1,118	1,343	**-**	-
		5,106,758	4,836,245	5,295,746	**2,068,968**	1,429,620
Total liabilities		**15,040,059**	14,260,873	13,829,697	**4,922,399**	4,378,169
TOTAL EQUITY AND LIABILITIES		**30,380,559**	29,982,910	29,234,110	**16,205,893**	15,750,886

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group 2020 RM'000	Group 2019 RM'000 Restated	Company 2020 RM'000	Company 2019 RM'000
Revenue	32	**3,228,117**	3,928,874	**225,461**	329,544
Cost of sales	33	**(2,570,958)**	(2,774,083)	**-**	-
Gross profit		**657,159**	1,154,791	**225,461**	329,544
Other income	34	**153,047**	215,463	**190,199**	287,461
Selling and marketing expenses		**(48,898)**	(88,861)	**-**	-
Administrative and general expenses		**(373,864)**	(443,920)	**(171,433)**	(54,076)
Share of results of joint ventures		**(372,550)**	(19,959)	**-**	-
Share of results of associated companies		**1,097**	28,448	**-**	-
Finance costs	35	**(172,641)**	(237,707)	**(160,509)**	(192,619)
(Loss)/Profit before tax	36	**(156,650)**	608,255	**83,718**	370,310
Taxation	38	**(87,872)**	(176,199)	**(24,027)**	(41,427)
(Loss)/Profit for the year		**(244,522)**	432,056	**59,691**	328,883
Other comprehensive income, net of tax:					
(Items that may be reclassified subsequently to profit or loss)					
Exchange differences on translation of foreign operations		**102,161**	22,887	**-**	-
Total comprehensive (loss)/income for the year		**(142,361)**	454,943	**59,691**	328,883
(Loss)/Profit attributable to:					
Owners of the Company		**(321,026)**	353,745	**59,691**	328,883
Non-controlling interests		**76,504**	78,311	**-**	-
		(244,522)	432,056	**59,691**	328,883
Total comprehensive (loss)/income attributable to:					
Owners of the Company		**(218,836)**	376,641	59,691	328,883
Non-controlling interests		**76,475**	78,302	-	-
		(142,361)	454,943	59,691	328,883
Basic (loss)/earnings per share (sen)	39	**(11.19)**	5.52		
Diluted (loss)/earnings per share (sen)	39	**(11.13)**	5.48		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		Attributable to owners of the Company									
					Non-distributable			Distributable			
	Note	Share capital RM'000	Share capital - RCPS-i A RM'000	Share capital - RCPS-i B RM'000	Share-based payment reserve RM'000	Reserve on acquisition arising from common control RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance at 1.1.2019		8,252,253	1,087,363	1,044,753	140,987	(1,295,884)	(50,058)	4,918,566	14,097,980	1,376,263	15,474,243
Prior year adjustments	50	-	-	-	-	-	-	(69,830)	(69,830)	-	(69,830)
Balance at 1.1.2019 (restated)		8,252,253	1,087,363	1,044,753	140,987	(1,295,884)	(50,058)	4,848,736	14,028,150	1,376,263	15,404,413
Total other comprehensive income for the year, represented by exchange differences on translation of foreign operations		-	-	-	-	-	22,896	-	22,896	(9)	22,887
Profit for the year		-	-	-	-	-	-	353,745	353,745	78,311	432,056
Transactions with owners:											
Issuance of ordinary shares											
- DRP		141,331	-	-	-	-	-	-	141,331	-	141,331
- vesting of ESGP		29,444	-	-	(29,444)	-	-	-	-	-	-
Conversion of RCPS-i B into ordinary shares		9,449	-	(9,449)	-	-	-	-	-	-	-
Share issuance expenses		(156)	-	-	-	-	-	-	(156)	-	(156)
Liquidation of subsidiary companies		-	-	-	-	-	-	-	-	(306)	(306)
RCPS-i A preferential dividends paid	40	-	-	-	-	-	-	(70,654)	(70,654)	-	(70,654)
RCPS-i B preferential dividends paid	40	-	-	-	-	-	-	(61,674)	(61,674)	-	(61,674)
Dividends paid	40	-	-	-	-	-	-	(180,231)	(180,231)	(21,612)	(201,843)
Share-based payment under the LTIP		-	-	-	33,178*	-	-	22,805	55,983	-	55,983
Balance at 31.12.2019 (restated)		8,432,321	1,087,363	1,035,304	144,721	(1,295,884)	(27,162)	4,912,727	14,289,390	1,432,647	15,722,037

* *This is stated net of the effect of reversal of share-based payment relating to lapsed entitlements.*

		Attributable to owners of the Company									
					Non-distributable			Distributable			
	Note	Share capital RM'000	Share capital - RCPS-i A RM'000	Share capital - RCPS-i B RM'000	Share-based payment reserve RM'000	Reserve on acquisition arising from common control RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance at 1.1.2020 (restated)	50	8,432,321	1,087,363	1,035,304	144,721	(1,295,884)	(27,162)	4,912,727	14,289,390	1,432,647	15,722,037
Total other comprehensive income for the year, represented by exchange differences on translation of foreign operations		-	-	-	-	-	102,190	-	102,190	(29)	102,161
Loss for the year		-	-	-	-	-	-	(321,026)	(321,026)	76,504	(244,522)
Transactions with owners:											
Issuance of ordinary shares											
- vesting of ESGP		35,880	-	-	(35,880)	-	-	-	-	-	-
Conversion of RCPS-i B into ordinary shares		86	-	(86)	-	-	-	-	-	-	-
Acquisition of additional shares in existing subsidiary company		-	-	-	-	-	-	-	-	16,008	16,008
RCPS-i A preferential dividends paid	40	-	-	-	-	-	-	(70,654)	(70,654)	-	(70,654)
RCPS-i B preferential dividends paid	40	-	-	-	-	-	-	(61,394)	(61,394)	-	(61,394)
Dividends paid	40	-	-	-	-	-	-	(40,425)	(40,425)	(106,270)	(146,695)
Share-based payment under the LTIP		-	-	-	23,559	-	-	-	23,559	-	23,559
Balance at 31.12.2020		8,468,287	1,087,363	1,035,218	132,400	(1,295,884)	75,028	4,419,228	13,921,640	1,418,860	15,340,500

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Share capital RM'000	Share capital - RCPS-i A RM'000	Share capital - RCPS-i B RM'000	*Non-distributable* Share-based payment reserve RM'000	*Distributable* Retained earnings RM'000	Total RM'000
Balance at 1.1.2019		8,252,253	1,087,363	1,044,753	140,987	656,684	11,182,040
Total other comprehensive income for the year, represented by profit for the year		-	-	-	-	328,883	328,883
Transactions with owners:							
Issuance of ordinary shares:							
- DRP		141,331	-	-	-	-	141,331
- vesting of ESGP		29,444	-	-	(29,444)	-	-
Conversion of RCPS-i B into ordinary shares		9,449	-	(9,449)	-	-	-
Share issuance expenses		(156)	-	-	-	-	(156)
RCPS-i A preferential dividends paid	40	-	-	-	-	(70,654)	(70,654)
RCPS-i B preferential dividends paid	40	-	-	-	-	(61,674)	(61,674)
Dividends paid	40	-	-	-	-	(180,231)	(180,231)
Share-based payment under the LTIP		-	-	-	33,178*	-	33,178
Balance at 31.12.2019/1.1.2020		**8,432,321**	**1,087,363**	**1,035,304**	**144,721**	**673,008**	**11,372,717**
Total other comprehensive income for the year, represented by profit for the year		**-**	**-**	**-**	**-**	**59,691**	**59,691**
Transactions with owners:							
Issuance of ordinary shares:							
- vesting of ESGP		**35,880**	**-**	**-**	**(35,880)**	**-**	**-**
Conversion of RCPS-i B into ordinary shares		**86**	**-**	**(86)**	**-**	**-**	**-**
RCPS-i A preferential dividends paid	40	**-**	**-**	**-**	**-**	**(70,654)**	**(70,654)**
RCPS-i B preferential dividends paid	40	**-**	**-**	**-**	**-**	**(61,394)**	**(61,394)**
Dividends paid	40	**-**	**-**	**-**	**-**	**(40,425)**	**(40,425)**
Share-based payment under the LTIP		**-**	**-**	**-**	**23,559**	**-**	**23,559**
Balance at 31.12.2020		**8,468,287**	**1,087,363**	**1,035,218**	**132,400**	**560,226**	**11,283,494**

** This is stated net of the effect of reversal of share-based payment relating to lapsed entitlements.*

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020 RM'000	2019 RM'000 Restated	2020 RM'000	2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit before tax	**(156,650)**	608,255	**83,718**	370,310
Amortisation of intangible assets	**704**	704	**-**	-
Bad debts written off	**18**	82	**-**	-
Allowance for impairment loss on receivables	**640**	86	**-**	-
Depreciation of property, plant and equipment	**28,594**	27,253	**87**	36
Depreciation of right-of-use property, plant and equipment	**925**	997	**-**	-
Gain on disposal of property, plant and equipment	**(186)**	(5,543)	**-**	-
Loss/(Gain) on fair value adjustment of investment properties	**12,480**	(11,538)	**(195)**	-
Gain on disposal of investment properties	**(407)**	-	**-**	-
Loss/(Gain) on liquidation of subsidiary companies	**70**	(106)	**-**	(15,895)
Loss on liquidation of a joint venture	**-**	12	**-**	12
Property, plant and equipment written off	**235**	595	**-**	-
Impairment loss – investment in subsidiary companies	**-**	-	**132,436**	11,323
Write down in value of completed inventories	**139,598**	-	**-**	-
Share of results of joint ventures	**372,550**	19,959	**-**	-
Share of results of associated companies	**(1,097)**	(28,448)	**-**	-
Interest income from financial assets measured at amortised cost	**-**	-	**(1,251)**	(1,784)
Interest expense on financial liabilities measured at amortised cost	**309**	127	**-**	-
Amortisation of transaction cost on borrowings	**293**	684	**282**	684
Interest expense on lease liabilties	**131**	157	**-**	-
Interest income from significant financing component	**(17,535)**	(18,020)	**-**	-
Loss from fair value adjustment of financial assets	**-**	-	**-**	1,838
Fair value adjustment on right-of-use – investment properties	**6,799**	13,192	**-**	-
Share-based payment	**23,559**	55,983	**487**	813
Unrealised foreign exchange loss	**13,125**	15,299	**17,879**	15,466
Interest expense	**171,908**	236,738	**160,227**	191,935
Dividend income	**-**	-	**(225,461)**	(329,544)
Interest income	**(58,447)**	(97,221)	**(181,490)**	(261,278)
Rental income	**(54,877)**	(53,067)	**-**	-
Operating profit/(loss) before working capital changes	**482,739**	766,180	**(13,281)**	(16,084)
Changes in inventories – property development costs and contract cost assets	**(37,828)**	135,820	**-**	-
Changes in inventories – completed properties and others	**436,594**	356,917	**-**	-
Changes in contract assets/liabilities	**(168,722)**	45,005	**-**	-
Changes in receivables	**(130,335)**	128,533	**(42)**	890
Changes in payables	**(16,327)**	(115,748)	**18,776**	(916)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020 RM'000	2019 RM'000 Restated	2020 RM'000	2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (cont'd.)				
Net cash generated from/(used in) operations	**566,121**	1,316,707	**5,454**	(16,110)
Rental received	**11,069**	11,900	**-**	-
Interest received	**21,554**	33,228	**87**	361
Interest paid on lease liabilities	**(125)**	(157)	**-**	-
Net tax paid	**(164,000)**	(190,791)	**(24,803)**	(41,097)
Net cash from/(used in) operating activities	**434,619**	1,170,887	**(19,263)**	(56,846)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to inventories - land held for property development	**(499,068)**	(630,674)	**-**	-
Deposits and part consideration paid for acquisition of development land	**-**	(2,450)	**-**	-
Additions to property, plant and equipment	**(91,245)**	(98,376)	**-**	(547)
Additions to investment properties	**(51,281)**	(30,673)	**-**	-
Proceeds from disposal of property, plant and equipment	**606**	11,438	**1**	-
Proceeds from disposal of investment properties	**16,092**	7,000	**-**	-
Net cash inflow from liquidation of a joint venture	**-**	23	**-**	-
Net cash inflow from liquidation of subsidiary companies	**-**	137	**-**	208
Acquisition of additional shares in existing joint ventures	**(56,787)**	(202,955)	**-**	(2,251)
Advances to an associated company	**(72)**	(140)	**(71)**	(126)
Repayment from subsidiary companies, including receipt of dividends	**-**	-	**401,572**	860,508
Repayment from joint ventures	**2,406**	11,210	**980**	248
(Placement of)/Withdrawal from sinking fund, debt service reserve, escrow accounts and short-term deposits	**(4,425)**	(29,503)	**24**	938
Dividends received from associated companies	**3,680**	5,725	**-**	-
Redeemable cumulative preference share dividends received	**-**	-	**4,564**	2,968
Interest received	**36,893**	63,993	**8,878**	15,148
Rental received	**37,349**	41,167	**-**	-
Net cash (used in)/from investing activities	**(605,852)**	(854,078)	**415,948**	877,094

	Group 2020 RM'000	Group 2019 RM'000 Restated	Company 2020 RM'000	Company 2019 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of share issuance expenses	**-**	(156)	**-**	(156)
Repayment to non-controlling shareholder of subsidiary company	**-**	(125,000)	**-**	-
Drawdown of bank borrowings	**2,163,549**	2,160,206	**449,043**	465,900
Repayment of bank borrowings	**(1,438,697)**	(1,478,661)	**(253,500)**	(589,000)
Repayment of lease liabilities	**(1,288)**	(1,312)	**-**	-
Interest paid	**(409,809)**	(507,911)	**(163,667)**	(196,597)
Transaction cost on borrowings paid	**(7,887)**	(17,111)	**(24)**	(1,755)
Redeemable cumulative preference share dividends paid to non-controlling interests	**(1,272)**	(3,006)	**-**	-
Dividends paid to non-controlling interests	**(106,270)**	(21,612)	**-**	-
Dividends paid	**(40,425)**	(38,900)	**(40,425)**	(38,900)
RCPS-i A preferential dividends paid	**(70,654)**	(70,654)	**(70,654)**	(70,654)
RCPS-i B preferential dividends paid	**(61,394)**	(61,674)	**(61,394)**	(61,674)
Net cash from/(used in) financing activities	**25,853**	(165,791)	**(140,621)**	(492,836)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(145,380)**	151,018	**256,064**	327,412
EFFECT OF EXCHANGE RATE CHANGES	**10,859**	(5,262)	**379**	(56)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**2,955,811**	2,810,055	**581,662**	254,306
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**2,821,290**	2,955,811	**838,105**	581,662
Cash and cash equivalents included in cash flows comprise the following amounts:				
Short-term funds	**1,485,695**	1,676,226	**781,020**	526,905
Short-term deposits	**208,725**	179,503	**-**	10,000
Cash and bank balances	**1,224,816**	1,204,348	**75,199**	59,857
Bank overdrafts (Note 29)	**(12,856)**	(23,601)	**(3,038)**	-
	2,906,380	3,036,476	**853,181**	596,762
Less: Amounts restricted in sinking fund, debt service reserve, escrow accounts and short-term deposits	**(85,090)**	(80,665)	**(15,076)**	(15,100)
	2,821,290	2,955,811	**838,105**	581,662

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

Considerations in respect of COVID-19 pandemic

On 11 March 2020, the World Health Organisation declared COVID-19 as a worldwide pandemic. The outbreak of the COVID-19 pandemic has led to the unprecedented implementation of the Movement Control Order ("MCO") and subsequently the Conditional MCO ("CMCO") and the Recovery MCO ("RMCO") for the remainder of the financial year ended 31 December 2020 in Malaysia, as well as lockdowns and other movement restriction measures in the other countries where the Group has business presence. These measures have caused disruption to most businesses and social activities and have impacted operations locally and abroad in varying degrees.

The property development and property investment sectors in which the Group principally operates in, are significantly impacted and had experienced setbacks when the movement restriction measures resulted in unanticipated delays in development projects and temporary closure/halting of businesses. However, these business activities have gradually returned to normalcy as construction and property development activities, as well as other business activities are allowed to continue operations during the subsequent phases of the movement restriction orders amidst more stringent health and safety procedures imposed by government, and on the back of a more challenging business environment. The Group is also taking the necessary steps to mitigate the risks arising from the COVID-19 pandemic, including more emphasis placed on clearing of unsold inventories, careful rationalisation of new project launches as well as the prudent management of cash flows.

The Group and the Company have accounted for the impact of the pandemic and its consequential effects on its results in its financial statements for the current financial year ended 31 December 2020.

As at 31 December 2020, the Group and the Company are at net current assets position of RM6,029,430,000 (2019: RM6,129,935,000) and RM73,919,000 (2019: RM265,337,000) with an amount of cash and cash equivalents of RM2,821,290,000 (2019: RM2,955,811,000) and RM838,105,000 (2019: RM581,662,000). The Group and the Company maintain a gearing ratio of 0.59 times (2019: 0.52 times) and 0.30 times (2019: 0.31 times).

The Group and the Company have taken into consideration the COVID-19 impact and the current economic environment on the basis of preparation of this financial statements. The Directors continue to consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (Cont'd)

Changes in accounting policies

On 1 January 2020, the Group and the Company adopted the following new MFRSs, Amendments to MFRSs, IC Interpretations and Annual Improvements to MFRSs:

Effective for financial periods beginning on or after 1 January 2020:

MFRS 101 and MFRS 108: Definition of Material (Amendments to MFRS 101 and MFRS 108)	*1 January 2020*
MFRS 3: Definition of a Business (Amendments to MFRS 3)	*1 January 2020*
MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS 139 and MFRS 7)	*1 January 2020*
MFRS 16: COVID-19-Related Rent Concessions (Amendment to MFRS 16)	*1 June 2020*

Adoption of the above new MFRSs, Amendments to MFRSs, IC Interpretations and Annual Improvements to MFRSs did not have any material effect on the financial performance or position of the Group and the Company except as discussed below:

Amendments to MFRS 16 COVID-19 Related Rent Concessions

On 5 June 2020, the Malaysian Accounting Standards Board issued *COVID-19-Related Rent Concessions (Amendments to MFRS 16 Leases).* The amendments provide relief to lessees from applying MFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for the change under MFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. The Group has elected for early application of this practical expedient for all the leases for the financial year ended 31 December 2020. The Group has recognised the effect of the rent concession in profit or loss as a variable lease payment in relation to the change in lease payments that were not a lease modification. This amendment had no material impact on the financial statements of the Group and the Company.

Agenda Decision on MFRS 123 Borrowing Costs relating to over time transfer of constructed goods

In March 2019, IFRS Interpretations Committee ("IFRIC") published an agenda decision on borrowing costs confirming receivables, contract assets and inventories for which revenue is recognised over time are non-qualifying assets. On 20 March 2019, the Malaysian Accounting Standards Board ("MASB") decided that an entity shall apply the change in accounting policy as a result of the IFRIC Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020. The Group will adopt this change in accounting policy in its financial statements for the coming financial year ending 31 December 2021.

Based on initial assessment, the adherence of the IFRIC Agenda Decision would impact the results of Group for the current year and comparative period as finance cost can no longer be capitalised on the Group's on-going development projects for which revenue is recognised over time.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (Cont'd)

Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	*1 January 2021*
MFRS 3: Reference to the Conceptual Framework (Amendments to MFRS 3)	*1 January 2022*
MFRS 116: Proceeds before Intended Use (Amendments to MFRS 116)	*1 January 2022*
MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137)	*1 January 2022*
Annual Improvements to MFRS Standards 2018 - 2020 cycle	*1 January 2022*
MFRS 101: Classification of Liabilities as Current or Non-current (Amendments to MFRS 101)	*1 January 2023*
MFRS 17: Insurance Contracts (Amendments to MFRS 17)	*1 January 2023*
MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	*Deferred*

The Amendments to MFRSs and Annual Improvements to MFRSs above are expected to have no significant impact on the financial statements of the Company upon their initial application except for the changes in presentation and disclosures of financial information arising from the adoption of these Amendments to MFRSs and Annual Improvements to MFRSs.

(b) Significant accounting judgements and estimates

The preparation of financial statements requires management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the reporting date, and reported amounts of income and expenses during the financial year.

Although these estimates are based on management's best knowledge of current events and actions, historical experiences and various other factors, including expectations for future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from these estimates.

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

(i) Critical judgement made in applying accounting policies

The following are judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on amounts recognised in the financial statements:

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property and has developed certain criteria based on MFRS 140 *Investment Property* in making that judgement.

In making its judgement, the Group considers whether a property generates cash flows largely independently of other assets held by the Group. Owner-occupied properties generate cash flows that are attributable not only to the property, but also to other assets used in the production or supply process.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Significant accounting judgements and estimates (Cont'd)

(i) Critical judgement made in applying accounting policies (Cont'd)

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the production or supply of goods and services or for administrative purposes.

If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately.

If the portions could not be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production and supply of goods and services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

(ii) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources associated with estimation uncertainty at the reporting date that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Revenue recognition of property development activities

Revenue on property development activities are recognised in accordance with the accounting policy set out in Note 1(t)(i) below. The terms of the property development contracts and the laws that apply to these contracts, will determine whether the control of the properties sold is transferred and the corresponding revenue is recognised over time or at a point in time.

The Group recognises certain of its property development activities over time or based on the percentage of completion method using the input method which is based on the actual cost incurred to date on the property development project as compared to the total budgeted cost for the respective development projects.

Significant judgement is required in determining the progress towards complete satisfaction of the performance obligation and this includes determining the extent of property development costs incurred and the total estimated costs of property development, which in turn is used to determine the percentage of completion and gross profit margin of property development activities undertaken by the Group. In making these judgements, management relies on past experience and the work of specialists.

Capitalisation of borrowing costs

The Group capitalises borrowings cost during the period in which development activities are being undertaken or where there is on-going development activities which benefits an entire township.

Significant judgement is involved in determining whether the development activities carried out meet the criteria of an active development in ascertaining whether or not borrowing costs incurred should be capitalised. Besides that, management is also required to estimate the appropriate apportionment of borrowing costs eligible for capitalisation to the various development phases.

The borrowing costs capitalised are as disclosed in Note 2, 4 and 6.

Allowance for stock obsolescence and inventories write down

Inventories are stated at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices.

Inventories are reviewed on a regular basis and the Group will make an allowance for excess or obsolete inventories based primarily on historical trends and management estimates of expected and future product demand and related pricing.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Significant accounting judgements and estimates (Cont'd)

(ii) Key sources of estimation uncertainty (Cont'd)

Demand levels, changes in product preference and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories and additional allowances for slow moving inventories may be required.

As a result of the COVID-19 pandemic and its consequential effects, the Group has recognised a write-down in value of its property inventories of RM139,598,000 (2019: Nil) for the financial year ended 31 December 2020.

The carrying amounts of the Group's inventories as at 31 December 2020 are disclosed in Note 6.

Fair value of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged independent professional valuers to perform valuations on its investment properties at each reporting date. The valuation methodology commonly used is the comparison method which is based on comparable historical transactions adjusted for specific market factors such as location, size, condition, accessibility and design of the respective properties and the investment method which entails determination of the net income applying suitable growth rates and capitalising of the net income by a suitable rate of return. Certain properties were valued based on the cost method which is based on current estimates of construction costs less depreciation, obsolescence and existing physical conditions of the respective properties.

The details of the investment properties are disclosed in Note 4 whilst the valuation techniques and key assumptions applied on the determination of the fair values are disclosed in Note 47(a).

Impairment of investment in subsidiary companies

At the reporting date, the Company reviewed its investments in subsidiary companies for indications of impairment and where such indications exist, the Company performed an impairment assessment to determine the recoverable amounts of such investments. The Company estimated the recoverable amount of the respective cash generating units ("CGU"s) based on their fair value less cost to sell or their respective value-in-use ("VIU"), whichever is higher. Estimating the VIU of the CGUs involved estimates made by management relating to the future cash inflows and outflows that will be derived from the CGUs, and discounting them at the appropriate rate. The cash flow forecasts included a number of significant judgements and estimates such as the revenue growth rate, discount rate and terminal growth rate.

The annual impairment review resulted in the Company recognising impairment losses in respect of its investment in certain of its subsidiary companies as disclosed in Note 8.

Income taxes

Significant judgement is involved in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income tax. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The carrying amounts of the Group's and the Company's tax assets as at 31 December 2020 were RM84,889,000 and RM Nil (2019: RM69,421,000 and RM Nil) respectively.

The carrying amounts of the Group's and the Company's tax liabilities as at 31 December 2020 were RM27,278,000 and RM8,291,000 (2019: RM30,591,000 and RM9,349,000).

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Significant accounting judgements and estimates (Cont'd)

(ii) Key sources of estimation uncertainty (Cont'd)

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unabsorbed capital allowances and unutilised tax losses to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences, capital allowances and tax losses can be utilised.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. When an entity has a history of recent losses, the entity recognises a deferred tax asset arising from unused tax losses or tax credits only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilised by the entity.

The Group has recognised the deferred tax assets as it is probable that its development projects and its cost and efficiency rationalisation strategies would generate sufficient taxable profits in future against which the deferred tax assets can be utilised.

The carrying amount of the Group's recognised and unrecognised deferred tax assets as at 31 December 2020 are disclosed in Note 16.

(c) Subsidiary companies

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less impairment losses. The method of assessing impairment of the investment in subsidiary companies is as disclosed in Note 1(p) below. Impairment losses are charged to profit or loss.

On disposal, the difference between the net disposal proceeds and the carrying amount of the subsidiary company disposed off is taken to profit or loss.

(d) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and of all its subsidiary companies made up to the end of the financial year. The consolidated financial statements are prepared using uniform accounting policies for like transactions in similar circumstances.

The Group controls an investee if and only if the Group has all the followings:

(i) power over the entity;

(ii) exposure, or rights, to variable returns from its involvement with the entity; and

(iii) the ability to use its power over the entity to affect the amount of the investor's returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) the size of the Company's holding of voting rights relative to the size and dispersion of holdings of other vote holders;

(ii) potential voting rights held by the Company, other vote holders or other parties;

(iii) rights arising from other contractual arrangements; and

(iv) any additional facts and circumstances that indicated that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meeting.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Basis of consolidation (Cont'd)

The Group reassesses whether it controls an entity if facts and circumstances indicate that there are changes to one or more of the elements of control.

All intra-group balances, transactions, income and expenses are eliminated in full on consolidation and the consolidated financial statements reflect external transactions only.

All subsidiary companies are consolidated using the acquisition method of accounting from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases except for I & P Group Sdn. Berhad, Syarikat Kemajuan Jerai Sdn Bhd and Wawasan Indera Sdn Bhd which are accounted for based on the pooling of interests method.

Business combinations under common control are accounted for using the pooling of interests method, where the results of entities or businesses under common control are accounted for as if the combination had been effected throughout the current and previous financial periods. The assets, liabilities and reserves of these entities are recorded at their pre-combination carrying amounts or existing carrying amounts are accounted for from the perspective of the common shareholder. No adjustments are made to reflect fair values, or recognise any new assets or liabilities, at the date of the combination that would otherwise be done under the acquisition method. No new goodwill is recognised as a result of the combination. Any difference between the consideration paid/transferred and the equity acquired is reflected within equity as reserve on acquisition arising from common control.

Under the acquisition method of accounting, the cost of an acquisition is measured as the aggregate of the fair values of the assets acquired, liabilities incurred or assumed and equity instruments issued at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured at their fair values at the acquisition date.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interests in the subsidiary. Acquisition-related costs are expensed as incurred.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interests in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

The excess of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interests in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is stated at cost less accumulated impairment losses. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition.

Non-controlling interests are the part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the shareholders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific standard.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Basis of consolidation (Cont'd)

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Group. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in retained earnings within equity attributable to the shareholders of the Company.

(e) Investments in associated companies and joint ventures

An associated company is an entity in which the Group has significant influence and that is neither a subsidiary company nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has significant influence.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

In the Company's separate financial statements, investments in associated companies and joint ventures are stated at cost less impairment losses. The method of assessing impairment of the investment in associated companies and joint ventures is as disclosed in Note 1(p) below. Impairment losses are recognised in profit or loss.

On disposal, the difference between the net disposal proceeds and the carrying amount of the associated companies and the joint ventures are included in profit or loss.

Investments in associated companies and joint ventures are accounted for in the consolidated financial statements by the equity method of accounting. Under the equity method, the investments in associated companies and joint ventures are initially recognised at cost and adjusted thereafter for post-acquisition changes in the Group's share of net assets of the associated companies and joint ventures. Distribution received from associated companies and joint ventures reduce the carrying amount of the investment. Where there has been change recognised in other comprehensive income by the associated companies and joint ventures, the Group recognised its share of such changes in other comprehensive income.

An investment in an associated company or a joint venture is accounted for using the equity method from the date on which the Group obtains significant influence or joint control until the date the Group ceases to have a significant influence or joint control over the associated company or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'share of results of associated companies and joint ventures' in the statement of profit or loss.

Discount on acquisition is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of results of the associated companies or joint ventures in the period in which the investment is acquired.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Investments in associated companies and joint ventures (Cont'd)

Unrealised gains on transactions between the Group and its associated companies or joint ventures are eliminated to the extent of the Group's interest in the associated companies or joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

Equity accounting is discontinued when the carrying amount of the investment in an associated company or a joint venture diminishes by virtue of losses to zero, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associated company or the joint venture.

The results and reserves of associated companies or joint ventures are accounted for in the consolidated financial statements based on audited and/or unaudited management financial statements made up to the end of the financial year and prepared using accounting policies that conform to those used by the Group for like transactions in similar circumstances.

When changes in the Group's interests in an associated company or a joint venture do not respectively result in a loss of significant influence and loss of joint control, the retained interests in the associated company or joint venture are not remeasured. Any gain or loss arising from the changes in the Group's interests in the associated company or joint venture is recognised in profit or loss.

When the Group ceases to have significant influence over an associated company or joint control over a joint venture, any retained interest in the former associated company or joint venture is recognised at fair value on the date when significant influence or joint control is lost. Any gain or loss arising from the loss of significant influence or joint control over an associated company or joint venture respectively is recognised in profit or loss.

(f) Property, plant and equipment

(i) Measurement basis

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of an asset.

Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the asset will flow to the Group and to the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(ii) Depreciation

Freehold land and capital work-in-progress are not depreciated.

Depreciation is calculated to write off the depreciable amount of other property, plant and equipment on a straight-line basis over their estimated useful lives. The depreciable amount is determined after deducting residual value from cost.

The principal annual rates used for this purpose are:

Leasehold land	Lease term of 99 years
Buildings	2% - 10%
Plant, machinery, cranes and trucks	5% - 20%
Renovations, computer equipment, office equipment, furniture and fittings	5% - 33%
Motor vehicles	20%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Investment properties

Investment properties are properties which are owned or held under a freehold and leasehold interest either to earn rental income or for capital appreciation or for both.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. The fair value assessment is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and categories of the properties being valued.

When the fair value of the Investment Property Under Construction ("IPUC") is not reliably determinable, the IPUC is measured at cost until either its fair value has been reliably determinable or construction is complete, whichever is earlier. Investment properties are derecognised either when they have been disposed off (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in MFRS 15.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

(h) Build-Operate-Transfer ("BOT") agreement

The Group recognises revenue from the construction and upgrading of infrastructure projects under BOT agreement in accordance with the accounting policy for construction contracts set out in Note 1(n) below. Where the Group performs more than one service under the arrangement, consideration received or receivable is allocated to the components by reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

The Group recognises the consideration received or receivable as a financial asset to the extent that it has an unconditional right to receive cash or another financial asset for the construction services. Financial assets are accounted for in accordance with the accounting policy set out in Note 1(o) below.

When the consideration receivable does not represent an unconditional right to receive cash or another financial asset, the Group recognises the consideration receivable as either development rights or as intangible assets, based on the allocation of the fair value of the construction services rendered. The accounting policies for the development rights and intangible assets are disclosed in Notes 1(k)(iii) and 1(i) respectively.

Subsequent costs and expenditures related to infrastructure and equipment arising from the Group's commitments to the BOT agreement or that increase future revenue are recognised as additions to the intangible asset and are stated at cost. Capital expenditures necessary to support the Group's operation as a whole are recognised as property, plant and equipment, and accounted for in accordance with the policy stated under property, plant and equipment in Note 1(f) above. When the Group has contractual obligations that it must fulfil as a condition of its license to:

- maintain the infrastructure to a specified standard; or
- restore the infrastructure when the infrastructure has deteriorated below a specified condition,

it recognises and measures these contractual obligations in accordance with the accounting policy for provisions in Note 1(x) below. Repairs and maintenance and other expenses that are routine in nature are expensed and recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Intangible assets

Intangible assets are recognised to the extent that the Group has acquired a right (a licence) to charge users of public services.

Intangible assets are stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 1(p) below.

Amortisation of the intangible assets begins when it is available for use, which means when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The right to operate Subterranean Penang International Convention & Exhibition Centre ("SPICE") is amortised over a period of 30 years.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceed and the carrying amount of the asset and is recognised in profit or loss when the asset is derecognised.

(j) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) Group as a Lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

– Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities, unless the right-of-use asset meet the definition of an investment property, in which case, the asset would be accounted for based on the fair value model in accordance with Note 1(g) above. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Buildings	1 to 4 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The method of assessing impairment of the right-of-use assets is as disclosed in Note 1(p) below. Impairment losses are recognised in profit or loss.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Leases (Cont'd)

(i) Group as a Lessee (Cont'd)

– Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

– Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

(ii) Group as a Lessor

Leases where the Group and the Company retain substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as lease income. The accounting policy for lease income is set out in Note 1(t)(viii) below.

When the assets are leased out under an operating lease, the asset is included in the statements of financial position based on the nature of the asset. Lease income is recognised over the term of the lease on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Inventories

(i) Inventory properties

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realisable value.

Cost includes:

- Freehold and leasehold rights for land;
- Amounts paid to contractors for construction;
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs; and
- Non-refundable commission cost

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated costs of sales.

Inventory properties under construction are referred to as property development costs and comprise the cost of land, direct building costs and a share of development costs common to the entire development project where applicable. Once contracted to be sold, the related costs of these inventories would be transferred to cost to fulfil contracts, and subsequently recognised in profit or loss as and when control passes to the respective purchasers.

Units of development properties completed and held for sale are stated at the lower of cost and net realisable value. Costs comprise costs of acquisition of land, direct building costs and other related development costs.

Inventory properties where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle are referred to as land held for development and classified within non-current assets. Generally no significant development work would have been undertaken on these lands other than project planning, infrastructure work, earth work and landscape work incurred to prepare the land for development and these inventory properties are stated at cost plus incidental expenditure incurred to put the land in a condition ready for development. These inventory properties are classified to current assets at the point when active development project activities have commenced and when it can be demonstrated that the development activities can be completed within the normal operating cycle.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Inventories (Cont'd)

(ii) Raw materials, consumable goods and others

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average and first-in, first-out basis. In the case of finished goods and work-in-progress, cost comprises materials, direct labour, other direct charges and an appropriate proportion of factory overheads.

Net realisable value represents the estimated selling price in the ordinary course of business, less selling and distribution costs and all other estimated cost to completion.

(iii) Development rights

Development rights represent the rights to additional density over and above the maximum permissible density for the Group's development projects within the island of Penang, granted pursuant to a BOT agreement for the construction and refurbishment of the Subterranean Penang International Convention & Exhibition Centre ("SPICE") and complementary retail, food and beverage outlets and offices.

Development rights are recognised to the extent that the Group has performed the construction services for the BOT agreement. Development rights are initially measured at cost, which is represented by the allocated fair value of the construction services rendered.

Development rights recognised are included as part of the cost of the land held for property development or the property development costs of the Group, based on the allocation of the expected utilisation of the development rights for the planned property development projects of the Group.

(l) Contract assets and contract liabilities

A contract asset is the right of the Group or the Company to consideration in exchange for goods or services that it has transferred to the customer when that right is conditional upon future performance but not through the passage of time. If the Group or the Company has performed its obligation by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised and presented net of any amounts that has been recognised as receivables. Contract asset is presented as the excess of cumulative revenue earned or recognised in profit or loss over the billings to date to the customer. Contract assets are subject to impairment assessment in accordance of MFRS 9: *Financial Instruments*.

A contract liability is the obligation of the Group or the Company to transfer goods and services to a customer for which it has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration or the Group or the Company has a right to an amount of consideration that is unconditional before it transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group or the Company performs its obligation under the contract. Contract liability is the excess of the billings to date to the customer over the cumulative revenue earned or recognised in profit or loss. Contract liabilities include advance payment and downpayments received from customers and other amounts where the Group or the Company has billed before the goods are delivered or services are provided to the customers.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Contract cost assets

(i) Incremental costs of obtaining a contract

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

(ii) Costs to fulfil a contract

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

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

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Long-term construction contracts

The Group's long-term construction contracts are all fixed price contracts and where their outcome can be reasonably estimated, revenue is recognised on the percentage of completion method. The stage of completion is determined by the proportion that costs incurred to-date bear to the estimated total costs, and for this purpose, only those costs that reflect actual contract work performed are included as costs incurred.

Where the outcome of a long-term construction contract cannot be reasonably estimated, revenue is recognised only to the extent of contract costs incurred that are expected to be recoverable. At the same time, all contract costs incurred are recognised as an expense in the period in which they are incurred.

Costs that relate directly to a contract and which are incurred in securing the contract are also included as part of contract costs if they can be separately identified and measured reliably and it is probable that the contract will be secured.

When it is probable that total costs will exceed total revenue, the foreseeable loss is immediately recognised in profit or loss irrespective of whether contract work has commenced or not, or of the stage of completion of contract activity, or of the amounts of profits expected to arise on other unrelated contracts.

On the statement of financial position, contracts in progress are reflected either as contract assets which is the surplus of (i) work performed to date recognised under the percentage of completion method or over time, or (ii) the billings made to date. A contract liability would represent the surplus of (ii) over (i).

(o) Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company applied the practical expedient, the Group and the Company have initially measured a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. The assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Financial instruments - initial recognition and subsequent measurement (Cont'd)

(i) Financial assets (Cont'd)

Subsequent measurement

For purposes of subsequent measurement, financial assets of the Group and of the Company are classified into two categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group and the Company. The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost are disclosed in Note 46.

Financial assets at fair value through profit or loss

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

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

This category includes investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

The Group's and the Company's financial assets at fair value through profit or loss are disclosed in Note 46.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Financial instruments - initial recognition and subsequent measurement (Cont'd)

(i) Financial assets (Cont'd)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

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

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

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received together with any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has performed its assessment based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. In making this assessment, the Group also takes into consideration that it would maintain its name as the registered owner of the properties until full settlement is made by the purchasers or the purchasers' end-financiers.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Financial instruments - initial recognition and subsequent measurement (Cont'd)

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the entity becomes party to the contractual provisions of the instruments.

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost or financial liabilities at fair value through profit or loss.

The Group and the Company initially measure a financial liability at its fair value minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gain or losses on liabilities held for trading are recognised in the statement of profit or loss.

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

Amortised cost

Financial liabilities are measured at amortised cost using the effective interest method, which allocates interest expenses at a constant rate over the term of the financial liabilities. The effective interest rate is calculated at initial recognition and is the rate that discounts the estimated future cash flows (including all fees and points paid that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability to the amortised cost of the financial liability.

Subsequent to initial recognition, the amortised cost of a financial liability is the amount at initial recognition minus principal repayments, plus the cumulative amortisation using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(iii) Offsetting of financial instruments

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Impairment of non-financial assets

Property, plant and equipment, right-of-use-property, plant and equipment, intangible asset, investments in subsidiary companies, associated companies and joint ventures

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired.

If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less cost to sell and its value-in-use. Value-in-use is the present value of the future cash flows expected to be derived from the asset. Recoverable amounts are estimated for individual assets, unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash generating unit ("CGU") to which the asset belongs to.

An impairment loss is recognised whenever the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses are charged to profit or loss immediately.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

(q) Share capital and Islamic redeemable cumulative preference shares ("RCPS-i A and "RCPS-i B")

Ordinary shares, RCPS-i A and RCPS-i B are classified as equity when there is no contractual obligation to deliver cash or other financial assets to another person or entity or to exchange financial assets or liabilities with another person or entity that are potentially unfavourable to the issuer.

Ordinary shares, RCPS-i A and RCPS-i B are recorded at nominal value.

The proceeds received net of any directly attributable transaction costs are credited to share capital.

Dividends on ordinary shares, RCPS-i A and RCPS-i B are recognised in equity in the period in which they are declared.

(r) Redeemable cumulative preference shares ("RCPS")

Redeemable cumulative preference shares are classified as financial liabilities in accordance with the substance of the contractual arrangement of the RCPS. Dividends to shareholders of the RCPS are recognised as finance costs, on an accrual basis.

RCPS are measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Contingencies

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

Contingent liabilities and assets are not recognised in the statement of financial position of the Group except for contingent liabilities assumed in a business combination of which the fair value can be reliably measured.

(t) Revenue recognition

(i) Revenue from property development

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

The revenue from property development is measured at the fixed transaction price agreed under the sale and purchase agreement.

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

This is generally established when:

- the promised properties are specifically identified by its plot, lot and parcel number and its attributes (such as its size and location) in the sale and purchase agreements and the attached layout plan, and the purchasers could enforce its rights to the promised properties if the Group seeks to sell the unit to another purchaser. The contractual restriction on the Group’s ability to direct the promised residential property for another use is substantive and the promised properties sold to the purchasers do not have an alternative use to the Group; and
- the Group has the right to payment for performance completed to date and is entitled to continue to transfer to the customer the development units promised and has the rights to complete the construction of the properties and enforce its rights to full payment.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group and the Company recognise revenue over time using the input method, which is based on the actual cost incurred to date on the property development project as compared to the total budgeted cost for the respective development projects.

The Group recognises sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Group will collect the considerations to which it will be entitled to in exchange for the assets sold.

The Group has determined that it has a significant financing component related to the sales of its property units being developed under the deferred payment scheme (10:90 scheme). As a result of this the amount of the promised consideration is adjusted for the significant financing component and the related interest income is recognised using the effective interest method over the term of the deferment.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Revenue recognition (Cont'd)

(ii) Revenue from construction contracts

Under such contracts, the Group is engaged to construct buildings and related infrastructure and in certain instances to supply equipment. These contracts may include multiple promises to the customers and therefore accounted for as separate performance obligations. The fair value of the revenue, which is based on fixed price under the agreement will be allocated based on relative stand-alone selling price of the considerations of each of the separate performance obligations.

The Group recognises construction revenue over time as the project being constructed has no alternative use to the Group and it has an enforceable right to the payment for performance completed to date. The stage of completion is measured using the input method, which is based on the total actual construction cost incurred to date as compared to the total budgeted costs for the respective construction projects.

(iii) Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration receivable and is recognised in profit or loss when the significant risks and rewards of ownership and control of the goods have been transferred to the buyer.

(iv) Management fees

Management fees are recognised when services are rendered.

(v) Recreational club operations

Revenue from recreational club operations consists of recreational club membership fees, monthly subscription fees, sports and other recreational facilities. Where there are more than one performance obligations, the transaction price will be allocated to each of the separate performance obligations. When these are not directly observable, they are estimated based on expected cost plus margin.

Revenue from recreational club activities including subscription fees but excluding club membership fees are recognised when the services are rendered. The payment of the transaction price is due immediately upon delivery of the services. Recreational club membership fees which are received upfront are recognised on a straight-line basis over the tenure of the respective memberships.

The revenue recognition of other classes of revenue that are not within the scope of MFRS 15 are set out below:

(vi) Dividend income

Dividend income is recognised when the Group's and the Company's right to receive payment is established.

(vii) Interest income

Interest income is recognised on a time proportion basis.

(viii) Lease income

Lease income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of lease income over the lease term on a straight-line basis.

Other than the above, all other income are recognised on an accrual basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Foreign currencies

(i) Functional currency

Functional currency is the currency of the primary economic environment in which an entity operates.

The financial statements of each entity within the Group are measured using their respective functional currencies.

(ii) Transactions and balances in foreign currencies

Transactions in currencies other than the functional currency ("foreign currencies") are translated to the functional currency at the rate of exchange ruling at the date of the transaction.

Monetary items denominated in foreign currencies at the reporting date are translated at foreign exchange rates ruling at that date.

Non-monetary items which are measured in terms of historical costs denominated in foreign currencies are translated at foreign exchange rates ruling at the date of the transaction.

Non-monetary items which are measured at fair values denominated in foreign currencies are translated at the foreign exchange rates ruling at the date when the fair values were determined.

Exchange differences arising on the settlement of monetary items and the translation of monetary items are included in profit or loss for the period.

When a gain or loss on a non-monetary item is recognised directly in equity, any corresponding exchange gain or loss is recognised directly in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any corresponding exchange gain or loss is recognised in profit or loss.

(iii) Translation of foreign operations

For consolidation purposes, all assets and liabilities of foreign operations that have a functional currency other than RM (including goodwill and fair value adjustments arising from the acquisition of the foreign operations) are translated at the exchange rates ruling at the reporting date.

Income and expense items are translated at exchange rates approximating those ruling on transactions dates.

All exchange differences arising from the translation of the financial statements of foreign operations are dealt with through the exchange translation reserve account within equity. On the disposal of a foreign operation, the exchange translation differences relating to that foreign operation are recognised in profit or loss as part of gain or loss on disposal.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Employee benefits

(i) Short-term employee benefits

Wages, salaries, paid annual leave, paid sick leave, maternity leave, bonuses and non-monetary benefits are recognised as an expense in the period in which the associated services are rendered by employees other than those that are attributable to property development activities or construction contract in which case such expenses are capitalised as part of the costs of the relevant assets.

(ii) Post-employment benefits

The Company and its subsidiary companies incorporated in Malaysia make contributions to the Employees Provident Fund ("EPF") and foreign subsidiary companies make contributions to their respective countries' statutory pension schemes. The contributions are recognised as a liability after deducting any contributions already paid and as expenses in the period in which the employees render their services.

(iii) Share-based payment transactions

The Group operates an equity-settled share-based long term incentive plan ("LTIP" or "Scheme"), which comprises the Employee Share Grant Plan ("ESGP") and Employee Share Option Scheme ("ESOS") for its employees and Executive Directors.

ESGP

Employees and Executive Directors are entitled to ESGP in the form of Restricted Share Plan ("RSP") and Performance Share Plan ("PSP") as consideration for services rendered. The RSP is a restricted share plan for employees and Executive Directors, while the PSP is a performance share plan for selected senior management and Executive Directors.

The RSP and PSP are settled by way of issuance and transfer of new shares upon vesting. The total fair value of RSP and PSP granted is recognised as an employee cost with a corresponding increase in the share options reserve within equity over the vesting period after taking into account the probability that the RSP and PSP will vest.

The fair value of RSP and PSP is measured at grant date, taking into account, if any, the market vesting conditions upon which the RSP and PSP were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of shares that are expected to vest on the vesting date.

At each reporting date, the Group revises its estimates of the number of RSP and PSP that are expected to vest on vesting date. It recognises the impact of the revision of original estimates, if any, in profit or loss and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share-based payment reserve.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Employee benefits (Cont'd)

(iii) Share-based payment transactions (Cont'd)

ESOS

The ESOS allows the Group's employees and Executive Directors to acquire shares of the Company. The total fair value of share options granted is recognised as an employee cost with a corresponding increase in the share options reserve within equity over the vesting period and taking into account the probability that the options will vest.

The fair value of share options is measured at grant date using the binomial model, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each reporting date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in profit or loss and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share-based payment reserve.

The fair value of the share options recognised in the share-based payment reserve is transferred to share capital when the share options are exercised, or transferred to retained earnings upon expiry of the share-based payment options.

The proceeds received net of any direct attributable transaction costs are credited to equity when the option are exercised.

(w) Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an inventory property that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. Capitalisation commences when: (1) the Group incurs expenditures for the asset; (2) the Group incurs borrowing costs; and (3) the Group undertakes activities that are necessary to prepare the asset for its intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalised is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalised is the gross interest incurred on those borrowings less any investment income arising on their temporary investment.

The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalised on the purchase cost of a site of property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress.

(x) Provisions

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

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(y) Income tax

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiary companies, associated companies and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiary companies, associated companies and joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(z) Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances, short-term deposits with licensed banks and other financial institutions and fixed income trust funds, which are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

For the purposes of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and exclude sinking fund, debt service reserve, escrow accounts and short-term deposits pledged to secure banking facilities.

(aa) Operating segments

Segment reporting in the financial statements is presented on the same basis as it is used by management internally for evaluating operating segment performance and in deciding how to allocate resources to each operating segment. Operating segments are distinguishable components of the Group that engage in business activities from which they may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's results are reviewed regularly by the chief operating decision maker to decide how to allocate resources to the segment and assess its performance, and for which discrete financial information is available.

Segment revenues, expenses, assets and liabilities are those amounts resulting from operating activities of a segment that are directly attributable to the segment and a relevant portion that can be allocated on a reasonable basis to the segment.

Segment revenues, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment.

(ab) Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is classified as current when it is:

(i) expected to be realised or intended to be sold or consumed in normal operating cycle;

(ii) held primarily for the purpose of trading;

(iii) expected to be realised within twelve months after the reporting period; or

(iv) cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(i) it is expected to be settled in normal operating cycle;

(ii) it is held primarily for the purpose of trading;

(iii) it is due to be settled within twelve months after the reporting period; or

(iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ac) Fair value measurement

The Group measures financial instruments, such as short-term funds, quoted and unquoted securities and non-financial assets such as investment properties at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether the transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as investment properties, financial assets and for non-recurring measurement, such as assets held for distribution in discontinued operations.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by the management. Selection criteria of external valuers include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ac) Fair value measurement (Cont'd)

At each reporting date, the management analyses the movement in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(ad) Disposal groups held for sale and discontinued operations

Disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the assets and liabilities in a disposal group is brought up-to-date in accordance with applicable MFRSs. Then, on initial classification as held for sale, disposal groups are measured in accordance with MFRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed and such a component represents a separate major line of business or geographical area of operations, is part of a single coordinated major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

2. PROPERTY, PLANT AND EQUIPMENT

Group 2020	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant, machinery, cranes and trucks RM'000	Computer equipment, office equipment, renovations, furniture and fittings RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Cost								
At 1.1.2020	34,960	14,242	366,667	43,277	203,440	38,910	191,130	892,626
Additions	-	-	83	145	11,608	537	84,305	96,678
Disposals	-	-	(290)	(28)	(794)	(1,468)	-	(2,580)
Write-offs	-	-	-	(1,270)	(1,395)	(132)	-	(2,797)
Reclassification	-	-	9,681	-	4,990	1	(14,672)	-
Exchange differences	-	-	723	1	224	19	-	967
At 31.12.2020	34,960	14,242	376,864	42,125	218,073	37,867	260,763	984,894
Accumulated depreciation								
At 1.1.2020	-	621	58,535	29,587	139,509	24,505	-	252,757
Charge for the year	-	146	9,105	3,972	16,326	3,089	-	32,638
Disposals	-	-	(108)	(28)	(757)	(1,267)	-	(2,160)
Write-offs	-	-	-	(1,270)	(1,186)	(106)	-	(2,562)
Exchange differences	-	-	40	-	121	10	-	171
At 31.12.2020	-	767	67,572	32,261	154,013	26,231	-	280,844
Accumulated impairment losses								
At 1.1.2020/31.12.2020	-	-	202	-	37	-	-	239
Net carrying amount 31.12.2020	34,960	13,475	309,090	9,864	64,023	11,636	260,763	703,811

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group 2019	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant, machinery, cranes and trucks RM'000	Computer equipment, office equipment, renovations, furniture and fittings RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Cost								
At 1.1.2019	34,960	14,242	346,116	42,840	198,673	38,220	135,833	810,884
Additions	-	-	789	585	13,000	3,335	82,742	100,451
Disposals	-	-	(8,064)	(148)	(366)	(2,417)	-	(10,995)
Liquidation of a subsidiary company	-	-	-	-	(305)	(41)	-	(346)
Write-offs	-	-	(298)	-	(6,610)	(182)	-	(7,090)
Reclassification	-	-	28,341	-	(896)	-	(27,445)	-
Exchange differences	-	-	(217)	-	(56)	(5)	-	(278)
At 31.12.2019	34,960	14,242	366,667	43,277	203,440	38,910	191,130	892,626
Accumulated depreciation								
At 1.1.2019	-	475	51,253	25,775	132,241	23,608	-	233,352
Charge for the year	-	146	8,837	3,958	15,265	3,169	-	31,375
Disposals	-	-	(2,451)	(146)	(341)	(2,162)	-	(5,100)
Liquidation of a subsidiary company	-	-	-	-	(304)	(33)	-	(337)
Write-offs	-	-	(298)	-	(6,121)	(76)	-	(6,495)
Reclassification	-	-	1,208	-	(1,208)	-	-	-
Exchange differences	-	-	(14)	-	(23)	(1)	-	(38)
At 31.12.2019	-	621	58,535	29,587	139,509	24,505	-	252,757
Accumulated impairment losses								
At 1.1.2019/31.12.2019	-	-	202	-	37	-	-	239
Net carrying amount								
At 31.12.2019	34,960	13,621	307,930	13,690	63,894	14,405	191,130	639,630

2. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Computer equipment, office equipment, renovations, furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
2020			
Cost			
At 1.1.2020	**2,329**	**555**	**2,884**
Disposals	**–**	**(4)**	**(4)**
At 31.12.2020	**2,329**	**551**	**2,880**
Accumulated depreciation			
At 1.1.2020	**2,329**	**43**	**2,372**
Charge for the year	**–**	**87**	**87**
Disposals	**–**	**(3)**	**(3)**
At 31.12.2020	**2,329**	**127**	**2,456**
Net carrying amount			
At 31.12.2020	**–**	**424**	**424**
2019			
Cost			
At 1.1.2019	2,329	8	2,337
Additions	–	547	547
At 31.12.2019	2,329	555	2,884
Accumulated depreciation			
At 1.1.2019	2,329	7	2,336
Charge for the year	–	36	36
At 31.12.2019	2,329	43	2,372
Net carrying amount			
At 31.12.2019	–	512	512

Land and buildings of the Group included above at a net carrying amount of RM167,139,000 (2019: RM171,061,000) have been charged to banks to partially secure the long term borrowings, revolving credits and bank overdrafts referred to in Note 29 below.

Included under the Group's property, plant and equipment is borrowing costs of RM4,707,000 (2019: 2,075,000).

NOTES TO THE FINANCIAL STATEMENTS
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3. RIGHT-OF-USE - PROPERTY, PLANT AND EQUIPMENT

	Buildings	
	Group	
	2020 RM'000	2019 RM'000
Cost		
At beginning of the year	**6,678**	5,934
Additions	**64**	737
Early termination of lease contracts	**(80)**	–
Expirations of lease contracts	**(101)**	–
Modification of lease contracts	**(7)**	–
Exchange differences	**(3)**	7
At end of the year	**6,551**	6,678
Accumulated depreciation		
At beginning of the year	**3,065**	1,709
Charge for the year	**1,319**	1,355
Early termination of lease contracts	**(69)**	–
Expirations of lease contracts	**(101)**	–
Exchange differences	**(4)**	1
At end of the year	**4,210**	3,065
Net carrying amount		
At end of the year	**2,341**	3,613

4. INVESTMENT PROPERTIES

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
At beginning of the year	**2,006,439**	1,971,817	**3,243**	3,243
Additions	**52,910**	31,035	**-**	-
Disposals	**(15,685)**	(7,000)	**-**	-
Changes in fair value *(see Note 36 & 34)*	**(12,480)**	11,538	**195**	-
Exchange differences	**3,288**	(951)	**-**	-
At end of the year	**2,034,472**	2,006,439	**3,438**	3,243
Included in the above are:				
At fair value:				
Freehold land and building	**1,151,383**	1,138,440	**1,273**	1,273
Leasehold land and building	**815,425**	820,210	**2,165**	1,970
	1,966,808	1,958,650	**3,438**	3,243
At cost:				
Investment properties under construction	**67,664**	47,789	**-**	-
	2,034,472	2,006,439	**3,438**	3,243

The Group's investment properties at a net carrying amount of RM1,303,378,000 (2019: RM1,262,162,000) have been charged to banks to secure the borrowings referred to in Note 29 below.

Included under the Group's investment properties is borrowing costs of RM1,629,000 (2019: RM362,000) incurred during the financial year.

The fair values of the investment properties of the Group were assessed with reference to open market value of properties in the similar vicinity. The fair value of the investment properties as at 31 December 2020 was substantially arrived at via valuations performed by certified external valuers.

Investment properties of the Group are measured at fair value except for investment properties under construction which are measured at cost until either the fair value becomes reliably determinable or when construction is completed, whichever is earlier.

The fair value hierarchy of the investment properties are disclosed in Note 47.

The Group has no restriction on the realisability of its investment properties and no contractual obligation to either purchase, construct or develop the investment properties or for repairs, maintenance and enhancements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

5. RIGHT-OF-USE – INVESTMENT PROPERTIES

	Group 2020 RM'000	2019 RM'000
At beginning of the year	**75,853**	89,045
Changes in fair value *(see Note 36)*	**(6,799)**	(13,192)
At end of the year	**69,054**	75,853
Included in the above are:		
At fair value:		
Leasehold land and building	**69,054**	75,853

6. INVENTORIES

	Group 2020 RM'000	2019 RM'000 Restated
Non-current		
Land held for property development *(Note (a))*	**12,661,069**	12,315,617
Current		
Cost:		
– Property development costs *(Note (b))*	**3,158,533**	3,072,270
– Completed properties	**815,175**	1,460,512
– Consumable goods, raw materials and others	**10,642**	8,705
	3,984,350	4,541,487
Net realisable value:		
– Completed properties	**274,034**	–
	4,258,384	4,541,487
Total inventories	**16,919,453**	16,857,104

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM467,607,000 (2019: RM354,950,000).

In the current financial year, the Group recognised a write-down in value of certain of its completed property units amounting to RM139,598,000 (2019: RM Nil) in the cost of sales.

6. INVENTORIES (CONT'D)

The following inventories have been charged to various banks to partially secure the borrowings referred to in Note 29 below:

	Group 2020 RM'000	Group 2019 RM'000
Land held for property development	**3,802,124**	3,607,699
Property development costs	**631,243**	858,113
Completed properties	**8,955**	40,341
	4,442,322	4,506,153

(a) LAND HELD FOR PROPERTY DEVELOPMENT

Group 2020	Freehold land RM'000	Leasehold land RM'000	Development expenditure RM'000	Total RM'000
Cost				
At 1.1.2020	**5,479,262**	**3,154,076**	**3,682,279**	**12,315,617**
Additions	**90,895**	**30,710**	**560,448**	**682,053**
Transfer to inventories – property development costs *(see Note (b))*	**(125,468)**	**(702)**	**(100,107)**	**(226,277)**
Transfer to contract cost assets – costs to fulfil contracts with customers *(see Note 20)*	**(29,062)**	**(13,929)**	**(68,635)**	**(111,626)**
Exchange differences	**1,969**	**(585)**	**(82)**	**1,302**
At 31.12.2020	**5,417,596**	**3,169,570**	**4,073,903**	**12,661,069**
2019				
Restated				
Cost				
At 1.1.2019	5,719,511	3,113,510	3,878,170	12,711,191
Additions	290,293	126,090	496,095	912,478
Transfer to inventories – property development costs *(see Note (b))*	(248,555)	(78,741)	(501,516)	(828,812)
Transfer to contract cost assets – costs to fulfil contracts with customers *(see Note 20)*	(281,495)	(6,684)	(190,430)	(478,609)
Exchange differences	(492)	(99)	(40)	(631)
At 31.12.2019	5,479,262	3,154,076	3,682,279	12,315,617

Included in additions incurred during the financial year are borrowing costs of RM178,947,000 (2019: RM213,292,000).

NOTES TO THE FINANCIAL STATEMENTS
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6. INVENTORIES (CONT'D)

(b) PROPERTY DEVELOPMENT COSTS

	Group 2020 RM'000	Group 2019 RM'000 Restated
Freehold land at cost	**448,804**	452,250
Leasehold land at cost	**839,512**	833,890
Development costs	**1,783,954**	1,228,289
At 1 January	**3,072,270**	2,514,429
Costs transferred from inventories – land held for property development *(see Note (a))*		
– freehold land	**125,468**	248,555
– leasehold land	**702**	78,741
– development costs	**100,107**	501,516
Costs transferred to contract cost assets *(see Note 20)*		
– freehold land	**(76,029)**	(249,827)
– leasehold land	**(431,099)**	(97,485)
– development costs	**(431,612)**	(642,608)
Costs incurred during the year		
– freehold land	**7,672**	32,686
– leasehold land	**14,746**	23,793
– development costs	**932,959**	897,590
Exchange differences	**48,300**	(8,027)
	291,214	784,934
Unsold completed properties transferred to inventories	**(204,951)**	(227,093)
	3,158,533	3,072,270
At 31 December		
Freehold land at cost	**495,770**	448,804
Leasehold land at cost	**420,993**	839,512
Development costs	**2,241,770**	1,783,954
	3,158,533	3,072,270

Included under development and construction costs incurred and accounted for under inventories – property development costs and contract cost assets during the financial year are borrowing costs of RM53,009,000 (2019: RM55,487,000).

7. INTANGIBLE ASSET – RIGHT TO OPERATE SPICE

	Group 2020 RM'000	Group 2019 RM'000
Cost		
At beginning and end of the year	**16,025**	16,025
Accumulated amortisation		
At beginning of the year	**1,936**	1,232
Charge for the year *(see Note 36)*	**704**	704
At end of the year	**2,640**	1,936
Net carrying amount		
At end of the year	**13,385**	14,089

The Group had entered into a BOT agreement with Majlis Perbandaran Pulau Pinang ("MPPP") to construct the Subterranean Penang International Convention & Exhibition Centre ("SPICE") and complementary retail, food and beverage outlets and offices in year 2011. The terms of the arrangement also require the Group to improve and refurbish the existing Penang International Sports Arena indoor stadium and aquatic centre.

The terms of the arrangement allow the Group to operate SPICE for up to a period of thirty years ("Concession Period") after the completion of construction. Upon expiry of the concession arrangement, subject to the agreement between the Group and MPPP, the Group may be able to operate SPICE for two further terms, consisting of a period of not less than fifteen years each.

The BOT agreement also grants the Group the right to additional density for the Group's development project within the island of Pulau Pinang. Such development rights are limited to 1,500 residential units. The development rights are only exercisable during the Concession Period and any right not exercised by the end of the Concession Period shall lapse.

8. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company 2020 RM'000	Company 2019 RM'000
Unquoted shares in subsidiary companies, at cost	**4,680,335**	4,642,983
Capital contribution to subsidiary companies, at cost	**4,341,096**	4,183,264
LTIP granted to employees of subsidiary companies	**211,289**	195,880
	9,232,720	9,022,127
Impairment losses	**(204,453)**	(72,017)
	9,028,267	8,950,110

The capital contribution to subsidiary companies represents additional shareholders' net investment. The capital contribution is unsecured, interest free and the repayment of such balances are not expected in the foreseeable future until such time the subsidiary companies are in the position to repay the amount without impairing its liquidity position.

NOTES TO THE FINANCIAL STATEMENTS
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8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

The subsidiary companies are as follows:

	Equity interests				Place of business/ Country of incorporation	Principal activities
	Direct		Indirect			
	2020 %	2019 %	2020 %	2019 %		
Bandar Setia Alam Sdn Bhd	**100**	100	**-**	-	Malaysia	Property development and property investment holding
Setia Indah Sdn Bhd	**100**	100	**-**	-	Malaysia	Property development and property investment holding
Syarikat Kemajuan Jerai Sdn Bhd	**100**	100	**-**	-	Malaysia	Under member's voluntary winding-up
S P Setia Project Management Sdn Bhd	**100**	100	**-**	-	Malaysia	Property development and project management
Wawasan Indera Sdn Bhd	**100**	100	**-**	-	Malaysia	Property development and project management services
S P Setia Eco-Projects Management Sdn Bhd	**100**	100	**-**	-	Malaysia	Property development, project management and other related activities
Setia Fontaines Sdn Bhd	**100**	100	**-**	-	Malaysia	Property development and property investment holding
Bukit Indah (Johor) Sdn Bhd	**100**	100	**-**	-	Malaysia	Property development and property investment holding
Setia Bina Raya Sdn Bhd	**100**	100	**-**	-	Malaysia	Property development and property investment holding
Setia Precast Sdn Bhd	**100**	-	**-**	100	Malaysia	Building contractors
Setia-Wood Industries Sdn Bhd	**100**	100	**-**	-	Malaysia	Fabrication, installation and sale of wood products, provision of kiln dry services, sale of building materials and household goods
S P Setia Marketing Sdn Bhd	**-**	-	**100**	100	Malaysia	Sale of wood products and building materials

8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

	Equity interests					
	Direct		Indirect		Place of business/ Country of incorporation	Principal activities
	2020 %	2019 %	2020 %	2019 %		
Setia Readymix Sdn Bhd	**100**	100	**-**	-	Malaysia	Building contractors and manufacturing and sale of building materials
Bukit Indah (Perak) Sdn Bhd	**100**	100	**-**	-	Malaysia	Under member's voluntary winding-up
S P Setia Management Services Sdn Bhd	**100**	100	**-**	-	Malaysia	Under member's voluntary winding-up
Futurecrest (M) Sdn Bhd	**100**	100	**-**	-	Malaysia	Investment holding
Shabra Development Sdn Bhd	**100**	100	**-**	-	Malaysia	Property development
KL Eco City Sdn Bhd	**100**	100	**-**	-	Malaysia	Property development and property investment holding
Setia Prefab Sdn Bhd	**100**	100	**-**	-	Malaysia	Under member's voluntary winding-up
Manih System Construction Sdn Bhd	**100**	-	**-**	100	Malaysia	Under member's voluntary winding-up
Tenaga Raya Sdn Bhd	**100**	100	**-**	-	Malaysia	Dormant
Indera Perasa Sdn Bhd	**100**	100	**-**	-	Malaysia	Investment holding, project management services, property and building management
Setia Eco Templer Recreation Sdn Bhd	**-**	-	**100**	100	Malaysia	Operate and manage a recreation club, banqueting and leasing of retail and food and beverage outlets
Setia IP Holdings Sdn Bhd	**100**	100	**-**	-	Malaysia	Custodian and management of Group's intellectual property rights
Kenari Kayangan Sdn Bhd	**99.99**	99.99	**-**	-	Malaysia	Under member's voluntary winding-up
Setia Ecohill 2 Sdn Bhd	**100**	100	**-**	-	Malaysia	Property development and property investment holding
Setia Ecohill Recreation Sdn Bhd	**-**	-	**100**	100	Malaysia	Operate and manage a recreation club

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

	Equity interests				Place of business/ Country of incorporation	Principal activities
	Direct		Indirect			
	2020 %	2019 %	2020 %	2019 %		
Setia Hicon Sdn Bhd	**100**	100	**-**	-	Malaysia	Property development
S P Setia Technology Sdn Bhd	**100**	100	**-**	-	Malaysia	Provision of money lending service
S P Setia PMC Sdn Bhd	**100**	100	**-**	-	Malaysia	Provision of accounting, finance and corporate secretarial services
Setia Promenade Sdn Bhd	**100**	100	**-**	-	Malaysia	Property development and property investment holding
Bukit Indah Property Management Sdn Bhd	**70**	70	**-**	-	Malaysia	Property development
Kewira Jaya Sdn Bhd	**100**	100	**-**	-	Malaysia	Property development and property investment holding
Kay Pride Sdn Bhd	**-**	-	**100**	100	Malaysia	Property development, property investment holding and project management services
Aeropod Sdn Bhd	**100**	100	**-**	-	Malaysia	Property development, property investment holding and general construction
Setia Japan Holding Sdn Bhd	**100**	100	**-**	-	Malaysia	Investment holding
Eco Meridian Sdn Bhd	**100**	100	**-**	-	Malaysia	Construction and operation of concession asset and property investment holding
Setia Ecohill Sdn Bhd	**100**	100	**-**	-	Malaysia	Property development and property investment holding
S P Setia (Indonesia) Sdn Bhd	**100**	100	**-**	-	Malaysia	Dormant
Setia City Development Sdn Bhd	**100**	100	**-**	-	Malaysia	Property development, property investment holding and project management services
Gita Kasturi Sdn Bhd	**100**	100	**-**	-	Malaysia	Property development and property investment holding

8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

	Equity interests				Place of business/ Country of incorporation	Principal activities
	Direct		Indirect			
	2020 %	2019 %	2020 %	2019 %		
Intra Hillside Sdn Bhd	**100**	100	**-**	-	Malaysia	Property development and property investment holding
Setia Eco Green Sdn Bhd	**100**	100	**-**	-	Malaysia	Property investment holding
Setia Eco Heights Sdn Bhd	**100**	100	**-**	-	Malaysia	Maintains a representative office in Hong Kong
Setia Eco Land Sdn Bhd	**100**	100	**-**	-	Malaysia	Property development and property investment holding
Setia Alam Recreation Sdn Bhd	**-**	-	**100**	100	Malaysia	Operate and manage a recreation club
Setia Alamsari Sdn Bhd	**100**	100	**-**	-	Malaysia	Property development and property investment holding
S P Setia Property Services Sdn Bhd	**100**	100	**-**	-	Malaysia	Operation of convention centre
Flexrise Projects Sdn Bhd	**100**	100	**-**	-	Malaysia	Property investment holding
Pelita Mentari Sdn Bhd	**100**	100	**-**	-	Malaysia	Property investment holding and project management services
Setia Eco Templer Sdn Bhd	**100**	100	**-**	-	Malaysia	Property development and property investment
Setia EM (Central) Sdn Bhd	**100**	100	**-**	-	Malaysia	Property management services
S P Setia DMC Sdn Bhd	**100**	100	**-**	-	Malaysia	Development management consultancy
Exceljade Sdn Bhd	**100**	100	**-**	-	Malaysia	Property development and project management services
Sendiman Sdn Bhd	**100**	100	**-**	-	Malaysia	Property development
Setia Ventures Excellence Sdn Bhd	**100**	100	**-**	-	Malaysia	Investment holding
Kemboja Mahir Sdn Bhd	**70**	70	**-**	-	Malaysia	Property development and investment holding
Bandar Eco-Setia Sdn Bhd	**50**	50	**-**	-	Malaysia	Property development and property investment
Setia Eco Park Recreation Sdn Bhd	**-**	-	**50**	50	Malaysia	Operate and manage a recreation club and banqueting

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

	Equity interests Direct 2020 %	Direct 2019 %	Indirect 2020 %	Indirect 2019 %	Place of business/ Country of incorporation	Principal activities
Ganda Anggun Sdn Bhd	-	-	**70**	70	Malaysia	Property development
Kesas Kenangan Sdn Bhd	-	-	**70**	70	Malaysia	Property development and property investment
Setia Eco Glades Sdn Bhd	**70**	70	-	-	Malaysia	Property development and property investment holding
Setia Safiro Sdn. Bhd.	**70**	70	-	-	Malaysia	Property development and property investment holding
Setia Federal Hill Sdn Bhd	**100**	100	-	-	Malaysia	Property development
Setia International Limited	**100**	100	-	-	Malaysia	Investment holding
Setia MyPhuoc Limited	-	-	**100**	100	Malaysia	Investment holding
Setia Australia Limited	-	-	**100**	100	Malaysia	Investment holding
Setia Lai Thieu Limited	-	-	**95**	95	British Virgin Islands	Investment holding
+ Setia Lai Thieu One Member Company Limited	-	-	**95**	95	Vietnam	Property development
+ Setia (Melbourne) Development Company Pty Ltd	-	-	**100**	100	Australia	Property development
+ Setia St Kilda (Melbourne) Pty Ltd	-	-	**100**	100	Australia	Property development
+ Setia Carnegie Pty Ltd	-	-	**100**	100	Australia	Property development
+ Setia A'Beckett (Melbourne) Pty Ltd	-	-	**100**	100	Australia	Property development
+ S P Setia International (S) Pte. Ltd.	**100**	100	-	-	Singapore	Promotion, marketing and other activities related to property development
+ Setia (Bukit Timah) Pte. Ltd.	-	-	**100**	100	Singapore	Promotion, marketing and other activities related to property development

8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

	Equity interests Direct 2020 %	Equity interests Direct 2019 %	Equity interests Indirect 2020 %	Equity interests Indirect 2019 %	Place of business/ Country of incorporation	Principal activities
+ S P Setia Development Pte. Ltd.	**100**	100	**-**	-	Singapore	Promotion, marketing and other activities related to property development
Setia International Japan Co. Ltd.	**100**	100	**-**	-	Japan	Investment holding
+ Setia Osaka Tokutei Mokuteki Kaisha	**-**	-	**100**	100	Japan	Property development
Ωμ S P Setia Foundation	**-**	-	**-**	-	Malaysia	A trust established under the provision of Trustees (Incorporation) Act 1952, for promotion and advancement of education, research and dissemination of knowledge
*Ωμ Setia Badminton Academy	**-**	-	**-**	-	Malaysia	A trust established for promotion of badminton
I & P Group Sdn. Berhad	**100**	100	**-**	-	Malaysia	Investment holding and provision of management services to subsidiaries
I & P Menara Sendirian Berhad	**-**	-	**100**	100	Malaysia	Property development
I & P Alam Impian Sdn. Bhd.	**-**	-	**99.87**	99.87	Malaysia	Property development
I & P Setiawangsa Sdn. Bhd.	**-**	-	**100**	100	Malaysia	Property development
Petaling Garden Sdn. Bhd.	**-**	-	**100**	100	Malaysia	Property development and investment holding
Setia Mayuri Sdn. Bhd.	**-**	-	**100**	100	Malaysia	Property development
Biltmore (M) Sdn. Bhd.	**-**	-	**100**	100	Malaysia	Property development
^ PG Resorts Sdn. Bhd.	**-**	-	**100**	100	Malaysia	Property development
Temasya Development Co. Sdn. Bhd.	**-**	-	**66.06**	66.06	Malaysia	Property development
Alpine Affluent Sdn. Bhd.	**-**	-	**66.06**	66.06	Malaysia	Property development

NOTES TO THE FINANCIAL STATEMENTS
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8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

	Equity interests				Place of business/ Country of incorporation	Principal activities
	Direct		Indirect			
	2020 %	2019 %	2020 %	2019 %		
Scenic Promenade Sdn. Bhd.	-	-	**66.06**	66.06	Malaysia	Sublease of land
Syarikat Perumahan Pegawai Kerajaan Sendirian Berhad	-	-	**70.09**	70.09	Malaysia	Development and sale of land, residential and commercial properties and rental of properties
Plaza Damansara Sdn. Bhd.	-	-	**70.09**	70.09	Malaysia	Ceased operation
Perumahan Kinrara Berhad	-	-	**51**	51	Malaysia	Property development, operation of golf course
Kinrara Golf Club Sdn. Bhd.	-	-	**51**	51	Malaysia	Ceased operation
Kinrara Urusharta Sdn. Bhd.	-	-	**51**	51	Malaysia	Ceased operation
# I & P Kota Bayuemas Sdn.Bhd.	-	-	**51.91**	51.91	Malaysia	Property development
Pelangi Sdn. Bhd.	-	-	**100**	100	Malaysia	Property development and investment holding
Yukong Development (Pte) Limited	-	-	**100**	100	Singapore	Property development and investment in real properties
Taman Gunong Hijau Sdn. Bhd.	-	-	**89.14**	89.14	Malaysia	Property development and investment in real properties
I & P Multi Resources Sdn. Berhad	-	-	**100**	100	Malaysia	Investment holding
I & P Development Sdn. Bhd.	-	-	**100**	100	Malaysia	Ceased operation
I & P Supply Berhad	-	-	**100**	100	Malaysia	Ceased operation
I & P Inderawasih Jaya Sdn. Bhd.	-	-	**100**	100	Malaysia	Ceased operation
Peninsular Land Development Sdn. Berhad	-	-	**100**	100	Malaysia	Ceased operation
I & P Nibong Sdn. Bhd.	-	-	**100**	100	Malaysia	Ceased operation
Perusahaan Minyak Sawit Bintang Sendirian Berhad	-	-	**100**	100	Malaysia	Ceased operation
Yong Peng Realty Sdn. Bhd.	-	-	**100**	100	Malaysia	Ceased operation

8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

	Equity interests				Place of business/ Country of incorporation	Principal activities
	Direct		Indirect			
	2020 %	2019 %	2020 %	2019 %		
Pelangi Concrete Industries Sdn. Bhd.	-	-	**100**	100	Malaysia	Investment holding
Eng Lee Knitting Factory Sdn. Bhd.	-	-	**100**	100	Malaysia	Dormant
Petaling Garden Industrial Estate Sdn. Bhd.	-	-	**100**	100	Malaysia	Ceased operation

* *Audited by a firm other than Ernst & Young PLT*
\+ *Audited by member firms of Ernst & Young Global*
Ω *A trust established under the Trustees (Incorporation) Act 1952*
μ *S P Setia Berhad has effective interest of 100%*
\# *51% directly owned by Perumahan Kinrara Berhad and 25.9% directly owned by I & P Group Sdn. Berhad*
^ *70% directly owned by Petaling Garden Sdn. Bhd. and 30% directly owned by I & P Group Sdn. Berhad*

Subsidiary companies that have material non-controlling interests

Details of the Group's subsidiary companies that have material non-controlling interests at the end of the reporting period are as follows:

Name of subsidiary company	Place of incorporation and operation	Proportion of ownership interests held by non-controlling interest		Profit allocated to non-controlling interests		Carrying amount of non-controlling interests	
		2020	2019	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Bandar Eco-Setia Sdn Bhd Group	Malaysia	**50%**	50%	**12,293**	19,417	**338,601**	401,883
Setia Eco Glades Sdn Bhd	Malaysia	**30%**	30%	**4,747**	6,600	**58,201**	54,444
Kesas Kenangan Sdn Bhd	Malaysia	**30%**	30%	**2,816**	3,048	**79,482**	76,666
Perumahan Kinrara Berhad Group	Malaysia	**49%**	49%	**27,025**	24,424	**533,438**	511,803
Syarikat Perumahan Pegawai Kerajaan Sendirian Berhad Group	Malaysia	**29.91%**	29.91%	**15,031**	10,351	**204,227**	194,095
Temasya Development Co. Sdn. Bhd. Group	Malaysia	**33.94%**	33.94%	**13,481**	17,806	**169,181**	159,108
Individually immaterial subsidiary companies with non-controlling interests						**35,730**	34,648
						1,418,860	1,432,647

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8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

Summarised financial information of the Group's subsidiary companies that have material non-controlling interests (amounts before intra-group elimination) is as follows:

	2020 RM'000	2019 RM'000
Bandar Eco-Setia Sdn Bhd Group		
Non-current assets	**456,099**	413,616
Current assets	**291,660**	461,564
Non-current liabilities	**(17,091)**	(17,315)
Current liabilities	**(53,466)**	(54,100)
Net assets	**677,202**	803,765
Revenue	**80,169**	116,367
Profit for the year, representing total comprehensive income for the year	**24,586**	38,833
Dividends paid to non-controlling interests	**75,575**	9,740
Net cash from operating activities	**21,744**	106,619
Net cash from/(used in) investing activities	**5,171**	(12,025)
Net cash used in financing activities	**(151,167)**	(19,514)
Net (decrease)/increase in cash and cash equivalents	**(124,252)**	75,080

	2020 RM'000	2019 RM'000
Setia Eco Glades Sdn Bhd		
Non-current assets	**345,730**	339,085
Current assets	**169,295**	249,382
Non-current liabilities	**(42,573)**	(145,218)
Current liabilities	**(278,448)**	(261,770)
Net assets	**194,004**	181,479
Revenue	**151,832**	162,557
Profit for the year, representing total comprehensive income for the year	**15,824**	22,000
Dividends paid to non-controlling interests	**16,998**	960
Net cash from operating activities	**97,541**	61,867
Net cash from/(used in) investing activities	**138**	(1,670)
Net cash used in financing activities	**(93,913)**	(61,258)
Net increase/(decrease) in cash and cash equivalents	**3,766**	(1,061)

8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

	2020 RM'000	2019 RM'000
Kesas Kenangan Sdn Bhd		
Non-current assets	**422,315**	383,887
Current assets	**167,853**	217,829
Non-current liabilities	**(112,417)**	(131,339)
Current liabilities	**(212,812)**	(214,826)
Net assets	**264,939**	255,551
Revenue	**50,666**	89,226
Profit for the year, representing total comprehensive income for the year	**9,388**	10,160
Dividends paid to non-controlling interests	**-**	-
Net cash from operating activities	**30,731**	54,491
Net cash used in investing activities	**(12,034)**	(8,773)
Net cash used in financing activities	**(39,109)**	(17,897)
Net (decrease)/increase in cash and cash equivalents	**(20,412)**	27,821

	2020 RM'000	2019 RM'000
Perumahan Kinrara Berhad Group		
Non-current assets	**707,795**	712,084
Current assets	**511,241**	460,988
Non-current liabilities	**(77,346)**	(83,486)
Current liabilities	**(53,042)**	(45,091)
Net assets	**1,088,648**	1,044,495
Revenue	**295,136**	237,249
Profit for the year, representing total comprehensive income for the year	**55,154**	49,845
Dividends paid to non-controlling interests	**5,390**	3,234
Net cash from operating activities	**97,363**	51,564
Net cash used in investing activities	**(86,734)**	(13,014)
Net cash used in financing activities	**(11,860)**	(8,124)
Net (decrease)/increase in cash and cash equivalents	**(1,231)**	30,426

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

	2020 RM'000	2019 RM'000
Syarikat Perumahan Pegawai Kerajaan Sendirian Berhad Group		
Non-current assets	**179,879**	322,868
Current assets	**506,260**	344,058
Current liabilities	**(3,334)**	(17,994)
Net assets	**682,805**	648,932
Revenue	**111,633**	72,073
Profit for the year, representing total comprehensive income for the year	**50,253**	34,606
Dividends paid to non-controlling interests	**4,899**	4,270
Net cash (used in)/from operating activities	**(7,744)**	57,260
Net cash used in investing activities	**(66,668)**	(90,343)
Net cash used in financing activities	**(16,380)**	(14,274)
Net decrease in cash and cash equivalents	**(90,792)**	(47,357)

	2020 RM'000	2019 RM'000
Temasya Development Co. Sdn. Bhd. Group		
Non-current assets	**94,032**	86,714
Current assets	**440,633**	449,326
Non-current liabilities	**(5,021)**	(6,130)
Current liabilities	**(31,173)**	(61,117)
Net assets	**498,471**	468,793
Revenue	**97,972**	181,576
Profit for the year, representing total comprehensive income for the year	**39,720**	52,463
Dividends paid to non-controlling interests	**3,408**	3,408
Net cash from operating activities	**41,775**	83,672
Net cash used in investing activities	**(171,749)**	(50,498)
Net cash used in financing activities	**(21,170)**	(36,408)
Net decrease in cash and cash equivalents	**(151,144)**	(3,234)

8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

Impairment loss on investment in subsidiary companies

At the reporting date, the Company conducted an impairment review of its investment in certain subsidiary companies, principally based on the Company's share of net assets in these subsidiary companies, which represents the directors' estimation of fair value less costs to sell of these subsidiary companies.

The review gave rise to the recognition of impairment losses of investments in subsidiary companies of RM132,436,000 (2019: RM11,323,000) as disclosed in Note 36 based on recoverable amounts of RM141,456,000 (2019: RM29,747,000) (categorised as level 3 in the fair value hierarchy). The impairment losses arose due mainly to the inactivity of these subsidiary companies or following a decline in the value of their properties and recoverable amounts.

9. INVESTMENTS IN JOINT VENTURES

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Unquoted ordinary shares/capital contribution, at cost	**2,848,067**	2,791,280	**35,251**	35,251
Group's share of post-acquisition profits less losses	**(156,896)**	215,654	**-**	-
Group's share of non-distributable reserves	**12,531**	(27,756)	**-**	-
	2,703,702	2,979,178	**35,251**	35,251

The joint ventures are as follows:

	Equity interests Direct 2020 %	Equity interests Direct 2019 %	Equity interests Indirect 2020 %	Equity interests Indirect 2019 %	Place of business/ Country of Incorporation	Principal activities
Setia Putrajaya Sdn Bhd	**60**	60	**-**	-	Malaysia	Property development, building construction and investment holding
Setia Putrajaya Development Sdn Bhd	**-**	-	**60**	60	Malaysia	Property development
Greenhill Resources Sdn Bhd	**-**	-	**50**	50	Malaysia	Property investment holding, landlord and operator of a retail mall
# SetiaBecamex Joint Stock Company	**-**	-	**57.25**	57.25	Vietnam	Property development
Retro Highland Sdn Bhd	**50**	50	**-**	-	Malaysia	Property development
# Battersea Project Holding Company Limited	**-**	-	**40**	40	Jersey	Mixed use redevelopment of Battersea Power Station
# Battersea Power Station Development Company Limited	**-**	-	**40**	40	United Kingdom	Property development and estate management services
# Battersea Power Station Estates Limited	**-**	-	**40**	40	United Kingdom	Property sales, letting and management services

Audited by a firm other than Ernst & Young PLT

Notwithstanding that the Group has ownership of more than half of the equity shareholding in certain companies, they are treated as joint ventures pursuant to the contractual rights and obligations of the respective joint venture agreements.

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9. INVESTMENTS IN JOINT VENTURES (CONT'D)

The Group's joint ventures are accounted for using the equity method in the financial statements.

The Group's share of capital commitments of the joint ventures at the reporting date are as below:

	2020 RM'000	2019 RM'000
Capital commitments:		
- Commitments for construction of investment properties	**7,004**	32,194
- Commitments for acquisition of development land	**115,705**	113,734

There is no share of contingent liability and operating lease commitment of the joint ventures of the Group as at the reporting date.

Summarised financial information in respect of the Group's material joint ventures which comprise the Battersea Group of companies are set out below.

Battersea Group of companies

Summarised statements of financial position:

	2020 RM'000	2019 RM'000
Non-current assets	**2,701,954**	2,908,432
Current assets		
Cash and cash equivalents	**552,050**	947,968
Other current assets	**9,613,824**	8,232,495
	10,165,874	9,180,463
Non-current liabilities		
Other non-current liabilities	**4,538,123**	3,463,222
Current liabilities		
Trade and other payables and provisions	**2,413,402**	1,916,784
Other current liabilities	**125**	5,859
	2,413,527	1,922,643
Net assets	**5,916,178**	6,703,030

9. INVESTMENTS IN JOINT VENTURES (CONT'D)

Summarised statements of comprehensive income:

	2020 RM'000	2019 RM'000
Revenue	**1,306,310**	1,753,237
Depreciation and amortisation	**(7,334)**	(13,154)
Interest income	**503**	636
Interest expense	**(9,762)**	(4,879)
Write down in inventories	**(841,994)**	–
Loss before tax	**(973,024)**	(113,460)
Taxation	**266**	22,057
Loss for the financial year	**(972,758)**	(91,403)
Total comprehensive loss for the financial year	**(972,758)**	(91,403)
Share of results of joint ventures	**(389,103)**	(36,561)

Reconciliation of the above summarised financial information to the carrying amount of the Group's interest in the Battersea Group of companies is as follows:

	2020 RM'000	2019 RM'000
Net assets		
At the beginning of the financial year	**6,703,030**	6,225,075
Acquisition of additional shares during the year	**81,971**	419,616
Non-distributable reserves	**103,935**	149,742
Total comprehensive loss for the financial year	**(972,758)**	(91,403)
At end of the financial year	**5,916,178**	6,703,030
Proportion of ownership interest held by the Group	**40%**	40%
Carrying amount of the Group's interest in the joint venture	**2,366,471**	2,681,212

There is no dividend paid by Battersea Group of companies during the financial year (2019: RM Nil).

The summarised aggregate financial information of the Group's share of other individually non–material joint ventures as at 31 December is set out below:

	2020 RM'000	2019 RM'000
Profit for the year, representing total comprehensive income for the financial year	**16,553**	16,602
Carrying amount of the Group's interest in individually non-material joint ventures	**337,231**	297,966

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10. INVESTMENTS IN ASSOCIATED COMPANIES

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Unquoted ordinary shares, at cost	**71,138**	71,138	**900**	900
Capital contribution to an associated company, at cost	**94,721**	94,721	**94,721**	94,721
Group's share of post- acquisition profits less losses	**383,444**	389,702	**-**	-
Group's share of non-distributable reserves	**11,926**	5,901	**-**	-
Impairment losses	**(1,372)**	(1,372)	**-**	-
	559,857	560,090	**95,621**	95,621

The associated companies are as follows:

		Equity interests Direct 2020 %	Direct 2019 %	Indirect 2020 %	Indirect 2019 %	Place of business/ Country of incorporation	Principal activities
∞	PTB Property Developer Sdn Bhd	**-**	-	**49**	49	Malaysia	Dormant
∞	Qinzhou Development (Malaysia) Consortium Sdn. Bhd.	**45**	45	**-**	-	Malaysia	Investment holding
∞	China-Malaysia Qinzhou Industrial Park (Guangxi) Development Co. Ltd	**-**	-	**22**	22	China	Property development
*	Tanah Sutera Development Sdn. Bhd.	**-**	-	**35**	35	Malaysia	Property development and investment in real properties
*	Tanah Sutera Management Sdn. Bhd.	**-**	-	**-**	35	Malaysia	Liquidated
*	Merit Properties Sdn. Bhd.	**-**	-	**20**	20	Malaysia	Property development, investment in real properties and providing management services
∞ β	Fahim-I Hitech Sdn. Bhd.	**-**	-	**20**	20	Malaysia	Dormant

* *Audited by member firms of Ernst & Young PLT*
∞ *Audited by a firm other than Ernst & Young PLT*
β *Financial year end 30 June*

For the purpose of applying the equity method of accounting, the management accounts of these associated companies for the financial year ended 31 December 2020 have been used.

Summarised financial information in respect of the Group's material associated companies is set out below. The summarised financial information below represents amounts based on the associated companies' financial statements adjusted for any material differences with the Group's accounting policies.

10. INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

Summarised statements of financial position:

	Tanah Sutera Development Sdn. Bhd. Group		Merit Properties Sdn. Bhd.	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current assets	**599,133**	604,807	**387,395**	425,732
Current assets				
Cash and cash equivalents	**274,314**	238,361	**45,978**	41,121
Other current assets	**193,584**	211,476	**1,100**	1,886
	467,898	449,837	**47,078**	43,007
Non-current liabilities				
Trade and other payables and provisions	**574**	3,449	**-**	-
Other non-current liabilities	**35,456**	30,554	**12,802**	13,031
	36,030	34,003	**12,802**	13,031
Current liabilities				
Trade and other payables and provisions	**48,922**	35,808	**2,402**	2,593
Net assets	**982,079**	984,833	**419,269**	453,115

Summarised statements of comprehensive income:

	Tanah Sutera Development Sdn. Bhd. Group		Merit Properties Sdn. Bhd.	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	**113,724**	105,286	**1,808**	4,891
Depreciation and amortisation	**(1,315)**	(1,006)	**(34)**	(18)
Interest income	**7,914**	8,148	**1,097**	1,398
Interest expense	**(110)**	(1,025)	**(20)**	(20)
Profit/(loss) before tax	**35,265**	65,803	**(27,992)**	27,189
Taxation	**(20,519)**	(22,400)	**296**	(334)
Profit/(loss) for the financial year	**14,746**	43,403	**(27,696)**	26,855
Total comprehensive income/(loss) for the financial year	**14,746**	43,403	**(27,696)**	26,855
Share of results of associated companies	**5,161**	15,191	**(5,539)**	5,371
Dividend from associated companies	**6,125**	3,675	**1,230**	2,050

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10. INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the associated companies are as follows:

	Tanah Sutera Development Sdn. Bhd. Group		Merit Properties Sdn. Bhd.	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Net assets				
At beginning of the financial year	**984,833**	951,930	**453,115**	436,510
Total comprehensive income/(loss) for the financial year	**14,746**	43,403	**(27,696)**	26,855
Dividends paid	**(17,500)**	(10,500)	**(6,150)**	(10,250)
At end of the financial year	**982,079**	984,833	**419,269**	453,115
Group's interest in the associated companies	**35%**	35%	**20%**	20%
Carrying amount at end of the financial year	**343,728**	344,692	**83,854**	90,623

The summarised aggregate financial information of the Group's share of other individually non-material associated companies as at 31 December is set out below:

	2020 RM'000	2019 RM'000
Profit for the year, representing total comprehensive income for the year	**1,475**	7,886
Carrying amount of the Group's interest in individually non-material associated companies companies	**37,554**	30,054
Capital contribution to an associated company, at cost *	**94,721**	94,721
	132,275	124,775

* This amount relates to the capital contribution to Qinzhou Development (Malaysia) Consortium Sdn Bhd, an associated company which holds the investment in China-Malaysia Qinzhou Industrial Park (Guangxi) Development Co. Ltd. in China.

The capital contribution is unsecured, interest free and is not expected to be recalled within the foreseeable future.

11. OTHER INVESTMENTS

	Group 2020 RM'000	Group 2019 RM'000
Non-current		
At fair value through profit or loss		
Equity instruments (unquoted in Malaysia)	**96**	96

12. AMOUNTS OWING BY/TO SUBSIDIARY COMPANIES

Amounts owing by subsidiary companies included under non-current assets

The amounts owing by subsidiary companies included under non-current assets represent unsecured advances which are not expected to be recalled within the next 12 months and are analysed as follows:

	Company 2020 RM'000	Company 2019 RM'000
Bearing interest at 2.38% to 8.00% (2019: 4.18% to 8.00%) per annum	**4,730,819**	4,837,038
Interest free	**108,263**	–
Unquoted redeemable cumulative preference shares	**60,423**	133,371
	4,899,505	4,970,409

Amounts owing by subsidiary companies included under current assets

	Company 2020 RM'000	Company 2019 RM'000
Trade accounts:		
– staff secondment fee	**4,920**	3,560
Unsecured advances:		
– bearing interest at 2.38% to 8.00% (2019: 4.18% to 8.00%) per annum	**609,897**	12,842
– interest free	**611,747**	1,020,409
	1,226,564	1,036,811
– allowance for impairment loss	**(1,291)**	(1,291)
	1,225,273	1,035,520

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

12. AMOUNTS OWING BY/TO SUBSIDIARY COMPANIES (CONT'D)

The movements in the allowance for impairment losses during the financial year are as follows:

	Company	
	2020 RM'000	**2019 RM'000**
At beginning of the year	**1,291**	1,330
Liquidation of a subsidiary company	**-**	(39)
At end of the year	**1,291**	1,291

The trade accounts are expected to be settled within the normal credit periods. Unsecured advances are repayable on demand.

<u>Amounts owing to subsidiary companies included under current liabilities</u>

	Company	
	2020 RM'000	**2019 RM'000**
Unsecured advances:		
- bearing interest at 3.20% to 4.42% (2019: 4.45% to 4.92%) per annum	**505,000**	171,430
- interest free	**104,746**	105,420
	609,746	276,850

Unsecured advances are repayable on demand.

13. AMOUNTS OWING BY JOINT VENTURES

Amounts owing by joint ventures included under non-current assets

	Group	
	2020 **RM'000**	**2019** **RM'000**
Unsecured advances:		
- bearing interest at 8.00% (2019: 3.58%) per annum	**69,785**	69,785

The unsecured advances owing by a joint venture is not repayable within 12 months.

Amounts owing by joint ventures included under current assets

	Group		Company	
	2020 **RM'000**	**2019** **RM'000**	**2020** **RM'000**	**2019** **RM'000**
Unsecured advances:				
- bearing interest at 4.00% to 6.75% (2019: 4.00% to 6.75%) per annum	**28,988**	29,602	**8,624**	9,624
- interest free	**53,601**	55,502	**50,212**	49,677
	82,589	85,104	**58,836**	59,301

Unsecured advances are repayable on demand.

14. AMOUNTS OWING BY ASSOCIATED COMPANIES

Amounts owing by associated companies included under current assets

	Group		Company	
	2020 **RM'000**	**2019** **RM'000**	**2020** **RM'000**	**2019** **RM'000**
Unsecured advances:				
- interest free	**4,336**	590	**647**	576

Unsecured advances are repayable on demand.

15. AMOUNTS OWING BY/TO RELATED PARTIES

These represent amounts owing by/to Permodalan Nasional Berhad ("PNB") and the government related entities disclosed in Note 41(a) ("PNB Group"). PNB was I & P Group Sdn. Berhad's previous shareholder and immediate holding company.

The amounts owing by/to related parties are repayable/payable on demand.

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16. DEFERRED TAX

	Group		Company	
	2020 RM'000	2019 RM'000 Restated	2020 RM'000	2019 RM'000
Deferred tax assets	**324,511**	256,074	**500**	783
Deferred tax liabilities	**(467,792)**	(455,575)	**-**	-
	(143,281)	(199,501)	**500**	783
At beginning of the year	**(199,501)**	(258,169)	**783**	1,038
Credited/(charged) to profit or loss	**57,824**	58,459	**(283)**	(255)
Disposal of a subsidiary company	**-**	2	**-**	-
Exchange rate differences	**(1,604)**	207	**-**	-
At end of the year	**(143,281)**	(199,501)	**500**	783

The Group has recognised the deferred tax assets as it is probable that its development projects and its cost and efficiency rationalisation strategies would generate sufficient taxable profits in future against which the deferred tax assets can be utilised.

The temporary differences on which deferred tax assets/liabilities have been recognised are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000 Restated	2020 RM'000	2019 RM'000
Tax effects of:				
- unabsorbed capital allowances	**7,605**	5,321	**-**	-
- unutilised tax losses	**109,834**	47,979	**-**	-
- valuation of development land and property development and construction profits	**(176,236)**	(159,574)	**-**	-
- excess of capital allowances claimed over accumulated depreciation on property, plant and equipment	**(31,965)**	(30,680)	**-**	-
- fair value changes on investment properties	**(49,982)**	(56,716)	**(109)**	(89)
- others	**(2,537)**	(5,831)	**609**	872
	(143,281)	(199,501)	**500**	783

16. DEFERRED TAX (CONT'D)

Unutilised tax losses, unabsorbed capital allowances and other temporary differences which exist as at 31 December on which deferred tax assets have not been recognised in the financial statements are as follows:

	Group	
	2020 RM'000	**2019 RM'000**
Unutilised tax losses	**372,955**	354,913
Unabsorbed capital allowances	**11,024**	4,101
Others - deductible temporary differences	**326,037**	321,894
	710,016	680,908

Deferred tax assets have not been recognised in respect of these items for certain subsidiary companies as it is not probable that taxable profits of the subsidiary companies would be available against which the unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences could be utilised.

The unutilised capital allowances of the Group are available indefinitely for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial changes in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority.

On the other hand, the Malaysia Finance Act gazetted on 27 December 2018 has imposed a time limitation to restrict the carry forward of the unutilised tax losses for Malaysian entities.

The unutilised tax losses accumulated up to the year of assessment 2018 are allowed to be carried forward for 7 consecutive years of assessment (i.e. from years of assessment 2019 to 2025) and any balance of the unutilised losses thereafter shall be disregarded.

However, for any unutilised tax losses that originated from the year of assessment 2019 onwards, these are allowed to be carried forward for a maximum period of 7 consecutive years of assessment immediately following that originating year of assessment and any balance of the unutilised tax losses thereafter shall be disregarded.

The foreign unutilised losses and unabsorbed capital allowances applicable to foreign incorporated subsidiary companies, if any, are pre-determined by and subject to the tax legislations of the respective countries.

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17. TRADE RECEIVABLES

	Group 2020 RM'000	Group 2019 RM'000
Non-Current		
Gross progress billings receivable	**28,824**	30,249
Current		
Gross progress billings receivable	**712,218**	554,400
Gross retention sums receivable	**113,820**	163,496
Other gross receivables	**25,457**	5,459
Total gross receivables	**851,495**	723,355
Allowance for impairment loss	**(1,992)**	(1,352)
	849,503	722,003
Total	**878,327**	752,252

The progress billings are due within 14 to 90 days (2019: 14 to 90 days) as stipulated in sale and purchase agreements and construction contracts. The retention sums are due upon the expiry of the defect liability period stated in the respective sale and purchase agreements and construction contracts.

Non-current gross progress billings receivables are collectible within 3 to 5 years (2019: 3 to 5 years). Current other gross receivables are collectible within 7 to 90 days (2019: 7 to 90 days).

Ageing analysis of the Group's trade receivables are as follows:

	Group 2020 RM'000	Group 2019 RM'000
Neither past due nor impaired	**507,761**	502,559
1 to 30 days past due but not impaired	**123,434**	87,670
31 to 60 days past due but not impaired	**68,223**	36,690
61 to 90 days past due but not impaired	**97,790**	61,110
91 to 120 days past due but not impaired	**29,516**	13,419
More than 121 days past due but not impaired	**51,603**	50,804
	878,327	752,252
Individually impaired	**1,992**	1,352
	880,319	753,604

<u>Receivables that are neither past due nor impaired</u>

The receivables that are neither past due nor impaired are creditworthy debtors with good payment track records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

17. TRADE RECEIVABLES (CONT'D)

Receivables that are past due but not impaired

The receivables that are past due but not impaired are mainly related to the progress billings to be settled by the purchasers or the purchasers' end-financiers. However, the directors are of the opinion that these debts should be realised in full without material losses in the ordinary course of business as the legal title to the properties sold remains with the Group until the purchase consideration is fully settled/paid.

Receivables that are impaired

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in financial difficulties and have defaulted on payment. These receivables are not secured by any collateral or credit enhancements.

The Group measures allowance for impairment losses of trade receivables based on lifetime ECLs.

The expected credit losses on trade receivables are estimated by reference to historical loss experience of the debtors and an analysis of the debtor's current financial position, adjusted for forward-looking factors specific to the debtors and the general economic conditions, where applicable. The Group generally performs impairment assessment on trade receivables on an individual basis or on an account-by-account basis. In respect of its property development activities, the Group has assessed that these debts should be realised in full without material losses in the ordinary course of business as the legal title to the properties sold remains with the Group until the purchase consideration is fully settled/paid.

The movements in the allowance for impairment losses of trade receivables during the financial year are as follows:

	Group	
	2020 RM'000	**2019 RM'000**
At beginning of the year	**1,352**	1,339
Allowance for impairment loss during the year	**640**	13
At end of the year	**1,992**	1,352

The currency exposure profile of trade receivables net of allowance for impairment losses is as follows:

	Group	
	2020 RM'000	**2019 RM'000**
Malaysian Ringgit	**834,452**	747,883
Singapore Dollar	**43,875**	4,369
	878,327	752,252

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18. CONTRACT ASSETS/(LIABILITIES)

	Group 2020 RM'000	Group 2019 RM'000
Contract assets		
Property development *(see Note (a))*	**1,263,082**	1,074,064
Construction and other contracts *(see Note (b))*	**809**	3,822
	1,263,891	1,077,886
Contract liabilities		
Property development *(see Note (a))*	**(103,970)**	(114,154)
Construction and other contracts *(see Note (b))*	**(48,497)**	(44,812)
	(152,467)	(158,966)
	1,111,424	918,920

(a) Contract assets and contract liabilities from property development

	Group 2020 RM'000	Group 2019 RM'000
Contract assets	**1,263,082**	1,074,064
Contract liabilities	**(103,970)**	(114,154)
	1,159,112	959,910
At beginning of the year	**959,910**	1,005,678
Consideration payable to customers	**77,898**	96,977
Revenue recognised during the year	**3,047,272**	3,667,861
Interest income relating to deferred payment scheme	**17,535**	18,020
Progress billings during the year	**(2,945,757)**	(3,828,837)
Exchange rate differences	**2,254**	211
At end of the year	**1,159,112**	959,910

Revenue from property development activities are recognised over time using the input method, which is based on the actual cost incurred to date on the property development projects as compared to the total budgeted cost for the respective development projects.

18. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

(a) Contract assets and contract liabilities from property development (Cont'd)

The transaction price allocated to the unsatisfied performance obligations as at 31 December 2020 is RM4,850,370,000 (2019: RM4,418,333,000). The remaining performance obligations are expected to be recognised as follows:

	Group	
	2020 RM'000	**2019 RM'000**
Within 1 year	**2,202,020**	1,740,659
Between 1 and 4 years	**2,648,350**	2,677,674
	4,850,370	4,418,333

(b) Contract assets and contract liabilities from construction and other contracts

	Group	
	2020 RM'000	**2019 RM'000**
Contract assets	**809**	3,822
Contract liabilities	**(48,497)**	(44,812)
	(47,688)	(40,990)
At beginning of the year	**(40,990)**	(64,473)
Revenue recognised during the year	**96,676**	122,680
Progress billings during the year	**(103,374)**	(99,197)
At end of the year	**(47,688)**	(40,990)

Contract expenditure includes the following expenses incurred during the financial year:

	Group	
	2020 RM'000	**2019 RM'000**
Depreciation of property, plant and equipment	**4,044**	4,122
Depreciation of right-of-use - property, plant and equipment	**394**	358
Hire of machinery	**12,508**	29,233
Rental expense	**75**	637

The construction revenue is recognised progressively based on the actual cost incurred to date on the construction projects as compared to the total budgeted cost for the respective projects.

The transaction price allocated to the unsatisfied performance obligations for construction and other contracts as at 31 December 2020 is RM48,497,000 (2019: RM46,671,000).

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19. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current				
Lease receivable	**73,464**	66,017	**-**	-
Current				
Refundable deposits and part purchase consideration for the acquisition of development land in Seberang Perai Utara, Pulau Pinang	**-**	2,450	**-**	-
Dividend receivable	**-**	-	**1,596**	2,523
Deposits	**100,592**	96,719	**112**	112
Value Added Tax/Goods and Services Tax receivables	**22,294**	24,444	**-**	19
Prepayments	**46,300**	26,110	**29**	-
Other sundry receivables	**73,767**	66,538	**175**	144
	242,953	216,261	**1,912**	2,798
Allowance for impairment loss	**(3,984)**	(3,984)	**-**	-
	238,969	212,277	**1,912**	2,798
Total	**312,433**	278,294	**1,912**	2,798

The movement in the allowance for impairment losses of other receivables during the financial year are as follows:

	Group	
	2020 RM'000	2019 RM'000
At beginning of the year	**3,984**	3,935
Allowance for impairment loss during the year	**-**	73
Written off during the year	**-**	(24)
At end of the year	**3,984**	3,984

The currency exposure profile of other receivables, deposits and prepayments net of allowance for impairment losses is as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Malaysian Ringgit	**274,588**	269,038	**1,912**	2,798
Australian Dollar	**22,196**	8,429	**-**	-
Singapore Dollar	**310**	213	**-**	-
Vietnamese Dong	**15,061**	606	**-**	-
Japanese Yen	**270**	-	**-**	-
United States Dollar	**8**	8	**-**	-
	312,433	278,294	**1,912**	2,798

20. CONTRACT COST ASSETS

	Group 2020 RM'000	Group 2019 RM'000 Restated
Contract cost assets		
Costs to fulfil contracts with customers *(Note (a))*	**1,331,636**	1,116,948
Costs to obtain contracts with customers *(Note (b))*	**102,297**	79,457
	1,433,933	1,196,405

	Group 2020 RM'000	Group 2019 RM'000 Restated
(a) Costs to fulfil contracts with customers		
At beginning of the financial year	**1,116,948**	797,672
Costs transferred from inventories - land held for property development *(see Note 6)*	**111,626**	478,609
Costs transferred from inventories - property development costs *(see Note 6)*	**938,740**	989,920
Costs incurred during the year	**874,604**	1,137,700
Costs recognised in profit or loss during the year	**(1,751,249)**	(2,282,972)
Exchange differences	**40,967**	(3,981)
At end of the financial year	**1,331,636**	1,116,948
(b) Costs to obtain contracts with customers		
At beginning of the financial year	**79,457**	58,425
Costs incurred during the year	**48,004**	40,849
Costs recognised in profit or loss during the year	**(29,191)**	(19,473)
Exchange differences	**4,027**	(344)
At end of the financial year	**102,297**	79,457

21. SHORT-TERM FUNDS

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
At fair value through profit or loss:				
– investments in trust funds in Malaysia	**1,485,695**	1,676,226	**781,020**	526,905

Investments in short-term funds in Malaysia represent investments in trust funds investing in highly liquid money market instrument and deposits with financial institutions in Malaysia and are redeemable with one (1) day notice without penalty or redemption charges. These short-term funds are subject to an insignificant risk of changes in value.

All the short-term funds are denominated in Malaysian Ringgit.

As at reporting date, the effective interest rates for the Group's and the Company's short-term funds range from 1.76% to 2.21% and 1.76% to 2.21% per annum (2019: 3.12% to 3.38% and 3.12% to 3.38% per annum) respectively.

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22. SHORT-TERM DEPOSITS

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Short-term deposits with licensed banks	**208,725**	179,503	**-**	10,000

Included in short-term deposits of the Group is an amount of RM18,813,000 (2019: RM3,325,000) which has been charged to banks as security for banking facilities.

As at reporting date, the effective interest rates for the Group's short-term deposits range from 0.05% to 6.00% (2019: 0.55% to 3.05%). As at the last reporting date, the effective interest rates for the Company's short term deposits was at 2.90% per annum. All short-term deposits have average maturity periods of within a year.

The currency exposure profile of short-term deposits is as follows:

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Malaysian Ringgit	**12,253**	83,091	**-**	10,000
Australian Dollar	**165,152**	96,412	**-**	-
Vietnamese Dong	**31,320**	-	**-**	-
	208,725	179,503	**-**	10,000

23. CASH AND BANK BALANCES

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash and bank balances include monies in:				
- Housing Development Accounts	**584,404**	639,509	**-**	-
- Sinking Fund Accounts	**8,873**	10,525	**-**	-
- Debt Service Reserve Accounts	**48,513**	55,196	**15,076**	15,100
- Escrow Accounts	**7,316**	11,619	**-**	-
- Revenue Accounts	**10,498**	3,060	**-**	-

Withdrawals from the Housing Development Accounts are restricted in accordance with the Housing Developers (Housing Development Account) Regulations 1991.

Funds maintained in the Housing Development Accounts earn interest ranging from 0.25% to 1.50% (2019: 0.95% to 3.00%) per annum.

The sinking fund, debt service reserve, escrow and revenue accounts were opened in accordance with the terms and conditions set out in the term loan agreements referred to in Note 29 below.

23. CASH AND BANK BALANCES (CONT'D)

The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Malaysian Ringgit	**940,311**	984,221	**65,931**	50,569
Singapore Dollar	**225,366**	161,216	**-**	-
Australian Dollar	**18,337**	15,840	**2,650**	2,442
Great British Pound	**10,002**	11,500	**6,418**	6,432
Vietnamese Dong	**24,378**	19,522	**-**	-
United States Dollar	**2,551**	7,084	**200**	414
Japanese Yen	**3,871**	4,965	**-**	-
	1,224,816	1,204,348	**75,199**	59,857

24. SHARE CAPITAL

	Group/Company			
	2020		2019	
	Number of shares '000	Amount RM'000	Number of shares 000	Amount RM'000
Issued and fully paid share capital:				
At beginning of the year	**4,042,481**	**8,432,321**	3,958,563	8,252,253
Share issuance expenses	**-**	**-**	-	(156)
Issuance of shares:				
- DRP	**-**	**-**	71,379	141,331
- vesting of ESGP	**14,229**	**35,880**	9,982	29,444
Conversion from RCPS-i B *(see Note 25)*	**23**	**86**	2,557	9,449
At end of the year	**4,056,733**	**8,468,287**	4,042,481	8,432,321

During the financial year, the issued and paid-up ordinary share capital of the Company was increased by way of the following allotment of new ordinary shares:

(a) 14,228,567 new ordinary shares pursuant to the vesting of shares under the Employee Share Grant Plan ("ESGP") at the price of RM0.84 per share; and

(b) 23,314 new ordinary shares pursuant to the conversion of 97,920 RCPS-i B at the conversion ratio of every 21 RCPS-i B for every 5 ordinary shares.

The Long Term Incentive Plan ("LTIP" or "Scheme") was implemented on 10 April 2013. The LTIP, which comprises the ESGP and ESOS allows the Company to grant shares and/or share options under the ESGP and ESOS respectively to eligible employees and Executive Directors of the Group of up to 15% of the issued and paid-up share capital of the Company. The LTIP is governed by the By-Laws of the LTIP which was approved by the shareholders on 28 February 2013 and is administered by the Nomination and Remuneration Committee ("NRC") which is appointed by the Board, in accordance with the By-Laws.

On 23 February 2017, the Board of Directors approved the extension of the LTIP for another 5 years pursuant to By-Laws 18.2 of the By-Laws of LTIP and as such the LTIP shall be in force for a period of 10 years up to 9 April 2023.

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24. SHARE CAPITAL (CONT'D)

The main features of the Scheme are as follows:

(a) The maximum number of new ordinary shares which may be made available under the Scheme at the point in time when an LTIP award is offered shall not be more than fifteen percent (15%) of the issued and paid-up ordinary share capital of the Company.

(b) The LTIP awards shall be awarded after taking into consideration the employee's position, contribution and performance (where applicable) or such criteria as the NRC may deem fit subject to the following:

(i) that the number of new ordinary shares made available under the Scheme shall not exceed the amount stipulated in (a) above; and

(ii) that not more than ten percent (10%) of the total new ordinary shares to be issued under the Scheme at the point in time when an LTIP award is offered be allocated to any employee or Executive Director who, either singly or collectively through persons connected with him, holds twenty percent (20%) or more in the issued and paid-up share capital of the Company.

(c) In the case of the ESGP, the shares will be vested with the grantee at no consideration on the vesting date; while in the case of the ESOS, the option price will be determined based on the five (5) days volume weighted average market price of the ordinary shares on the date the ESOS award is offered with a potential discount of not more than ten percent (10%) or any such other limit in accordance with any prevailing guideline issued by Bursa Malaysia Securities Berhad or any other relevant authorities as may be amended from time to time.

(d) The shares and share options granted under the ESGP and ESOS will vest over a remaining period of less than three (3) years from the financial year end.

The movement during the financial year in the number of shares and share options in which employees of the Group and the Company are entitled to are as follows:

ESGP	At 1.1.2020 '000	Granted '000	Vested '000	Lapsed '000	At 31.12.2020 '000
Offer 6	4,567	-	(4,539)	(28)	-
Offer 7	203	-	(201)	(2)	-
Offer 8	10,182	-	(5,073)	(291)	4,818
Offer 9	13,756	-	(4,416)	(646)	8,694
Offer 10	-	6,695	-	(130)	6,565
	28,708	6,695	(14,229)	(1,097)	20,077

ESOS	At 1.1.2020 '000	Granted '000	Vested '000	Lapsed '000	At 31.12.2020 '000
Offer 1	23,250	-	-	(402)	22,848
Offer 3	1,358	-	-	-	1,358
Offer 4	14,374	-	-	-	14,374
Offer 5	8,834	-	-	-	8,834
Offer 6	135,081	-	-	(2,706)	132,375
Offer 7	18,665	-	-	(930)	17,735
Offer 8	3,438	-	-	(574)	2,864
Offer 9	-	3,282	-	-	3,282
	205,000	3,282	-	(4,612)	203,670

24. SHARE CAPITAL (CONT'D)

The fair values of the shares and share options granted under the ESGP and ESOS to which MFRS 2 applies were determined using the binomial model. The significant inputs into the model were as follows:

	ESGP									
	Offer 1	Offer 2	Offer 3	Offer 4	Offer 5	Offer 6	Offer 7	Offer 8	Offer 9	Offer 10
Exercise price	*	*	*	*	*	*	*	*	*	*
Date of grant	6 May 2013	19 August 2013	31 October 2014	20 August 2015	17 August 2016	7 August 2017	2 January 2018	9 August 2018	20 August 2019	25 August 2020
Fair value at grant date	RM3.15	RM3.14	RM3.13	RM3.01	RM3.27	RM3.05	RM3.21	RM2.85	RM1.57	RM0.81
Vesting period/ Option life	3 years	3 years	3 years	3 years	1 year 5 months	3 years	3 years	3 years	3 years	2 years
Weighted average share price at grant date	RM3.42	RM3.37	RM3.35	RM3.02	RM3.17	RM3.30	RM3.40	RM2.96	RM1.73	RM0.81
Expected dividend yield	4.1%	4.2%	3.3%	3.0%	5.3%	6.0%	5.8%	5.1%	5.2%	1.2%
Risk-free interest rates	3.21%	3.67%	3.71%	4.01%	3.4%	3.4%	3.4%	3.7%	3.5%	2.0%
Expected volatility	18.62%	18.82%	18.51%	21.34%	22.88%	24.26%	53.21%	40.33%	27.91%	47.48%

	ESOS								
	Offer 1	Offer 2	Offer 3	Offer 4	Offer 5	Offer 6	Offer 7	Offer 8	Offer 9
Exercise price	RM2.96^	RM2.92^	RM2.91^	RM2.62^	RM2.76^	RM3.03^	RM2.82	RM1.65	RM0.77
Date of grant	6 May 2013	19 August 2013	31 October 2014	20 August 2015	17 August 2016	7 August 2017	9 August 2018	20 August 2019	25 August 2020
Fair value at grant date	RM0.51	RM0.52	RM0.53	RM0.57	RM0.55	RM0.51	RM0.87	RM0.27	RM0.28
Vesting period/ Option life	8 years 3 months	8 years 3 months	7 years 3 months	6 years 3 months	5 years 4 months	4 years 10 months	3 years 3 months	2 years 3 months	1 year 9 months (from July 2021 to April 2023)
Weighted average share price at grant date	RM3.42	RM3.37	RM3.35	RM3.02	RM3.17	RM3.30	RM2.96	RM1.73	RM0.81
Expected dividend yield	4.1%	4.2%	3.3%	3.0%	5.3%	6.0%	5.1%	5.2%	1.2%
Risk-free interest rates	3.21%	3.67%	3.71%	4.01%	3.4%	3.4%	3.7%	3.5%	2.0%
Expected volatility	18.62%	18.82%	18.51%	21.34%	22.88%	24.26%	40.33%	27.91%	47.48%

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24. SHARE CAPITAL (CONT'D)

* *The shares under the ESGP will vest with the grantee at no consideration on the vesting date*

^ *Pursuant to the LTIP By-Laws of the Company, the ESOS exercise price options were adjusted for the rights issue of up to 451,916,434 ordinary shares in S P Setia Berhad and rights issue of up to 1,355,749,304 RCPS-i B in S P Setia Berhad which were allotted on 29 December 2017 and listed on 4 January 2018 ("Rights Issue Adjustment")*

The expected life of the shares and share options are based on historical data and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the shares and/or share options granted were incorporated into the measurement of fair value.

25. ISLAMIC REDEEMABLE CUMULATIVE PREFERENCE SHARES ("RCPS-i A") ("RCPS-i B")

	Group/Company			
	2020		2019	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
Issued and fully paid RCPS-i A:				
At beginning/end of the year	**1,088,658**	**1,087,363**	1,088,658	1,087,363
Issued and fully paid RCPS-i B:				
At beginning of the year	**1,176,480**	**1,035,304**	1,187,218	1,044,753
Conversion to ordinary shares *(see Note 24)*	**(98)**	**(86)**	(10,738)	(9,449)
At end of the year	**1,176,382**	**1,035,218**	1,176,480	1,035,304

RCPS-i A

The RCPS-i A issued by the Company to the shareholders are convertible at any time at the discretion of the holder commencing 2 December 2016 ("Issue Date A") up to such date no later than nine (9) market days prior to the relevant redemption date into such number of fully paid new S P Setia shares without payment of any consideration (cash or otherwise) and with the conversion ratio of two (2) new S P Setia shares for seven (7) RCPS-i A held.

The Company may at any time on or after the 15th anniversary of the Issue Date A, at its discretion, redeem all (and not some only of) the outstanding RCPS-i A in cash at the redemption price which shall be the aggregate of the issue price of RM1.00, any preferential dividends declared but unpaid as at the redemption date and any Deferred Dividends A (as defined below) as at the redemption date.

25. ISLAMIC REDEEMABLE CUMULATIVE PREFERENCE SHARES ("RCPS-i A") ("RCPS-i B") (CONT'D)

Under the Constitution, the conversion ratio for RCPS-i A is subject to adjustments from time to time, at the determination of our Board, in the event of any alteration to our Company's share capital, whether by way of rights issue, capitalisation issue, consolidation of shares, subdivision of shares or reduction of capital howsoever being effected, in accordance with the provisions of the Constitution. Pursuant to the rights issue of S P Setia shares undertaken by the Company in prior years, the conversion ratio for RCPS-i A has been adjusted to fifty (50) new S P Setia shares for one hundred sixty nine (169) RCPS-i A held. The effective date for the adjusted conversion ratio was 4 December 2017.

The RCPS-i A confers on holders, the following rights and privileges:

(i) The right to receive preferential dividends, out of distributable profits of the Company earned from the first day of the calendar month following the Issue Date A ("Profits for RCPS-i A") when declared and approved by the Board of the Company, at an expected preferential dividend rate of 6.49%.

From the period commencing on and including the 15th anniversary of the Issue Date A until the redemption date, an additional stepped-up preferential dividend rate of 1.0% per annum above the expected rate abovementioned, shall be payable on the RCPS-i A on an annual basis, provided that the aggregate of the expected preferential dividend rate (including the stepped-up preferential dividends, if applicable) ("Expected Preferential Dividend Rate A") shall not exceed a total rate of 20%. The maximum amount of preferential dividends that can be declared and paid on each preferential dividend entitlement date ("Expected Preferential Dividend Amount A") shall be capped at such Expected Preferential Dividend Rate A unless otherwise decided by the Board of the Company.

On any preferential dividend entitlement date for RCPS-i A:

i. In the event that the Profits for RCPS-i A are lower than the Expected Preferential Dividend Amount A and the Company does not declare the preferential dividends up to the Expected Preferential Dividend Amount A (in whole or in part):

(a) The Company may, at its discretion, declare and pay any amount of preferential dividends up to an amount equal to the Profits for RCPS-i A as at such preferential dividend entitlement date. The amount of Profits for RCPS-i A declared as preferential dividends by the Company on a particular preferential dividend entitlement date, if any shall be referred to as ("Declared Sum A"); and

(b) The amount equivalent to the difference between the Profits for RCPS-i A as at such preferential dividend entitlement date and Declared Sum A, shall be cumulative ("Deferred Dividends A-1"), so long as the RCPS-i A remains unredeemed.

ii. In the event that the Profits for RCPS-i A are more than the Expected Preferential Dividend Amount A and the Company does not declare the preferential dividends up to the Expected Preferential Dividend Amount A (in whole or in part), the amount equivalent to the difference between the Expected Preferential Dividend Amount A and the Declared Sum A, shall be cumulative ("Deferred Dividends A-2"), so long as the RCPS-i A remains unredeemed.

Deferred Dividends A-1 and A-2 (as the case may be) ("Deferred Dividends A") may be declared and/or paid, at the discretion of the Company, on any subsequent preferential dividend entitlement date for RCPS-i A, provided that the Cumulative Condition A (as defined below) is fulfilled on such preferential dividend entitlement date.

"Cumulative Condition A" of the RCPS-i A means on any preferential dividend entitlement date, the Company:

(a) has sufficient Profits for RCPS-i A that is at least equivalent to the aggregate of the Declared Sum A and any Deferred Dividends A accumulated as at and on such preferential dividend entitlement date;

(b) has maintained books and records that evidence the Company having Profits for RCPS-i A that is at least equivalent to the aggregate of the Declared Sum A and any Deferred Dividends A accumulated as at and on such preferential dividend entitlement date; and

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25. ISLAMIC REDEEMABLE CUMULATIVE PREFERENCE SHARES ("RCPS-i A") ("RCPS-i B") (CONT'D)

The RCPS-i A confers on holders, the following rights and privileges: (Cont'd)

(c) makes an announcement on the Main Market of Bursa Malaysia Securities Berhad that such amount of Deferred Dividends A on such preferential dividend entitlement date shall be cumulative.

Where there is no Profit for RCPS-i A available for the declaration and payment of dividends, the Company shall have no obligation to declare or distribute any preferential dividends on the relevant preferential dividend entitlement date for RCPS-i A. Such preferential dividends shall not be cumulative.

Each RCPS-i A holder will cease to receive any preferential dividends from and including the date the RCPS-i A is converted into new S P Setia shares save for preferential dividends declared but unpaid up to the date of conversion.

(ii) The rights as regards to the receipt of notices (including that of general meetings), reports and audited financial statements, to attend meetings and to receive shareholders' resolutions in writing, but shall not be entitled to vote or approve any shareholders' resolutions or vote at any general meeting of the Company, save and except in the respect of any resolution made:

i. when the preferential dividends for RCPS-i A or any part thereof is in arrears and unpaid for more than six (6) months;

ii. on a proposal to reduce the Company's share capital;

iii. on a proposal for the disposal of substantially the whole of the Company's property, business and undertaking;

iv. on a proposal to wind up the Company;

v. during the winding up of the Company; or

vi. on any proposal that affects the rights and privileges attached to the RCPS-i A, including the amendments to the Constitution of the Company.

In any of the aforesaid circumstances, each RCPS-i A holder shall be entitled to vote at all general meetings of the members of its class, and on a poll at any such general meetings to one (1) vote for each RCPS-i A held.

RCPS-i B

The RCPS-i B issued by the Company to the shareholders are convertible at any time at the discretion of the holder commencing 29 December 2017 ("Issue Date B") up to such date no later than nine (9) market days prior to the relevant redemption date into such number of fully paid new S P Setia shares without payment of any consideration (cash or otherwise) and with the conversion ratio of five (5) new S P Setia shares for twenty one (21) RCPS-i B held.

The Company may at any time on or after the 5th anniversary of the Issue Date B, at its discretion, redeem all (and not some only of) the outstanding RCPS-i B in cash at the redemption price which shall be the aggregate of the issue price of RM0.88, any preferential dividends declared but unpaid as at the redemption date and any Deferred Dividends B (as defined below) as at the redemption date.

The RCPS-i B confers on holders, the following rights and privileges:

(i) The right to receive preferential dividends, out of distributable profits of the Company earned from the first day of the calendar month following the Issue Date B ("Profits for RCPS-i B") when declared and approved by the Board of the Company, at an expected preferential dividend rate of 5.93%.

25. ISLAMIC REDEEMABLE CUMULATIVE PREFERENCE SHARES ("RCPS-i A") ("RCPS-i B") (CONT'D)

From the period commencing on and including the 5th anniversary of the Issue Date B until the redemption date, an additional stepped-up preferential dividend rate of 1.0% per annum above the expected rate abovementioned, shall be payable on the RCPS-i B on an annual basis, provided that the aggregate of the expected preferential dividend rate (including the stepped-up preferential dividends, if applicable) ("Expected Preferential Dividend Rate B") shall not exceed a total rate of 20%. The maximum amount of preferential dividends that can be declared and paid on each preferential dividend entitlement date ("Expected Preferential Dividend Amount B") shall be capped at such Expected Preferential Dividend Rate B unless otherwise decided by the Board of the Company.

On any preferential dividend entitlement date for RCPS-i B:

i. In the event that the Profits for RCPS-i B are lower than the Expected Preferential Dividend Amount B and the Company does not declare the preferential dividends up to the Expected Preferential Dividend Amount B (in whole or in part):

   (a) The Company may, at its discretion, declare and pay any amount of preferential dividends up to an amount equal to the Profits for RCPS-i B as at such preferential dividend entitlement date. The amount of Profits for RCPS-i B declared as preferential dividends by the Company on a particular preferential dividend entitlement date, if any shall be referred to as ("Declared Sum B"); and

   (b) The amount equivalent to the difference between the Profits for RCPS-i B as at such preferential dividend entitlement date and Declared Sum B, shall be cumulative ("Deferred Dividends B-1"), so long as the RCPS-i B remains unredeemed.

ii. In the event that the Profits for RCPS-i B are more than the Expected Preferential Dividend Amount B and the Company does not declare the preferential dividends up to the Expected Preferential Dividend Amount B (in whole or in part), the amount equivalent to the difference between the Expected Preferential Dividend Amount B and the Declared Sum B, shall be cumulative ("Deferred Dividends B-2"), so long as the RCPS-i B remains unredeemed.

   Deferred Dividends B-1 and B-2 (as the case may be) ("Deferred Dividends B") may be declared and/or paid, at the discretion of the Company, on any subsequent preferential dividend entitlement date for RCPS-i B, provided that the Cumulative Condition B (as defined below) is fulfilled on such preferential dividend entitlement date.

   "Cumulative Condition B" of the RCPS-i B means on any preferential dividend entitlement date, the Company:

   (a) has sufficient Profits for RCPS-i B that is at least equivalent to the aggregate of the Declared Sum B and any Deferred Dividends B accumulated as at and on such preferential dividend entitlement date;

   (b) has maintained books and records that evidence the Company having Profits for RCPS-i B that is at least equivalent to the aggregate of the Declared Sum B and any Deferred Dividends B accumulated as at and on such preferential dividend entitlement date; and

   (c) makes an announcement on the Main Market of Bursa Malaysia Securities Berhad that such amount of Deferred Dividends B on such preferential dividend entitlement date shall be cumulative.

   Where there is no Profit for RCPS-i B available for the declaration and payment of dividends, the Company shall have no obligation to declare or distribute any preferential dividends on the relevant preferential dividend entitlement date for RCPS-i B. Such preferential dividends shall not be cumulative.

   Each RCPS-i B holder will cease to receive any preferential dividends from and including the date the RCPS-i B is converted into new S P Setia Shares save for preferential dividends declared but unpaid up to the date of conversion.

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25. ISLAMIC REDEEMABLE CUMULATIVE PREFERENCE SHARES ("RCPS-I A") ("RCPS-I B") (CONT'D)

(ii) The rights as regards to the receipt of notices (including that of general meetings), reports and audited financial statements, to attend meetings and to receive shareholders' resolutions in writing, but shall not be entitled to vote or approve any shareholders' resolutions or vote at any general meeting of the Company, save and except in the respect of any resolution made:

i. when the preferential dividends for RCPS-i B or any part thereof is in arrears and unpaid for more than six (6) months;

ii. on a proposal to reduce the Company's share capital;

iii. on a proposal for the disposal of substantially the whole of the Company's property, business and undertaking;

iv. on a proposal to wind up the Company;

v. during the winding up of the Company; or

vi. on any proposal that affects the rights and privileges attached to the RCPS-i B, including the amendments to the Constitution of the Company.

In any of the aforesaid circumstances, each RCPS-i B holder shall be entitled to vote at all general meetings of the members of its class, and on a poll at any such general meetings to one (1) vote for each RCPS-i B held.

26. RESERVE ON ACQUISITION ARISING FROM COMMON CONTROL

	Group	
	2020 RM'000	**2019 RM'000**
Reserve on acquisition arising from common control	**(1,295,884)**	(1,295,884)

This represents the difference between the consideration payable on the acquisition of I & P Group Sdn. Berhad in the earlier financial year in excess of the equity of I & P Group Sdn. Berhad arising as a result of the application of the pooling of interests method of accounting whereby assets, liabilities and reserves of the entities are recorded at their pre-combination carrying amounts or existing carrying amounts from the perspective of common control shareholder.

27. REDEEMABLE CUMULATIVE PREFERENCE SHARES (UNSECURED)

The redeemable cumulative preference shares ("RCPS") issued by subsidiaries of the Company ("the Subsidiaries") are redeemable at any time at the discretion of the Subsidiaries after 5th anniversary but before the 8th to 15th anniversary of the respective issue dates, provided always that the redemption sum to be determined shall not be less than RM1.00 and any amount of dividend payable on the redemption date (including the aggregate amount of any arrears or accruals of dividend, whether or not declared, at the time of redemption).

The preference shares confer on their holders the following rights and privileges:

(i) The right to be paid, a cumulative preferential dividend of 4% per annum on the issue price, or at 500% per annum gross based on its nominal value;

(ii) The right in a winding up or return of capital (other than on the redemption of the preference shares) to receive, in priority to the holders of any other class of shares in the capital of the Subsidiaries, repayment in full of RM1.00 and the payment of any cumulative preferential dividend calculated up to the date of commencement of the winding up or return of capital, but no further right to share in surplus assets; and

(iii) The right to receive notice of and attend all general meetings of the Subsidiaries, and shall have the right on a poll at any general meeting of the Subsidiaries to one vote for each preference share held:

(a) upon any resolution which varies or is deemed to vary the rights attached to the preference shares;

(b) upon any resolution for the reduction of capital of the Subsidiaries; and

(c) upon any resolution for the winding up of the Subsidiaries,

but shall otherwise have no right to vote at general meetings of the Subsidiaries.

28. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Non-current				
Unpaid consideration for acquisition of development land	**69,267**	90,874	**-**	-
Current				
Unsecured advances	**38,596**	20,039	**-**	-
Interest accrued	**16,573**	20,311	**10,539**	13,978
Deposits received	**62,047**	40,951	**-**	-
Unpaid consideration for acquisition of development land	**241,286**	233,928	**-**	-
Accrued selling and marketing costs	**136,196**	119,529	**-**	-
Other sundry payables and accruals	**265,182**	253,834	**3,989**	5,253
	759,880	688,592	**14,528**	19,231
Total	**829,147**	779,466	**14,528**	19,231

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28. OTHER PAYABLES AND ACCRUALS (CONT'D)

The unsecured advances are from minority shareholders of subsidiary companies. These advances are interest free and payable on demand.

The currency exposure profile of other payables and accruals is as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Malaysian Ringgit	**781,550**	757,079	**12,070**	16,102
Vietnamese Dong	**23,104**	13,924	**-**	-
Singapore Dollar	**18,387**	2,544	**-**	-
Australian Dollar	**3,554**	1,821	**19**	-
Great British Pound	**2,439**	3,129	**2,439**	3,129
Japanese Yen	**105**	869	**-**	-
United States Dollar	**8**	100	**-**	-
	829,147	779,466	**14,528**	19,231

29. BORROWINGS

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Non-current				
Secured:				
Term loans	**4,622,718**	3,937,242	**-**	-
Bridging loans	**116,653**	80,209	**-**	-
Revolving credits	**141,877**	251,000	**-**	-
Medium term notes and commercial paper *(Note b)*	**791,475**	799,899	**-**	-
Hire purchase and finance lease *(Note a)*	**1,156**	1,696	**-**	-
Unsecured:				
Term loans	**3,664,056**	3,718,723	**2,833,431**	2,898,549
Revolving credits	**20,000**	50,000	**20,000**	50,000
	9,357,935	8,838,769	**2,853,431**	2,948,549
Current				
Secured:				
Term loans	**370,549**	479,115	**-**	-
Bridging loans	**65,431**	80,785	**-**	-
Revolving credits	**640,910**	595,936	**-**	-
Medium term notes and commercial paper *(Note b)*	**33,389**	-	**-**	-
Hire purchase and finance lease *(Note a)*	**772**	772	**-**	-
Bank overdrafts	**-**	6,867	**-**	-
Unsecured:				
Term loans	**500,194**	265,672	**500,194**	265,672
Revolving credits	**959,170**	884,518	**933,171**	858,518
Bank overdrafts	**12,856**	16,734	**3,038**	-
	2,583,271	2,330,399	**1,436,403**	1,124,190
Total borrowings	**11,941,206**	11,169,168	**4,289,834**	4,072,739
The borrowings are repayable as follows:				
Not later than one year	**2,583,271**	2,330,399	**1,436,403**	1,124,190
Later than one year but not later than five years	**8,052,679**	7,856,504	**2,853,431**	2,848,549
Later than five years	**1,305,256**	982,265	**-**	100,000
	11,941,206	11,169,168	**4,289,834**	4,072,739

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29. BORROWINGS (CONT'D)

	Group	
	2020 RM'000	**2019 RM'000**
Note a		
The minimum lease payment		
Not later than one year	**904**	904
Later than one year but not later than five years	**1,299**	1,984
Total minimum lease payment	**2,203**	2,888
Amount representing finance charges	**(275)**	(420)
Present value of minimum lease payment	**1,928**	2,468
The present value of payments are as follows:		
Not later than one year	**772**	772
Later than one year but not later than five years	**1,156**	1,696
Present value of minimum lease payment	**1,928**	2,468

The range of interest rates per annum at the reporting date for borrowings are as follows:

	Group		Company	
	2020 %	**2019 %**	**2020 %**	**2019 %**
Term loans	**1.06 - 4.12**	1.07 - 5.50	**1.66 - 3.85**	3.10 - 5.50
Bridging loans	**2.85 - 3.69**	4.17 - 5.04	**-**	-
Revolving credits	**2.80 - 4.12**	4.08 - 5.32	**2.94 - 3.25**	4.32 - 5.24
Medium term notes and commercial paper	**3.60 - 4.02**	5.10 - 5.34	**-**	-
Hire purchase and finance lease	**4.26 - 4.50**	4.26 - 4.50	**-**	-
Bank overdrafts	**3.10 - 3.50**	4.51 - 4.95	**3.10 - 3.50**	-

The borrowings are secured by:

- various fixed and floating charges and deeds of assignment over various assets belonging to the Group, including properties as indicated in Notes 2, 4 and 6 above; and
- short-term deposits, sinking fund, debt service reserve, escrow and revenue accounts as indicated in Notes 22 and 23 above.

29. BORROWINGS (CONT'D)

Note b
Medium Term Notes ("MTN") and Commercial Paper ("CP")

In the previous financial year, Setia Alamsari Sdn Bhd ("Setia Alamsari"), a wholly-owned subsidiary of the Group, had issued Islamic MTN ("Sukuk Murabahah")("Alamsari MTN") with a total nominal value of RM358 million pursuant to a Sukuk Murabahah Programme (the "Programme"). The Programme, which has a tenure of 10 years from the date of first issuance is to partially finance the purchase consideration of parcels of land acquired by Setia Alamsari in the prior years and its related land conversion premium.

The interest payment is due every quarter with a profit rate of between 3.60% to 4.75% (2019: 5.03% to 5.34%) per annum, commencing from the issue date of the Alamsari MTN.

The Alamsari MTN is secured by:

(i) First party first legal charge over the freehold land of Setia Alamsari held under inventories as disclosed in Note 6;

(ii) Corporate guarantee from the Company; and

(iii) First ranking charge over the Finance Service Reserve Account.

As at 31 December 2020, the outstanding amount of the Alamsari MTN is RM358 million (2019: RM358 million).

In prior years, a wholly-owned subsidiary of the Group, Setia Fontaines Sdn Bhd ("Setia Fontaines") issued Islamic MTN ("Sukuk Murabahah")("Setia Fontaines MTN") amounting to RM434 million pursuant to a Sukuk Murabahah Programme of up to RM434 million in nominal value ("Sukuk Murabahah Programme") to finance the purchase of freehold land acquired by Setia Fontaines. Setia Fontaines has subsequently upsized the existing Sukuk Murabadah Programme to RM2.5 billion in nominal value with approved subscription of up to RM753 million. In the current financial year, the approved subscription has been revised to RM749 million. The Sukuk Murabahah Programme comprises of 4 Tranches with the purpose to redeem the Tranche 1 of the Sukuk Murabahah Programme of RM434 million and to partly finance the construction and development cost to be incurred by Setia Fontaines on its inventories held under Mukim 6, Daerah Seberang Perai Utara, Pulau Pinang. The Sukuk Murabahah Programme has a tenure between 10 to 12 years from the date of the first issuance.

The profit payment is due every month with the profit rate of between 4.02% to 4.89% (2019: 4.95% to 5.16%) per annum, commencing from the issuance date of the Setia Fontaines MTN.

The Setia Fontaines MTN is secured by:

(i) First legal charge created over the freehold land of Setia Fontaines under inventories as disclosed in Note 6;

(ii) Corporate guarantee by the Company;

(iii) Legal charge over designated accounts; and

(iv) Assignment and legal charge over redemption proceeds account.

As at 31 December 2020, the outstanding amount of the Setia Fontaines MTN is RM471 million (2019: RM444 million).

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29. BORROWINGS (CONT'D)

The currency exposure profile of borrowings is as follows:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Malaysian Ringgit	**9,063,069**	8,822,803	**3,443,046**	3,377,039
Great British Pound	**1,436,270**	1,515,874	**707,756**	695,700
Singapore Dollar	**586,270**	586,907	**-**	-
Australian Dollar	**711,143**	188,296	**139,032**	-
Japanese Yen	**42,343**	41,036	**-**	-
United States Dollar	**102,111**	14,252	**-**	-
	11,941,206	11,169,168	**4,289,834**	4,072,739

30. LEASE LIABILITIES

	Group	
	2020 RM'000	**2019 RM'000**
Non-current		
Lease liabilities	**1,167**	2,404
Current		
Lease liabilities	**1,290**	1,288
Total lease liabilities	**2,457**	3,692

The movement of lease liabilities during the financial year is as follows:

	Group	
	2020 RM'000	**2019 RM'000**
At beginning of the year	**3,692**	4,261
Additions	**64**	737
Interest charged	**131**	157
Payments of:		
- Principal	**(1,288)**	(1,312)
- Interest	**(125)**	(157)
Modification of lease contract	**(7)**	-
Early termination of lease contract	**(11)**	-
Exchange differences	**1**	6
At end of the year	**2,457**	3,692

31. TRADE PAYABLES

	Group 2020 RM'000	Group 2019 RM'000
Contractors' claims	**149,179**	158,647
Retention sums	**365,471**	375,143
Accrued construction costs	**1,034,552**	1,028,109
Others	**32,358**	30,979
	1,581,560	1,592,878

The normal credit terms extended by contractors and suppliers range from 7 to 90 days (2019: 7 to 90 days). The retention sums are repayable upon the expiry of the defect liability period.

Other trade payables are required to be settled within 14 to 60 days (2019: 14 to 60 days).

The currency exposure profile of trade payables is as follows:

	Group 2020 RM'000	Group 2019 RM'000
Malaysian Ringgit	**1,509,785**	1,568,285
Singapore Dollar	**14,255**	18,499
Vietnamese Dong	**3,290**	6,088
Australian Dollar	**54,201**	–
Japanese Yen	**29**	6
	1,581,560	1,592,878

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32. REVENUE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Sale of development properties	**3,047,272**	3,667,861	**-**	-
Construction revenue	**26,094**	60,755	**-**	-
Sale of other goods and services	**154,751**	200,258	**-**	-
Gross dividend from subsidiary companies	**-**	-	**225,461**	329,544
	3,228,117	3,928,874	**225,461**	329,544
Revenue from contracts with customers	**3,207,316**	3,910,747	**-**	-
Revenue from other sources of income	**20,801**	18,127	**225,461**	329,544
	3,228,117	3,928,874	**225,461**	329,544
Disaggregation of the revenue from contracts with customers:				
Timing of revenue recognition:				
At a point in time	**1,100,899**	1,275,948	**-**	-
Over time	**2,106,417**	2,634,799	**-**	-
	3,207,316	3,910,747	**-**	-

33. COST OF SALES

	Group	
	2020 RM'000	2019 RM'000 Restated
Cost of properties sold	**2,368,983**	2,543,566
Construction cost recognised as expense	**47,125**	47,995
Cost of other goods and services sold	**154,850**	182,522
	2,570,958	2,774,083

Included in cost of properties sold is a write down in value of completed inventories of RM139,598,000 (2019: RM nil).

Included in construction cost recognised as expense for the current financial year, are cost incurred by the construction segment for property development projects within the Group of RM20,360,000.

34. OTHER INCOME

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Interest income from:				
- subsidiary companies	**-**	-	**167,281**	245,083
- joint ventures	**3,831**	4,028	**515**	686
- deposits and short-term funds	**36,893**	63,993	**8,878**	14,680
- significant financing component	**17,535**	18,020	**-**	-
- financial assets measured at amortised cost	**-**	-	**1,251**	1,784
- others	**17,723**	29,200	**4,816**	829
Rental income from:				
- investment properties	**43,808**	41,167	**-**	-
- other operating leases	**11,069**	11,900	**-**	-
Gain on disposal of investment properties	**407**	-	**-**	-
Gain on disposal of property, plant and equipment	**186**	5,543	**-**	-
Gain on fair value adjustment of investment properties	**-**	11,538	**195**	-
Forfeiture income	**6,573**	4,288	**-**	-
Gain on disposal of subsidiary companies	**-**	106	**-**	15,895
Other miscellaneous income	**15,022**	25,680	**7,263**	8,504
	153,047	215,463	**190,199**	287,461

35. FINANCE COSTS

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Interest on:				
- bank overdrafts	**1,117**	2,479	**318**	1,633
- revolving credits	**24,794**	41,594	**32,301**	41,788
- term loans	**140,148**	183,955	**116,904**	146,599
- hire purchase and finance lease	**164**	156	**-**	-
Preference share dividend	**2,608**	3,006	**-**	-
Interest expense to subsidiary companies	**-**	-	**10,704**	1,390
Interest expense on financial liabilities measured at amortised cost	**309**	127	**-**	-
Interest expense on lease liabilities	**131**	157	**-**	-
Amortisation of transaction costs on borrowings	**293**	684	**282**	684
Others	**3,077**	5,549	**-**	525
	172,641	237,707	**160,509**	192,619

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

36. (LOSS)/PROFIT BEFORE TAX

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
(Loss)/profit before tax is stated after charging:				
Fees for statutory audits:				
Current year:				
- Ernst & Young PLT, Malaysia	**1,790**	1,799	**142**	142
- member firms of Ernst & Young Global	**460**	458	**-**	-
- other auditors	**396**	295	**-**	-
Other non-audit services:				
- Ernst & Young PLT, Malaysia	**316**	271	**33**	33
Amortisation of intangible asset	**704**	704	**-**	-
Bad debts written off	**18**	82	**-**	-
Allowance for impairment loss on receivables	**640**	86	**-**	-
Depreciation:				
- property, plant and equipment	**28,594**	27,253	**87**	36
- right-of-use - property, plant and equipment	**925**	997	**-**	-
Direct operating expenses on:				
- income generating investment properties	**9,500**	10,607	**-**	-
- non-income generating investment properties	**8**	8	**8**	8
Directors' remuneration				
- Company's Directors:				
- fees and other emoluments	**5,732**	7,343	**2,575**	2,581
- share-based payment under LTIP	**417**	1,788	**-**	-
- Other key management personnel:				
- other emoluments	**12,490**	12,787	**-**	-
- share-based payment under LTIP	**2,791**	10,144	**-**	-
Property, plant and equipment written off	**235**	595	**-**	-
Write down in value of completed inventories	**139,598**	-	**-**	-
Impairment loss on investment in subsidiary companies	**-**	-	**132,436**	11,323
Loss on fair value adjustment of right-of-use-investment properties	**6,799**	13,192	**-**	-

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36. (LOSS)/PROFIT BEFORE TAX (CONT'D)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Loss on fair value adjustment of financial assets	**-**	-	**-**	1,838
Loss on fair value adjustment of investment properties	**12,480**	-	**-**	-
Loss on liquidation of subsidiary companies	**70**	-	**-**	-
Loss on liquidation of a joint venture	**-**	12	**-**	12
Expenses relating to leases:				
- short-term leases	**284**	16	**-**	-
- low value assets	**1,516**	1,738	**160**	90
Loss on foreign exchange:				
- realised	**21**	204	**-**	37
- unrealised	**13,125**	15,299	**17,879**	15,466

Directors' and other key management personnel's remuneration do not include the estimated monetary value of benefits-in-kind as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Company's Directors	**173**	86	**86**	71
Other key management personnel	**455**	852	**-**	-

37. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Expensed off during the year	**208,894**	273,732	**9,213**	10,940
Capitalised during the year	**50,336**	58,191	**-**	-
	259,230	331,923	**9,213**	10,940

Included in employee benefits expense that was expensed off during the year is an amount of RM27,244,000 (2019: RM31,399,000) accounted for under cost of sales.

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37. EMPLOYEE BENEFITS EXPENSE (CONT'D)

The employee benefit expenses which include the remuneration of Directors and key management personnel are as follow:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Salaries, bonus and other emoluments	**184,759**	213,084	**7,674**	8,890
Defined contribution plan	**22,020**	26,991	**473**	577
Share-based payment under the LTIP	**23,559**	55,983	**487**	813

38. TAXATION

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Income tax:				
In respect of current year				
- Malaysian income tax	**145,539**	234,572	**25,820**	42,587
- foreign income tax	**5,847**	1,587	**-**	-
	151,386	236,159	**25,820**	42,587
(Over)/under provision in prior years				
- Malaysian income tax	**(2,867)**	11,797	**(2,076)**	(1,415)
- foreign income tax	**(2,823)**	(13,298)	**-**	-
	(5,690)	(1,501)	**(2,076)**	(1,415)
	145,696	234,658	**23,744**	41,172
Deferred tax:				
- Origination and reversal of temporary differences	**(62,185)**	(39,271)	**283**	255
- Under/(over) provision in prior years	**4,361**	(19,188)	**-**	-
	(57,824)	(58,459)	**283**	255
	87,872	176,199	**24,027**	41,427

38. TAXATION (CONT'D)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019: 24%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The provision for taxation differs from the amount of taxation determined by applying the applicable statutory tax rate on the profit before tax as a result of the following differences:

	Group		Company	
	2020 RM'000	**2019 RM'000 Restated**	**2020 RM'000**	**2019 RM'000**
Accounting profit (excluding share of results in joint ventures and associated companies)	**214,803**	599,766	**83,718**	370,310
Taxation at 24% tax rate	**51,553**	143,944	**20,092**	88,874
Tax effects arising from:				
Non-deductible expenses	**54,285**	69,076	**60,244**	36,871
Non-taxable income:				
- interest income	**(3,653)**	(8,844)	**(95)**	(3,812)
- single tier dividend income	**-**	-	**(54,111)**	(79,091)
- others	**(18,408)**	(9,435)	**-**	-
Deferred tax assets not recognised	**35,777**	4,437	**-**	-
Recognition and utilisation of tax losses brought forward from previous years, not previously recognised	**(28,791)**	(1,527)	**-**	-
Effect on different tax rate used	**144**	862	**-**	-
Deferred tax on fair value of investment properties at real property gain tax rate	**(1,706)**	(1,625)	**(27)**	-
(Over)/under provision in prior years:				
- income tax	**(5,690)**	(1,501)	**(2,076)**	(1,415)
- deferred tax	**4,361**	(19,188)	**-**	-
	87,872	176,199	**24,027**	41,427
Tax savings during the financial year arising from:				
- utilisation of current tax losses	**2,065**	482	**-**	-
- utilisation of tax losses brought forward from previous years	**6,423**	1,527	**-**	-

The Company is on the single tier income tax system; accordingly the entire retained earnings of the Company is available for distribution by way of dividend without incurring additional tax liability.

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39. EARNINGS PER SHARE

Basic earnings per share

The basic earnings per share for the year is calculated by dividing the Group's profit/loss attributable to owners of the Company adjusted for the effects of RCPS-i A & RCPS-i B preferential dividends declared for the year, divided by the weighted average number of shares in issue is as follows:

	Group 2020 '000	Group 2019 '000 Restated
(Loss)/Profit attributable to owners of the Company (RM)	**(321,026)**	353,745
- less: RCPS-i A preferential dividends (RM)	**(70,654)**	(70,654)
- less: RCPS-i B preferential dividends (RM)	**(61,394)**	(61,674)
Adjusted (loss)/profit attributable to equity holders of the Company (RM)	**(453,074)**	221,417
Number of ordinary shares at beginning of the year	**4,042,481**	3,958,563
Weighted average effect of shares issued pursuant to:		
- DRP	**-**	47,521
- vesting of ESGP	**6,804**	4,759
- conversion of RCPS-i B into ordinary shares	**5**	1,912
Weighted average number of ordinary shares	**4,049,290**	4,012,755
Basic (Loss)/Earnings Per Share (sen)	**(11.19)**	5.52

Diluted earnings per share

The diluted earnings per share for the year is calculated by dividing the Group's profit/loss attributable to owners of the Company adjusted for the effects of RCPS-i A and RCPS-i B preferential dividends declared for the year, divided by the weighted average number of shares that would have been in issue upon full exercise of the options under the LTIP granted, calculated as follows:

	Group 2020 '000	Group 2019 '000 Restated
(Loss)/Profit attributable to owners of the Company (RM)	**(321,026)**	353,745
– less: RCPS-i A preferential dividends (RM)	**(70,654)**	(70,654)
– less: RCPS-i B preferential dividends (RM)	**(61,394)**	(61,674)
Adjusted (loss)/profit attributable to equity holders of the Company (RM)	**(453,074)**	221,417
Weighted average number of ordinary shares calculated above	**4,049,290**	4,012,755
Weighted average number of unissued shares under the LTIP	**21,062**	29,472
Adjusted weighted average number of ordinary shares that would have been in issue	**4,070,352**	4,042,227
Diluted (Loss)/Earnings Per Share (sen)	**(11.13)**	5.48

The effects of conversion of RCPS-i A and RCPS-i B have not been included in the computation of the dilutive earnings per share of the Group as they do not have a dilutive effect.

40. DIVIDENDS

	2020 RM'000	2019 RM'000
Ordinary Shares Dividends		
In respect of the financial year ended 31 December 2018		
Single-tier final dividend of 4.55 sen per share:		
– Reinvested into 71,379,352 new ordinary shares at an issue price of RM1.98 per ordinary share pursuant to the DRP	–	141,331
– Payment in cash	–	38,900
In respect of the financial year ended 31 December 2019		
Single-tier final dividend of 1 sen per share:		
– Payment in cash	**40,425**	–
	40,425	180,231

There were no ordinary shares dividends declared for the financial year ended 31 December 2020.

	2020 RM'000	2019 RM'000
Preferential Dividends		
In respect of the financial period from 1 July 2018 to 31 December 2018		
– RCPS-i A preferential dividend of 6.49% per annum, payment in cash	–	35,327
– RCPS-i B preferential dividend of 5.93% per annum, payment in cash	–	30,977
In respect of the financial period from 1 January 2019 to 30 June 2019		
– RCPS-i A preferential dividend of 6.49% per annum, payment in cash	–	35,327
– RCPS-i B preferential dividend of 5.93% per annum, payment in cash	–	30,697
In respect of the financial period from 1 July 2019 to 31 December 2019		
– RCPS-i A preferential dividend of 6.49% per annum, payment in cash	**35,327**	–
– RCPS-i B preferential dividend of 5.93% per annum, payment in cash	**30,697**	–
In respect of the financial period from 1 January 2020 to 30 June 2020		
– RCPS-i A preferential dividend of 6.49% per annum, payment in cash	**35,327**	–
– RCPS-i B preferential dividend of 5.93% per annum, payment in cash	**30,697**	–
	132,048	132,328

Subsequent to 31 December 2020, the Directors declared a preferential dividend of 6.49% per annum amounting to RM35,326,948 in respect of the RCPS-i A and 5.93% per annum amounting to RM30,694,201 in respect of RCPS-i B for financial period from 1 July 2020 to 31 December 2020.

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41. RELATED PARTY DISCLOSURES

In addition to related party disclosures elsewhere in the financial statements, set out below are the other related party disclosures. The following significant related party transactions took place at terms agreed between the parties during the financial year:

(a) Significant related party transactions during the financial year are as follows:

	Transaction value			
	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Transactions with subsidiary companies				
Interest received and receivable	**-**	-	**167,281**	245,083
Interest paid and payable	**-**	-	**10,704**	1,390
Event service fee paid and payable	**-**	-	**17**	33
Dividend received and receivable	**-**	-	**225,461**	329,544
Staff secondment fee received and receivable	**-**	-	**6,879**	8,355
Group management fee paid and payable	**-**	-	**9,613**	12,159
Transactions with associated companies				
Dividend received and receivable	**7,355**	5,725	**-**	-
Transactions with joint ventures				
Management fee received and receivable	**865**	1,301	**-**	-
Interest received and receivable	**3,831**	4,028	**515**	686
Rental received and receivable	**633**	469	**-**	-
Rental paid and payable	**75**	194	**-**	-
Staff secondment fee received and receivable	**440**	489	**123**	141
Event and support service fee received and receivable	**106**	184	**-**	-

41. RELATED PARTY DISCLOSURES (CONT'D)

(a) Significant related party transactions during the financial year are as follows: (Cont'd)

	Transaction value		Outstanding balance	
	Group		Group	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Transactions with Directors of the Company and close family members of the Directors				
Event service fee charged to:				
- Noraini Binti Che Dan	**-**	160	**-**	-
Sale of property to:				
- Noraini Binti Che Dan	**455**	623	**-**	-
- Dato' Halipah Binti Esa	**1,284**	-	**-**	-
Sale of property to company in which:				
- Dato' Azmi Bin Mohd Ali has interests - Frontier Steps Sdn Bhd	**-**	619	**-**	-
Transaction with Directors of subsidiary companies and close family members of the Directors				
Sale of properties to:				
- Datuk Choy Kah Yew	**-**	1,402	**-**	-
- Datuk Zaini Bin Yusoff	**1,343**	2,580	**-**	-
- Datuk Yuslina Binti Mohd Yunus	**-**	867	**-**	-
- Soh Hee Pin	**-**	1,395	**-**	-

Transactions with shareholders and Government

Permodalan Nasional Berhad ("PNB") and Amanahraya Trustees Berhad - Amanah Saham Bumiputera ("ATR-ASB"), both government-linked entities, are the substantial shareholders of the Company, with direct shareholding of 26.13% and 26.07% respectively (2019: 25.55% and 24.19%). PNB, ATR-ASB and entities directly controlled by PNB are collectively referred to as government-related entities to the Group and the Company.

The transactions entered into with these government-linked corporations have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

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41. RELATED PARTY DISCLOSURES (CONT'D)

(b) Key management personnel remuneration

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Directors				
Fees, salaries, bonuses and other emoluments	**5,402**	6,841	**2,575**	2,581
Estimated monetary value of benefits-in-kind	**173**	86	**86**	71
Share-based payment under the LTIP	**417**	1,788	**-**	-
Total short-term employee benefits	**5,992**	8,715	**2,661**	2,652
Post-employment benefits				
- EPF and social security cost	**330**	502	**-**	-
	6,322	9,217	**2,661**	2,652
Other key management personnel				
Salaries, allowances and bonuses	**11,212**	11,488	**-**	-
Estimated monetary value of benefits-in-kind	**455**	852	**-**	-
Share-based payment under the LTIP	**2,791**	10,144	**-**	-
Total short-term employee benefits	**14,458**	22,484	**-**	-
Post-employment benefits				
- EPF and social security cost	**1,278**	1,299	**-**	-
	15,736	23,783	**-**	-
Total compensation	**22,058**	33,000	**2,661**	2,652

Shares and share options granted to Directors and other key management personnel

293,000 ESGP and 2,061,000 ESOS were granted to the Company's Executive Directors and other key management personnel during the financial year (2019: 1,305,000 ESGP and no ESOS).

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42. COMMITMENTS

(a) Operating lease commitments

The Group as lessor

The Group leases out its investment properties to third parties under non-cancellable operating leases. These leases are with remaining lease period of 1 to 29 years (2019: 1 to 30 years) with the option to renew upon expiry. Certain of the leases include contingent rental arrangements computed based on sales achieved by tenants.

Future minimum rentals receivable under non-cancellable operating leases at the reporting date are as follows:

	Group	
	2020 RM'000	2019 RM'000
Not later than one year	**70,828**	63,570
Later than one year but not later than five years	**106,366**	121,305
Later than five years	**349,974**	361,584
	527,168	546,459

(b) Other commitments

	Group	
	2020 RM'000	2019 RM'000
Contractual commitment for acquisition of development land – Seberang Perai Utara, Pulau Pinang	**-**	22,050
Contractual commitment for construction of investment properties	**32,598**	42,874
Contractual commitment for acquisition/construction of property, plant and equipment	**79,884**	134,841
	112,482	199,765

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43. CONTINGENT LIABILITIES

(a) Corporate Guarantees

	Group 2020 RM'000	Group 2019 RM'000
Guarantees given to banks to secure banking facilities granted to subsidiary companies	**7,344,099**	6,778,721
Guarantees given to banks for performance bonds granted to subsidiary companies	**145,220**	134,308
Guarantees given to the suppliers of goods for credit terms granted to subsidiary companies	**211**	7,702
	7,489,530	6,920,731

As at reporting date, no values are ascribed for these guarantees and letters of undertaking provided by the Group and the Company to secure banking facilities described above as the Directors regard the value of the credit enhancement provided by these guarantees as minimal and the probability of default, based on historical track records of the parties receiving the guarantees are remote.

(b) Others

Setia Fontaines Sdn Bhd ("Setia Fontaines") entered into a Sale and Purchase Agreement with CIMB Islamic Trustee Berhad ("the Trustee") and Boustead Plantations Berhad ("Boustead") to purchase 5 adjoining parcels of freehold land located in Penang ("the Lands") on 22 February 2016. Boustead took the view that goods and services tax ("GST") is chargeable on the Lands.

However, Setia Fontaines took the view that the Lands acquired are exempted from GST pursuant to Item 1(1), First Schedule of the Goods and Services Tax (Exempt Supply) Order 2014 ("Exempt Order") given that the Lands are used for agricultural purposes.

Notwithstanding the objection from Setia Fontaines, Boustead remitted RM37,207,353.35 of GST to the Customs and demanded that Setia Fontaines reimburse the said amount pursuant to Clause 28 of the Sale and Purchase Agreement.

After several settlement attempts, the parties were not able to reach a common ground on this issue.

On 28 December 2018, Boustead and the Trustee, as the Plaintiffs filed a civil suit in High Court of Kuala Lumpur ("Main Trial") and on 3 January 2019, a copy of the sealed Writ of Summons and Statement of Claim was served on Setia Fontaines as the Defendant seeking the repayment of RM37,207,353.35 with 8% interest.

43. CONTINGENT LIABILITIES (CONT'D)

(b) Others (Cont'd)

First case management was held before the High Court of Kuala Lumpur on 28 January 2019 where the Registrar instructed the following:

(1) The Plaintiffs to file a reply by 21 February 2019;

(2) Any interlocutory application to be filed by 21 February 2019; and

(3) Parties to consider mediation.

Setia Fontaines filed its Defence and served the same on Boustead on 31 January 2019. Boustead filed its Reply on 21 February 2019 and the matter which was previously fixed for Trial from 1 April 2020 to 3 April 2020 has been rescheduled to 26 April 2021, 27 April 2021 and 28 April 2021.

Further to the decision made by the Director General of Customs, on behalf of the Minister of Finance ("MoF"), pursuant to a delegation of authority made by the MoF to the Custom, that the portions of the Lands scheduled for commercial development was subject to GST ("GST Decision"), Setia Fontaines filed an application for Judicial Review ("JR") to, among others, quash the GST Decision. The matter came up for Hearing on 29 July 2020 and the decision was made on 11 September 2020 whereby Setia Fontaines was successful in its application for JR.

In summary, the High Court held that:

(1) that the Lands acquired by Setia Fontaines was an exempt supply, as at the relevant time of supply, the Lands were used for oil palm plantations and zoned as agricultural land; and

(2) under the Exempt Order, there is no express provision for delegation by the MoF and that the MoF must exercise its power personally; and accordingly it was not empowered to delegate its authority to the Director General of Customs to make the GST Decision.

The MoF and Customs, as respondents in the JR proceedings, did not file any notice of appeal against the decision of the High Court and the right to appeal expired on 12 October 2020.

As for the Main Trial, the Case Management which was fixed on 17 September 2020 was postponed to 2 October 2020 where parties updated the trial judge that Setia Fontaines' JR application was decided in favour of Setia Fontaines. The trial judge had fixed the matter for further Case Management on 9 November 2020 on request of Boustead for parties to update whether MoF or Customs have filed any notice of appeal to the Court of Appeal. However, the Case Management date has been repeatedly postponed since November 2020 due to the Conditional Movement Control Order and the Movement Control Order implemented by the Government and parties are directed to appear before the Court for further Case Management on 22 March 2021.

Given that no notice of appeal was filed by the MoF and Customs and the right of appeal has expired, Boustead and the Trustee no longer have any basis to pursue its suit against Setia Fontaines.

On this note, the Directors of the Group are of the opinion that no provision in respect of the GST liability in dispute is required to be made in the financial statements.

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44. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

2020	At 1 January RM'000	Cash flows RM'000	Foreign exchange movement RM'000	Others RM'000	At 31 December RM'000
Group					
Long term and short term borrowings excluding bank overdrafts	**11,145,567**	**716,965**	**66,255**	**(437)**	**11,928,350**
Unsecured advances	**20,039**	**–**	**–**	**18,557**	**38,596**
Redeemable cumulative preference shares	**69,419**	**(1,272)**	**–**	**(31,007)**	**37,140**
Lease liabilities	**3,692**	**(1,288)**	**–**	**53**	**2,457**
Total liabilities from financing activities	**11,238,717**	**714,405**	**66,255**	**(12,834)**	**12,006,543**
Company					
Long term and short term borrowings excluding bank overdrafts, representing total liabilities from financing activities	**4,072,739**	**195,519**	**18,256**	**282**	**4,286,796**

2019	At 1 January RM'000	Cash flows RM'000	Foreign exchange movement RM'000	Others RM'000	At 31 December RM'000
Group					
Long term and short term borrowings excluding bank overdrafts	10,442,530	664,434	29,450	9,153	11,145,567
Unsecured advances	144,208	(125,000)	–	831	20,039
Redeemable cumulative preference shares	69,292	(3,006)	–	3,133	69,419
Lease liabilities*	4,261	(1,312)	6	737	3,692
Total liabilities from financing activities	10,660,291	535,116	29,456	13,854	11,238,717
Company					
Long term and short term borrowings excluding bank overdrafts, representing total liabilities from financing activities	4,181,499	(124,855)	15,411	684	4,072,739

* Arising from effects of adoption of *MFRS 16 Leases.*

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's activities are exposed to a variety of financial risks, including interest rate risk, credit risk, foreign currency risk, liquidity and cash flow risks. The Group's and the Company's overall financial risk management objective is to minimise potential adverse effects on the financial performance of the Group and the Company.

Financial risk management is carried out through risk review, internal control systems and adherence to the Group's and the Company's financial risk management policies. The Board regularly reviews these risks and approves the policies covering the management of these risks. The Group and the Company do not trade in derivative instruments.

(a) Interest rate risk

The Group and the Company are exposed to interest rate risk which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates.

Surplus funds are placed in short-term funds and with licensed financial institutions to earn interest income based on prevailing market rates. The Group and the Company manage its interest rate risks by placing such funds on short tenures of 12 months or less.

The Group's and the Company's policy is to borrow principally on a floating rate basis. The Group and the Company do not generally hedge interest rate risks. The Group and the Company have a policy to ensure that interest rates obtained are competitive.

<u>Sensitivity analysis for interest rate risk</u>

The weighted average interest rate for bank borrowings of the Group and the Company are as follows:

	Group		Company	
	2020 %	**2019 %**	**2020 %**	**2019 %**
Weighted average interest rate	**3.09**	4.37	**3.12**	4.47

A sensitivity analysis has been performed based on the outstanding floating rate bank borrowings of the Group and the Company as at 31 December 2020. If interest rates were to increase or decrease by 50 basis points with all other variables held constant, the Group's and the Company's profit before tax would decrease or increase by RM24,305,000 and RM21,434,000 (2019: RM25,582,000 and RM20,364,000) respectively.

For those interest expense incurred and capitalised as part of the expenditure on property, plant and equipment under construction, investment property under construction, land held for property development and property development costs during the financial year, if the interest rates were to increase or decrease by 50 basis points with all other variables held constant, those assets of the Group would increase or decrease by RM33,035,000 (2019: RM29,079,000).

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45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or a customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities.

The Group and the Company minimise and monitor its credit risk by dealing with creditworthy counter-parties and applying credit approval controls for material contracts. If necessary, the Group may obtain collaterals from counter-parties as a means of mitigating losses in the event of default.

In respect of trade receivables arising from the sale of development properties, the Group mitigates its credit risk by maintaining its name as the registered owner of the development properties until full settlement by the purchasers or the purchasers' end-financiers.

At the reporting date, the Group did not have any significant concentration of credit risk that may arise from exposure to a single debtor or to group of debtors.

The ageing analysis of receivables which are trade in nature is disclosed in Note 17. Short-term funds, short-term deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable banks and financial institutions with high credit ratings and no history of default.

(c) Foreign currency exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates.

The Group operates internationally and is exposed to various currencies, mainly Great Britain Pound, Australian Dollar, Singapore Dollar, Vietnam Dong, United States Dollar, Chinese Yuan and Japanese Yen.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located.

The material unhedged financial assets/liabilities of the Group that are not denominated in their functional currencies are as follows:

	Balance denominated in	2020 RM'000	2019 RM'000
Functional currencies of the Group of companies			
Borrowings			
Ringgit Malaysia	GBP	**707,756**	695,700
	AUD	**599,382**	188,296
Great British Pound	USD	**102,111**	-

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Foreign currency exchange risk (Cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's (loss)/profit before tax to a reasonably possible change in the GBP, AUD and USD exchange rates against the respective major functional currencies of the Group entities, with all other variables remaining constant:

		2020 RM'000 Loss before tax	2019 RM'000 Profit before tax
Increase/(decrease) to			
GBP/RM	strengthened by 10%	**70,776**	(69,570)
	weakened by 10%	**(70,776)**	69,570
AUD/RM	strengthened by 10%	**59,938**	(18,830)
	weakened by 10%	**(59,938)**	18,830
USD/GBP	strengthened by 10%	**10,211**	–
	weakened by 10%	**(10,211)**	–

The impact of sensitivity analysis of the rest of the foreign currencies is not material to the Group.

(d) Liquidity and cash flow risks

Liquidity and cash flow risks are the risks that the Group and the Company will not be able to meet its financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables and borrowings.

The Group and the Company seek to ensure all Business Units maintain optimum levels of liquidity at all times, sufficient for their operating, investing and financing activities.

Therefore, the policy seeks to ensure that each Business Units, through efficient working capital management (i.e. inventory, accounts receivable and accounts payable management), must be able to convert its current assets into cash to meet all demands for payment as and when they fall due.

Owing to the nature of its businesses, the Group and the Company always maintain sufficient credit lines available to meet their liquidity requirements while ensuring an effective working capital management within the Group and the Company.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Liquidity and cash flow risks (Cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

2020	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
Financial liabilities:				
Trade payables	1,581,560	-	-	1,581,560
Other payables and accruals	760,348	10,000	90,510	860,858
Amounts owing to related parties	1,012	-	-	1,012
Borrowings	2,877,162	8,743,122	1,467,068	13,087,352
Lease liabilities	1,378	1,215	-	2,593
Redeemable cumulative preference shares	1,734	25,836	17,784	45,354
Total undiscounted financial liabilities	5,223,194	8,780,173	1,575,362	15,578,729
Company				
Financial liabilities:				
Amounts owing to subsidiary companies	609,746	-	-	609,746
Other payables and accruals	14,528	-	-	14,528
Borrowings	1,493,778	3,035,262	-	4,529,040
Total undiscounted financial liabilities	2,118,052	3,035,262	-	5,153,314

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

2019	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
Financial liabilities:				
Trade payables	1,592,878	–	–	1,592,878
Other payables and accruals	688,592	28,038	101,870	818,500
Amounts owing to related parties	1,118	–	–	1,118
Borrowings	2,791,631	8,608,053	1,148,013	12,547,697
Lease liabilities	1,426	2,538	–	3,964
Redeemable cumulative preference shares	34,198	26,886	18,468	79,552
Total undiscounted financial liabilities	5,109,843	8,665,515	1,268,351	15,043,709
Company				
Financial liabilities:				
Amounts owing to subsidiary companies	276,850	–	–	276,850
Other payables and accruals	19,231	–	–	19,231
Borrowings	1,295,152	3,108,081	102,315	4,505,548
Total undiscounted financial liabilities	1,591,233	3,108,081	102,315	4,801,629

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

46. FINANCIAL INSTRUMENT

Financial assets and financial liabilities are measured either at fair value or at amortised cost. The principal accounting policies in Note 1 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

2020	At amortised cost RM'000	At fair value through profit or loss RM'000	Total RM'000
Group			
Financial assets:			
Other investments	-	96	96
Other receivables and deposits	170,375	-	170,375
Trade receivables	878,327	-	878,327
Amounts owing by joint ventures	152,374	-	152,374
Amounts owing by associated companies	4,336	-	4,336
Amounts owing by related parties	458	-	458
Short-term funds	-	1,485,695	1,485,695
Short-term deposits	208,725	-	208,725
Cash and bank balances	1,224,816	-	1,224,816
Total financial assets	2,639,411	1,485,791	4,125,202
Financial liabilities:			
Trade payables	1,581,560	-	1,581,560
Other payables and accruals	829,147	-	829,147
Amounts owing to related parties	1,012	-	1,012
Long-term borrowings	9,357,935	-	9,357,935
Short-term borrowings	2,583,271	-	2,583,271
Long-term lease liabilities	1,167	-	1,167
Short-term lease liabilities	1,290	-	1,290
Redeemable cumulative preference shares	37,140	-	37,140
Total financial liabilities	14,392,522	-	14,392,522

46. FINANCIAL INSTRUMENT (CONT'D)

2019	At amortised cost RM'000	At fair value through profit or loss RM'000	Total RM'000
Group			
Financial assets:			
Other investments	–	96	96
Other receivables and deposits	161,723	–	161,723
Trade receivables	752,252	–	752,252
Amounts owing by joint ventures	154,889	–	154,889
Amounts owing by associated companies	590	–	590
Amounts owing by related parties	930	–	930
Short-term funds	–	1,676,226	1,676,226
Short-term deposits	179,503	–	179,503
Cash and bank balances	1,204,348	–	1,204,348
Total financial assets	2,454,235	1,676,322	4,130,557
Financial liabilities:			
Trade payables	1,592,878	–	1,592,878
Other payables and accruals	779,466	–	779,466
Amounts owing to related parties	1,118	–	1,118
Long-term borrowings	8,838,769	–	8,838,769
Short-term borrowings	2,330,399	–	2,330,399
Long-term lease liabilities	2,404	–	2,404
Short-term lease liabilities	1,288	–	1,288
Redeemable cumulative preference shares	69,419	–	69,419
Total financial liabilities	13,615,741	–	13,615,741

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

46. FINANCIAL INSTRUMENT (CONT'D)

2020	At amortised cost RM'000	At fair value through profit or loss RM'000	Total RM'000
Company			
Financial assets:			
Other receivables and deposits	**1,883**	**–**	**1,883**
Amounts owing by subsidiary companies	**6,124,778**	**–**	**6,124,778**
Amounts owing by joint ventures	**58,836**	**–**	**58,836**
Amounts owing by associated companies	**647**	**–**	**647**
Short-term funds	**–**	**781,020**	**781,020**
Cash and bank balances	**75,199**	**–**	**75,199**
Total financial assets	**6,261,343**	**781,020**	**7,042,363**
Financial liabilities:			
Amounts owing to subsidiary companies	**609,746**	**–**	**609,746**
Other payables and accruals	**14,528**	**–**	**14,528**
Long-term borrowings	**2,853,431**	**–**	**2,853,431**
Short-term borrowings	**1,436,403**	**–**	**1,436,403**
Total financial liabilities	**4,914,108**	**–**	**4,914,108**

2019	At amortised cost RM'000	At fair value through profit or loss RM'000	Total RM'000
Company			
Financial assets:			
Other receivables and deposits	2,779	–	2,779
Amounts owing by subsidiary companies	6,005,929	–	6,005,929
Amounts owing by joint ventures	59,301	–	59,301
Amounts owing by associated companies	576	–	576
Short-term funds	–	526,905	526,905
Short-term deposits	10,000	–	10,000
Cash and bank balances	59,857	–	59,857
Total financial assets	6,138,442	526,905	6,665,347
Financial liabilities:			
Amounts owing to subsidiary companies	276,850	–	276,850
Other payables and accruals	19,231	–	19,231
Long-term borrowings	2,948,549	–	2,948,549
Short-term borrowings	1,124,190	–	1,124,190
Total financial liabilities	4,368,820	–	4,368,820

47. FAIR VALUE MEASUREMENT

The Group and the Company measure fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(a) Non-financial assets that are measured at fair value

(i) The table below analyses the Group's and the Company's non-financial assets measured at fair value at the reporting date, according to the levels in the fair value hierarchy:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Investment Properties				
Group				
2020				
Commercial properties	**–**	**43,965**	**1,922,843**	**1,966,808**
2019				
Commercial properties	–	47,876	1,910,774	1,958,650
Company				
2020				
Commercial properties	**–**	**–**	**3,438**	**3,438**
2019				
Commercial properties	–	–	3,243	3,243
Right-of-use – Investment Properties				
Group				
2020				
Commercial properties	**–**	**–**	**69,054**	**69,054**
2019				
Commercial properties	–	–	75,853	75,853

NOTES TO THE FINANCIAL STATEMENTS
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47. FAIR VALUE MEASUREMENT (CONT'D)

(a) Non-financial assets that are measured at fair value (Cont'd)

(ii) Description of valuation techniques used and key inputs to valuation on non-financial assets

The fair value of the investment properties was substantially arrived at via valuations performed by certified external valuers based on the following valuation techniques depending on the location and types of properties:

(a) Comparison method

The market comparison approach is a method whereby the property's fair value is estimated based on comparable transactions. This approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold. Investment properties valued under the comparison method, with insignificant adjustments factors, are categorised as Level 2 in the fair value hierarchy. Certain other investment properties valued using the comparison method with significant adjustments made for differences such as location, size, condition, accessibility and design ("adjustment factors") are categorised as Level 3 in the fair value hierarchy.

(b) Investment method

The investment method entails determining the net annual income by deducting the annual ongoings from the gross annual income and capitalising the net income by a suitable rate of return consistent with the type and quality of the investment to arrive at the market value of the subject property.

The investment properties valued using this method is categorised as Level 3 in the fair value hierarchy.

(c) Comparison/Depreciable Replacement Cost method

The comparison/cost method of valuation entails separate valuations of the land and buildings to arrive at the market value of the subject property. The land is valued by reference to transactions of similar lands in the surrounding areas with appropriate adjustments made for differences in the relevant characteristics of the land. Completed buildings are valued by reference to the current estimates on construction costs to erect equivalent buildings, taking into consideration of similar buildings in terms of size, construction, finishes, contractors' overheads, fees and profits. Appropriate adjustments are then made for the factors of obsolescence and existing physical condition of the building.

The investment properties valued using this method is categorised as Level 3 in the fair value hierarchy.

47. FAIR VALUE MEASUREMENT (CONT'D)

(a) Non-financial assets that are measured at fair value (Cont'd)

(ii) Description of valuation techniques used and key inputs to valuation on non-financial assets (Cont'd)

Description of valuation techniques used and key inputs to valuation on investment properties are as below:

	Valuation techniques	Significant unobservable inputs	Range
Land	Comparison method	Adjustment factors to prices of comparable properties	-50% to 40%
Building	Investment method	Estimated rental value per square foot per month	RM2.00 to RM40.00
		Capitalisation/Discount rate	4.75% to 8.00%
		Void allowance	5.00% to 10.00%
Building	Depreciable replacement cost method	Construction cost per square foot	RM95.00 to RM506.00
		Depreciation rate	1% to 50%

(iii) Fair value reconciliation of non-financial assets measured at Level 3

Investment Properties

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At beginning of the year	**1,910,774**	1,879,007	**3,243**	3,243
Additions	**33,035**	20,108	**-**	-
Disposals	**(8,340)**	-	**-**	-
Changes in fair value	**(12,626)**	11,659	**195**	-
At end of the year	**1,922,843**	1,910,774	**3,438**	3,243

Right-of-use – Investment Properties

Refer to fair value reconciliation disclosed in Note 5.

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47. FAIR VALUE MEASUREMENT (CONT'D)

(b) Financial instruments that are measured or disclosed at fair value

The carrying amounts and fair values of the long term financial assets and liabilities of the Group and the Company at the reporting date are as follows:

	Group			Company		
2020	**Carrying amount RM'000**	**Fair Value RM'000 Level 2**	**Fair Value RM'000 Level 3**	**Carrying amount RM'000**	**Fair Value RM'000 Level 2**	**Fair Value RM'000 Level 3**
Financial assets:						
Other investments	**96**	**-**	**96^**	**-**	**-**	**-**
Amounts owing by subsidiary companies	**-**	**-**	**-**	**4,899,505**	**-**	**#**
Amounts owing by joint ventures	**69,785**	**-**	**#**	**-**	**-**	**-**
Trade receivables	**28,824**	**-**	**#**	**-**	**-**	**-**
Financial liabilities:						
Redeemable cumulative preference shares	**37,140**	**-**	**37,493**	**-**	**-**	**-**
Other payables and accruals	**69,267**	**-**	**#**	**-**	**-**	**-**
Floating rate long term borrowings	**9,357,935**	*****	**-**	**2,853,431**	*****	**-**
Lease liabilities	**1,167**	**-**	**#**	**-**	**-**	**-**
2019						
Financial assets:						
Other investments	96	-	96^	-	-	-
Amounts owing by subsidiary companies	-	-	-	4,970,409	-	#
Amounts owing by joint ventures	69,785	-	#	-	-	-
Trade receivables	30,249	-	#	-	-	-
Financial liabilities:						
Redeemable cumulative preference shares	37,006	-	37,210	-	-	-
Other payables and accruals	90,874	-	#	-	-	-
Floating rate long term borrowings	8,838,769	*	-	2,948,549	*	-
Lease liabilities	2,404	-	#	-	-	-

* *The carrying amounts are reasonable approximation of fair values because they are floating rate instruments which are repriced to market interest rates at regular intervals.*

\# *The carrying amounts are reasonable approximation of fair value.*

^ *Other investments are measured at fair value through profit or loss*

47. FAIR VALUE MEASUREMENT (CONT'D)

The short-term funds of the Group and the Company are measured at fair value through profit or loss.

The carrying amounts of all other financial assets and liabilities of the Group and the Company at the reporting date approximated or were at their fair values due either to their short-term nature or that they are floating rate instruments that are repriced to market interest rates on or near the reporting date. The fair values of the financial assets and financial liabilities above are determined using discounted cash flow method. The most significant input being the discount rate that reflects the credit risk of the counterparties.

There were no transfers between Level 1, Level 2 and Level 3 during the financial year.

48. CAPITAL MANAGEMENT

The primary objectives of the Group's and the Company's capital management are to ensure that it maintains a strong capital base and healthy capital ratios in order to support its existing business operations and enable future development of the businesses as well as maximise shareholders' value.

The capital structure of the Group and the Company consists of equity attributable to the shareholders of the Company (i.e. share capital, RCPS-i A, RCPS-i B, reserves and retained earnings), and total debts, which include borrowings.

Management reviews and manages the capital structure regularly and makes adjustments to address changes in the economic environment and risk characteristics inherent in its business operations. These initiatives may include equity capital raising exercises and adjustments to the amount of dividends distributed to shareholders. No changes were made in the objectives, policies and processes during the financial year ended 31 December 2020 and 31 December 2019.

		Group		Company	
	Note	2020 RM'000	2019 RM'000 Restated	2020 RM'000	2019 RM'000
Debt:					
Redeemable cumulative preference shares	27	**37,140**	69,419	**-**	-
Long-term borrowings	29	**9,357,935**	8,838,769	**2,853,431**	2,948,549
Short-term borrowings	29	**2,583,271**	2,330,399	**1,436,403**	1,124,190
		11,978,346	11,238,587	**4,289,834**	4,072,739
Short-term funds and deposits, cash and bank balances:					
Short-term funds	21	**1,485,695**	1,676,226	**781,020**	526,905
Short-term deposits	22	**208,725**	179,503	**-**	10,000
Cash and bank balances	23	**1,224,816**	1,204,348	**75,199**	59,857
		2,919,236	3,060,077	**856,219**	596,762
Net debt		**(9,059,110)**	(8,178,510)	**(3,433,615)**	(3,475,977)
Total equity		**15,340,500**	15,722,037	**11,283,494**	11,372,717
Gross gearing ratio		**0.78**	0.71	**0.38**	0.36
Net gearing ratio		**0.59**	0.52	**0.30**	0.31

The gearing ratio is not governed by the MFRS and its definition and calculation may vary from one group/company to another.

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49. SEGMENTAL ANALYSIS

Primary reporting format – business segment

The operations of the Group are primarily organised into three main segments:

(i) Property development – Property development
(ii) Construction – Building construction
(iii) Others – Manufacturing, trading and investing

Transactions between segments were entered into in the normal course of business and were established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties. The effects of such inter-segmental transactions are eliminated on consolidation.

The operations of the Group are primarily carried out in Malaysia. Group income taxes are presented on a group basis and are not allocated to operating segments.

(a) Segment results

2020	Property Development RM'000	Construction RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
External revenue	3,047,272	26,094	154,751	–	3,228,117
Inter-segment revenue	142,492	284,091	26,323	(452,906)	–
Total revenue	3,189,764	310,185	181,074	(452,906)	3,228,117
Gross profit/(loss)	678,289	(21,031)	(99)	–	657,159
Other income	143,958	538	8,551	–	153,047
Operating expenses	(382,619)	(7,523)	(32,620)	–	(422,762)
Share of results of joint ventures	(377,708)	–	5,158	–	(372,550)
Share of results of associated companies	1,097	–	–	–	1,097
Finance costs	(146,148)	(2,333)	(24,160)	–	(172,641)
Loss before tax	(83,131)	(30,349)	(43,170)	–	(156,650)
Taxation					(87,872)
Loss for the year					(244,522)

49. SEGMENTAL ANALYSIS (CONT'D)

(a) Segment results (Cont'd)

2019	Property Development RM'000	Construction RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Restated					
External revenue	3,667,861	60,755	200,258	–	3,928,874
Inter-segment revenue	354,107	494,292	44,740	(893,139)	–
Total revenue	4,021,968	555,047	244,998	(893,139)	3,928,874
Gross profit	1,124,295	12,760	17,736	–	1,154,791
Other income	184,555	46	30,862	–	215,463
Operating expenses	(495,882)	(11,213)	(25,686)	–	(532,781)
Share of results of joint ventures	(29,422)	–	9,463	–	(19,959)
Share of results of associated companies	28,448	–	–	–	28,448
Finance costs	(203,625)	(707)	(33,375)	–	(237,707)
Profit/(loss) before tax	608,369	886	(1,000)	–	608,255
Taxation					(176,199)
Profit for the year					432,056

(b) Segment assets, liabilities and other information

2020	Property Development RM'000	Construction RM'000	Others RM'000	Consolidated RM'000
Segment assets	**24,355,175**	**55,780**	**2,296,645**	**26,707,600**
Investments in joint ventures	**2,522,279**	**-**	**181,423**	**2,703,702**
Investments in associated companies	**559,857**	**-**	**-**	**559,857**
Current and deferred tax assets				**409,400**
Consolidated total assets				**30,380,559**
Segment liabilities	**8,404,452**	**183,547**	**5,956,990**	**14,544,989**
Current and deferred tax liabilities				**495,070**
Consolidated total liabilities				**15,040,059**
Additions to non-current assets* (other than financial instruments and deferred tax assets)	**771,343**	**346**	**60,016**	**831,705**
Interest income	**73,388**	**122**	**2,472**	**75,982**
Depreciation and amortisation	**(23,808)**	**(77)**	**(6,338)**	**(30,223)**
Other material non-cash items	**(181,432)**	**(2,024)**	**(12,105)**	**(195,561)**

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

49. SEGMENTAL ANALYSIS (CONT'D)

(b) Segment assets, liabilities and other information (Cont'd)

2019	Property Development RM'000	Construction RM'000	Others RM'000	Consolidated RM'000
Restated				
Segment assets	24,022,741	26,199	2,069,207	26,118,147
Investments in joint ventures	2,826,914	–	152,264	2,979,178
Investments in associated companies	560,090	–	–	560,090
Current and deferred tax assets				325,495
Consolidated total assets				29,982,910
Segment liabilities	7,878,303	180,843	5,715,561	13,774,707
Current and deferred tax liabilities				486,166
Consolidated total liabilities				14,260,873
Additions to non-current assets* (other than financial instruments and deferred tax assets)	973,600	1,022	70,079	1,044,701
Interest income	111,589	15	3,637	115,241
Depreciation and amortisation	(22,445)	(68)	(6,441)	(28,954)
Other material non-cash items	(65,316)	(4,340)	(3,280)	(72,936)

* Non-current assets comprise property, plant and equipment, right-of-use – property, plant and equipment, investment properties, right-of-use – investment properties, intangible asset and inventory – land held for property development.

49. SEGMENTAL ANALYSIS (CONT'D)

(c) Segment by geographical location

Revenue and non-current assets other than financial instruments and deferred tax assets, by location of the Group's operations are analysed as follows:

	Revenue		Non-current assets (other than financial instruments and deferred tax assets)	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000 Restated
Malaysia	**2,886,835**	3,852,467	**16,220,151**	15,762,429
Singapore	**224,281**	32,883	**2,320**	3,241
Australia	**93,036**	8,474	**55,402**	58,994
Vietnam	**23,965**	35,050	**104,716**	87,799
United Kingdom	**-**	–	**2,366,471**	2,681,212
Japan	**-**	–	**72,095**	66,851
	3,228,117	3,928,874	**18,821,155**	18,660,526

(d) Information about major customers

There is no significant concentration of revenue from any major customers as the Group mainly sells its development properties to individual end purchasers.

50. PRIOR YEAR ADJUSTMENTS AND CHANGES IN COMPARATIVES

In the current financial year, the Group has effected the following prior year adjustments:

(a) With reference to the accounting policy for inventories – development rights as disclosed in note 1(k), the Group had assessed that in the prior financial years, it had not allocated the cost of the development rights for the planned property development projects of the Group in the Penang Island in a manner that appropriately reflects the expected utilisation of these rights, hence affecting the cost recognised in respect of property development projects for which construction works and sales have commenced. As a result of which, the retained earnings of the Group as at 1 January 2019 was overstated by RM41 million and the profit for the year of the Group for the previous financial year ended 31 December 2019 was understated by RM10 million. The effect of this adjustment is accounted for retrospectively as shown below.

(b) In the prior financial years, the Group had inadvertently not adjusted for the reversal of deferred tax assets which were no longer required upon the change of its accounting policy for accounting for investment properties from the cost model to the fair value model. This has resulted in the overstatement of retained earnings of the Group as at 1 January 2019 by RM29 million and an overstatement of the deferred tax assets by the same amount. The effect of this adjustment is adjusted for retrospectively as illustrated below.

The Group has also effected a reclassification of expenses which mainly comprises employee benefits expenses from cost of sales to administrative expenses to more appropriately reflect the expenses by function.

The financial effects of the abovementioned prior year adjustments and the change in certain comparative amount to conform to the current year's financial statements presentation of the Group and of the Company are as follows:

NOTES TO THE FINANCIAL STATEMENTS
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50. PRIOR YEAR ADJUSTMENTS AND CHANGES IN COMPARATIVES (CONT'D)

STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

Group	As previously stated RM'000	Prior year adjustment (a) RM'000	Prior year adjustment (b) RM'000	As restated RM'000
Non-current assets				
Property, plant and equipment	639,630	–	–	639,630
Right-of-use - property, plant and equipment	3,613	–	–	3,613
Investment properties	2,006,439	–	–	2,006,439
Right-of-use - investment properties	75,853	–	–	75,853
Inventories - land held for property development	12,337,053	(21,436)	–	12,315,617
Intangible asset	14,089	–	–	14,089
Investments in joint ventures	2,979,178	–	–	2,979,178
Investments in associated companies	560,090	–	–	560,090
Other investments	96	–	–	96
Amounts owing by joint ventures	69,785	–	–	69,785
Trade receivables	30,249	–	–	30,249
Other receivables, deposits and prepayments	66,017	–	–	66,017
Deferred tax assets	284,666	–	(28,592)	256,074
	19,066,758	(21,436)	(28,592)	19,016,730
Current assets				
Trade receivables	722,003	–	–	722,003
Contract assets	1,077,886	–	–	1,077,886
Other receivables, deposits and prepayments	212,277	–	–	212,277
Inventories - property development costs	3,125,909	(53,639)	–	3,072,270
Inventories - completed properties and others	1,444,115	25,102	–	1,469,217
Contract cost assets	1,177,645	18,760	–	1,196,405
Amounts owing by joint ventures	85,104	–	–	85,104
Amounts owing by associated companies	590	–	–	590
Amounts owing by related parties	930	–	–	930
Current tax assets	69,421	–	–	69,421
Short-term funds	1,676,226	–	–	1,676,226
Short-term deposits	179,503	–	–	179,503
Cash and bank balances	1,204,348	–	–	1,204,348
	10,975,957	(9,777)	–	10,966,180
Total assets	30,042,715	(31,213)	(28,592)	29,982,910

50. PRIOR YEAR ADJUSTMENTS AND CHANGES IN COMPARATIVES (CONT'D)

STATEMENT OF FINANCIAL POSITION
As at 31 December 2019 (Cont'd)

Group	As previously stated RM'000	Prior year adjustment (a) RM'000	Prior year adjustment (b) RM'000	As restated RM'000
Equity				
Share capital	8,432,321	–	–	8,432,321
Share capital - RCPS-i A	1,087,363	–	–	1,087,363
Share capital - RCPS-i B	1,035,304	–	–	1,035,304
Share based payment reserve	144,721	–	–	144,721
Reserve on acquisition arising from common control	(1,295,884)	–	–	(1,295,884)
Exchange translation reserve	(27,162)	–	–	(27,162)
Retained earnings	4,972,532	(31,213)	(28,592)	4,912,727
Equity attributable to owners of the Company	14,349,195	(31,213)	(28,592)	14,289,390
Non-controlling interests	1,432,647	–	–	1,432,647
Total equity	15,781,842	(31,213)	(28,592)	15,722,037
Non-current liabilities				
Redeemable cumulative preference shares	37,006	–	–	37,006
Other payables and accruals	90,874	–	–	90,874
Long-term borrowings	8,838,769	–	–	8,838,769
Lease liabilities	2,404	–	–	2,404
Deferred tax liabilities	455,575	–	–	455,575
	9,424,628	–	–	9,424,628
Current liabilities				
Redeemable cumulative preference shares	32,413	–	–	32,413
Trade payables	1,592,878	–	–	1,592,878
Contract liabilities	158,966	–	–	158,966
Other payables and accruals	688,592	–	–	688,592
Short-term borrowings	2,330,399	–	–	2,330,399
Lease liabilities	1,288	–	–	1,288
Current tax liabilities	30,591	–	–	30,591
Amounts owing to related parties	1,118	–	–	1,118
	4,836,245	–	–	4,836,245
Total liabilities	14,260,873	–	–	14,260,873
Total equity and liabilities	30,042,715	(31,213)	(28,592)	29,982,910

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

50. PRIOR YEAR ADJUSTMENTS AND CHANGES IN COMPARATIVES (CONT'D)

STATEMENT OF FINANCIAL POSITION
As at 1 January 2019

Group	As previously stated RM'000	Prior year adjustment (a) RM'000	Prior year adjustment (b) RM'000	As restated RM'000
Non-current assets				
Property, plant and equipment	577,293	-	-	577,293
Right-of-use - property, plant and equipment	4,225	-	-	4,225
Investment properties	1,971,817	-	-	1,971,817
Right-of-use - investment properties	89,045	-	-	89,045
Inventories - land held for property development	12,732,627	(21,436)	-	12,711,191
Intangible asset	14,793	-	-	14,793
Investments in joint ventures	2,736,896	-	-	2,736,896
Investments in associated companies	540,648	-	-	540,648
Other investments	96	-	-	96
Amounts owing by joint ventures	69,785	-	-	69,785
Trade receivables	16,335	-	-	16,335
Other receivables, deposits and prepayments	57,139	-	-	57,139
Deferred tax assets	241,252	-	(28,592)	212,660
	19,051,951	(21,436)	(28,592)	19,001,923
Current assets				
Trade receivables	824,596	-	-	824,596
Contract assets	1,065,142	-	-	1,065,142
Other receivables, deposits and prepayments	257,521	-	-	257,521
Inventories - property development costs	2,568,068	(53,639)	-	2,514,429
Inventories - completed properties and others	1,586,946	27,769	-	1,614,715
Contract cost assets	850,029	6,068	-	856,097
Amounts owing by joint ventures	97,932	-	-	97,932
Amounts owing by associated companies	450	-	-	450
Amounts owing by related parties	811	-	-	811
Current tax assets	116,942	-	-	116,942
Short-term funds	1,082,940	-	-	1,082,940
Short-term deposits	402,552	-	-	402,552
Cash and bank balances	1,398,060	-	-	1,398,060
	10,251,989	(19,802)	-	10,232,187
Total assets	29,303,940	(41,238)	(28,592)	29,234,110

50. PRIOR YEAR ADJUSTMENTS AND CHANGES IN COMPARATIVES (CONT'D)

STATEMENT OF FINANCIAL POSITION
As at 1 January 2019 (Cont'd)

Group	As previously stated RM'000	Prior year adjustment (a) RM'000	Prior year adjustment (b) RM'000	As restated RM'000
Equity				
Share capital	8,252,253	–	–	8,252,253
Share capital - RCPS-i A	1,087,363	–	–	1,087,363
Share capital - RCPS-i B	1,044,753	–	–	1,044,753
Share based payment reserve	140,987	–	–	140,987
Reserve on acquisition arising from common control	(1,295,884)	–	–	(1,295,884)
Exchange translation reserve	(50,058)	–	–	(50,058)
Retained earnings	4,918,566	(41,238)	(28,592)	4,848,736
Equity attributable to owners of the Company	14,097,980	(41,238)	(28,592)	14,028,150
Non-controlling interests	1,376,263	–	–	1,376,263
Total equity	15,474,243	(41,238)	(28,592)	15,404,413
Non-current liabilities				
Redeemable cumulative preference shares	69,292	–	–	69,292
Other payables and accruals	43,572	–	–	43,572
Long-term borrowings	7,947,130	–	–	7,947,130
Lease liabilities	3,128	–	–	3,128
Deferred tax liabilities	470,829	–	–	470,829
	8,533,951	–	–	8,533,951
Current liabilities				
Trade payables	1,747,302	–	–	1,747,302
Contract liabilities	123,937	–	–	123,937
Other payables and accruals	870,315	–	–	870,315
Short-term borrowings	2,517,735	–	–	2,517,735
Lease liabilities	1,133	–	–	1,133
Current tax liabilities	33,981	–	–	33,981
Amounts owing to related parties	1,343	–	–	1,343
	5,295,746	–	–	5,295,746
Total liabilities	13,829,697	–	–	13,829,697
Total equity and liabilities	29,303,940	(41,238)	(28,592)	29,234,110

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

50. PRIOR YEAR ADJUSTMENTS AND CHANGES IN COMPARATIVES (CONT'D)

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2019

Group	As previously stated RM'000	Prior year adjustment (a) RM'000	Reclassification RM'000	As restated RM'000
Revenue	3,928,874	–	–	3,928,874
Cost of sales	(2,913,030)	10,025	128,922	(2,774,083)
Gross profit	1,015,844	10,025	128,922	1,154,791
Other income	215,463	–	–	215,463
Selling and marketing expenses	(88,861)	–	–	(88,861)
Administrative and general expenses	(314,998)	–	(128,922)	(443,920)
Share of results of joint ventures	(19,959)	–	–	(19,959)
Share of results of associated companies	28,448	–	–	28,448
Finance costs	(237,707)	–	–	(237,707)
Profit before tax	598,230	10,025	–	608,255
Taxation	(176,199)	–	–	(176,199)
Profit for the year	422,031	10,025	–	432,056
Other comprehensive income, net of tax				
Exchange differences on translation of foreign operations	22,887	–	–	22,887
Total comprehensive income for the year	444,918	10,025	–	454,943
Profit attributable to:				
Owners of the Company	343,720	10,025	–	353,745
Non-controlling interests	78,311	–	–	78,311
	422,031	10,025	–	432,056
Total comprehensive income attributable to:				
Owners of the Company	366,616	10,025	–	376,641
Non-controlling interests	78,302	–	–	78,302
	444,918	10,025	–	454,943

51. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 25 February 2021 by the Board of Directors.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, Y.A.M Tan Sri Dato' Seri Syed Anwar Jamalullail and Dato' Khor Chap Jen, being two of the Directors of S P Setia Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 205 to 332 are drawn up in accordance with the Malaysian Financial Reporting Standards, the International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board of Directors in accordance with a Directors' resolution dated 25 February 2021.

Y.A.M TAN SRI DATO' SERI SYED ANWAR JAMALULLAIL
Chairman

DATO' KHOR CHAP JEN
Director

Shah Alam, Malaysia

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT, 2016

I, Datuk Choy Kah Yew, being the officer primarily responsible for the financial management of S P Setia Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 205 to 332 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed Datuk Choy Kah Yew) **DATUK CHOY KAH YEW**
at Shah Alam on 25 February 2021) [MIA 10950]

Before me:

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF S P SETIA BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of S P Setia Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 205 to 332.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Key audit matters in respect of the financial statements of the Group

(a) Revenue and cost of sales from property development activities recognised on percentage of completion method

For the financial year ended 31 December 2020, revenue of RM3,047.27 million and cost of sales of RM2,368.98 million from property development activities account for approximately 94% and 92% of the total Group's revenue and cost of sales respectively.

Where the Group uses percentage of completion method to recognise revenue and profit from its property development activities, the amount of revenue and profit recognised are dependent on, amongst others, the extent of costs incurred to the total estimated costs of construction to derive at the percentage of completion, the actual number of units sold and the estimated total revenue for each of the respective projects.

We identified revenue and cost of sales recognised on percentage of completion method or over time from property development activities as matters requiring audit focus as these areas involved significant management's judgement and estimates in estimating the total property development costs (which is used to determine the percentage of completion and gross profit margin of property development activities undertaken by the Group).

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters **(Cont'd)**

Key audit matters in respect of the financial statements of the Group (Cont'd)

(a) Revenue and cost of sales from property development activities recognised on percentage of completion method (Cont'd)

In assessing the appropriateness of the extent of costs incurred, total estimated costs of construction and total estimated revenue collectively, we have:

- Obtained an understanding of the process in deriving the stage of completion which includes verifying the certified work done such as examining the progress claims from contractors, architect certification, and performing site visits on a sampling basis;
- Evaluated the assumptions applied in estimating the property development costs for property development phases on a sampling basis by examining documentary evidence such as letter of award issued to contractors to support the budgeted costs;
- Verified the gross development value against the signed sales and purchase agreements and estimated selling prices of the unsold development to transacted selling price;
- Considered the expected handover date of ongoing development projects on a sampling basis to determine the adequacy of provision for liquidated ascertained damages, if any; and
- Checked the mathematical accuracy of the revenue and profit based on the percentage of completion calculations and considered the implications of identified errors and changes in estimates.

The Group's accounting policies and disclosures on property development activities based on percentage of completion method are disclosed in Notes 1(b)(ii), 1(t)(i), 6, 32 and 33 respectively to the financial statements.

(b) Net realisable value of completed properties

As at 31 December 2020, the carrying amount of completed properties stood at RM1,089.21 million, which represents 10% of the Group's total current assets. Completed properties are classified as inventories and are carried at the lower of cost or net realisable value. Management's annual assessment of realisable value of completed properties is significant to our audit because it is based on assumptions that are affected by expected future market and economic conditions.

Our procedures in relation to management assessment of the net realisable value of completed properties include:

- Comparing the recent transacted prices of comparable completed properties, after taking into consideration of the discount given, or where applicable, for certain properties, reviewed valuation reports obtained by management to facilitate the assessment. We focused our evaluation on those completed properties that are slow moving;
- Where applicable, assessed the objectivity, independence, reputation, experience and expertise of the independent valuers;
- Reviewed the methodology adopted by the independent valuers in estimating the fair value of the completed properties and assessed whether such methodology is consistent with those used in the industry;
- Evaluated the appropriateness of the data used by the independent valuers as input into their valuations. We interviewed the independent valuers, discussed and challenged the significant estimates and assumptions applied in their valuation process; and
- Physical sighting of completed properties on a sampling basis and assessed the related cost of maintenance to determine any potential write down due to physical obsolescence.

The Group's accounting policies and disclosures on completed properties are disclosed in Notes 1(b)(ii), 1(k) and 6 respectively to the financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF S P SETIA BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters **(Cont'd)**

Key audit matters in respect of the financial statements of the Group (Cont'd)

(c) Valuation of investment properties

As at 31 December 2020, the carrying amount of investment properties amounted to RM2,034.47 million, representing approximately 11% and 7% of the Group's total non-current assets and total assets respectively.

Investment properties are stated at fair value and any gain or loss arising from changes in the fair value are included in profit or loss in the year in which they arise. The Group has appointed independent professional valuers to perform valuations on its investment properties. The valuations are based on assumptions, amongst others, comparable historical transactions and adjustments factors to comparable transactions including location, size, condition, accessibility and design and market knowledge, estimated rental value per square feet, expected market rental growth and discount rate.

We consider the valuation of the investment properties as an area of audit focus as such valuation involves significant judgement and estimates that are highly subjective.

Our procedures to address this area of focus include, amongst others, the following:

- Assessed the objectivity, independence, reputation, experience and expertise of the independent valuers;

- Reviewed the methodology adopted by the independent valuers in estimating the fair value of the investment properties and assessed whether such methodology is consistent with those used in the industry; and

- Evaluated the appropriateness of the data used by the independent valuers as input into their valuations. We interviewed the external valuers, discussed and challenged the significant estimates and assumptions applied in their valuation process.

The Group's accounting policies and disclosures on investment properties are disclosed in Notes 1(b)(ii), 1(g) and 4 respectively to the financial statements.

Key audit matter in respect of the financial statements of the Company

(d) Impairment assessment of investment in subsidiary companies

As at 31 December 2020, the carrying amount of the investment in subsidiary companies of the Company amounted to RM9,028.27 million, representing 64% and 56% of the Company's total non-current assets and total assets respectively.

At the reporting date, the Company reviewed its investments in subsidiary companies for indications of impairment and where such indications exist, the Company performed an impairment assessment to determine the recoverable amounts of such investments. The Company estimated the recoverable amount of the respective cash generating units ("CGU"s) based on their fair value less cost to sell or their respective value-in-use ("VIU") whichever is higher. Estimating the VIU of the CGUs involved estimates made by management relating to the future cash inflows and outflows that will be derived from the CGU and discounting them at the appropriate rate. The cash flow forecasts included a number of significant judgements and estimates such as the revenue growth rate, discount rate and terminal growth rate.

We consider this to be an area of focus for our audit as the amounts involved are significant, the assessment process is complex and involves significant management's judgements about future market and economic conditions and changes in assumptions may lead to a significant change in the recoverable amount of the investment in subsidiary companies.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters **(Cont'd)**

Key audit matter in respect of the financial statements of the Company (Cont'd)

(d) Impairment assessment of investment in subsidiary companies (Cont'd)

Our procedures to address this area of focus included, amongst others, the following:

- Obtained an understanding of the relevant internal controls over the process of estimating the recoverable amounts of the CGUs;
- Evaluated the appropriateness of the methodology and approach applied;
- For impairment assessment based on VIU, we have:
  - Checked the basis of preparing the cash flow forecasts taking into consideration the assessment of management's historical budgeting accuracy; and
  - Evaluated whether key assumptions which comprised the revenue growth rate, discount rate and terminal growth rate were reasonable by making comparisons to historical trends, taking into consideration the current and expected outlook of the economic growth.
- For impairment assessment based on fair value less cost to sell, to the extent that management relied on valuation reports provided by independent professional valuers, we have:
  - Assessed the objectivity, independence, reputation, experience and expertise of the independent valuers;
  - Reviewed the methodology adopted by the independent valuers in estimating the fair value of the assets and assessed whether such methodology is consistent with those used in the industry; and
  - Evaluated the appropriateness of the data used by the independent valuers as input into their valuations. We interviewed the external valuers, discussed and challenged the significant estimates and assumptions applied in their valuation process.
- Analysed the sensitivity of the key assumptions by assessing the impact of changes to the key assumptions on the recoverable amount.

We also reviewed and assessed the Company's disclosures relating to the impairment of assessment of investment in subsidiary companies in Note 1(b)(ii), 1(p) and 8.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the Director's Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the annual report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF S P SETIA BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditors' responsibilities for the audit of the financial statements (cont'd)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Kuala Lumpur, Malaysia
25 February 2021

Elina Chan Su Yin
No. 03508/07/2022 J
Chartered Accountant

ANALYSIS OF SHAREHOLDINGS

AS AT 15 FEBRUARY 2021

Issued and Paid-Up Share Capital	:	RM10,559,891,978.78 divided into 4,056,733,613 ordinary shares ("Ordinary Shares") and 1,088,657,886 Islamic redeemable convertible preference shares ("RCPS-i-A") and 1,176,383,600 Class B Islamic redeemable convertible preference shares ("RCPS-i B")
Class of Shares	:	Ordinary Shares, RCPS-i A and RCPS-i B
Voting Rights	:	One Vote per Ordinary Share or RCPS-i A or RCPS-i B

DISTRIBUTION OF SHAREHOLDINGS OF ORDINARY SHARES

Size of Shareholdings	No. of Ordinary Shareholders	%	No. of Ordinary Shares	%
Less than 100	1,190	9.37	43,132	0.00
101 – 1,000	2,106	16.58	1,268,763	0.03
1,001 – 10,000	6,034	47.50	27,011,924	0.67
10,001 – 100,000	2,746	21.62	89,068,609	2.20
100,001 to less than 5% of issued shares	623	4.90	1,201,937,895	29.63
5% and above of issued shares	4	0.03	2,737,403,290	67.48
Total	**12,703**	**100.00**	**4,056,733,613**	**100.00**

LIST OF THIRTY LARGEST SHAREHOLDERS

	Name of Ordinary Shareholders	No. of Ordinary Shares	%
1.	Permodalan Nasional Berhad	1,060,092,558	26.13
2.	Amanahraya Trustees Berhad Amanah Saham Bumiputera	1,057,602,404	26.07
3.	Kumpulan Wang Persaraan (Diperbadankan)	375,698,450	9.26
4.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	244,009,878	6.01
5.	Amanahraya Trustees Berhad Amanah Saham Malaysia	150,785,827	3.72
6.	Amanahraya Trustees Berhad Amanah Saham Malaysia 3	101,501,763	2.50
7.	Amanahraya Trustees Berhad Amanah Saham Malaysia 2 – Wawasan	74,901,886	1.85
8.	Amanahraya Trustees Berhad Public Ittikal Sequel Fund	45,397,333	1.12
9.	Amanahraya Trustees Berhad Amanah Saham Bumiputera 2	44,926,792	1.11
10.	Amanahraya Trustees Berhad Amanah Saham Bumiputera 3 - Didik	41,526,059	1.02
11.	Lembaga Tabung Haji	28,101,655	0.69
12.	Pertubuhan Keselamatan Sosial	27,790,670	0.69
13.	Cartaban Nominees (Tempatan) Sdn Bhd PAMB For Prulink Equity Fund	25,225,942	0.62
14.	Citigroup Nominees (Asing) Sdn Bhd CBNY For Norges Bank (FI 17)	22,766,900	0.56
15.	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	21,395,133	0.53

LIST OF THIRTY LARGEST SHAREHOLDERS (CONT'D)

	Name of Ordinary Shareholders	No. of Ordinary Shares	%
16.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (AsianIslamic)	19,410,800	0.48
17.	Cartaban Nominees (Asing) Sdn Bhd Exempt AN For State Street Bank & Trust Company (West CLT OD67)	19,300,076	0.48
18.	HSBC Nominees (Asing) Sdn Bhd JPMCB NA For Vanguard Emerging Markets Stock Index Fund	17,561,845	0.43
19.	HSBC Nominees (Asing) Sdn Bhd JPMCB NA For Vanguard Total International Stock Index Fund	17,219,678	0.42
20.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Bank Berhad (EDP 2)	15,333,399	0.38
21.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Aham Equity Fund)	13,113,909	0.32
22.	Guoline (Singapore) Pte Ltd	12,800,000	0.32
23.	Hong Leong Assurance Berhad As Beneficial Owner (Life Par)	12,793,137	0.32
24.	Cartaban Nominees (Asing) Sdn Bhd BCSL Client AC PB Cayman Clients	11,634,100	0.29
25.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN For Citibank New York (Norges Bank 14)	11,610,600	0.29
26.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For Manulife Insurance Berhad (Equity Fund)	10,348,444	0.26
27.	Cartaban Nominees (Tempatan) Sdn Bhd PBTB For Takafulink Dana Ekuiti	9,468,580	0.23
28.	Citigroup Nominees (Asing) Sdn Bhd CBNY For Dimensional Emerging Markets Value Fund	8,875,073	0.22
29.	Quek Leng Chan	8,600,000	0.21
30.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN For Citibank New York (Norges Bank 19)	7,890,000	0.19
	Total	**3,517,682,891**	**86.71**

DISTRIBUTION OF SHAREHOLDINGS OF RCPS-i A

Size of Shareholdings	No. of Holders of RCPS-i A	%	No. of RCPS-i A	%
Less than 100	48	3.97	1,691	0.00
101 - 1,000	371	30.66	205,013	0.02
1,001 - 10,000	513	42.40	1,813,804	0.17
10,001 - 100,000	177	14.63	5,914,465	0.54
100,001 to less than 5% of issued shares	97	8.02	269,932,507	24.79
5% and above of issued shares	4	0.33	810,790,406	74.48
Total	**1,210**	**100.00**	**1,088,657,886**	**100.00**

ANALYSIS OF SHAREHOLDINGS
AS AT 15 FEBRUARY 2021

LIST OF THIRTY LARGEST HOLDERS OF RCPS-i A

	Name of Holders of RCPS-i A	No. of RCPS-i A	%
1.	Amanahraya Trustees Berhad Amanah Saham Bumiputera	372,483,700	34.21
2.	Permodalan Nasional Berhad	273,400,432	25.11
3.	Kumpulan Wang Persaraan (Diperbadankan)	108,006,374	9.92
4.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	56,899,900	5.23
5.	Amanahraya Trustees Berhad Amanah Saham Bumiputera 3 - Didik	42,745,400	3.93
6.	Amanahraya Trustees Berhad Amanah Saham Malaysia	32,071,600	2.95
7.	Lembaga Tabung Haji	32,000,000	2.94
8.	Amanahraya Trustees Berhad Amanah Saham Malaysia 2 - Wawasan	27,737,200	2.55
9.	Amanahraya Trustees Berhad Amanah Saham Malaysia 3	24,046,800	2.21
10.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Affin-Hwg)	16,673,800	1.53
11.	Amanahraya Trustees Berhad Amanah Saham Bumiputera 2	15,000,000	1.38
12.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Islamic Trustee Berhad For Affin Hwang Select Dividend Fund	6,763,800	0.62
13.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For Maybank Malaysia Dividend Fund	5,282,233	0.49
14.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad For Manulife Investment - HW Flexi Fund (270519)	4,599,100	0.42
15.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (AberIslamic)	4,533,304	0.42
16.	Amanahraya Trustees Berhad Public Ittikal Sequel Fund	3,605,132	0.33
17.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Aberdeen)	3,325,537	0.31
18.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen)	2,883,653	0.26
19.	Maybank Nominees (Tempatan) Sdn Bhd Affin Hwang Asset Management Berhad For MSIG Insurance (Malaysia) Bhd (210236)	2,663,667	0.24
20.	Maybank Nominees (Tempatan) Sdn Bhd Affin Hwang Asset Management Berhad For Hong Leong Assurance Berhad (PAR-220082)	2,647,800	0.24
21.	Universal Trustee (Malaysia) Berhad KAF Dana Adib	2,410,000	0.22
22.	Universal Trustee (Malaysia) Berhad KAF Tactical Fund	2,339,500	0.21
23.	Hong Leong Assurance Berhad As Beneficial Owner (Life Par)	2,182,515	0.20
24.	Ng Ho Fatt	1,985,500	0.18
25.	KAF Trustee Berhad KIFB For The Institute Of Strategic And International Studies Malaysia	1,770,700	0.16

LIST OF THIRTY LARGEST HOLDERS OF RCPS-i A (CONT'D)

	Name of Holders of RCPS-i A	No. of RCPS-i A	%
26.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB For Ng Paik Pheng (PB)	1,724,100	0.16
27.	Ho Chu Chai	1,595,500	0.15
28.	CIMB Islamic Nominees (Tempatan) Sdn Bhd CIMB Islamic Trustee Berhad-Amanah Saham Kedah	1,361,000	0.13
29.	Ng Ho Fatt	1,325,000	0.12
30.	Yeap Choe Hoon	1,142,300	0.10
	Total	**1,055,205,547**	**96.93**

DISTRIBUTION OF SHAREHOLDINGS OF RCPS-i B

Size of Shareholdings	No. of Holders of RCPS-i B	%	No. of RCPS-i B	%
Less than 100	60	5.41	1,971	0.00
101 - 1,000	324	29.19	180,701	0.02
1,001 - 10,000	479	43.15	1,709,211	0.15
10,001 - 100,000	149	13.42	4,937,990	0.42
100,001 to less than 5% of issued shares	95	8.56	334,968,953	28.47
5% and above of issued shares	3	0.27	834,584,774	70.94
Total	**1,110**	**100.00**	**1,176,383,600**	**100.00**

LIST OF THIRTY LARGEST HOLDERS OF RCPS-i B

	Name Of Holders of RCPS-i B	No. of RCPS-i B	%
1.	Amanahraya Trustees Berhad Amanah Saham Bumiputera	407,156,800	34.61
2.	Permodalan Nasional Berhad	339,173,422	28.83
3.	Kumpulan Wang Persaraan (Diperbadankan)	88,254,552	7.50
4.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	56,358,156	4.79
5.	Amanahraya Trustees Berhad Amanah Saham Malaysia	55,424,100	4.71
6.	Amanahraya Trustees Berhad Amanah Saham Malaysia 3	43,164,000	3.67
7.	Amanahraya Trustees Berhad Amanah Saham Malaysia 2 - Wawasan	38,737,800	3.29
8.	Lembaga Tabung Haji	29,232,643	2.48
9.	Amanahraya Trustees Berhad Amanah Saham Bumiputera 2	17,126,400	1.46
10.	Amanahraya Trustees Berhad Amanah Saham Bumiputera 3 - Didik	13,410,500	1.14

ANALYSIS OF SHAREHOLDINGS
AS AT 15 FEBRUARY 2021

LIST OF THIRTY LARGEST HOLDERS OF RCPS-I B (CONT'D)

	Name Of Holders of RCPS-i B	No. of RCPS-i B	%
11.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB For Ng Paik Pheng (PB)	12,434,000	1.06
12.	Citigroup Nominees (Tempatan) Sdn Bhd Urusharta Jamaah Sdn Bhd (Aberdeen 2)	9,670,300	0.82
13.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Berhad (Affin-Hwg)	7,808,426	0.66
14.	Amanahraya Trustees Berhad Amanah Saham Nasional	5,275,900	0.45
15.	HSBC Nominees (Asing) Sdn Bhd BNP Paribas SECS SVS Jersey For Aberdeen Asian Income Fund Limited	3,040,000	0.26
16.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB For Sharon A/P S I Josop (PB)	2,500,000	0.21
17.	Hong Leong Assurance Berhad As Beneficial Owner (Life Par)	2,316,453	0.20
18.	Maybank Nominees (Tempatan) Sdn Bhd Mtrustee Berhad For Tenaga Nasional Berhad Retirement Benefit Trust Fund (FM-Aberdeen) (419500)	2,111,945	0.18
19.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen)	2,044,984	0.17
20.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Khoo Chai Pek (MY1030)	1,962,900	0.17
21.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Aberdeen)	1,884,048	0.16
22.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad For Saham Amanah Sabah (Acc 2-940410)	1,631,462	0.14
23.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (AberIslamic)	1,288,640	0.11
24.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Aham Equity Fund)	1,217,042	0.10
25.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ong Kan Bin	978,200	0.08
26.	Tan Lai Ming	900,000	0.08
27.	Ng Ho Fatt	875,000	0.07
28.	Maybank Nominees (Tempatan) Sdn Bhd National Trust Fund (IFM Kenanga) (410196)	867,774	0.07
29.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Loh Yem Phoi (J Kuning 2-CL)	866,800	0.07
30.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Loh Jia Min	830,000	0.07
	Total	**1,148,542,247**	**97.63**

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct Interest	% of Issued Shares	Indirect Interest	% of Issued Shares
Permodalan Nasional Berhad	1,060,092,558	26.13	–	–
Amanahraya Trustees Berhad – Amanah Saham Bumiputera	1,057,602,404	26.07	–	–
Employees Provident Fund Board	277,285,023	6.84	–	–
Kumpulan Wang Persaraan (Diperbadankan)	375,988,450	9.27	40,263,166	0.99
Yayasan Pelaburan Bumiputra	–	–	1,060,092,558	26.13

DIRECTORS AND THEIR SHAREHOLDINGS

	No. of Ordinary Shares Held						No. of shares under the Employee Share Grant Plan	No. of share options under the Employee Share Option Scheme
Name	Direct	%	Indirect	%	No. of RCPS-i A Held	No. of RCPS-i B Held		
Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail	–	–	–	–	–	–	–	–
Dato' Khor Chap Jen	1,703,250	0.04	–	–	222,178	321,778	290,250	25,449,670
Dato' Halipah Binti Esa	–	–	–	–	–	–	–	–
Dato' Ahmad Pardas Bin Senin	–	–	–	–	–	–	–	–
Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob	–	–	–	–	–	–	–	–
Dato' Zuraidah Binti Atan	–	–	–	–	–	–	–	–
Tengku Dato' Ab. Aziz Bin Tengku Mahmud	–	–	–	–	–	–	–	–
Noraini Binti Che Dan	–	–	–	–	–	–	–	–
Philip Tan Puay Koon	–	–	–	–	–	–	–	–
Dato' Azmi Bin Mohd Ali	–	–	–	–	–	–	–	–

LIST OF MATERIAL PROPERTIES HELD BY THE GROUP

AS AT 31 DECEMBER 2020

No.	Location	Description	Date of Acquisition	Land Area (sq. ft.)	Tenure	Net Book Value (RM'000)*
1	HSD120100, HSD120110 & HSD120820, Bandar Kuala Lumpur	Land held for development	29/11/2002 13/04/2018	2,250,430	Leasehold	2,664,730
2	308, Exhibition St, Melbourne VIC 3000, Australia	Land under development	29/04/2016	44,563	Freehold	1,088,741
3	Seksyen 95A & 98, Kampung Haji Abdullah Hukum, Kuala Lumpur	Land use right	24/10/2011	–	Leasehold	1,044,266
4	Daerah Kelang, Mukim of Klang, Selangor Darul Ehsan	Land under development and held for development	24/10/2001	19,987,042	Freehold	876,943
5	Mukim 06, Daerah Seberang Perai Utara, Pulau Pinang	Land under development and held for development	22/12/2016 28/07/2020	73,659,960	Freehold	843,041
6	Lot 9149L at Toh Tuck Road, Singapore	Land under development	17/07/2017	201,517	Leasehold	799,550
7	Lot 39 GRN 45874 Mukim Beranang, Daerah Hulu Langat, Selangor Darul Ehsan	Land under development and held for development	28/11/2012	33,018,980	Freehold	695,275
8	HSD184053 & HSD184054 Mukim Beranang, Daerah Ulu Langat, Selangor Darul Ehsan	Land held for development	21/12/2018	14,919,300	Freehold	604,379
9	Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan	Land under development and held for development	30/03/2002	9,499,040	Freehold	546,696
10	Mukim Beranang, Daerah Ulu Langat, Selangor Darul Ehsan	Land held for development	05/10/2016	35,065,800	Freehold	512,301

* *Amount is inclusive of land held for property development, property development cost and contract cost assets*

GROUP DIRECTORY

HEAD OFFICE

S P SETIA BERHAD
197401002663 (19698-X)

S P SETIA PROJECT MANAGEMENT SDN BHD
199201015192 (246695-X)

SETIA IP HOLDINGS SDN BHD
201401046540 (1122728-W)

SETIA PRECAST SDN BHD
199501017974 (347177-A)
S P Setia Bhd
Corporate HQ
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S P SETIA FOUNDATION
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CENTRAL REGION

ALAM DAMAI
SYARIKAT PERUMAHAN PEGAWAI KERAJAAN SDN BHD
197101000199 (10586-D)
Alam Damai Sales Gallery
20, Lingkungan Alam Damai
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F +603 9100 3845
E alamdamai@spsetia.com

ALAM IMPIAN
I & P ALAM IMPIAN SDN BHD
199601021892 (394244-M)
Alam Impian Welcome Centre
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Alam Impian, Seksyen 35
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F +603 5162 1478
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ALAM SUTERA
SYARIKAT PERUMAHAN PEGAWAI KERAJAAN SDN BHD
197101000199 (10586-D)
BANDAR KINRARA PERUMAHAN KINRARA BERHAD
192001000029 (305-P)
Bandar Kinrara Welcome Centre
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F +603 8082 9500
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BANDAR BARU SERI PETALING
PETALING GARDEN SDN BHD
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16-1, Jalan Radin Tengah
Bandar Baru Seri Petaling
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BAYUEMAS
I & P KOTA BAYUEMAS SDN BHD
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E bayuemas@spsetia.com

KL ECO CITY
KL ECO CITY SDN BHD
198901007838 (185140-X)
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SETIA ALAM
BANDAR SETIA ALAM SDN BHD
200101030381 (566140-D)
SETIA ALAMAN
PETALING GARDEN SDN BHD
195701000208 (3113-T)
Setia Alam Welcome Centre
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SETIA ALAMSARI SDN BHD
I & P MENARA SDN BHD
200901017492 (860589-P)
198301002001 (97237-W)
Setia Alamsari Welcome Centre
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Customer Relations Department
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SETIA CITY CONVENTION CENTRE
S P SETIA PROPERTY SERVICES SDN BHD
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SETIA ECO GLADES
SETIA ECO GLADES SDN BHD
200701009474 (767476-H)
SETIA SAFIRO
SETIA SAFIRO SDN BHD
201801012245 (1274261-M)
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GROUP DIRECTORY

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SETIA ECOHILL SDN BHD
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SETIA ECOHILL 2
SETIA ECOHILL 2 SDN BHD
199801010090 (466218-P)
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SETIA MAYURI SDN BHD
198801006642 (174000-U)
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SETIA ECO PARK
BANDAR ECO-SETIA SDN BHD
200101030379 (566138-A)
S P SETIA ECO-PROJECTS MANAGEMENT SDN BHD
199401003986 (289665-V)
Setia Eco Park Sales Gallery
5A, Jalan Setia Nusantara U13/17
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SETIA ECO TEMPLER
SETIA ECO TEMPLER SDN BHD
201201036071 (1020553-T)
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SETIA PUTRAJAYA SDN BHD
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SETIA SERAYA RESIDENCES
SETIA PUTRAJAYA DEVELOPMENT SDN BHD
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SETIA SKY SEPUTEH
GITA KASTURI SDN BHD
201101025499 (953635-X)
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SETIA WARISAN TROPIKA
PETALING GARDEN SDN BHD
195701000208 (3113-T)
BAYU LAKEHOMES
S P SETIA ECO-PROJECTS MANAGEMENT SDN BHD
199401003986 (289665-V)
Setia Warisan Tropika Welcome Centre
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Selangor Darul Ehsan, Malaysia
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F +603 8706 2255
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TEMASYAGLENMARIE
TEMASYA DEVELOPMENT CO. SDN BHD
197401002695 (19753-K)
TemasyaGlenmarie Welcome Centre
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TRIO BY SETIA
GANDA ANGGUN SDN BHD
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Lot 82623, Jalan Langat/KS06
Bandar Bukit Tinggi 1
41200 Klang Bandar Diraja
Selangor Darul Ehsan
T +603 3162 3322
F +603 3162 3323
E trio_sales@spsetia.com

SETIA WOOD
SETIA-WOOD INDUSTRIES SDN BHD
197501001985 (23725-V)
S P SETIA MARKETING SDN BHD
198801007841 (175198-P)
Lot 5 & 6, Jalan Indah 1/3
Taman Industri Rawang Indah
48000 Rawang
Selangor Darul Ehsan, Malaysia
T +603 6092 8022
F +603 6092 0322/1805
E setiawood@spsetia.com

SOUTHERN REGION

BUKIT INDAH
BUKIT INDAH (JOHOR) SDN BHD
199401021581 (307260-V)
TAMAN PERLING
PELANGI SDN BHD
197201001814 (13509-H)
Wisma S P Setia
S3-0111, Laman Indah 3
Jalan Indah 15, Taman Bukit Indah
79100 Iskandar Puteri
Johor Darul Takzim, Malaysia
T +607 241 2255
F +607 241 5955
E bij-sales@spsetia.com

SETIA BUSINESS PARK II
SETIA INDAH SDN BHD
198901008253 (185555-H)
2, Jalan Perniagaan Setia 4
Taman Perniagaan Setia
81100 Johor Bahru
Johor Darul Takzim, Malaysia
T +607 562 4352
F +607 555 9352
E sbp-sales@spsetia.com

SETIA ECO CASCADIA
SETIA INDAH SDN BHD
198901008253 (185555-H)
Wisma S P Setia
1, Jalan Setia 3/6
Taman Setia Indah
81100 Johor Bahru
Johor Darul Takzim, Malaysia
T +607 351 2255
F +607 357 9923
E sec-sales@spsetia.com

SETIA ECO GARDENS
SETIA BUSINESS PARK
KESAS KENANGAN SDN BHD
200601026062 (745817-H)
Pejabat Tapak, Lot 2110
KM 5.5 Jalan Gelang Patah-Ulu Choh
81550 Johor Bahru
Johor Darul Takzim, Malaysia
T +607 555 2525
F +607 555 2552
E seg-sales@spsetia.com

SETIA SKY 88
SETIA CITY DEVELOPMENT SDN BHD
201101005745 (933887-K)
TAMAN PELANGI
PELANGI SDN BHD
197201001814 (13509-H)
03 & 05, Jalan Sri Pelangi 3
Taman Pelangi
80400 Johor Bahru
Johor Darul Takzim, Malaysia
T +607 333 2255
F +607 333 2552
E sky88-sales@spsetia.com

SETIA TROPIKA
SETIA INDAH SDN BHD
198901008253 (185555-H)
Tropika Welcome Centre
Level 3A, No. 10
Jalan Setia Tropika 1/21
Taman Setia Tropika
81200 Kempas, Johor Bahru
Johor Darul Takzim, Malaysia
T +607 237 2255
F +607 237 2225
E st-sales@spsetia.com

TAMAN INDUSTRI JAYA
BILTMORE (M) SDN BHD
198401012737 (125293-X)
Taman Industri Jaya Satellite Sales Gallery
6, Jalan Bistari 13
Taman Industri Jaya, 81300 Skudai
Johor Darul Takzim, Malaysia
T +607 241 2255
F +607 241 5955
E tij-sales@spsetia.com

TAMAN PELANGI INDAH
YUKONG DEVELOPMENT (PTE) LIMITED
195102000014 (991872-U)
PLO 12062
Jalan Persiaran Pelangi Indah
Taman Pelangi Indah
81800 Ulu Tiram, Johor Bahru
Johor Darul Takzim, Malaysia
T +607 861 0555
F +607 861 9235
E tpi-sales@spsetia.com

TAMAN RINTING
TAMAN GUNONG HIJAU SDN BHD
197301002956 (16420-U)
PTD 46378, Jalan Balau
Taman Rinting, 81750 Masai
Johor Darul Takzim, Malaysia
T +607 382 9188
F +607 386 1697
E tr-sales@spsetia.com

NORTHERN REGION

SETIA FONTAINES
SETIA FONTAINES SDN BHD
200001002967 (505572-T)
Setia Experience Centre
Lot 2457, 13200 Kepala Batas
Penang, Malaysia
T +604 576 2255
F +604 575 0055
E sf-sales@spsetia.com

Satellite Gallery
(Correspondence address)
108-B-01-18, SPICE Canopy
Jalan Tun Dr. Awang
11900 Penang Malaysia
T +604 618 0225
F +604 638 3055
E sf-sales@spsetia.com

SETIA PEARL ISLAND
SETIA VISTA
SETIA PROMENADE SDN BHD
199601016034 (388384-W)
SETIA GREENS
11 BROOK RESIDENCES
KEWIRA JAYA SDN BHD
200001002246 (504851-V)
SETIA V RESIDENCES
SETIA SKY VILLE
KAY PRIDE SDN BHD
198901000466 (177772-V)
Setia Welcome Centre, SPICE
108, Jalan Tun Dr. Awang
11900 Penang, Malaysia
T +604 641 2255
F +604 642 2255
E spi-sales@spsetia.com

SETIA SPICE
ECO MERIDIAN SDN BHD
201001025513 (909427-K)
Setia SPICE Convention Centre
SPICE, 108C, Jalan Tun Dr. Awang
11900 Bayan Lepas
Penang, Malaysia
T +604 643 2525
F +604 641 2250
E setiaspice@spsetia.com

GROUP DIRECTORY

EASTERN REGION

AEROPOD
AEROPOD SDN BHD
200701009762 (767765-P)
Setia Welcome Centre
I-1-1, Block I, Level 1
Aeropod Commercial Square
Jalan Aeropod Off Jalan Kepayan
88200 Kota Kinabalu
Sabah, Malaysia
T +608 821 8255
F +608 821 9255
E aeropod-sales@spsetia.com

INTERNATIONAL

UNITED KINGDOM

BATTERSEA POWER STATION DEVELOPMENT COMPANY
The Marketing Suite
21 Circus Road West
Battersea Power Station
London, SW11 8EZ
T +44 20 7501 0678
F +44 20 7501 0699
E sales@bpsdc.co.uk

AUSTRALIA

SAPPHIRE BY THE GARDENS
SETIA (MELBOURNE) DEVELOPMENT COMPANY PTY LTD
(ACN 143 464 804)
Level 1, 155 Franklin Street
Melbourne, VIC 3000
Australia
T +613 9616 2525
F +613 9616 2552
E melbourne@spsetia.com

UNO MELBOURNE
SETIA A'BECKETT (MELBOURNE) PTY LTD
(ABN 83 619 935 723)
120 A'Beckett Street
Melbourne, VIC 3000
Australia
T +614 8899 5252
F +613 9616 2552
E melbourne@spsetia.com

SINGAPORE

DAINTREE RESIDENCE
SETIA (BUKIT TIMAH) PTE LTD
(201711451R)
11A, Toh Tuck Road
Singapore 596157
T +65 6100 1344
E sg-sales@spsetia.com

S P SETIA INTERNATIONAL (S) PTE LTD
(200906303E)
1, Harbourfront Place #01-06
Harbourfront Tower One
Singapore 098633
T +65 6271 2255
F +65 6271 3522
E sg-sales@spsetia.com

VIETNAM

ECOLAKES, MY PHUOC
SETIABECAMEX JOINT STOCK COMPANY
Sales Gallery
R11-1 Street, EcoLakes My Phuoc
Block 6, Thoi Hoa Ward
Ben Cat Town Binh Duong
Province, Vietnam
T +84 274 3577 255
F +84 274 3577 225
E ecolakes-sales@setiabecamex.vn

ECOXUAN, LAI THIEU
SETIA LAI THIEU ONE MEMBER COMPANY LIMITED
1A, NB-N1 Street
EcoXuan Lai Thieu
Lai Thieu Ward, Thuan An Town
Binh Duong Province, Vietnam
T +84 274 366 2255
F +84 274 377 2255
E ecoxuan@spsetia.com.vn

JAPAN

SETIA IZUMISANO CITY CENTRE (SICC)
SETIA OSAKA TOKUTEI MOKUTEKI KAISHA
(0100-05-029392)
Setia Eco Tower
5A, Jalan Setia Nusantara U13/17
Setia Eco Park, Setia Alam
40170 Shah Alam
Selangor Darul Ehsan, Malaysia
T +603 3343 2228
F +603 3343 2555
E setiaosaka@spsetia.com

NOTICE OF ANNUAL GENERAL MEETING

S P Setia Berhad
(197401002663 (19698-X))
(Incorporated in Malaysia)

NOTICE IS HEREBY GIVEN that the Forty Sixth (46th) Annual General Meeting of the Company will be conducted entirely through live streaming from the broadcast venue at **Annex, Level 1, S P Setia Berhad Corporate HQ, No. 12, Persiaran Setia Dagang, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan ("Broadcast Venue")** on **Thursday, 22 April 2021** at **10.00 a.m.** for the following purposes:

AGENDA

1. To receive the audited financial statements of the Company for the financial year ended 31 December 2020 together with the reports of the Directors and auditors thereon — **Please refer to** *Explanatory Note A*

2. To re-elect the following Directors who retire in accordance with Clause 102 of the Company's Constitution and, being eligible, offer themselves for re-election:

   (1) Dato' Halipah Binti Esa — **Resolution 1**

   (2) Tengku Dato' Ab. Aziz Bin Tengku Mahmud — **Resolution 2**

   (3) Puan Noraini Binti Che Dan — **Resolution 3** *[Explanatory Note 1]*

3. To approve the payment of Directors' fees amounting to RM50,000 per month for the Non-Executive Chairman and RM12,000 per month for each of the Non-Executive Directors for the period from 23 April 2021 up to the date of the next Annual General Meeting. — **Resolution 4**

4. To approve the payment of Directors' other remuneration and benefits to the Non-Executive Directors for the period from 23 April 2021 up to the date of the next Annual General Meeting amounting up to approximately RM1,600,000. — **Resolution 5** *[Explanatory Note 2]*

5. To re-appoint Messrs Ernst & Young PLT, Chartered Accountants, the retiring auditors, as the auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. — **Resolution 6**

AS SPECIAL BUSINESS

To consider and if thought fit, pass the following resolutions:

6. **ORDINARY RESOLUTION**

   PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AS SPECIFIED IN SECTION 2.3.1 OF THE CIRCULAR TO SHAREHOLDERS DATED 24 MARCH 2021 — **Resolution 7** *[Explanatory Note 3]*

   "**THAT**, subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("S P Setia Group") to enter into and give effect to specified recurrent related party transactions of a revenue or trading nature of the S P Setia Group with specified classes of Related Parties (as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and as specified in Section 2.3.1 of the Circular to Shareholders dated 24 March 2021) which are necessary for the day to day operations in the ordinary course of business and are carried out at arm's length basis on normal commercial terms of the S P Setia Group and on terms not more favourable to the Related Parties than those generally available to the public and are not detrimental to minority shareholders of the Company and such approval shall continue to be in force until:

NOTICE OF ANNUAL GENERAL MEETING

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

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

(iii) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier.

AND THAT authority be and is hereby given to the Directors of the Company to complete and do all such acts and things as they may consider necessary or expedient in the best interest of the Company (including executing all such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

7. **ORDINARY RESOLUTION**

PROPOSED RENEWAL OF THE AUTHORITY TO ALLOT AND ISSUE NEW ORDINARY SHARES IN THE COMPANY ("S P SETIA SHARES"), FOR THE PURPOSE OF THE COMPANY'S DIVIDEND REINVESTMENT PLAN ("DRP") THAT PROVIDES THE SHAREHOLDERS OF THE COMPANY ("SHAREHOLDERS") THE OPTION TO ELECT TO REINVEST THEIR CASH DIVIDEND IN NEW S P SETIA SHARES

Resolution 8
[Explanatory Note 4]

"**THAT** pursuant to the DRP as approved by the Shareholders at the Extraordinary General Meeting held on 20 March 2014 and subject to the approval of the relevant regulatory authority (if any), approval be and is hereby given to the Company to allot and issue such number of new S P Setia Shares from time to time as may be required to be allotted and issued pursuant to the DRP upon such terms and conditions and to such persons as the Directors of the Company at their sole and absolute discretion, deem fit and in the interest of the Company PROVIDED THAT the issue price of the said new S P Setia Shares shall be fixed by the Directors at not more than ten percent (10%) discount to the adjusted five (5) market days volume weighted average market price ("VWAP") of S P Setia Shares immediately prior to the price-fixing date, of which VWAP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price of S P Setia Shares;

AND THAT the Directors and the Secretary of the Company be and are hereby authorised to do all such acts and enter into all such transactions, arrangements, deeds, undertakings and documents as may be necessary or expedient in order to give full effect to the DRP with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed or agreed to by any relevant authorities (if any) or consequent upon the implementation of the said conditions, modifications, variations and/or amendments, by the Directors as they, in their absolute discretion, deem fit and in the best interest of the Company."

8. To transact any other business of which due notice shall have been given.

By Order of the Board

LEE WAI KIM
SSM PC No. 202008001422
MAICSA 7036446
Company Secretary

24 March 2021
Selangor Darul Ehsan

NOTES:

1. *A member of the Company shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote at a meeting of members of the Company, subject to the Constitution of the Company. The Broadcast Venue is* ***strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Clause 60 of the Company's Constitution*** *which require the Chairman of the meeting to be present at the main venue of the meeting. Shareholders/proxies/corporate representatives* ***WILL NOT BE ALLOWED*** *to attend the 46th AGM of the Company in person at the Broadcast Venue on the day of the meeting.*
2. *Shareholders are to attend, speak (including posing questions to the Board of Directors of the Company via real time submission of typed texts) and vote (collectively, "participate") remotely at the 46th AGM of the Company via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its* ***TIIH Online*** *website at* ***https://tiih.online****.*
3. *A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. Where a member appoints two (2) proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.*
4. *Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
5. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with shares of the Company standing to the credit of the securities account.*
6. *The Form of Proxy, in the case of an individual, shall be signed by the appointor or his attorney, and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised.*
7. *The Form of Proxy duly completed and signed must be deposited at the Company's share registrar, Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Counter at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof. You may also submit the Form of Proxy electronically via* ***TIIH Online*** *at https://tiih.online not less than 48 hours before the time for holding the meeting or any adjournment thereof. Kindly refer to the Administrative Guide for the 46th AGM on the procedures for electronic submission of proxy form via* ***TIIH Online****.*
8. *Only members whose names appear in the Record of Depositors on 16 April 2021 shall be entitled to participate in the 46th AGM of the Company via RPV or appoint proxy/proxies to attend and/or vote on his/her behalf.*
9. *To participate in the 46th AGM of the Company via RPV and appoint proxy/authorised representative, please follow the Procedures for RPV in the Administrative Guide.*

EXPLANATORY NOTE A

This Agenda item is meant for discussion only as under the provisions of Sections 248(2) and 340(1)(a) of the Act and the Company's Constitution, the audited accounts do not require the formal approval of shareholders. As such, this item is not put forward for voting.

OTHER EXPLANATORY NOTES

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

The Board is satisfied that in consideration of their wealth of expertise and experience, Dato' Halipah Binti Esa, Tengku Dato' Ab. Aziz Bin Tengku Mahmud and Puan Noraini Binti Che Dan will continue to bring sound judgment and valuable contribution to board deliberations through active participation in discussions in decision making by the Board. Their profiles are set out on pages 87, 90 and 91 of the Integrated Report 2020.

In view thereof, the Board supports the re-election of the aforesaid Directors at the 46th AGM.

NOTICE OF ANNUAL GENERAL MEETING

2. **Resolution 5 - Payment of Other Remuneration and Benefits to Non-Executive Directors of the Company**

Based on the Non-Executive Directors' Remuneration Framework, the Non-Executive Directors' remuneration (other than fee) comprised of the following:

Description of Remuneration/Benefits	
Monthly Fixed Allowance	Chairman of Audit Committee – RM5,000 Chairman of other Board Committee – RM3,000 Member of Board Committee – RM2,000
Meeting Allowance	Chairman and Board Member – RM1,500 per meeting Board Committee Chairman and Member – RM1,500 per meeting
Allowance for membership on the board of directors of significant project/ investment as appointed by the Board of the Company	RM5,000 per month
Other Benefits	Car, petrol and driver for Chairman, security services, Directors and Officers Liability Insurance, medical, hospitalisation and travel insurance and other claimable benefits

The estimated amount of up to approximately RM1,600,000 is calculated based on the expected number of meetings and other monthly allowances and benefits for the period from 23 April 2021 up to the date of the next AGM of the Company.

3. **Resolution 7 - Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

The proposed Resolution 7, if approved, will allow the S P Setia Group to enter into recurrent related party transactions of a revenue and trading nature relating to sale of properties by the S P Setia Group to related parties. The details of the proposal are set out in the Circular to Shareholders dated 24 March 2021 which is circulated together with the Notice of 46th AGM.

4. **Resolution 8 - Proposed Renewal of the Authority to Allot and Issue New S P Setia Shares for the purpose of the Company's DRP that provides the Shareholders the Option to Elect to Reinvest their Cash Dividend in New S P Setia Shares**

The proposed Resolution 8, if approved, will re-new the authority given to the Directors to allot and issue new S P Setia Shares pursuant to the DRP under the resolution passed at the 45th AGM held on 22 June 2020, the authority of which will lapse at the conclusion of the 46th AGM.

GLOSSARY

ACRONYM/ SHORT FORM	FULL FORM
ABC	Anti-Bribery and Corruption
ABMS	Anti-Bribery Management System
AC	Audit Committee
AGM	Annual General Meeting
AIBB	Alliance Investment Bank Berhad
BA	Business Associates
BIA	Business Impact Analysis
BCM	Business Continuity Management
BCP	Business Continuity Plan
BEE	Board Effectiveness Evaluation
BMI	Body Mass Index
BNM	Bank Negara Malaysia
Board	Board of Directors
BPHCL	Battersea Phase 2 Holding Company Limited
bps	basis points
BPS	Battersea Power Station
BU	Business Unit
Bursa Securities	Bursa Malaysia Securities Berhad
CA 2016	Companies Act 2016
CBD	Central Business District
CBT	Cognitive behaviour therapy
CCTV	Closed-circuit Television Camera
CEC	Customer Experience Committee
CeiO	Certified Integrity Officer
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIA	Chief Internal Auditor
CIQ	Customs, Immigration and Quarantine
CREAM	Construction Research Institute of Malaysia
CIDB	Construction Industry Development
CLQ	Centralised Labour Quarter
CMCO	Conditional Movement Control Order
Company	S P Setia Berhad or S P Setia

ACRONYM/ SHORT FORM	FULL FORM
COO	Chief Operating Officer
CPA	Construction Performance Assessment
CPC	Certificate of Practical Completion
CVA	Completion & verification assessment
DAL	Discretionary Authority Limits
Div GM	Divisional General Manager
DOE	Department of Environment
EES	Economy, environment and social
EGM	Extraordinary General Meeting
EIA	Environmental Impact Assessment
ELITE	North-South Central Link
EPF	Employees Provident Fund
EPU	Economic Planning Unit
ERM	Enterprise Risk Management
ERP	Emergency Response Plans
ESGP	Employee Share Grant Plan
ESOS	Employee Share Option Scheme
EVP	Executive Vice President
EXCO	Executive Committee
F&B	Food and beverage
FELDA	Lembaga Kemajuan Tanah Persekutuan
FIABCI	International Real Estate Federation
FIC	Finance and Investment Committee
FIEM	Fellow of the Institution of Engineers Malaysia
FRIM	Forest Research Institute Malaysia ("FRIM")
FY	Financial Year
GAC	Group Action Committee
GBI	Green Building Index
GCE	Guthrie Corridor Expressway
GDP	Gross Development Product

GLOSSARY

ACRONYM/ SHORT FORM	FULL FORM
GDRN	Government-Linked Investment Companies' Disaster Response Network
GDV	Gross Development Value
GFC	Group Financial Controller
GHR	Group Human Resources
GIA	Group Internal Audit
GICT	Group Information & Communication Technology
GLC	Government-Linked Companies
GLIC	Government-Linked Investment Companies
GM	General Manager
GQM	Group Quality Management
GRESB	Global Real Estate Sustainability Benchmark
GRI	Global Reporting Index
GRIG	Group Risk, Integrity and Governance
Group	S P Setia Berhad and its Subsidiaries
GCE	Guthrie Corridor Expressway
HOC	Home Ownership Campaign
HOD	Head of Department
HR	Human Resource
HSE	Health, Safety, Environment
IBS	Industrialised building system
ICQ	In-process Construction Quality
IGU	Integrity and Governance Unit
IGC	Integrity & Governance Champions
IIRF	International Integrated Reporting Framework
ILAM	Institute of Landscape Architects Malaysia
INEDs	Independent Non-Executive Directors
IR	Investor Relations
IR	Integrated Report
IT	Information Technology

ACRONYM/ SHORT FORM	FULL FORM
KESAS	Shah Alam Expressway
KLEC	KL Eco City
KLIA	Kuala Lumpur International Airport
KPI	Key Performance Indicators
LED	Lighting-emitting diode
LEED	Leadership in Energy and Environmental Design
LRT	Light Rail Transit
LTI	Lost Time Incident
LTIP	Long Term Incentive Plan
M365	Microsoft 365
MACC Act	Malaysian Anti Corruption Commission (Amendment) Act 2018
MACEOS	Malaysian Association of Convention and Exhibition Organisers and Suppliers
MBAM	Master Builders Association Malaysia
MCCG	Malaysia Code on Corporate Governance
MCO	Movement Control Order
MDCA	Malaysian Developers Council of Australia
MFRS	Malaysian Financial Reporting Standards
MIA	Malaysian Institute of Accountants
MICCI	Malaysian International Chamber of Commerce & Industry
MITI	Ministry of International Trade and Industry
MKN	Ministry of Malaysian National Security Council
MLAA	Malaysia Landscape Architecture Awards
MMLR	Main Market Listing Requirements
MNS	Malaysian Nature Society
MRR2	Middle Ring Road 2
MOT	Memorandum of Transfer

ACRONYM/ SHORT FORM	FULL FORM
MRCA	Malaysia Retail Chain Association
MRR2	Middle Ring Road 2
MRT	Management Risk Team
MSWG	Minority Shareholder Watchdog Group
MTC	Malaysian Timber Council
MWMJC	Malaysian Wood Moulding & Joinery Council
NKVE	New Klang Valley Expressway
NRC	Nomination and Remuneration Committee
OHS	Occupational Health and Safety
OHSAS	Occupational Health and Safety Assessment Series
OPR	Overnight Policy Rate
PE	Professional Engineer
Penjana	National Economic Recovery Plan
PDRM	Polis Diraja Malaysia
PLUS	North-South Highway
PMS	Performance Management System
PPS	People Pulse Survey
QEAP	Quality Excellence Award Programme
RCPS-i A	Class A Islamic redeemable convertible preference shares
RCPS-i B	Class B Islamic redeemable convertible preference shares
REHDA	Real Estate & Housing Developers' Association
RM	Ringgit Malaysia
RMC	Risk Management Committee
RPGT	Real Property Gains Tax
RTO	Rent to Own
RTW	Return to Work
SGRAF	Setia Governance, Risk and Audit Forum
S P Setia	S P Setia Berhad
SCCC	Setia City Convention Centre
SCCC2	Setia City Convention Centre 2

ACRONYM/ SHORT FORM	FULL FORM
SCRIPT	S-Setia's Work Ethics C-Customers R-Responsibilities I-Integrity P-Professionalism T-Team Setia
SCSP	Setia Caring School Programme
SET	Strategic Executive Team
Setia SPICE	Setia Subterranean Penang International Convention & Exhibition Centre
SEVP	Senior Executive Vice President
SHAREDA	Sabah Housing And Real Estate Developers Association
SHE	School Hygiene Education ("SHE") Programme
SHIP	Safe Happy Intelligent Place
SLR	Setia Leadership Re-imagined
SMU	Sustainability Management Unit
SOPs	Standard Operating Procedures
SOVO	Small office virtual office
SPA	Sales & Purchase Agreement
SPAN	National Water Services Commission
SPSSB	Syarikat Pembinaan Setia Sdn Bhd
SRR	Statutory Reserve Requirement
SSD	Sustainable + Smart Development
SSRC	Setia Sports and Recreational Club
TEC	Technical Excellence Committee
TOR	Terms of Reference
UK	United Kingdom
UNSDG	United Nations Sustainable Development Goals
VOCs	Volatile Organic Components
VP	Vacant Possession
WEPLS	Water Efficient Product Labelling Scheme
WIN	Women of Inspiration

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FORM OF PROXY

S P SETIA BERHAD
(197401002663 (19698-X))

		For appointment of two (2) proxies, percentage of shareholdings to be represented by each proxy must be indicated below:
No. of Ordinary Shares Held		First proxy:
		Second proxy:
No. of Islamic Redeemable Convertible Preference Shares held		First proxy:
		Second proxy:
No. of Class B Islamic Redeemable Convertible Preference Shares held		First proxy:
		Second proxy:
CDS Account Number		

I/We ______________________________ NRIC No./Company No. ______________
(full name in block letters)

of ____
(full address)

being a member/members of S P SETIA BERHAD, hereby appoint ______________________
(full name in block letters)

NRIC No. ______________ of ______________________________
(full address)

____

and/or ____
(full name in block letters)

NRIC No. ______________ of ______________________________
(full address)

____

or failing him/her, the Chairman of the Meeting as * my/our proxy to attend and vote for * me/us and on * my/our behalf at the fully virtual Forty Sixth Annual General Meeting of the Company to be held at **Annex, Level 1, S P Setia Berhad Corporate HQ, 12 Persiaran Setia Dagang, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan ("Broadcast Venue")** on **Thursday, 22 April 2021** at **10.00 a.m.** and at any adjournment thereof in the manner as indicated below:-

NO.	RESOLUTIONS	FOR	AGAINST
1.	Re-election of Dato' Halipah binti Esa.		
2.	Re-election of Tengku Dato' Ab. Aziz bin Tengku Mahmud.		
3.	Re-election of Puan Noraini binti Che Dan.		
4.	Approval for the Directors' Fees for the period from 23 April 2021 up to the date of the next Annual General Meeting.		
5.	Approval for the Payment of Extra Remuneration and Provision of Benefits to Directors of the Company for the period from 23 April 2021 up to the date of the next Annual General Meeting.		
6.	Re-appointment of Messrs Ernst & Young PLT as the Auditors of the Company and to authorise the Directors to fix their remuneration.		
7.	Approval for the Proposed Shareholders' Mandate as specified in Section 2.3.1 of the Circular to Shareholders dated 24 March 2021.		
8.	Approval for the Proposed Authority to Allot and Issue New Ordinary Shares under the Company's Dividend Reinvestment Plan.		

* *Strike out whichever is not applicable.*

(Please indicate with an "X" in the spaces above how you wish your votes to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion).

Dated this ______________ day of ______________ 2021.

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Signature of Member(s) or Common Seal

Notes:

1. *A member of the Company shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote at a meeting of members of the Company, subject to the Constitution of the Company. The Broadcast Venue is* ***strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Clause 60 of the Company's Constitution*** *which require the Chairman of the meeting to be present at the main venue of the meeting. Shareholders/ proxies/corporate representatives* ***WILL NOT BE ALLOWED*** *to attend the 46th AGM of the Company in person at the Broadcast Venue on the day of the meeting.*
2. *Shareholders are to attend, speak (including posing questions to the Board of Directors of the Company via real time submission of typed texts) and vote (collectively, "participate") remotely in the 46th AGM of the Company via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its* ***TIIH Online*** *website at* ***https://tiih.online****.*
3. *A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. Where a member appoints two (2) proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.*
4. *Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
5. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with shares of the Company standing to the credit of the securities account.*
6. *The Form of Proxy, in the case of an individual, shall be signed by the appointor or his attorney, and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised.*
7. *The Form of Proxy duly completed and signed must be deposited at the Company's share registrar, Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Counter at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof. You may also submit the Form of Proxy electronically via* ***TIIH Online*** *at* ***https://tiih.online*** *not less than 48 hours before the time for holding the meeting or any adjournment thereof. Kindly refer to the Administrative Guide for the 46th AGM on the procedures for electronic submission of proxy form via* ***TIIH Online****.*
8. *Only members whose names appear in the Record of Depositors on 16 April 2021 shall be entitled to participate in the 46th AGM of the Company via RPV or appoint proxy/proxies to attend and/ or vote on his/her behalf.*
9. *To participate in the 46th AGM of the Company via RPV and appoint proxy/authorised representative, please follow the Procedures for RPV in the Administrative Guide.*

AFFIX
STAMP HERE

The Company Secretary
S P Setia Berhad
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Unit 32-01, Level 32, Tower A, Vertical Business Suite,
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59200 Kuala Lumpur

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