



# OLYMPIA INDUSTRIES BERHAD

Registration No.: 198001009242 (63026-U)

**ANNUAL REPORT 2020**

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Y.A.M. Tunku Naquiyuddin ibni Almarhum Tuanku Jaafar  
*Chairman, Independent Non-Executive Director*

Tan Sri Dato' Yap Yong Seong  
*Group Managing Director*

Dato' Sri Yap Wee Keat  
*Executive Director*

Tan Sri Dato' Nik Hashim bin Nik Ab. Rahman  
*Senior Independent Non-Executive Director*

Ng Ju Siong  
*Non-Independent Non-Executive Director*

Izaddeen bin Daud  
*Independent Non-Executive Director*

## COMPANY SECRETARIES

Lim Yoke Si  
(MAICSA 0825971) / SSM PC No. 202008000548

Kwan Wai Sin  
(MAICSA 7035227) / SSM PC No. 201908000481

## REGISTERED OFFICE

Level 23, Menara Olympia  
No. 8, Jalan Raja Chulan  
50200 Kuala Lumpur.  
Tel : (603) 20700033  
Fax : (603) 20700011  
E-mail : [olympia@oib.com.my](mailto:olympia@oib.com.my)  
Website : [www.oib.com.my](http://www.oib.com.my)

## SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd  
197101000970 (11324-H)  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur.  
Tel : (603) 27839299  
Fax : (603) 27839222  
E-mail : [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com)  
Website : [www.tricorglobal.com](http://www.tricorglobal.com)

## AUDITORS

Ernst & Young PLT  
202006000003 (LLP0022760-LCA) & AF 0039  
Chartered Accountants  
Level 23A, Menara Milenium  
Jalan Damanlela, Pusat Bandar Damansara  
50490 Kuala Lumpur.  
Tel: (603) 74958000  
Fax: (603) 20955332  
Website : [www.ey.com](http://www.ey.com)

## PRINCIPAL BANKERS

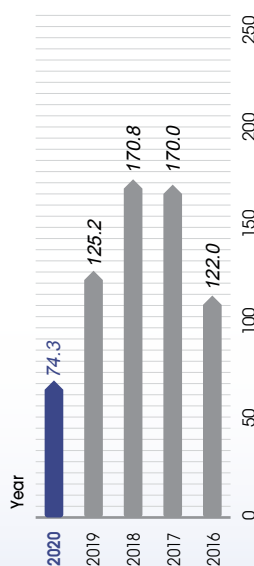
Malayan Banking Berhad  
CIMB Bank Berhad  
United Overseas Bank (Malaysia) Berhad

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad  
Listing Date: 12 March 1992  
Stock Name : Olympia  
Stock Code : 3018

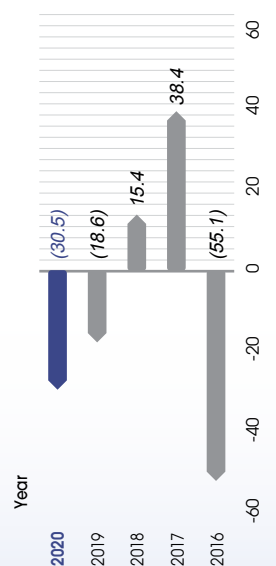
# OPERATIONAL & FINANCIAL HIGHLIGHTS

	Year Ended December 2020	Year Ended December 2019	Restated Year Ended December 2018	Restated Year Ended December 2017	**Year Ended December 2016
<b>STATEMENTS OF COMPREHENSIVE INCOME</b>					
Revenue (RM mil) <sup>#</sup>	74.3	125.2	170.8	170.0	122.0
(Loss)/Profit Before Tax (RM mil) <sup>#</sup>	(30.5)	(18.6)	15.4	38.4	(55.1)
(Loss)/Profit attributable to owners of the Company (RM mil) <sup>#</sup>	(28.4)	(22.8)	11.9	30.0	2.4
<b>STATEMENTS OF FINANCIAL POSITION</b>					
Share Capital (RM mil) <sup>##</sup>	295.4	295.4	295.4	295.4	102.3
Shareholders' Equity (RM mil)	375.7	404.2	426.9	417.3	384.0
Total Assets (RM mil)	601.9	636.6	647.6	748.5	768.9
<b>FINANCIAL RATIOS</b>					
Return on Average Shareholders' Equity	(7.6%)	(5.6%)	2.8%	7.2%	0.6%
Return on Total Assets	(4.7%)	(3.6%)	1.8%	4.0%	0.3%
Debt/Equity (times)	0.41	0.38	0.36	0.41	0.44
<b>PER SHARE</b>					
Earnings/(Loss) per share (sen)*	(2.8)	(2.2)	1.2	2.9	0.3
Net Assets/(Liabilities) per share (sen)	37	39	42	41	38



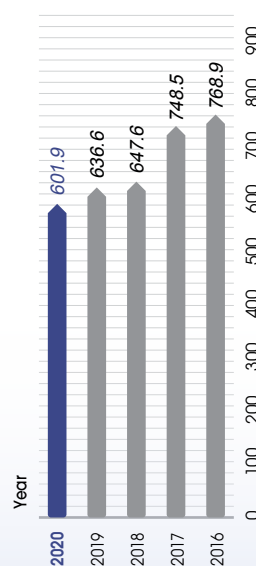
Revenue  
(RM 'Million)<sup>#</sup>

**74.3**



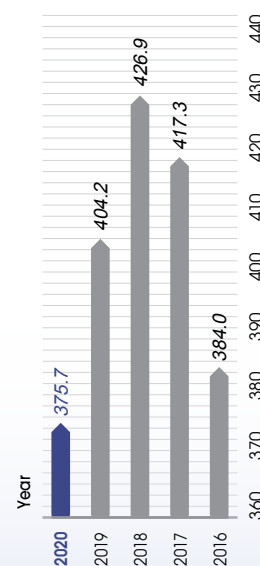
Profit/(Loss) Before Tax  
(RM 'Million)<sup>#</sup>

**(30.5)**



Total Assets  
(RM 'Million)

**601.9**



Shareholders' Equity  
(RM 'Million)

**375.7**

\* Based on the weighted average number of shares issued during the year.

\*\* After the Par Value Reduction exercise on 9 March 2016, the par value of the Company's ordinary shares changed from RM1.00 each to RM0.10 each.

# For years 2017 and 2016, refers to results of continuing operations only.

## Upon adoption of Companies Act, 2016 in year 2017. Refer to Note 25.

# CHAIRMAN'S STATEMENT



On behalf of the Board of Directors of Olympia Industries Berhad, I am pleased to present the annual report and the audited financial statements of the Company and its group of companies ("Group") for the financial year ended 31 December 2020 ("FY2020").

Y.A.M. Tunku Naquiyuddin ibni  
Almarhum Tuanku Jaafar  
Chairman

## Financial Performance

For FY2020, the Group's operations registered a total revenue of RM74.3 million against RM125.2 million reported in the 12-months ended 31 December 2019 ("FY2019"). The decline of RM50.9 million or 40.7% in revenue at the Group level was due to the significant impact of the Covid-19 pandemic with the Government of Malaysia imposing various phases of the Movement Control Order ("MCO") whereby a total of 57 draws from the Group's gaming division was cancelled.

The Group's operations reported an increase in pre-tax loss RM11.9 million to RM30.5 million for FY2020 as compared with RM18.6 million pre-tax loss for FY2019.

The higher pre-tax loss was also mainly attributable to fair value loss on investment properties of RM20.6 million and inventory writedown of RM300,000 for Menara Olympia and the Group's portfolio of completed property units in Kenny Heights.

## Corporate Developments

During the financial year, the Group has secured the extension of the repayment periods for the term loans from its principal financial institutions. The Group has certain unencumbered assets, including certain lands held for property development and inventories of the Group, which will be disposed of as part of the management's plan to gradually reduce the level of borrowings of the Group.

The Group will continue to intensify its effort to strengthen its core businesses, particularly in the leasing of office premises in order to achieve a higher occupancy rate.

## Future Outlook and Prospects

The COVID-19 pandemic rages unabated, ravaging and affecting lives, businesses, individuals and industries worldwide in many ways that will change the world forever. In many countries, governments have imposed various phases of MCOs and/or "lockdowns" to restrict the movement of their respective citizens and to control the rapid spread of the pandemic which have negatively impacted the global and local business scene resulting in a recessionary global economic outlook.



# CHAIRMAN'S STATEMENT (cont'd.)



For FY2020, the COVID-19 pandemic and the resulting MCO has significantly curtailed the Group's gaming and to a lesser extent its leasing operations, leading to temporary closures of the gaming operations during MCO 2.0.

However the Group is cautiously optimistic that for FY2021, the recovery of the Group operations will be stable and sustainable with the various strategies and mitigating measures being implemented to address the impact of the Covid-19 pandemic.

The Board of Directors and management hope and pray that the COVID-19 pandemic will be isolated, contained and neutralised soon, and that all Malaysians will stay safe.

## Appreciation

On behalf of the Board, I would like to extend my gratitude to our shareholders, stakeholders of the Group and business associates for their continuing support and confidence in the Group.

I would also like to thank the management and staff for their dedication and commitment to the Group throughout the year and to my fellow Board members, I wish to express my sincere appreciation for their valuable contributions to the Group.

**Y.A.M. Tunku Naquiyuddin ibni Almarhum  
Tuanku Jaafar**  
Chairman

20 May 2021

# MANAGEMENT DISCUSSION & ANALYSIS

## **Overview of Olympia Industries Berhad (“Olympia”) and its group of companies (“Group”) :**

The Group has a diversified portfolio in order to provide stable cash flows and potential for sustainable growth in its net assets to enhance shareholders' value. The Group's core operations are summarised as follows :-

- Gaming: Numbers forecast operator (“NFO”) gaming in Sabah;
- Leasing: Office space leasing of Menara Olympia in Kuala Lumpur; and
- Property Development: Property development activities primarily in the Kenny Heights, Kuala Lumpur area.

## **Gaming Division :**

Lotteries Group (“Lotteries”) commenced its Numbers Forecast Operator (“NFO”) gaming since 1988, and was subsequently acquired by Olympia in 1993. Going under the brand name of ‘Sabah 88’, the games currently offered are Sabah 3D, Sabah 4D, Sabah 4D Jackpot and Sabah Lotto 6/45. Sabah 4D Jackpot was the new game introduced in late 2017 and has been enjoying steady increase in sales since the launch.

The legal NFO operators in Sabah are Berjaya Sports Toto (“BST”), Lotteries and Sandakan Turf Club (“STC”). In comparison, the top largest capitalized legal NFO operators on the Peninsula are BST, Magnum 4D Berhad (“Magnum”) and Pan Malaysian Pools (“PMP”).

Gaming revenue in the year under review (“FY2020”) was RM55.1 million, a significant reduction of RM50.4 million or 47.8% from RM105.5 million in the previous financial year (“FY2019”). The reduction has been due to the Covid-19 outbreak in early 2020 which caused businesses to shutdown in Malaysia under the Movement Control Order (MCO), Conditional MCO (CMCO) and Recovery MCO (RMCO) periods that started on 18 March 2020. The closure of Lotteries' gaming outlets during the period had resulted in a loss of 57 draws including 2 special draws, which had in turn resulted in loss of revenue as stated earlier.

The revenue loss had a major negative impact on the gaming division's bottom line. A loss of RM1.5 million at pre-tax level was reported, as compared to the pre-tax profit achieved in 2019 of RM8.8 million resulted in a profit reduction of 117%.

Under the circumstances, the gaming division's plan to solicit approvals from the authorities for new gaming took a back seat during the year.

Stepping into the new year of 2021, the increase in Covid-19 numbers in Malaysia has prompted a new round of MCO lockdown commencing 11 January 2021. Amidst extension of the MCO, Lotteries and the other two operators in Sabah were allowed to operate on 13 February 2021. This has meant that the entire gaming industry in the affected states has missed out on the Chinese New Year peak sales season. The ultimate impact on the gaming division's revenue and bottom line for the new year of 2021 will rest principally on whether there will be more shutdowns during the year.

As of 17 April 2021, the entire East Coast districts of Sabah comprising Tawau, Lahad Datu and Sandakan have been closed due to a new round of CMCO imposed in 2021, starting with Tawau from 3 April 2021.

## **Leasing Division :**

Dairy Maid Resort & Recreation Sdn Bhd (“DMRR”), a wholly-owned subsidiary of Olympia is the owner of the 31-storey Menara Olympia office building and accompanying 6 levels of basement car parks on Jalan Raja Chulan in Kuala Lumpur. Despite management's best efforts in FY2020, its occupancy and rental rates had trended lower with ranges from 63% to 65% (FY2019: 63% to 69%) and RM3.70 to RM4.40 per square feet (“psf”) (FY2019: RM4.22 to RM4.46 psf) respectively. This declining trend had impacted Menara Olympia's market valuation as at the end of the current financial year under review, resulting in a fair value deficit of RM18.0 million net of deferred tax adjustments for the year.

# MANAGEMENT DISCUSSION & ANALYSIS (cont'd.)

Despite the property market downturn and the pandemic, developers will continue to flood the current surplus office space market with more incoming supply of office space including the flexible workspace in KL city centre and its fringe all the way through to year 2023. The situation is further worsened by newer Grade A offices with newer facilities in greater Kuala Lumpur offering competitive rates between RM3 to RM8 psf.

Continued downward pressure on rental rates is expected for the time being, as well as loss of potential tenants due to pressure from the over-supply and highly competitive market. Management expects to adapt to this with various incentives.

To ensure retention of existing tenants and potential new ones, as well as reduce down time on essential building services, management will continue to undertake several measures. It expects to step up promotion strategies, offer attractive rent-free renovation period packages, renewal terms & other incentives. Management had assisted tenants affected by the MCO/CMCO/RMCO on a case-by-case basis and may do so again should the need arise in order to retain valuable/key tenants.

Management continues to make improvements of amenities by conducting renovations and replacements of machinery/parts for essential services (e.g. lifts, escalators, M&E, etc.). It will also ramp up staff and property agent alertness and response time via revamp of its Standard Operating Procedures ("SOPs"), improve tenant communications and increase training to identify potential downtime risks to essential services. On top of these, management also strives to continue complying with the government's various SOPs in relation to the pandemic to create a safe work environment for all at Menara Olympia.

For FY2021, the division is expected to be able maintain its current occupancy levels and its rental rates for the time being.

## **Property Development Division :**

Apart from residual inventory and land parcels held by several inactive subsidiaries, the division's property development activities are currently centered on a joint-operation ("JO") between Olympia Properties Sdn Bhd ("OPSB"), a wholly-owned Olympia subsidiary, with its affiliated company KH Estates Sdn Bhd on the Kenny Heights, Kuala Lumpur area. The JO is on a distribution ratio of 42:58 respectively and covers several parcels of land.

The property market continues to be soft and is still facing downward pressure in the form of subdued selling prices for both new launches as well as sale of completed property units, which in our case is made worse due to the negative effects of the pandemic. In the past few years the industry has witnessed increased development costs on materials, utilities & logistics, as well as increase in costs of lending/rising interest rates, and tighter financing terms imposed by financiers. It remains to be seen whether the change from the Goods and Services Tax framework to the current Sales & Services Tax would have material impact on the entire chain.

The luxury property niche market faced further pressure during FY2020 in the form of prolonged gloomy sentiment across the market. Despite the new government's more accommodative stance on encouraging property ownership, there is still no marked improvements on banks' housing loan rejection rates, low salaries and affordability. Without a simple answer to home ownership issues, dark clouds remain over most of the players in the property development industry.

The Group and its joint-operation partner however are not currently having any plans for project launches in the immediate future and are thus unaffected while waiting for the overall property market to improve, more favourable or easing of conditions by the authorities, and the end of the pandemic.

Moving forward, management's strategy is to delay launch of new projects and defer sales of completed unit, bidding its time for the turn of the property cycle until the external environment is more conducive for new project launches.



# MANAGEMENT DISCUSSION & ANALYSIS (cont'd.)

## **Investment Holding and Others :**

The Group has net assets of RM376.5 million and net current assets of RM12.1 million as at 31 December 2020. The Group and Company incurred a loss after tax of RM28.4 million and RM3.4 million respectively for the financial year ended 31 December 2020. Included in the loss after tax of the Group are fair value losses on investment properties of RM20.6 million and inventory writedown of RM300,000.

Apart from the operational divisions above, the Group has already secured the extension of the repayment periods during FY2020 for the term loans from its principal financial institutions. The Group has certain unencumbered assets, including certain land held for property development and inventories of the Group, which will be disposed of as part of the management's plan to gradually reduce the level of borrowings of the Group.

# PROFILE OF DIRECTORS

**Y.A.M. TUNKU NAQUIYUDDIN  
IBNI ALMARHUM TUANKU JAAFAR**  
Chairman, Independent Non-Executive Director  
Aged 74, Male, Malaysian

Y.A.M. Tunku Naquiyuddin Ibni Almarhum Tuanku Jaafar was appointed to the Board of Olympia Industries Berhad on 26 November 2008. He is a member of the Audit Committee and Risk Management Committee of the Company.

Tunku Naquiyuddin has a Bachelor of Science in Economics (Honours) degree from the University of Wales, Aberystwyth, United Kingdom. He is a keen environmentalist and was a Committee Member of the World Wide Fund for Nature (Malaysia) and a Founding Member of the Business Council for Sustainable Development in Geneva. An active businessman, Tunku Naquiyuddin's interest spanned a broad spectrum uniting the Malaysian public companies through the Federation of Public Listed Companies Bhd which he founded; bridging bilateral boundaries through the Malaysia-France Economic and Trade Association which he headed for 8 years; and forging closer cultural ties through the Alliance Francaise which he headed for 18 years. He was nominated by the Minister of Finance to sit on the Committee of Kuala Lumpur Stock Exchange in 1989 for 5 years. He was the Regent of the State of Negeri Sembilan from 1994 until April 1999.

Tunku Naquiyuddin, a former diplomat, is presently the Chairman of Techna-X Berhad (formerly known as Sino Hua-An International Berhad). He also sits on the Board of Ann Joo Resources Berhad. He also holds directorship in other public companies, namely ORIX Leasing Malaysia Berhad, Syarikat Pendidikan Staffield Berhad and Asia Plantation Capital Berhad.

Tunku Naquiyuddin has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has no conviction of any offences other than traffic offences (if any) within the past 5 years. He did not have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 2020.

Tunku Naquiyuddin attended all five (5) Board meetings of the Company held in the financial year 2020.

**TAN SRI DATO' YAP YONG SEONG**  
Group Managing Director  
Aged 79, Male, Malaysian

Tan Sri Dato' Yap Yong Seong was appointed to the Board of Olympia Industries Berhad ("Olympia"/"Company") on 18 May 1993.

Tan Sri Dato' Yap first ventured into the property business in the early 70's under the Duta Group which was a pioneer in embarking on a reclamation project at the fore shore lands in Malacca which now stood the famous business centre known as Melaka Raya.

Tan Sri Dato' Yap also sits on the Board of DutaLand Berhad ("DutaLand") as the Group Managing Director and on the Board of several companies within Olympia and DutaLand Groups. He is the father of Dato' Sri Yap Wee Keat, the Executive Director of the Company. Both Tan Sri Dato' Yap and his spouse, Puan Sri Datin Leong Li Nar, are major shareholders of the Company.

Tan Sri Dato' Yap is deemed interested in the recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Olympia Group.

Tan Sri Dato' Yap has no conviction for any offences other than traffic offences (if any) within the past 5 years and did not have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 2020.

Tan Sri Dato' Yap attended all five (5) Board meetings of the Company held in the financial year 2020.

## PROFILE OF DIRECTORS (cont'd.)

### **DATO' SRI YAP WEE KEAT**

**Executive Director**

**Aged 52, Male, Malaysian**

Dato' Sri Yap Wee Keat was appointed to the Board of Olympia Industries Berhad ("Olympia"/"Company") on 18 May 1993 and has been responsible for the business operations of Olympia Group. He is a member of the Risk Management Committee of the Company.

Dato' Sri Yap is currently a Non-Independent Director of DutaLand Berhad ("DutaLand") and has been instrumental in the property development activities of DutaLand Group. He spearheads the Kenny Heights Project, a development project embarked by DutaLand through the consortium formed with Olympia.

Dato' Sri Yap obtained his LLB (Honours) degree from The London School of Economics And Political Science, United Kingdom in 1989. With the Group's investment in Automobili Lamborghini, he was appointed deputy chairman of Automobili Lamborghini from 1994-1998.

Dato' Sri Yap is also one of the founding trustees for Malaysian Tsunami Aid Foundation, "Force of Nature Aid Foundation", which was established in 2005 where he sits on the Board of Trustees. He was appointed the Deputy President of Taekwondo Malaysia (WTF) in December 2018.

Dato' Sri Yap is the eldest son of Tan Sri Dato' Yap Yong Seong, the Group Managing Director of Olympia and Puan Sri Datin Leong Li Nar, both are major shareholders of the Company. He also serves on the Board of several other private companies within Olympia and DutaLand Groups.

Dato' Sri Yap is deemed interested in the recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Olympia Group.

Dato' Sri Yap has no conviction for any offences other than traffic offences (if any) within the past 5 years and did not have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 2020.

Dato' Sri Yap attended all five (5) Board meetings of the Company held in the financial year 2020.

### **TAN SRI DATO' NIK HASHIM BIN NIK AB. RAHMAN**

**Senior Independent Non-Executive Director**

**Aged 78, Male, Malaysian**

Tan Sri Dato' Nik Hashim bin Nik Ab. Rahman was appointed to the Board of Olympia Industries Berhad on 3 February 2010. He is the Chairman of Audit Committee, Nomination Committee and Remuneration Committee of the Company. He is a member of the Risk Management Committee.

Tan Sri Dato' Nik Hashim started his career in the Government service in 1963 as a Clerical Officer and later as a Police Inspector until 1968 when he read law at the Inner Temple London as a Barrister-at-Law. In 1970, he joined the Judicial and Legal Service where he served 25 years in various posts: Magistrate, President of Sessions Court, Deputy Director of Legal Aid Bureau, Deputy Public Prosecutor, State Legal Advisor Terengganu, Senior Federal Counsel, Judge Advocate, Deputy Parliamentary Draftsman, Director General, Judicial and Legal Training Institute and Chairman, Advisory Board. From 1995 to 2009 he served as a Judicial Commissioner and a Judge of the High Court, Court of Appeal and the Federal Court until his retirement on 1 July 2009.

Tan Sri Dato' Nik Hashim was a member of the Royal Police Force Commission from 2004 to 2008. He has been a member of the Syariah Appeal Court Kelantan since 1998 and was an Adjunct Professor in the Faculty of Law and International Relations University Sultan Zainal Abidin from 1 February 2009 to 31 January 2013. In July 2010, Tan Sri Dato' Nik Hashim attended and successfully completed an Executive Education program at Harvard Business School, Boston U.S.A. In July 2016, he has been appointed as Pro Chancellor of Meritus University, Malaysia.

Tan Sri Dato' Nik Hashim also sits on the Boards of Bahvest Resources Berhad and Tropicana Golf & Country Resort Berhad.

Tan Sri Dato' Nik Hashim has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has no conviction for any offences within the past 5 years (other than traffic offences, if any). He did not have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 2020.

Tan Sri Dato' Nik Hashim attended four (4) out of five (5) Board meetings of the Company held in the financial year 2020.

## PROFILE OF DIRECTORS (cont'd.)

### NG JU SIONG

**Non-Independent Non-Executive Director**  
**Aged 53, Male, Malaysian**

Mr Ng Ju Siong was appointed to the Board of Olympia Industries Berhad ("Olympia" / "Company") on 3 January 2017. He is a member of the Nomination Committee, Remuneration Committee and Risk Management Committee of the Company.

Mr Ng graduated from University of Kent at Canterbury with Bachelor of Law (Honours) in 1990. He was admitted to the Honourable Society of Gray's Inn as Utter Barrister in 1992. Thereafter, he was admitted to the High Court of Malaya as an Advocate & Solicitor in 1993.

Mr Ng was practising under Messrs Zaitoon Othman & Associates in the areas of family law, banking litigation, bankruptcy, company law until June 1994. In July 1994, he joined Messrs Shahrizat & Tan and ventured into the areas of family law, general conveyancing, banking, drafting of government supplies agreement and etc.

Mr Ng was formerly a Legal Executive in Olympia. He is currently the General Manager of Legal Department in DutaLand Berhad ("DutaLand") overseeing all legal matters for DutaLand group of companies.

Mr Ng also sits on the Board of several companies within Olympia and DutaLand Groups. He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has no conviction of any offences other than traffic offences (if any) within the past 5 years. He did not have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 2020.

Mr Ng attended four (4) out of five (5) Board meetings of the Company held in the financial year 2020.

### IZADDEEN BIN DAUD

**Independent Non-Executive Director**  
**Aged 52, Male, Malaysian**

Encik Izaddeen bin Daud was appointed to the Board of Olympia Industries Berhad on 15 August 2019. He is the Chairman of Risk Management Committee of the Company. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee.

Encik Izaddeen graduated from De Monfort University (UK) with Bachelor of Accounting and Law (Honours). He is a Fellow of Institute of Public Accountants, Australia.

Encik Izaddeen started his career at Ernst & Young in 1993 and later built his career in investment banking to become a Senior Manager in Affin Merchant Bank. In 1999, he joined Permodalan Nasional Berhad ("PNB") and his last position held in PNB was Assistant Vice President, Investment Services. In 2007, he was appointed as the Chief Executive Officer of ASM Investment Services Berhad. In 2008, he was appointed the Managing Director of MARA Incorporated and then relinquished his position in 2009.

Encik Izaddeen has held board appointments in several public listed companies as well as in subsidiaries of Government-link companies. He currently sits on the Boards of Boustead Holdings Berhad, Boustead Heavy Industries Corporation Berhad, Pharmaniaga Berhad and Boustead Plantations Berhad. He also holds directorship in other public company, namely Boustead Properties Berhad.

Encik Izaddeen has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has no conviction for any offences other than traffic offences (if any) within the past 5 years and did not have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 2020.

Encik Izaddeen attended four (4) out of five (5) Board meetings of the Company held in the financial year 2020.

# PROFILE OF KEY SENIOR MANAGEMENT OF THE GROUP

## **TAN SRI DATO' YAP YONG SEONG**

**Group Managing Director**

**Aged 79, Male, Malaysian**

Please refer to the Profile of Directors in this Annual Report.

## **DATO' SRI YAP WEE KEAT**

**Executive Director**

**Aged 52, Male, Malaysian**

Please refer to the Profile of Directors in this Annual Report.

## **LEE CHEE KAI**

**General Manager, Group Finance**

**Aged 63, Male, Malaysian**

Mr Lee Chee Kai was appointed as the General Manager, Group Finance of Olympia Industries Berhad on 1 September 2000. He gained his exposure in audit firms for seven (7) years, including three (3) years with an international accounting firm. Subsequently he joined local conglomerates for more than 7 years as Head of Finance. He joined the Group in April 1994 as General Manager of its stockbroking subsidiary and was transferred to his current role in 2000.

Mr Lee is a member of both the Institute of Chartered Accountants in England & Wales (ICAEW) and the Malaysian Institute of Accountants.

Mr Lee does not hold directorship in any public and public listed companies, has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has no conviction for any offences, other than traffic offences, within the past five years. He did not have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 2020.

## **JOSEPH LIN KIN CHUNG**

**General Manager, Lotteries Corporation Sdn Bhd**

**Aged 61, Male, Malaysian**

Mr Joseph Lin Kin Chung was appointed as General Manager of Lotteries Corporation Sdn Bhd, a wholly-owned subsidiary of Olympia Industries Berhad ("Olympia"), on 1 January 2005.

Mr Joseph Lin graduated from the University of Ottawa with bachelor's degree in Computer Science (Honours) in 1987. He joined the Group in 1989 as a Management Trainee and was promoted to Assistant Commercial Manager in 1994. It was during this time when he was posted to China Lotteries and later, to Cambodia Lotteries to assist in their operations. In 1995, he was promoted to Engineering Manager before being seconded to The Lotto Ltd, PNG, in 1999, to be its Country Manager.

Mr Joseph Lin does not hold directorship in any public and public listed companies, has no family relationship with any Director and/or major shareholder of Olympia. He has no conflict of interest with Olympia and has no conviction for any offences, other than traffic offences, within the past five years. He did not have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 2020.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Olympia Industries Berhad ("Board") recognises the importance of upholding good corporate governance throughout the Group and is committed to remain guided by the Principles as set out in the Malaysian Code on Corporate Governance 2017 ("MCCG").

This statement provides an overview of the Group's application of Practices based on the Principles in the MCCG for the financial year ended 31 December 2020 and it is to be read together with Corporate Governance report ("CG Report") which is available on the Company's website at [www.oib.com.my](http://www.oib.com.my).

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### Board Responsibilities

The Board acknowledges its pivotal role in the stewardship of its direction and operations of the Group toward enhancing shareholders' value and ensuring long term sustainable development and growth of the Group. The Board is responsible for setting strategic directions of the Group, governing and monitoring the performance of the Group and enforces standards of accountability including the processes for financial reporting, risk management, internal controls and compliance.

The Group Managing Director, who is supported by the senior management team in achieving the corporate objectives, remains accountable to the Board for the performance of the Group. In the process of appointing, training and providing for succession, the Group Managing Director together with the Executive Director will ensure that staff appointed to senior management positions are of sufficient calibre.

The Board delegates specific responsibilities to Board Committees, namely Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee, all of which operate within defined terms of reference. All Board Committees do not have executive power but report to the Board on all matters considered and the ultimate responsibility for decision making on recommendations presented by the Board Committees lies with the Board. Each Board Committee shall report on its meeting to the Board and minutes of meetings of all Board Committees will be tabled at Board meetings for notation.

The senior management is responsible for developing and implementing strategies, business plans and budgets, regularly identifying and managing risks that could have a material impact on the businesses and ensuring that sufficient and updated information on the performance, financial condition, operating results and prospect are provided on a timely basis to the Board and the Board Committees to fulfill their governance responsibilities.

For the financial year ended 31 December 2020, the Board had reviewed the performance of the Group's businesses, monitored the impact of the on-going Covid-19 pandemic and actions taken by management to reduce the impact which had affected the operating subsidiaries. The Board also explored options/ strategies to increase revenue of operating subsidiaries and has been consistent in considering divestment proposals on non-core assets. Various risks that were affecting the Group have been identified and appropriate mitigation measures have been put in place.

### *Board Charter, Code of Conduct, Whistleblowing Policy and Anti-Bribery & Corruption Policy*

The Board is guided by a Board Charter which amongst others, provides Directors with greater clarity regarding the role and responsibilities of the Board, Board Committees, individual Directors and Senior Independent Director. Matters reserved for the Board are set out in the Board Charter. The Board will periodically review the Board Charter and make changes wherever necessary.

The Code of Conduct of Directors continues to govern the standards of business conduct and to assist the Directors in defining ethical standards in the performance and exercise of their duties and responsibilities for the Company.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## (cont'd.)

The Whistle-Blowing Policy is in place which the aim to encourage reporting by employees in good faith, of any suspected and/or known instances of misconduct, wrongdoings, corruption, fraud, waste and/or abuse involving the resources of the Group and the employees making such reports will be protected from reprisal.

In line with the amendment of the Malaysian Anti-Corruption Commission Act, which included the new Section 17A on corporate liability for corruption, the Company has adopted an Anti-Bribery and Corruption Policy on 1 June 2020. This is aimed to provide information and guidance to the Directors, employees and business associates on anti-bribery and corruption to which they must adhere to, in discharging their duties. All employees are required to follow the standard operating procedures of their respective business units in the performance of their job responsibilities.

Details of the Board Charter, Code of Conduct of Directors, Whistle-Blowing Policy and Anti-Bribery and Corruption Policy are accessible through the Company's website at [www.oib.com.my](http://www.oib.com.my).

### **Board Composition**

The Board consists of six (6) members with an Independent Non-Executive Chairman, a Group Managing Director, an Executive Director, a Non-Independent Non-Executive Director and two (2) Independent Non-Executive Directors. Independent Directors made up 50% of the Board composition.

The presence of Independent Non-Executive Directors helps in providing independent and constructive views, advice and opinions to the benefit of the investors, customers and other stakeholders.

There was no change in Board composition during the financial year. The Board has a balanced mix of executive and non-executive members and it brings with it a broad range of business, finance, economic, technical, law and public service background. This balance enables the Board to provide clear and effective leadership to the Group and bring informed and independent judgement to many aspects of the Group's strategy and performance.

### *Chairman and Group Managing Director*

The position of the Chairman and the Group Managing Director are held by different individuals. Their roles are distinct and separate so as to ensure balance of power and authority.

The Chairman, who is an Independent Non-Executive Director, is responsible for instilling good corporate governance practices and providing leadership in ensuring effectiveness of the Board. He is also responsible for the orderly conduct of meetings and facilitates matters between the Company and its investors.

The Group Managing Director is responsible for the development and implementation of policies/strategies approved by the Board and managing the day-to-day operations of the Group. He is also responsible in ensuring the integrity and effectiveness of the corporate governance process of the Board. The Group Managing Director acts as the official spokesperson of the Group.

The respective duties and responsibilities of the Chairman and the Group Managing Director are specified in the Board charter.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## (cont'd.)

### *Board Appointment Process*

The Nomination Committee comprises the following three (3) Non-Executive Directors with a majority of Independent Directors:

1. Tan Sri Dato' Nik Hashim bin Nik Ab. Rahman (Chairman)
2. Mr Ng Ju Siong (Member)
3. Encik Izaddeen bin Daud (Member)

The Terms of Reference of the Nomination Committee are available on the Company's website at [www.oib.com.my](http://www.oib.com.my).

The Nomination Committee is responsible for proposing and recommending candidates to the Board and for assessing Directors on an on-going basis in accordance with the terms of reference of the Committee.

The Nomination Committee in making recommendations for the appointment of Directors will consider the skills, experience, knowledge, expertise, competency and potential contribution of the candidates and selection is not based on gender.

The Board currently does not have a gender diversity policy. The Board believes in providing equal opportunity to candidates and adheres to the practice of non-discrimination of any form whether based on age, race or gender throughout the Group.

Nevertheless, the Board through its Nomination Committee shall consider female candidates for appointment. The Board is open to referrals from external sources besides recommendations from its existing Board members and major shareholders.

### *Tenure of Independent Directors / Annual Assessment of Independence*

Under the MCGG, the tenure of an independent director of the company should not exceed a cumulative term of nine (9) years. Upon completion of the 9 years, an independent director may continue to serve on board as a non-independent director. If the board intends to retain an independent director beyond 9 years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Tan Sri Dato' Nik Hashim bin Nik Ab. Rahman and Y.A.M. Tunku Naquiyuddin ibni Almarhum Tuanku Jaafar have served as Independent Non-Executive Directors for a cumulative term of more than 9 years and 12 years respectively.

The Board, through the Nomination Committee, had carried out annual evaluation and assessment and is satisfied that both Tan Sri Dato' Nik Hashim bin Nik Ab. Rahman and Y.A.M. Tunku Naquiyuddin ibni Almarhum Tuanku Jaafar have fulfilled the criteria under the definition of Independent Director as set out in the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"). They have been able to demonstrate their independence and exercise objective judgement during Board deliberations. The length of their services does not in any way impair their objective and independent judgement nor their ability to act in the best interest of the Company. The Board is confident that they will continue to exercise independent and objective judgement in Board meetings regardless of the length of service in the Company.

The Board endorsed the recommendation of the Nomination Committee for Tan Sri Dato' Nik Hashim bin Nik Ab. Rahman and Y.A.M. Tunku Naquiyuddin ibni Almarhum Tuanku Jaafar to continue in office as Independent Non-Executive Directors at the forthcoming 40<sup>th</sup> Annual General Meeting of the Company ("40<sup>th</sup> AGM").

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## (cont'd.)

Notwithstanding Practice 4.2 of the MCCG to seek shareholders' approval through a two-tier voting process for retention of independent director after twelfth year, the Board recommends that irrespective of the length of service in the Company, the resolutions be voted through a single-tier voting process to enable every shareholder to exercise their voting rights on the same level/ platform and to be decided by a simple majority for ordinary resolutions as provided in the Companies Act 2016.

The abovenamed Directors have abstained from Board deliberation and decision in recommending to shareholders on their continuation in office as Independent Non-Executive Directors.

### *Re-election of Directors*

The Nomination Committee is responsible for making recommendations to the Board on the retirement of Directors by rotation at each annual general meeting. Under the Constitution of the Company, one third (1/3) of the Directors shall retire by rotation at each annual general meeting. All Directors shall retire from office at least once in every three (3) years. The retiring Directors shall be eligible for re-election.

Tan Sri Dato' Yap Yong Seong and Tan Sri Dato' Nik Hashim bin Nik Ab. Rahman are seeking re-election to the Board at the forthcoming 40<sup>th</sup> AGM. They have abstained from Board deliberation and decision in recommending to shareholders on their re-election to the Board. The Board has accepted the recommendation of the Nomination Committee on the re-election of the aforesaid Directors to the Board.

The profiles of the Directors seeking re-election to the Board and continuation in office as Independent Non-Executive Directors at the 40<sup>th</sup> AGM are disclosed in Profile of Directors of this Annual Report.

### *Annual Evaluation*

The Nomination Committee had carried out an annual evaluation on the effectiveness of the Board as a whole, Board Committees, individual Directors of the Company and assessed the independence of the Independent Directors during the financial year under review.

The effectiveness of the Board and Board Committees were evaluated in the areas of composition, quality of information and decision making as well as boardroom/board committee activities. On Peer Assessment, the evaluation was based professional experience, industry knowledge, specific competencies, business acumen, strategic vision, integrity, attendance of and preparation for board meetings, teamwork, active participation and general contributions. The Independent Directors were assessed based on criteria defined in the Listing Requirements of Bursa Securities, their ability to exercise independent judgement at all times and contribution to the effective functioning of the Board.

Based on the evaluations conducted, the Board is generally satisfied with the level of performance and effectiveness of the Board, Board Committees and individual Directors of the Company. The Board is also satisfied with the level of independence demonstrated by all Independent Directors and their ability to act in the best interest of the Company.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## (cont'd.)

The Nomination Committee met twice during the year and below is a summary of the activities undertaken in discharging its duties:

- a) Conducted annual evaluation of the Board, Board Committees and individual Directors;
- b) Assessed the independence of the Independent Non-Executive Directors of the Company;
- c) Reviewed and recommended the re-election of Directors retiring by rotation at the AGM in accordance with the Company's Constitution;
- d) Reviewed and recommended the retention of Independent Non-Executive Directors who have served the Board for more than nine (9) years and beyond; and
- e) Reviewed training programmes attended by all Directors.

### *Board meetings / Supply of Information*

A pre-scheduled annual calendar of the Board meetings is circulated to all Board members at the beginning of each year to facilitate Directors to plan their scheduled meetings. The Board meets on a quarterly basis with additional meetings being convened when necessary.

Five (5) Board meetings were held during the financial year ended 31 December 2020. The attendance of each Director is tabulated below:

Directors	Number of meetings attended
Y.A.M. Tunku Naquiyuddin ibni Almarhum Tuanku Jaafar	5/5
Tan Sri Dato' Yap Yong Seong	5/5
Dato' Sri Yap Wee Keat	5/5
Tan Sri Dato' Nik Hashim bin Nik Ab. Rahman	4/5
Ng Ju Siong	4/5
Izaddeen bin Daud	4/5

The Board is confident that the Directors will continue to devote sufficient time commitment towards fulfilling their roles and responsibilities as Directors of the Company.

Meeting materials based on the agenda of the meeting are distributed to the Directors within a reasonable period prior to the meeting to ensure that Directors have sufficient time to evaluate the matters and be prepared for discussion at the meetings.

External consultants or advisors are also invited to attend Board and Board Committee meetings whenever necessary to explain matters within their expertise, knowledge and provide clarity on the agenda being discussed. This process enables the Board and Board Committees to make an informed decision.

The Directors are notified of the restriction in dealing with the securities of the Company prior to the announcement of financial results. All announcements released to Bursa Securities will be circulated to the Directors for reference.

In the intervals between Board meetings, any matters requiring the Board's approval will be sought via circular resolutions which must be supported with the relevant information and explanation therein. Minutes of meetings are circulated and confirmed by the Board and Board Committees at their subsequent respective meetings. The Directors have access to all information within the Company in the discharge of their duties.

Senior management personnel usually attend Board meetings for purposes of briefing the Board on matters submitted for consideration. More details affecting the operation of business units, strategies and performances are usually presented and discussed at the management executive committee meetings held prior to Board meetings.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## (cont'd.)

### Directors' Training

All Directors have completed the Mandatory Accreditation Programme as prescribed by Bursa Securities. During the financial year ended 31 December 2020, all Directors have attended and participated appropriate training programmes to update and enhance their knowledge to enable them to discharge their duties more effectively. The Directors have attended the following programmes during the year:

Director	Training Programme
Y.A.M. Tunku Naquiyuddin ibni Almarhum Tuanku Jaafar	<ul style="list-style-type: none"> <li>• Changing Countries Paradigm/ The 1<sup>st</sup> World Clean Tech Week eConvention</li> <li>• Key Disclosure Obligations of a Listed Company – Financial Reporting</li> <li>• Protecting You and Your Business with T.R.U.S.T.</li> <li>• Transformation towards Recovery – Session 1 : Financial Resilience</li> <li>• Transformation towards Recovery – Session 2 : Operational Resilience</li> <li>• Audit Committee Institute Virtual Roundtable : ESG Perspective : Managing Recovery and Resilience</li> <li>• IFRS Foundation's Consultation Paper on Sustainability Reporting</li> <li>• IPO Due Diligence : How to Ace it</li> <li>• Latest Update on Malaysian Financial Reporting Standards &amp; Malaysia Budget 2021</li> <li>• Forbes Asia CEO Webinar I</li> <li>• Forbes Asia CEO Webinar II</li> <li>• Blockchain Talks @ UKM – Impact on Blockchain on the Accounting Profession</li> <li>• Green Business Opportunities While Addressing Climate Change Issues</li> </ul>
Tan Sri Dato' Yap Yong Seong	<ul style="list-style-type: none"> <li>• Live Webinar : "The Future of AGM – Fully Virtual / Hybrid AGM"</li> <li>• Corruption and Corporate Liability Offences by Commercial Organisations under Section 17A of the MACC (Amendment) Act 2018</li> <li>• Key Disclosure Obligations of a Listed Company – Financial Reporting</li> </ul>
Dato' Sri Yap Wee Keat	<ul style="list-style-type: none"> <li>• Corruption and Corporate Liability Offences by Commercial Organisations under Section 17A of the MACC (Amendment) Act 2018</li> <li>• Key Disclosure Obligations of a Listed Company – Financial Reporting</li> </ul>
Tan Sri Dato' Nik Hashim bin Nik Ab. Rahman	<ul style="list-style-type: none"> <li>• Key Disclosure Obligations of a Listed Company – Financial Reporting</li> </ul>
Mr Ng Ju Siong	<ul style="list-style-type: none"> <li>• Live Webinar : "The Future of AGM – Fully Virtual / Hybrid AGM"</li> <li>• Corruption and Corporate Liability Offences by Commercial Organisations under Section 17A of the MACC (Amendment) Act 2018</li> <li>• Key Disclosure Obligations of a Listed Company – Financial Reporting</li> </ul>
Encik Izaddeen bin Daud	<ul style="list-style-type: none"> <li>• Key Disclosure Obligations of a Listed Company – Financial Reporting</li> </ul>

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## (cont'd.)

### Remuneration

The Remuneration Committee consisting of Non-Executive Directors with a majority of Independent Directors is made up of the following:

1. Tan Sri Dato' Nik Hashim bin Nik Ab. Rahman (Chairman)
2. Mr Ng Ju Siong (Member)
3. Encik Izaddeen bin Daud (Member)

The Terms of Reference of the Remuneration Committee and Remuneration Policy and Procedures are available on the Company's website at [www.oib.com.my](http://www.oib.com.my).

The Remuneration Committee is responsible for reviewing and where appropriate, recommending to the Board for approval on remuneration, salary revision, bonus and benefits of the Executive Directors or senior management.

The Remuneration Committee also reviews and recommends the payment of Directors' fees and benefits to Non-Executive Directors, which are subject to the approval of the shareholders at the annual general meeting of the Company.

Directors' fees recommended for the Non-Executive Directors are reflective of their responsibilities while the remuneration of the Executive Directors is based on individual performance as well as the performance of the Group.

The Remuneration Committee met once during the financial year to review the remuneration of the Executive Directors and senior management. The Remuneration Committee had also discussed and recommended to the Board on the proposed payment of Directors' fees and benefits to the Non-Executive Directors of the Company.

Details of the Directors' remuneration comprising remuneration received/receivable from the Company and the Group for the financial year ended 31 December 2020 are as follows:

### COMPANY

	Fees	Salaries	Bonus	RM Other Emoluments	<sup>2</sup> Benefits in kind	Total
<b>Executive</b>						
Tan Sri Dato' Yap Yong Seong	-	256,500	-	593	-	257,093
Dato' Sri Yap Wee Keat	-	430,116	-	52,548	41,598	524,262
<b>Non-Executive</b>						
Y.A.M. Tunku Naquiyuddin ibni Almarhum Tuanku Jaafar	48,000	-	-	3,600	35,000	86,600
Tan Sri Dato' Nik Hashim bin Nik Ab. Rahman	36,000	-	-	5,000	-	41,000
Ng Ju Siong	24,000	-	-	1,000	-	25,000
Izaddeen bin Daud	36,000	-	-	2,200	-	38,200
<b>Total</b>	144,000	686,616	-	64,941	76,598	972,155

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## (cont'd.)

### GROUP

	Fees	Salaries	Bonus	RM 1Other Emoluments	2 Benefits in kind	Total
<b>Executive</b>						
Tan Sri Dato' Yap Yong Seong	-	738,720	-	217,779	1,908	958,407
Dato' Sri Yap Wee Keat	-	1,141,140	-	140,856	41,598	1,323,594
<b>Non-Executive</b>						
Y.A.M. Tunku Naquiyuddin ibni Almarhum Tuanku Jaafar	48,000	-	-	3,600	35,000	86,600
Tan Sri Dato' Nik Hashim bin Nik Ab. Rahman	36,000	-	-	5,000	-	41,000
Ng Ju Siong	24,000	-	-	37,000	-	61,000
Izaddeen bin Daud	36,000	-	-	2,200	-	38,200
<b>Total</b>	144,000	1,879,860	-	406,435	78,506	2,508,801

Notes:

- 1 Other emoluments include statutory contributions, allowances and attendance fees.
- 2 Benefits in kind paid to certain Directors include company car, company driver, petrol, club membership and leave passage.

The top key senior management whose total remuneration (including benefits in-kind and other emoluments) under each band of RM50,000 is set out below:

Total remuneration in bands of RM50,000	Number of Key Senior Management
RM150,000 – RM200,000	1
RM250,000 – RM300,000	1

The remuneration of the key senior management is on an aggregated basis as the Board is of the view that it would not be in the best interest of the Company to make detailed disclosure of each key senior management personnel in view of the competitiveness in the employment market and the Company's efforts in attracting and retaining executive talents.

### Company Secretaries

The Company Secretaries are qualified Chartered Secretaries and support the Board in carrying out their roles and responsibilities as Directors. The Company Secretaries will update the Board on any regulatory changes and developments in corporate governance and the Listing Requirements of Bursa Securities and any other rules and regulations which is relevant to the Company. The Company Secretaries ensure that the Company complies with all applicable statutory and regulatory requirements.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## (cont'd.)

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### Audit Committee

The Audit Committee comprises solely three (3) Independent Non-Executive Directors and is chaired by the Senior Independent Non-Executive Director.

The Board through its Audit Committee has a formal and transparent relationship with the external auditors. The Audit Committee meets with the external auditors to review the scope and adequacy of the audit process, audit findings and the annual audited financial statements. The Audit Committee also meets with the external auditors prior to Audit Committee meetings to enable the auditors to highlight certain issues/findings in the absence of the management. For this purpose, the Audit Committee and the external auditors met twice for the financial year ended 31 December 2020.

The Board has in place an Assessment Policy for External Auditors setting out the guidelines and procedures for the Audit Committee to assess, among others, the suitability, objectivity and independence of the external auditors and the cooling period required on proposed appointment of a former key audit partner as a member of the Audit Committee.

The Audit Committee had carried out an evaluation of external auditors' performance and independence for year 2020 and the evaluation covered the areas of calibre of the audit firm, quality processes/performance, audit team, independence and objectivity, audit scope and planning, audit fees and audit communications.

Based on the recommendation of the Audit Committee, the Board is satisfied with the external auditors' performance and independence and will seek shareholders' approval on their re-appointment as auditors at the 40<sup>th</sup> AGM of the Company.

The Board through the Nomination Committee had carried out an annual evaluation on the effectiveness of the Audit Committee and concluded that it had fulfilled its fundamental responsibilities in overseeing financial reporting, assessing the risks and control environment, evaluating the internal and external audit process and reviewing conflict of interest situations and related party transactions. Details of the Audit Committee and its activities are set out in the Audit Committee Report on pages 29 to 32 of this Annual Report.

#### Risk Management and Internal Control Framework

The Board maintains a sound risk management framework and system of internal control to safeguard the Group's assets, shareholders' investments as well as the interests of customers, employees and other stakeholders.

The Risk Management Committee has been established to assist the Board in its responsibilities to identify, assess and monitor key business risks of the Group and is made up of the following with a majority of Independent Directors:

1. Encik Izaddeen bin Daud (Chairman)
2. Tan Sri Dato' Nik Hashim bin Nik Ab. Rahman (Member)
3. Y.A.M. Tunku Naquiyuddin ibni Almarhum Tuanku Jaafar (Member)
4. Dato' Sri Yap Wee Keat (Member)
5. Mr Ng Ju Siong (Member)

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## (cont'd.)

The Risk Management Committee meets on a half-yearly basis to review and evaluate the adequacy of risk management activities, as well as to recommend measures to be adopted to mitigate the business risk exposures. The Risk Management Policy and Procedure is in place to provide guidance for coordinating the application of risk management within the Group.

The Statement on Risk Management and Internal Control is set out on pages 24 to 28 of this Annual Report.

### *Internal Audit Function*

The Board has established an internal audit function within the Company, which is led by Head of Internal Audit Department who reports directly to the Audit Committee.

The Group's Internal Audit department is responsible to conduct review on the systems of internal control, report on the state of the system of internal control and provide recommendations for improvement. All internal audit reports were tabled and reviewed by the Audit Committee in the Audit Committee meetings. Follow-up audit would be performed to ascertain the extent of implementation/rectification of the recommended corrective actions for improvement.

The Audit Committee had carried out an evaluation of Internal Audit function for year 2020 and concluded that the internal auditors had performed their functions effectively in meeting its objectives.

Details of the Company's internal audit function are set out in the Audit Committee Report on page 31 of this Annual Report.

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

### **Communication with stakeholders**

The Board recognises the importance of communication with shareholders and investors on the Group's business and corporate developments. The Board ensures timely release of financial results on a quarterly basis, annual reports, press releases and any announcements to Bursa Securities on material corporate exercises which are the primary mode of disseminating information on the Group's business activities and financial performance.

The Company has established a website [www.oib.com.my](http://www.oib.com.my) for shareholders and the public to assess corporate information and announcements related to the Group. All queries may be directed to the Company through email provided in the said website.

The Company may conduct briefings / dialogue with investors on the performance of the Group. The Group Managing Director is available for such arrangement and enquiries on issues relating to the Group may be conveyed to him.

### **Conduct of General Meetings**

The Annual General Meeting ("AGM") of the Company is the principal forum for dialogue with the shareholders. The Board encourages shareholders to participate in a Question and Answer session on the financial performance and operations of the Group. The Chairman and all Board members together with senior management as well as the external auditors of the Company are present to respond and provide explanations on matters raised at the meeting.

Notice of AGM for the past years (except for 2020) had been sent to shareholders at least 28 days prior to the meeting. The Company will continue to observe the notice period of 28 days for the forthcoming AGM.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## (cont'd.)

The 39<sup>th</sup> AGM was conducted entirely through live streaming and online remote participation by using Remote Participation and Voting Facilities ("RPV") as a precautionary measure for the safety of all attendees amid the Covid-19 pandemic and to adhere to the Guidance Note issued by the Securities Commission on the Conduct of General Meetings for Listed Issuers. As there was a limit to the number of attendees at the broadcast venue, several Directors and the Company's external Auditors participated remotely.

Shareholders were able to raise questions at the 39<sup>th</sup> AGM in real time by transmitting question via the Query Box and voted remotely at the AGM via RPV. The Board responded to all relevant questions submitted before and during the 39<sup>th</sup> AGM.

Notification on the 40<sup>th</sup> AGM will be sent to shareholders via electronic mails and by post (for those without email addresses) informing them of the AGM and that the Company's Annual Report ("AR"), Corporate Governance Report, Circular to Shareholders ('Circular'), Notice of 40<sup>th</sup> AGM, Form of Proxy, Administrative Guide on 40<sup>th</sup> AGM and request form for AR/Circular are available on the Company's website. Amid the evolving Covid-19 situation, the Company will leverage on technology using RPV to conduct the forthcoming AGM.

This Corporate Governance Overview Statement has been approved by the Board of Directors on 20 May 2021.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

This Statement on Risk Management and Internal Control by the Board of Directors ("Board") of Olympia Industries Berhad ("Olympia"/"Company") is made in respect of the financial year ended 31 December 2020 pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers issued by the Taskforce on Internal Control with the support and endorsement of Bursa Securities.

## Board's Responsibilities

The Board of Olympia acknowledges its overall responsibility in maintaining a sound system of internal controls and risk management framework of Olympia and its subsidiaries ("Group") and for reviewing the adequacy and integrity of the system periodically to safeguard the interest of the Company's shareholders and the Group's assets.

The risk management and internal control system is designed to manage rather than eliminate the risk of failure in achieving the Group's corporate objectives and can only provide reasonable but not absolute assurance against any material misstatement or loss.

## Risk Management Process

The Board has formally endorsed an ongoing risk management and internal control framework which includes the following key elements:

- the guiding principles of the risk management framework;
- the underlying approach to risk management;
- the roles and responsibilities of the Board and the management;
- the underlying approach in reviewing and monitoring any significant risks; and
- regular review on the effectiveness and efficiency of internal control procedures and processes.

The risk management and internal control framework is applied continuously throughout the financial year to determine, evaluate and manage the significant risks of the Group. This is further assured by the implementation of an internal control and risk management system that has been integrated in the Group's operations and working culture. Therefore, any significant risks arising from factors within the Group and from changes in the business environment can be addressed on a timely basis.

The Risk Management Committee which comprises a majority of independent Directors shall assist the Board to identify, assess and monitor key business risks of the Group to safeguard shareholders' investments and the Group's assets.

The key aspects of the risk management process include the following:

- Risks are identified by each key business unit assessing the likelihood and impacts of the occurrence of risks which are evaluated and rated as 'Low', 'Medium-Low', 'Medium', 'High-Medium' or 'High'. The level of residual risk is determined after identifying and evaluating the effectiveness of existing controls or mitigating measures.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd.)

## Risk Management Process (cont'd.)

- Heads of the respective business units undertake to update their risk profiles on a half yearly basis.
- The risk profiles, control procedures and status of the action plans are reviewed on a regular basis by the respective Heads of business unit.
- Heads of business unit are provided with reports to enable them to review, discuss and monitor the risk profiles and implementation of action plans.
- Risk management report summarising the significant risks and/or the status of action plans of the respective business units is presented to the Risk Management Committee for its review, deliberation and recommendation for the endorsement or approval of the Board.

The significant risks identified during the financial year under review include:

### Leasing Division

- Low occupancy rate of Menara Olympia

Significant downward pressure on occupancy rate potentially due to more incoming supply of office space with competitive rental rates in the market. The occupancy rate has been further impacted by the emergence of the Covid-19 pandemic. The management expects to step up promotion strategies, offer attractive rent-free and renovation-free period packages, providing rental rebate and deferment especially to tenants affected by pandemic, upgrading building facilities and continue monitoring market movement.

Further measures have been put in place to limit the spread of COVID-19 such as temperature screening, visitors' registration, floor markings for social distancing and regular sanitisation of the building.

### Gaming Division

- Illegal gaming activities

Illegal 4D gaming activities are rampant in the State of Sabah. The illegal 4D operators are getting more innovative with the introduction of WIFI printers connected to mobile phones to facilitate online purchases by punters. The Group has been engaging with the authorities on a regular basis on ways to combat illegal gaming.

- Covid-19 pandemic

Consumer spending on gaming products is affected during times of economic uncertainties since the emergence of the Covid-19 pandemic and the enforcement of the various phases of the Movement Control Order ("MCO") by the Malaysian Government.

As a result of the MCO and Conditional MCO, all ticketing outlets have been closed for business for several months and have cancelled a numerous number of draws which affected the financial performance of the gaming division.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd.)

## Risk Management Process (cont'd.)

### Gaming Division (cont'd.)

- Covid-19 pandemic (cont'd.)

However, after several months of closure federal and state government considered to allow operations of the number forecast operators (NFO). Since then, the Group observes strictly office's Standard Operating Procedures (SOP) and SOP issued by National Security Council at ticketing outlets. The Group expects a slower pace to recovery as the business environment was significantly impacted by economic closures and new social practices during the Covid-19 pandemic. The Group is optimistically confident that it will continue to remain resilient in the NFO business for the upcoming financial year 2021.

## Internal Audit Function

The Audit Committee evaluates the internal audit function to assess its effectiveness in the discharge of its responsibilities. Observations from these audits, especially on areas where material internal control deficiencies or lapses have been noted, are presented together with management's proposed action plans and implementation timelines, to the Audit Committee for its review. The internal audit function also follows up and reports to the Audit Committee on the status of implementation of the action plans by management. Further details of the activities of the Internal Audit function are set out in the Audit Committee Report included in this Annual Report.

## Internal Control Process

Other key features of the Group's internal control system include the following:

- Board / Board Committees

Board Committees (comprising Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee) have been established to carry out their duties and responsibilities delegated by the Board and are governed by the respective written terms of references.

The Audit Committee regularly reviews and scrutinises the audit reports prepared by the Internal Audit Department ("IA") and conducts annual assessment on the adequacy of the IA's scope of work and resources.

Risk Management Committee meeting is held half-yearly to review and evaluate the adequacy of risk management activities, as well as to recommend measures to be adopted to mitigate the business risk exposures.

The Board and the Audit Committee meet quarterly and have set a schedule of matters which is required to be brought to the attention of the Board and/or the Audit Committee for discussion to ensure full and effective supervision over appropriate controls. In addition, the Group Managing Director provides explanation to the Board on pertinent issues. The Board is kept updated on the Group's activities and its operations on a regular basis.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd.)

## Internal Control Process (cont'd.)

- Organisation Structure and Authorisation Procedure

An organisation structure with the defined lines of responsibility and appropriate reporting structure including proper approval and authorisation limits for approving the capital expenditure and expenses within the Group.

- Policy and Procedure

Internal policies and procedures are documented through a series of manuals for all major operations of the Group. The authorisation procedures for key processes are stated in the Group's policies and procedures.

- Annual Budget

Strategic planning and annual budgeting are undertaken for the key business units and consolidated at Group level. Senior management closely monitors the key performance indicators and financial and operating results against budget to identify and where appropriate, to address the significant variances.

- Human Resource Policy

Guidelines on human resource management are in place to ensure that the Group is able to operate in an effective and efficient manner. This involves employing and retaining adequate competent employees with necessary knowledge, skill and experience in carrying out their duties and responsibilities.

## Monitoring Process

Given the Group Managing Director and Executive Director are directly involved in daily operations of the Group, they will conduct regular reviews of operational and financial data.

The Audit Committee has full and direct access to the Head of IA and receives reports on all internal audits performed. The IA continues to independently and objectively monitor the compliance with regards to policies and procedures, and the effectiveness of the internal control system. Significant findings and recommendations for improvement are highlighted to the Audit Committee and management, with periodic follow-up of the implementation of action plans. The management is responsible for ensuring that corrective actions are implemented accordingly.

Based on the IA reports for the financial year ended 31 December 2020, some weaknesses in the internal controls were identified and measures have been or are being taken to address these weaknesses. None of these weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Company's Annual Report.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd.)

## Conclusion

The risk management and internal control system of the Group comprising the respective frameworks, procedures, management processes, monitoring processes described in this statement are considered appropriate. While the Board acknowledges that the risk management and internal control system does not eliminate the possibility of collusion or deliberate circumvention of procedures by employees, human errors and/or other unforeseen circumstances that might result in poor judgment, an assurance was received from the Group Managing Director and the General Manager, Group Finance that the risk management and internal control system is operating adequately and effectively.

The Group continues to take measures to enhance and strengthen the risk management and internal controls environment.

## Review of the Statement by External Auditors

As required by Paragraph 15.23 of the MMLR of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control. The external auditors' limited assurance review was performed in accordance with the Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants. The AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

This Statement on Risk Management and Internal Control has been approved by the Board of Directors on 20 May 2021.

# AUDIT COMMITTEE REPORT

The Audit Committee of Olympia Industries Berhad ("Olympia" / "Company") was established on 20 June 1994 to assist the Board of Directors of Olympia ("Board") in discharging its duties pertaining to internal controls, financial and accounting records and policies as well as financial reporting practices of the Company and its subsidiaries ("Group"). The Terms of Reference of the Audit Committee are available on the Company's website at [www.oib.com.my](http://www.oib.com.my)

The Board is pleased to present the Audit Committee report for the financial year ended 31 December 2020.

## AUDIT COMMITTEE COMPOSITION AND ATTENDANCE OF MEETINGS

The Audit Committee consists of three (3) Independent Non-Executive Directors and among them, Encik Izaddeen bin Daud has fulfilled the qualification requirement under paragraph 15.09(1)(c)(iii) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Five (5) Audit Committee meetings were held during the financial year ended 31 December 2020 and the attendance of each Audit Committee member is tabulated below:

Composition of Audit Committee	Directorship	Meeting Attendance
Tan Sri Dato' Nik Hashim bin Nik Ab. Rahman (Chairman)	Senior Independent Non-Executive Director	4/5
Y.A.M Tunku Naquiyuddin ibni Almarhum Tuanku Jaafar (Member)	Independent Non-Executive Director	5/5
Izaddeen bin Daud (Member)	Independent Non-Executive Director	4/5

The Head of Finance and the Head of Internal Audit normally attend the Audit Committee meetings to brief on the financial results, internal audit reports and related matters as well as to provide further clarifications/explanations thereat. The external auditors also attend certain Audit Committee meetings to brief on audit matters and the review of the quarterly interim condensed financial statements of the Group.

For the financial year ended 31 December 2020, the external auditors attended all the Audit Committee meetings to brief on the status of the auditors' review on the quarterly interim condensed financial statements of the Group. The Audit Committee had two (2) private sessions with the external auditors during the financial year without the presence of management to discuss certain key audit issues/ findings.

# AUDIT COMMITTEE REPORT (cont'd.)

## SUMMARY OF FUNCTIONS PERFORMED BY THE OF AUDIT COMMITTEE

During the financial year ended 31 December 2020, the Audit Committee had performed the following in the discharge of its functions and duties:

### Financial Reporting

- Reviewed and recommended the quarterly financial results and annual audited financial statements of the Company and the Group to the Board for approval. The focus was particularly on the changes in or implementation of major accounting policy, significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions, and how these matters were addressed; and compliance with accounting standards and other legal requirements.

### External Audit

- Reviewed and deliberated with the external auditors on the Interim financial statements and the results of the annual audited financial statements of the Company and the Group and the Auditors' report thereon;
- Discussed and reviewed the external auditors' annual audit plan including their services, independence, area of audit emphasis, audit timeline, terms of engagement for the statutory audit, proposed audit fees, updates on the Financial Reporting Developments in Malaysia; and
- Carried out an evaluation on the performance and independence of the external auditors prior to their re-appointment.

### Internal Audit

- Reviewed and approved the risk-based annual Internal Audit plan presented by the Head of Internal Audit;
- Reviewed internal audit reports which highlighted the audit findings together with the root causes, audit recommendations and management's response to the recommendations;
- Reviewed the findings of follow-up audits to determine the status of implementation of management's corrective actions;
- Reviewed the Reports on the status of Internal Audit and Manpower Analysis;
- Monitored the corrective actions taken on the outstanding audit issues to ensure all key risks and control lapses have been addressed; and
- Assessed the performance of Internal Audit Function including that of the Head of Internal Audit and reviewed its effectiveness of the audit process and assessed the overall performance of the Internal Audit department.

### Related Party Transactions

- Reviewed related party transactions and recurrent related party transactions of the Company and the Group.

### Others

- All Audit Committee members have attended various training programmes during the financial year under review and the details of which are set out in the Corporate Governance Overview Statement in this Annual Report.

# AUDIT COMMITTEE REPORT (cont'd.)

## INTERNAL AUDIT FUNCTION

The Audit Committee is supported by the Internal Audit department in discharging its duties and responsibilities. The Internal Audit department reports directly to the Audit Committee and conducts independent assessments of the Group's internal controls, risk management and governance processes.

The objective, authority and responsibility of the Internal Audit department as well as the nature of consultancy activities provided by the function are set out in the Internal Audit Charter, endorsed by the Audit Committee and approved by the Board. The Internal Audit Charter ensures the appropriate structure, scope of activities, access and reporting arrangements are in place as well as an independent and objective assurance on risk management, internal controls and governance procedures within the Company and the Group.

The Internal Audit team functions independently of the activities it audits and carries out its work according to the standards set by professional bodies, primarily consistent with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

The Internal Audit department adopts a risk-based auditing approach, focussing on risk areas and past audit findings of audit assignments. The prime objective of the internal audit function is to ensure a sound internal control system is in place and functioning adequately. This is achieved through regular and systematic reviews of internal control systems and management information systems to ensure the reliability and integrity of information in complying with applicable policies, plans, procedures and regulations.

The Audit Committee reviews and approves the annual audit plan and manpower requirements, prior to the commencement of audits, at the first Audit Committee meeting of the financial year. The audit approach is to focus on high risk business processes and to assess the effectiveness of internal controls thereof.

The Internal Audit scope of coverage for the financial year under review encompassed the audit of key processes and operations of all active subsidiaries as identified in the annual audit plan. Audit activities are aimed to ensure the risk management procedures are in adherence with and principal risks are identified by the management as well as appropriate controls are in place to manage these risks.

The Internal Audit will conduct periodical risk assessments for corruption to identify, assess and mitigate any corruption risks that the Group may expose to. A corruption risk assessment forms the basis of the Company's anti-corruption effort in protecting the Company from relevant threats arising from the weakness in the internal control system.

The Internal Audit department receives appropriate support, trainings and resources. This has benefited the audits and audit coverage and increased leverage through knowledge and best practices. All auditors have audit background. The Internal Audit department incurred costs of RM277,539 during the financial year ended 31 December 2020 (2019: RM273,054).

## SUMMARY OF FUNCTIONS OF INTERNAL AUDIT

A summary of the work of the Internal Audit department carried out during the financial year under review encompasses the following:

- (i) Completed audit assignments covering Gaming and Investment Holding divisions.
- (ii) Played an active advisory role in the review and improvement of the existing system of internal controls of the Group initiating an effort to provide value added services.

# AUDIT COMMITTEE REPORT (cont'd.)

## SUMMARY OF WORKS OF INTERNAL AUDIT (cont'd.)

- (iii) Audits covered mainly on the review of the following:
- accuracy of financial reporting;
  - effectiveness and efficiency of operations;
  - adequacy of internal control systems;
  - compliance with internal policies, procedures, rules and regulation; and
  - effectiveness of risk management processes and implementation of controls by management to mitigate significant risks.

- (iv) Ad hoc consulting and reviews

The Internal Audit department also reported on the audit findings, implementation of control plans to mitigate risks identified and recommended corrective actions as discussed with senior management. The relevant timeline is set for implementation of action plans which were agreed upon and follow-up audits to ensure strict adherence and a sound internal control system is in place and functioning adequately. All the corresponding audit reports with follow-up action plans and implementation status were presented to the Audit Committee for its review.

- (v) Conducted a review on the adequacy of the policy in relation to the corporate liability provision under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 and advised on the gaps that needed to be put in place before the effective date.

This Audit Committee Report has been approved by the Board of Directors on 20 May 2021.

# ADDITIONAL COMPLIANCE INFORMATION

## a) Utilisation of Proceeds

The Company did not carry out any corporate exercise to raise funds during the financial year.

## b) Audit Fees and Non-Audit Fees

The audit fees and non-audit fees paid or payable to the external auditors for the financial year ended 31 December 2020 are as follows:

Type	Company (RM)	Group (RM)
Audit Fees	168,000	405,000
Non-Audit Fees	309,000	309,000

Included in the non-audit fees are fees totaling RM300,000 for review of the Company's interim financial statements.

## c) Share Options Scheme (ESOS)

The Company does not have any ESOS.

## d) Material Contracts

Save as disclosed below, there were no material contracts entered into between the Company or Olympia and its subsidiaries involving the Directors and major shareholders' interests still subsisting at the end of the financial year ended 31 December 2020 :-

- (i) Consortium agreement dated 14 February 2003 entered into between Olympia Properties Sdn Bhd ("OPSB"), a wholly-owned subsidiary of the Company and KH Estates Sdn Bhd ("KHE"), a wholly-owned subsidiary of DutaLand Berhad ("DutaLand") for the proposed development of four (4) parcels and six (6) parcels of land measuring approximately 32.3 and 41.14 acres in Mukim Batu, District of Kuala Lumpur, State of Wilayah Persekutuan acquired by the Company and DutaLand respectively from Kenny Height Developments Sdn Bhd ("KHD").

The common interested Directors in both Olympia and DutaLand are Tan Sri Dato' Yap Yong Seong and Dato' Sri Yap Wee Keat and the common interested major shareholders in the said companies are Tan Sri Dato' Yap Yong Seong, Dato' Sri Yap Wee Keat, Puan Sri Datin Leong Li Nar and Datuk Yap Wee Chun.

KHD is a major shareholder of both Olympia and DutaLand. Tan Sri Dato' Yap Yong Seong and Puan Sri Datin Leong Li Nar are major shareholders of KHD.



## ADDITIONAL COMPLIANCE INFORMATION

(cont'd.)

- e) **Recurrent Related Party Transactions of a Revenue or Trading Nature conducted pursuant to the Shareholders' Mandate approved at the 39<sup>th</sup> Annual General Meeting held on 23 June 2020.**

Related Parties involved with Olympia Industries Berhad and/or its subsidiaries	Nature of Transaction	Relationship	Aggregate Value for financial year ended 31 December 2020 (RM'000)
DutaLand Berhad ("DutaLand") and its subsidiaries ("DutaLand Group")	Letting of office premises inclusive of parking space at basement parking in Menara Olympia	Tan Sri Dato' Yap Yong Seong ("TSDYYS") and Dato' Sri Yap Wee Keat ("DSYWK") are directors and major shareholders of DutaLand and Olympia Industries Berhad	786
Sri Aman Development Sdn Bhd ("Sri Aman")	Letting of office premises inclusive of parking space at basement parking in Menara Olympia	TSDYYS has 75% indirect interest in Sri Aman	101

# SUSTAINABILITY STATEMENT

This statement highlights the sustainability activities of Olympia Industries Berhad (“Olympia” or “Company”) and its subsidiaries in 2020. It provides a clear and transparent representation of the Company’s performance in managing the economic, social and environmental aspects of operations. We aim to present transparent information to the public in order to broaden communication with stakeholders.

The reporting period follows Olympia’s latest financial year from 1 January to 31 December 2020 (“FY2020”). This statement presents the sustainability performance for Olympia’s two main revenue streams:

- 1) Gaming Division, which is operated by Lotteries Corporation Sdn. Bhd (“LCSB”), a wholly-owned subsidiary company with 40 outlets at 13 districts in Sabah; and
- 2) Leasing Division, which covers office premises and car parks within Menara Olympia, operated by a wholly-owned subsidiary, Dairy Maid Resort & Recreation Sdn. Bhd (“DMRR”).

The business operations of the Property Development Division have been omitted from this statement as their impact is minimal.

This statement is guided by the Global Reporting Initiative (GRI), an internationally recognised standard for sustainability reporting. Other relevant local and international guidelines have also been considered. The content has been structured into the three major pillars of Economic, Environmental and Social as stipulated by Bursa Malaysia’s Sustainable Reporting Guide.

Our strategies, achievements and future plans for sustainability management are all aligned with these guidelines. The reporting content is aligned with other relevant sustainability guidelines including the International Organization for Standardization (ISO) 26000:2010 Guidance on Social Responsibility and United Nations Sustainable Development Goals (UNSDGs).

The reliability and relevance of the disclosed information have been ensured through a formal materiality assessment. This process identified the salient sustainability issues affecting the value chain and are of most interest to stakeholders. This materiality assessment is reviewed annually to ensure it reflects changes in the business and external environment.

Our transparency efforts are not limited to this statement. Other material issues such as detailed Corporate Governance and data related to our internal operations and business activities are reported in other sections of this Annual Report.

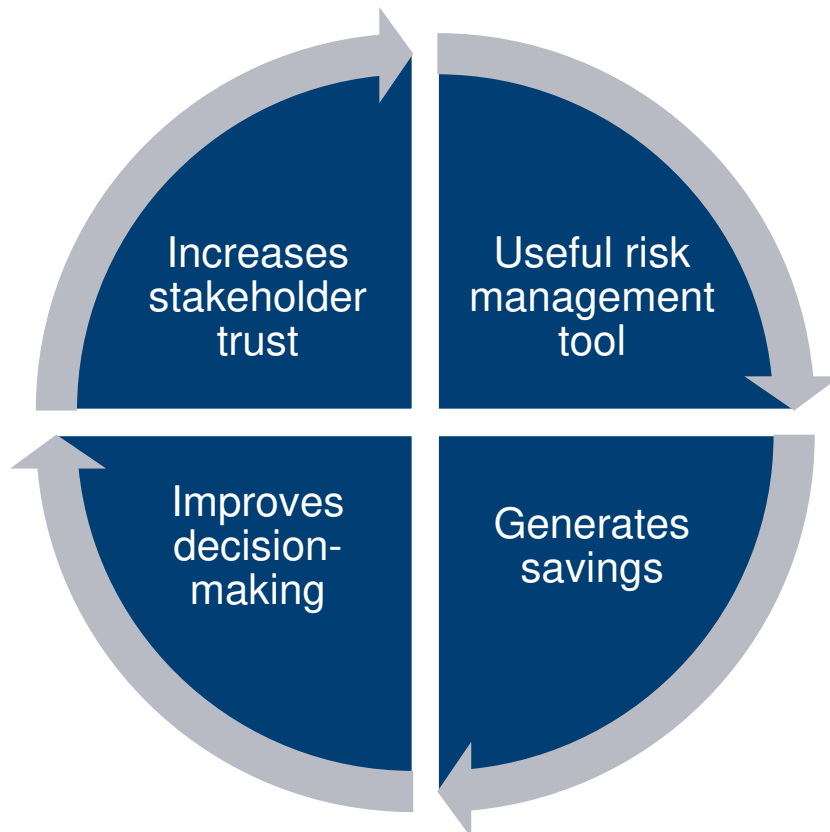
We will continue to identify areas for improvement in our sustainability reporting and performance. We welcome your feedback/enquiries in relation to the statement and can be contacted at [olympia@oib.com.my](mailto:olympia@oib.com.my).

# SUSTAINABILITY STATEMENT (cont'd.)

## SUSTAINABILITY AT OLYMPIA

Sustainability reporting is an important process as it allows us to evaluate the impact business operations have on sustainability issues while being transparent about the risks and opportunities faced.

### Benefits of Olympia's Sustainability Reporting



Sustainability has always been an integral part of the business model and Olympia's responsibility extends beyond operations. Olympia listens to the views of all stakeholders including employees, customers, financiers, suppliers, contractors and regulatory bodies. We consider ecological and social conditions while working towards efficient processes and operations.

## OUR FOCUS ON SUSTAINABILITY

Sustainability complements our strategic aims and helps create a long-term and sustainable business that creates value for all stakeholders.

### Behaving Responsibly

We are in a long-term business. Strong relationships help us create sustainable positive change in our communities and the environment

# SUSTAINABILITY STATEMENT (cont'd.)

## OUR APPROACH

Olympia has an unwavering commitment to sustainability. As tenants, customers and communities feel a sense of belonging, we connect with each of them as a responsible business operator and address the most important issues. Stakeholder value is maximised by focusing on growing the business while delivering positive change in local communities and having a minimal impact on the environment.

Strong two-way relationships with all stakeholders are important so that their expectations can be addressed. Open and regular communication allows us to understand their needs and identify opportunities to work together on social, environmental and economic areas.

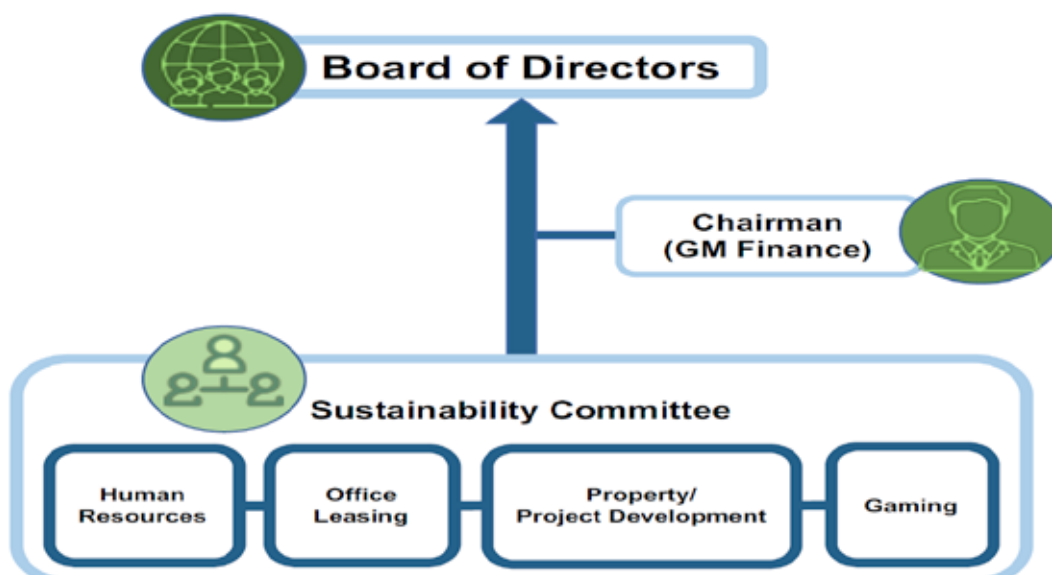
Relationships are integral to all business operations and will no longer be treated in isolation. Olympia will demonstrate ways in which these relationships underpin our work in local communities, economic contribution and environmental efficiency.

## SUSTAINABILITY GOVERNANCE

Sustainability is a key component of the overall business strategy and is closely tied with the governance framework. It provides accountability and facilitates clear planning, implementation and monitoring of sustainability activities across Olympia.

The Board of Directors ("Board") has the overall responsibility for sustainability strategy and performance. The Board is supported by the Sustainability Committee, which is led by the General Manager of Group Finance ("GM Finance"). The Committee comprises representatives from key functions including Group Human Resources, Office Leasing, Project Development and Gaming.

Senior management personnel in their fields of expertise are the main drivers, being individually and jointly responsible for the strategy and implementation of their respective sustainability measures. The responsibilities of the Sustainability Committee include identifying relevant sustainability initiatives to strengthen sustainability performance and implementing Board-approved initiatives and strategies.







# SUSTAINABILITY STATEMENT (cont'd.)

## PROGRESS ON GLOBAL SUSTAINABLE DEVELOPMENT GOALS

Olympia strives to contribute to achieving the United Nation's Sustainable Development Goals ("SDGs"). In 2020, we identified five of the 17 goals as being most relevant to business activities and with the greatest impact potential.

The SDGs are a blueprint for achieving a better, fairer and more sustainable future for all. Our current business is already aligned with these goals and we are mindful of them when making all business decisions.

	<p>A global economy that relies on fossil fuels and an increase in greenhouse gas emissions is drastically changing our climate system. We are exploring energy-efficient measures to reduce this impact through an initiative to replace air-conditioners with inverter models and encouraging tenants to adopt LED lighting.</p>
	<p>Fair and decent work is essential for economic growth and social mobility. Our employment programmes help local people improve their skills and reduce unemployment. We are exploring how our businesses can tap into new opportunities.</p>
	<p>Investment in infrastructure and innovation are crucial drivers of economic growth and development. Olympia manages quality, reliable, sustainable and resilient commercial properties that support economic development and human well-being.</p>
	<p>Malaysia is currently one of the most urbanised countries in South East Asia with more than 76% of the total population residing in urban areas and cities. Olympia works with users and tenants throughout its properties to ensure they maximise their use of resources.</p>
	<p>Achieving economic growth and sustainable development requires that we urgently reduce our ecological footprint by changing the way we consume resources. Paper is the highest consumed natural resource by our operations. We are mindful of keeping waste to a minimum when procuring and consuming paper.</p>

## OUR RELATIONSHIPS MATTER

Close relationships help us deliver our objectives and generate greater value for all stakeholders. Olympia's stakeholder framework has been categorised into nine core groups with each being defined as having an impact on or being affected by the business. People are integral to operations and nurturing these relationships helps connect stakeholders with the business.

## SUSTAINABILITY STATEMENT (cont'd.)

Meaningful relationships are built on trust and transparency and promote two-way dialogue with stakeholders. Olympia engages with its stakeholders in various ways ranging from formal processes through to day-to-day interactions by staff across the business.

A good reputation with all stakeholders is essential for building trusted and strong stakeholder relationships.

Stakeholder Groups	Their Expectations	Our Commitment	Methods of Engagement	Frequency of Engagements
<b>Employees</b>	• Fair remuneration	• A culture of respect, trust and mutual understanding fostered through open and positive relationships	Performance appraisal	Annually
	• Career development and progression opportunities	• Learning and career development opportunities	Training programmes	Ad-hoc training when needed or changes to regulatory frameworks, standards and laws
	• Work-life balance	• Remuneration structures that provide fair rewards for contributions made	Announcements of safety measures such as fire drills	Ad-hoc safety announcements
	• Safe and conducive workplace	• Recognition for excellence in individual and team performance	Round-the-clock building security team and CCTV systems	24 hours daily
<b>Senior management and Board of Directors</b>		• A safe, healthy and productive work environment		
	• Stable and sustainable income distribution	• Balanced and fair senior management and board composition	EXCO & BOD meetings	The Board meets at least four times each year.
	• Solid financial performance	• Guided by the principles set out in the Malaysian Code on Corporate Governance ("MCCG")	Other ad-hoc BOD meetings	Ad-hoc
<b>Customers</b>			Internal department meetings	The Board met 5 times in FY2020.
	• Safety and security of premises	• Prioritising interests of customers across operations	Round-the-clock building security team & CCTV systems	24 hours daily
	• Transparency			



## SUSTAINABILITY STATEMENT (cont'd.)

Stakeholder Groups	Their Expectations	Our Commitment	Methods of Engagement	Frequency of Engagements
<b>Government and Regulatory Authorities</b>	<ul style="list-style-type: none"> <li>Regulatory compliance</li> <li>Keeping abreast with policy and regulatory changes</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with all relevant laws and regulations</li> <li>Contributing to the advancement of the industry and nation</li> </ul>	Direct dialogue to understand and address issues and changes to regulations and requirements	Ad-hoc
			Policy briefings	As and when necessary
			Consultation sessions and conferences	As and when necessary: Directors and senior management attended at least one briefing by Bursa Securities and some individually attended events by regulatory or professional bodies.
<b>Insurers</b>	<ul style="list-style-type: none"> <li>Solid financial performance</li> <li>Being updated on any changes to the circumstances of insured parties or assets</li> <li>Timely payment of insurance premiums</li> </ul>	<ul style="list-style-type: none"> <li>Provision of transparent financial standing and outlook information</li> <li>Strong financial performance which guarantees the timely payment of insurance premiums</li> </ul>	Annual report	Annually
			Renewal process	Upon insurance renewal
			Direct dialogue (claims, additions and exclusions)	Ad-hoc
<b>Creditors, contractors and suppliers</b>	<ul style="list-style-type: none"> <li>Fair treatment</li> <li>Transparent procurement processes</li> <li>Prompt payment</li> </ul>	<ul style="list-style-type: none"> <li>Long-term, mutually beneficial relationships</li> <li>Impartial business decisions free from conflicts of interest</li> <li>Transfer of experience and knowledge for mutual benefit</li> </ul>	Review meetings	Periodically
			Direct dialogue	Ad-hoc

## SUSTAINABILITY STATEMENT (cont'd.)

Stakeholder Groups	Their Expectations	Our Commitment	Methods of Engagement	Frequency of Engagements
<b>Shareholders and Investors</b>	<ul style="list-style-type: none"> <li>Stable and sustainable income distribution</li> <li>Solid financial performance</li> <li>Timely and transparent reporting</li> <li>Prudent risk management</li> </ul>	<ul style="list-style-type: none"> <li>Continuous effort to maintain long-term stability and growth in shareholder value and return on investment</li> <li>Build and preserve the value of our capabilities and relationships</li> <li>Responsible management of investment and business risks</li> </ul>	Annual general meetings ("AGM")	Annually
			Extraordinary general meetings ("EGM") where applicable	The frequency of EGMs varies depending on Olympia's corporate exercises. No EGMs were held in FY2020.
<b>Communities and Public</b>	<ul style="list-style-type: none"> <li>Creating a positive impact on the surrounding community</li> <li>Responsible corporate citizen giving back to the community</li> </ul>	<ul style="list-style-type: none"> <li>Support the long-term development of communities served</li> <li>Active engagement in community activities</li> <li>Contribution to the development of social, economic and environmental community needs where operations are based</li> </ul>	CSR Programme	Once or twice a year
<b>Lenders and Financiers</b>	<ul style="list-style-type: none"> <li>Solid financial performance</li> <li>Compliance with loan covenants</li> <li>Timely loan principal and interest repayments as agreed</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable financial position to maintain trust in the financial sector</li> </ul>	Annual report submission	Annually
			Periodic bank covenant review process	Periodically
			Direct dialogue to address any concerns	Ad-hoc

# SUSTAINABILITY STATEMENT (cont'd.)

## MATERIALITY MATTERS

In sustainability reporting, materiality is the principle that determines which relevant topics are sufficiently important that it is essential to report on them. Not all material topics are of equal importance, and the emphasis within a report is expected to reflect their relative priority.

Olympia assesses its materiality issues regularly to:

- Ensure that the sustainability strategy and targets focus on the key impacts of the business and topics that matter most to stakeholders
- Identify the issues that materially affect us, our tenants, customers, investors, employees and communities
- Influence our actions so that positive and transformational change can be driven through the organisation and beyond.



### 2020 MATERIALITY REVIEW EXERCISE

A comprehensive materiality assessment conducted in the financial year ended 31 December 2019 ("FY2019") identified a list of potential material issues through a detailed materiality study with internal and external stakeholders. The management reviewed the process and results of this study.

We conducted an internal review comprising the following steps:

# SUSTAINABILITY STATEMENT (cont'd.)

1. Reviewed if/how our business has changed and if/how our operating context has shifted since the past year, including:
  - Structural changes, new markets, legislation, sustainability trends, public opinion/pressure in relation to the leasing and gaming industries;
  - Engaged with internal and external stakeholders; and
  - Consultation sessions with senior management
2. Analysed the implications for materiality
  - How each of the factors above influences our sustainability programme; and
  - Whether and how issues could be better represented and prioritised.

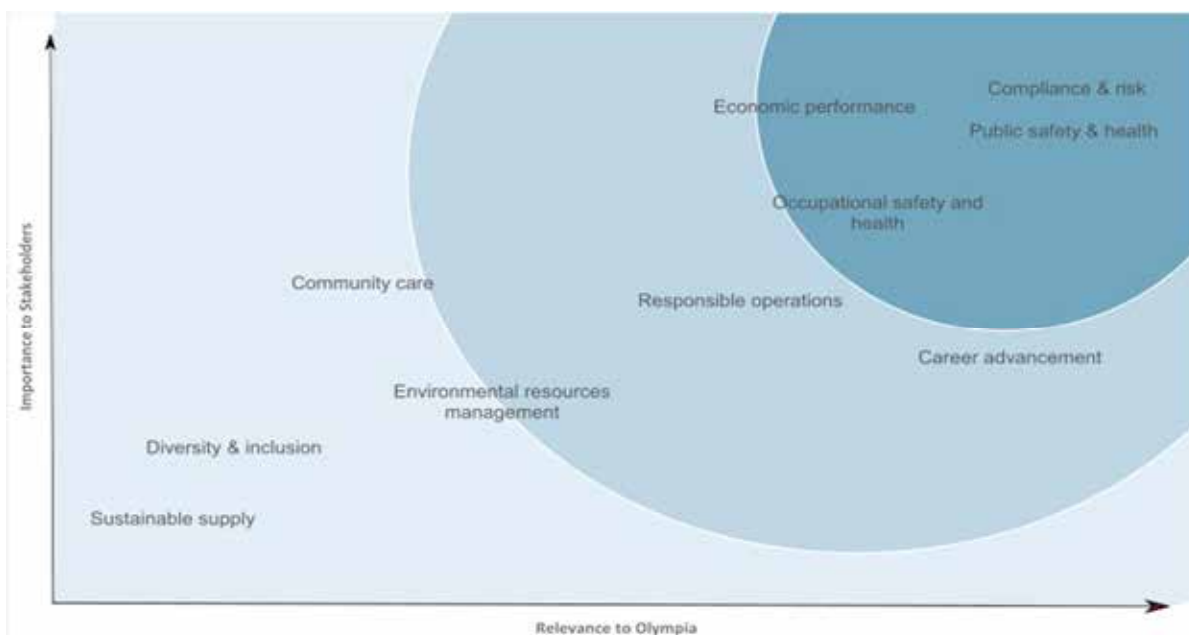
The management found that the materiality assessment conducted in FY2019 was still relevant as key stakeholders, business priorities and the Company's structure have not changed significantly. The Company is committed to conducting a materiality assessment every two years to ensure its relevance and accuracy.

## Stakeholders Considered during Previous Materiality Analysis



The matrix is presented in the following diagram.

## Olympia Materiality Matrix 2020



# SUSTAINABILITY STATEMENT (cont'd.)

## ECONOMIC

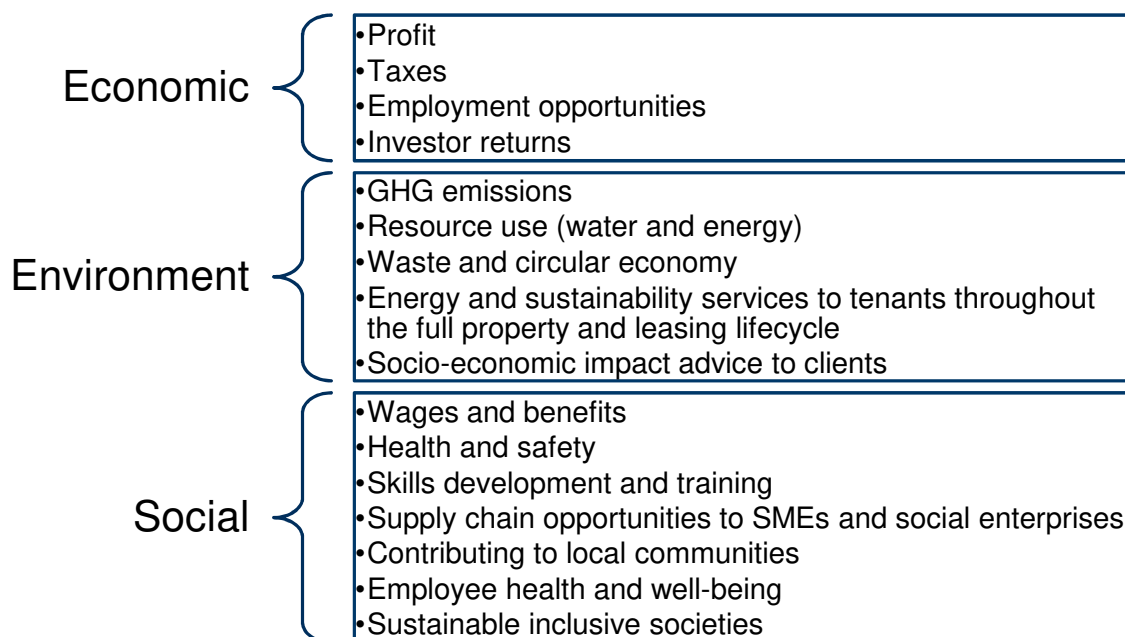
Sustainability is important to Olympia as it helps us deliver long-term value to our shareholders, create productive, healthy spaces for our tenants and employees while energising our communities.

Property and leasing is one of the most important industries of any economy. The affordability of real estates, rental prices and changes in those prices have a direct impact on the wealth of property owners and tenants and their consumer spending. Meanwhile, our gaming industry continues to contribute to the nation's economic growth through tax payment and the provision of jobs to the locals.

We strive to create a healthy and dynamic balance between activities that produce short-term value and returns for our stakeholders through:

- The effective management of current transactions and business activities; and
- Investments in people and systems designed to produce sustainable returns over the long term.

### Examples of Our Influence



## COVID-19: AN OPPORTUNITY TO MOVE FORWARD, SUSTAINABLY

The Covid-19 pandemic represents a serious threat to our global health, communities, economies, supply chains and investments. The outbreak and rapid spread of Covid-19 have forced governments, business and communities to confront a new reality predicated on protecting and treating individuals, containing the spread of the virus and ensuring the stability and health of the business in the long term. Olympia is hopeful for a strong recovery in the future.

# SUSTAINABILITY STATEMENT (cont'd.)

## Impact on the Group's Business Operations

### Leasing division

- Rental rebates and deferments have been given to office and retail unit tenants on a case-by-case basis to assist and retain tenants during this difficult time. Some tenants have voluntarily continued to remain closed and have initiated work-from-home arrangements. Overall, despite the office premises closure during the MCO and CMCO, the office leasing operations at Menara Olympia remained largely unaffected, with only the Covid-19 SOPs becoming the "new normal" for both tenants and visitors. The leasing segment incurred losses mainly due to fair value losses on the valuation of Menara Olympia. Occupancy and average rental rates also trended lower during nine months of MCO, CMCO and RMCO.

### Gaming division

- The revenue of our gaming division has been badly impacted by the temporary closure of the gaming operations during both the first round of the MCO and CMCO. From March through May 2020, a total of 44 lottery draws were cancelled. During the CMCO which commenced in October 2020, 12 draws and one replacement special draw were cancelled. Gaming operations resumed on 3 November 2020 with the state government's permission.
- A number of policies implemented during the year affected gaming operations. 57 draws including special draws during the MCO and CMCO had to be cancelled during the year.

## LOCAL EMPLOYMENT AND ENTERPRISE

Olympia places great emphasis on building the capacity of its suppliers and expects their respective vendors to do the same. We place a high priority on purchasing goods and services locally and are committed to giving local contractors and suppliers the opportunity to participate in projects and operating requirements, generally through a competitive bidding process. We also seek opportunities to develop local suppliers and promote local hiring as appropriate to meet business needs.

Prioritising local procurement has been the general practice at Olympia unless goods and services are unavailable such as technical services and IT components. In 2020, 100% of expenditure by the leasing and property development divisions was spent locally; 100% expenditure at our headquarters was also spent on local vendors.

Only 3% of the Gaming division's expenditure was channelled to foreign suppliers. This money was channelled to a gaming developer in Australia that is responsible for maintaining the gaming system. This developer also examines all software-related modifications, enhancements and other value-added solutions. We actively develop diverse and small local businesses through our supplier diversity initiative.



# SUSTAINABILITY STATEMENT (cont'd.)

Our Leasing division only leases office premises to legitimate business owners that are registered with the Companies Commission of Malaysia ("SSM"). We constantly engage with our tenants as their feedback is paramount.

## ENVIRONMENTAL

The world faces a global climate crisis. The shrinkage of natural resources triggered by an increasing population and environmental pollution threatens the future of humanity and the business world. Business operators have a responsibility for building a more environmentally resilient world in addition to the measures taken by governments. We are part of this solution as we prioritise the environmental impacts we create in the fields in which we operate.

## ENERGY MANAGEMENT

Buildings, particularly older structures, are major consumers of energy. Energy is used for heating, cooling, lighting, powering business equipment and providing all the services that people need to live and conduct their business.

Olympia addresses this issue by taking meaningful action to address potential savings. We analyse wide-ranging, detailed and reliable data to build a strategic plan that drives lasting improvements. Olympia takes a holistic approach to maximise cost savings, minimise energy consumption and improve the environmental sustainability of its property portfolio by:

- Assessing the maturity of the building's management systems and processes; and
- Combining detailed quantitative analysis with insights gleaned from focused interviews with tenants and users that directly and indirectly influence property use and the associated energy and emissions.

Energy efficiency is a key step to reducing our impact on climate change and creating a sustainable energy future. Examples of small changes we continue to implement to improve energy efficiency include.

- Installing energy-efficient lightings such as compact fluorescent (CFL) and LED bulbs
- Using energy-saving settings on appliances and replacing faulty equipment with Energy Star-appliances
- Changing air conditioning filters regularly
- Replacing faulty air-conditioners with inverter models

Total energy consumption in 2020 was 4,637,288 kWh which is 5.4% less than 4,903,743 kWh in the previous year. This data does not include our gaming operations.

However, the reduction in Olympia's electricity consumption is not necessarily due to efficiency gains. Many factors contributed to this significant drop in energy usage including various movement control orders and restrictions being enforced throughout the year.

# SUSTAINABILITY STATEMENT (cont'd.)

## WASTE MANAGEMENT

Olympia remains steadfast in managing its waste efficiently. We aim to reduce, reuse and recycle our waste whenever feasible throughout all aspects of the business. Promoting reuse and recycling to business users help to minimise waste and maximise the reuse of materials across the business.

### Types of Waste Generated by Our Gaming and Leasing Divisions



The scope for recycling at Olympia is significant as most of the waste generated from operations is recyclable. Establishing an intuitive recovery programme has improved recycling rates and reduced the amount of waste being sent to landfill. We promote recycling to tenants and visitors by:

- Staging recycling containers in common areas so tenants and visitors have access to recycling throughout our entire property;
- Reducing contamination and maximising our recycling rate by using multiple bins to collect different recyclable materials;
- Displaying posters and signage near each recycling bin to raise awareness and reduce confusion; and
- Sending emails at least once a year that cover the basics of our recycling programme including items that can be recycled, the location of the recycle bins and other important information related to best practice.

Our Gaming division continues to face challenges posed by using thermal paper as lottery tickets. Thermal paper printing uses heat instead of ink, similar to many receipts, which allows lottery tickets to be printed almost instantly. However, this type of paper cannot be recycled with normal paper.

We will continue to seek solutions that are economical and environmentally friendly.

---

## E-WASTE

Replacing traditional light bulbs with LED alternatives brings many environmental benefits. However, light bulbs are a form of e-waste and must be disposed of properly. E-waste contains toxic substances and heavy metals that can harm human health and the environment if improperly managed.

All e-waste is disposed of by a contractor, which is licensed to handle this type of waste. All lighting systems, which are still in good condition, are donated to charitable organisations.

# SUSTAINABILITY STATEMENT (cont'd.)

## WATER MANAGEMENT

The world's population continues to grow and cities and suburbs expand. Managing and protecting these valuable water resources is becoming a major challenge with an increasing number of buildings being constructed to accommodate the growth. The added pressure of climate change is compounding this issue further.

Water reductions were achieved by insisting that water-efficient fixtures meet building codes rather than installing older high-flow units. Water-efficient fixtures include dual-flush toilets, low-flow showerheads, low-flush urinals, flushless urinals, low-flow faucets and flow restrictors. The total water consumed in 2020 was 57,167 m<sup>3</sup> (2019: 76,681 m<sup>3</sup>).

## ENCOURAGING AN ENVIRONMENTALLY CONSCIOUS COMMUNITY

Building efficiency is important as improving the performance of a complex system provides occupants with a comfortable and safe work environment. Developing an eco-conscious organisation begins at the ground level with our workforce. Employees must believe in our vision and practise environmentally-friendly habits in order for our sustainability mission to be meaningful. Examples of cost-effective measures taken to reduce our environmental footprint and impact include:

- Practising recycling
- Conserving energy within the office by turning off lights and electronic equipment that are not in use
- Promoting a paperless office through digital and cloud computing solutions
- Supporting green vendors by opting to do business with green-friendly companies
- Encouraging sustainable transportation such as walking and carpooling

## SOCIAL: LABOUR PRACTICES AND DECENT WORK

Outstanding, dedicated employees are the mainstay of our approach to sustainable development and instrumental in sustaining a competitive edge. A positive, diverse and open approach is taken to talent management with a system that is built on shared success between Olympia and employees. Employees' professional development is crucial and we remain committed to inspiring all employees to develop the necessary expertise to perform optimally. Multiple channels are open to help our employees realise their personal value.

## A DIVERSE WORKFORCE

The importance of a diverse workforce should never be underestimated. We are dedicated to developing local teams so that they are transformed into a leading force for local business development. Local professionals are hired and work to build a diversified workforce. All employees are Malaysian (100%) and hiring local employees boosts local employment and economic growth.

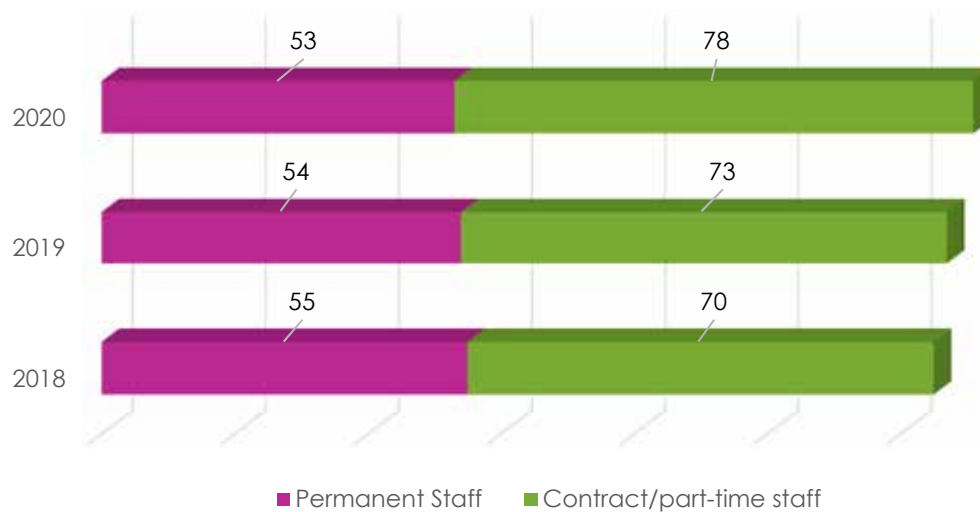
## SUSTAINABILITY STATEMENT (cont'd.)

All employees enjoy equal opportunities to work, learn and develop, regardless of their gender, race, ethnicity or religious beliefs. As an equal opportunity employer, all discrimination based on gender, race, ethnicity, religion or disability status is prohibited. Business success depends on our ability to attract a diverse pool of talented and engaged employees with the experience and passion to achieve business goals. Olympia had a total of 131 employees on 31 December 2020.

Workforce Breakdown by Type

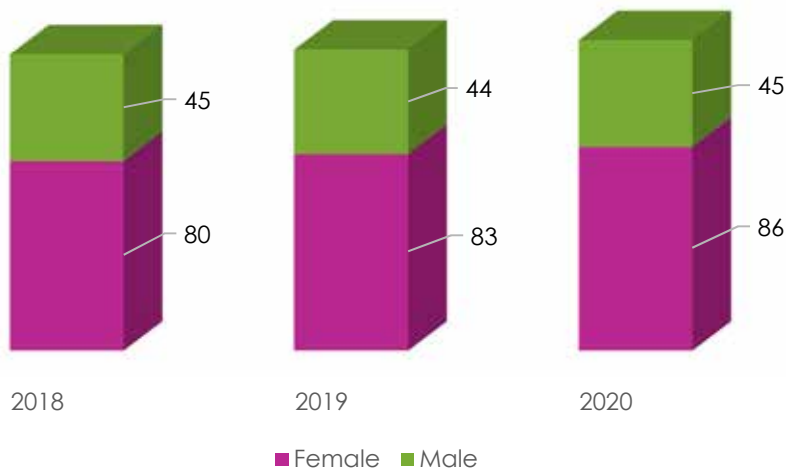


Workforce Breakdown by Contract

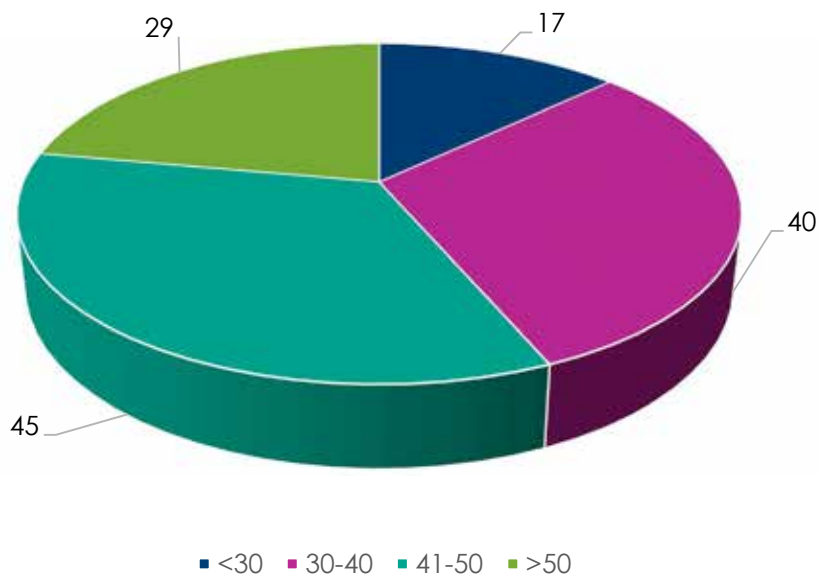


# SUSTAINABILITY STATEMENT (cont'd.)

Workfoce Breakdown by Gender



Workforce Breakdown by Age Group in 2020



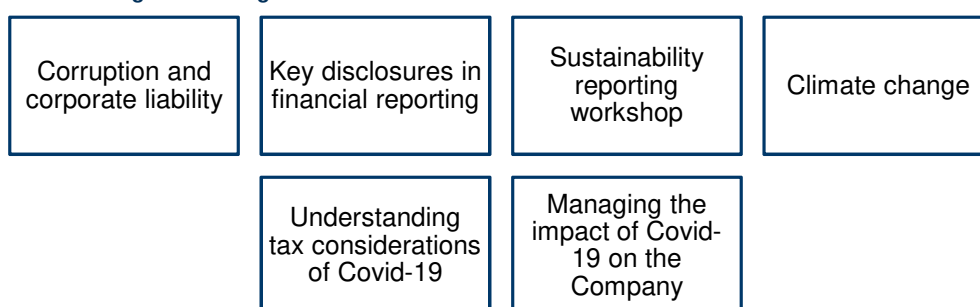
# SUSTAINABILITY STATEMENT (cont'd.)

## TALENT ATTRACTION AND RETENTION

Valuing employee capability and career development while offering abundant opportunities and differentiated career paths will support employees' growth and development.

Many training programmes were delivered online in 2020 due to the pandemic. Our online platform delivers training to employees anytime, anywhere. It keeps employees abreast with the latest practical skills required for their work and professional development. Our Human Resources team works together with Heads of Department to develop efficient and engaging training programmes.

### Examples of Training Held During the Year



### Training Performance at A Glance

Training	Unit	2018	2019	2020
<b>Average training hours per year per employee</b>	Hours	4.53	3.69	3.95
<b>Total investment in training</b>	RM	6,558	5,870	3,797

### Training Hours by Division

Training	2018	2019	2020
<b>Non-executive</b>	0	0	0
<b>Executive</b>	32	2.5	14
<b>Management</b>	87	74	84.5
<b>Senior Management</b>	26	38	48

Offering clear career paths, a strong platform and competitive compensation helps attract the best minds to the organisation. We help new employees become familiar with their teams and explore ways to maximise their contributions. Dedication is valued and Olympia gives everyone a chance to make the most of their own talents and create value. Both monetary and non-monetary incentives are extended to increase employees' morale.

# SUSTAINABILITY STATEMENT (cont'd.)

## Examples of Benefits Provided to Full-Time Employees



- Remuneration:
  - An attractive basic salary, allowances and overtime claim



- Leave:
  - Paid study leave, paid examination leave, marriage leave, maternity and paternity leave, prolonged illness leave, replacement leave and compassionate leave



- Medical:
  - Outpatient medical plan, specialist consultation, group hospitalisation, surgical plan and medical check-up
  - COVID-19 tests for security, building management and building teams



- Insurance:
  - Group personal accident insurance plan and other statutory contributions including Employees' Provident Fund (EPF), Social Security Organisation (SOCSO) and Employment Insurance System (EIS)

## CARING FOR EMPLOYEES' WELLBEING

The COVID-19 crisis phase is a good time for creating more tailored responses to workplace challenges. Companies addressed their employees' basic needs of safety, stability and security both effectively and efficiently. However, Olympia realised that employees require additional support and assurance in these challenging times.

Building on trust and affiliation is vital through continued presence, action orientation, empathy and complete transparency. Changes affect colleagues in widely diverging ways: some struggle while others thrive.

We continue to support them in personalised and meaningful ways. Physical isolation, economic strain, fear and uncertainty affect employees' mental health. Managers and supervisors are trained to support employees as they deal with these personal challenges through stress management programmes, counselling and flexible working arrangements.

## HEALTH AND SAFETY

Olympia aims to create an environment in which all employees can prioritise work safety. Activities that maintain safe and secure workplaces are promoted in accordance with the Health and Safety Management Policy at our buildings, which presents the basic philosophy of prioritising safety above all.



## SUSTAINABILITY STATEMENT (cont'd.)

Stringent safety and quality controls include ensuring all certifications and licenses are up to date such as the:

- Certificate for Occupation obtained and validated since 2000
- DBKL Building Inspection Certification (MO) on 30 June 2016
- Certificate from BOMBA
- Genset license
- Certification for all escalators
- Certification for all lifts

Olympia's health and safety management system is robust. Sufficient benefits are offered to ensure that our employees are comprehensively protected. Commercial insurance such as accident insurance, critical illness insurance, life insurance and business travel insurance is offered in addition to mandatory insurance plans required by law. A medical assistance programme is also offered in special circumstances.

Additional facilities such as cafes, a convenience store and an optical shop are available at Menara Olympia. We aim to create a comfortable and healthy workplace that provides high-quality services that meet the diverse needs of our employees.

### OUR SAFETY PERFORMANCE

	2018	2019	2020
<b>Fatalities Case</b>	0	0	0
<b>Lost Workday Case ("LWC")</b>	0	0	0
<b>First Aid Case</b>	1	3	0
<b>Dangerous Occurrence Case</b>	0	0	0
<b>Fire Case</b>	0	0	0
<b>Property Damage Case</b>	3	3	0

# SUSTAINABILITY STATEMENT (cont'd.)

## SOCIAL: SOCIETY

Olympia contributes to local and social initiatives that have been identified through dialogue. These societal contributions are made as part of our corporate citizen responsibility.

Initiatives that reflect local circumstances in our corporate activity agenda are favoured. We will continue to pursue various social contribution activities that share joy while communicating with customers and local residents. Through our subsidiary, Lotteries Corporation Sdn Bhd, we gave out various monetary and in-kind donations to homes for children, the disabled and community care centres. Most of these contributions were distributed in conjunction with the Chinese New Year festival.

Our customers were also invited to take part in our community care initiatives by placing donation boxes in all gaming outlets. A total of RM6,787.30 was collected from 40 donation boxes in 2020. These funds were donated to Persatuan Bulan Sabit Merah Malaysia Daerah Kota Kinabalu (Red Crescent Society) and Special Olympics Sabah (SOS). SOS is an international movement founded by the late Eunice Kennedy Shriver, the sister of former US President John F. Kennedy. She was a trailblazer in efforts to improve the lives of people with intellectual disabilities.

## SOCIAL: PRODUCT RESPONSIBILITY

Olympia invests in different sectors and operates in different lines of business as an investment holding company. Our share value is optimised through active investment strategies and diversification.

### Four Main Operating Sectors

Property development	•Development of residential and commercial properties
Gaming	•Organising, managing and sales of numbers forecast pools and public lotteries
Leasing	•Office space leasing
Investment holding and others	•Investment holding and other business units include trading, retailing, food and beverage business

Our business strategy adapts to changing market conditions and responds rapidly to market trends. Our focus extends beyond operational and financial profitability to generate permanent value for all stakeholders. We benefit from effective risk and market analysis mechanisms and use the competitive advantage of being a first mover to assess the future growth potential of the industries in which we operate. Recognising the benefit of utilising multiple systems in a simpler and more effective manner, Olympia has introduced several quality management systems.

# SUSTAINABILITY STATEMENT (cont'd.)

## MANAGING IMPACT OF COVID-19

We are pleased that all divisions under Olympia have sufficient working capital and will continue to:

- Fulfil our financial obligations;
- Meet our operating expenditure; and
- Sustain business operations in the foreseeable future.

### Measures Taken to Minimise Business Impact of Covid-19

- Tenant retention support via rental rebates and deferment for some affected tenants;
- Freezing of planned capital expenditure;
- Cost-cutting measures on non-essential items;
- Wage subsidy programme application from PERKESO to mitigate payroll costs; and
- Regular evaluation of various plans and options in order to reduce borrowings.

## PUTTING CUSTOMERS FIRST

Olympia's business philosophy and operating strategy, Customers First, direct employees so they can deliver improved customer satisfaction. It deepens customer relationships and creates the foundation for growth partnerships based on mutual trust.

Listening to customers' ideas allows us to rethink past assumptions and work on new possibilities. Pragmatism is balanced with vision; technological and marketing expertise is blended with cultural and social concerns. Above all, we are fully aligned with the evolving needs of our local communities, employees, partners and the environment in which we live. The entire workforce is driven by the feeling that what we do touches people's lives.

## IMPOSING DATA PROTECTION CONTROLS

Olympia introduces control procedures that protect the security of games and ensure their reliability. Proven IT mechanisms and security measures significantly reduce the likelihood of hacking or information manipulation. Olympia has also implemented several security mechanisms and controls to randomly allocate winnings to tickets and prevent any 'localization' of winning tickets. There were no complaints concerning the security and reliability of games during this reporting period.

## RESPONSIBLE GAMING

Olympia raises customers' awareness of responsible gaming, ensures that players are well-informed and vulnerable groups are protected. Olympia is also responsible for designing, developing, implementing and monitoring responsible gaming activities for customers.

## SUSTAINABILITY STATEMENT (cont'd.)

Protecting players from gaming addictions and children's welfare problems is extremely important. Individuals are prevented from both buying tickets and receiving winning prizes and this rule is strictly enforced.

Olympia educates players, their relatives and broader society about the rationale of participating in games of chance and the adverse consequences of irresponsible gaming. Olympia complies with all legal labelling requirements.

•All games include:

- Clear labelling that indicates the age restrictions of customers
- Information on the applicable regulatory authority
- Informational material and guides
- Clear and visible information on game odds

### COMBATTING ILLEGAL GAMING

According to The Straits Times, the Malaysian Government reports annual losses of between RM1 billion and RM3 billion in revenue from illegal gaming syndicates.

#### Gambling Regulations in Malaysia

- The Lotteries Act 1952
- The Common Gaming Houses Act 1953
- The Betting Act 1953
- The Pool Betting Act 1967

#### Licensed Number Forecast Operators (NFO)

- Magnum (Peninsular Malaysia)
- Sports Toto (Malaysia)
- Damacai (Peninsular Malaysia)
- Cashsweep (East Malaysia)
- Sabah88 (East Malaysia)
- Sandakan4D (East Malaysia)

Olympia strongly supports the Government's move to examine the feasibility of changing gaming laws. Law changes boost the ongoing crackdown on unauthorised gaming and betting operations taking place in Malaysia. As part of Budget 2020, punishments for gamblers and gambling operators has increased.

#### Previously

- RM5,000 maximum penalty for illegal gambling
- No minimum sentence for gambling
- Maximum penalty of RM50,000



#### Following the 2020 budget

- RM100,000 maximum penalty for illegal gambling
- Minimum sentence of six months in prison
- No maximum penalty

Olympia joins in industry discussions to combat illegal gaming once or twice a year. Organised by the Ministry of Finance ("MoF"), these discussions are held with relevant legislators including representatives from the Attorney General, Malaysian Police Force and other relevant government bodies as well as NFOs.

# SUSTAINABILITY STATEMENT (cont'd.)

## ENSURING SATISFACTION

Customer satisfaction is the responsibility of all business divisions. Improving working processes and the quality of both our properties and services ensure that solutions are delivered that exceed customers' expectations.

Delivering high-quality customer service to tenants adds significant value to Olympia's real estate portfolios. Our leasing division is responsible for many aspects of managing property rentals from tenant screening and lease creation to maintenance and rental collections. However, customer service is central to all of those obligations. Engaging regularly with tenants improves their experience and helps us understand their needs more clearly. Strong tenant relationships and detailed tenant service programmes that contain coordinated communications, scheduled maintenance and service activities all contribute to improved service delivery and satisfaction. One-to-one communication also helps to improve customers' engagement experiences.

Frontline gaming staff also play a crucial role as the face of the brand that represents the corporate values. As they are the first port of call for our customers, we ensure that these frontline workers are engaged and enthusiastic at work.

## UPHOLDING CUSTOMERS PRIVACY

Respecting customers, tenants and partners' privacy is essential for gaining their trust in the business. Managing privacy risk is essential for maintaining this trust. Olympia is committed to protecting all personal information and privacy. All business operations are bound by the Personal Data Protection Act 2010 (PDPA) and all other applicable privacy protection laws in Malaysia that set out a number of principles concerning personal information and consumer protection.

Access to employees' and customers' personal information is restricted to employees who are contractually required to process it in their job descriptions. Other data privacy commitments include:

- Collecting, using and retaining minimal personal data for business needs
- Disclosing on a need-to-know basis only
- Taking extra care to avoid the risk of causing harm to individuals when transferring personal data to third parties
- Obtaining consent when required under local laws
- Ensuring all personal data is kept for commercial requirements or regulatory compliance

In our gaming division, the personal information of winners is not retained unless the winnings are claimed by cheque. Bank Negara Malaysia regulations require big, repeated and recurring wins to be reported. Other than this requirement, lottery winners' information is kept confidential at the company's headquarters.

# SUSTAINABILITY STATEMENT (cont'd.)

## COMPLYING WITH LEGISLATION

Olympia is committed to respecting the legislation and regulatory framework where it operates. Olympia was not accused of violating legislation or regulations and was not involved in any prosecutions for non-compliance with laws and regulations in 2020. There were no relevant fines or other non-monetary sanctions imposed by the respective authorities.

# DIRECTORS' RESPONSIBILITY STATEMENT

## For preparing Annual Audited Financial Statements

The Directors are required under the Companies Act, 2016 ("Act") to prepare financial statements for each financial year which give a true and fair view of the financial position of the Company and the Group and of their financial performance and cash flows for the financial year then ended. As required by the Act and the Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards and the provisions of the Act in Malaysia.

The Directors consider that, in preparing the financial statements for the year ended 31 December 2020, the Group and the Company have used appropriate accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent. The Directors also ensure that all applicable approved accounting standards have been followed.

The Directors are responsible and have ensured that proper accounting records are kept under the Act, that disclose with reasonable accuracy, the financial positions and results of the Company and the Group. The Directors are also responsible for taking necessary and reasonable steps to safeguard the assets of the Company and the Group as well as to prevent and detect fraud and other irregularities.



# Directors' Report and Audited Financial Statements

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# DIRECTORS' REPORT

## Directors' report

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

## Principal activities

The principal activities of the Company are investment holding and the provision of management services to the subsidiaries.

The principal activities of the subsidiaries are disclosed in Note 37 to the financial statements.

## Results

	<b>Group RM'000</b>	<b>Company RM'000</b>
Loss for the year	(28,447)	(3,419)
Attributable to:		
- Equity holders of the Company	(28,442)	(3,419)
- Non-controlling interests	(5)	-
	(28,447)	(3,419)

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in Note 38 to the financial statements.

## Dividend

No dividend has been declared or paid by the Company since the end of the previous financial year. The directors do not recommend any payment of dividend in respect of the current financial year.

## Directors

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Y.A.M. Tunku Naquiyuddin ibni Almarhum Tuanku Jaafar  
Tan Sri Dato' Yap Yong Seong \*  
Dato' Sri Yap Wee Keat \*  
Tan Sri Dato' Nik Hashim bin Nik Ab. Rahman  
Ng Ju Siong \*  
Izaddeen bin Daud

\* These directors are also the directors of the Company's subsidiaries.

# DIRECTORS' REPORT (cont'd.)

## 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 Yap Wee Chun  
Yap Wee Sean  
Lee Chee Kai  
Cho Kah Hing  
Yap Cheng Moot  
Ainuddin bin Tun Abdul Hamid

## Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in below) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the directors have substantial financial interest.

	Group RM'000	Company RM'000
Salaries and other emoluments	2,385	700
Fees	144	144
Defined contribution plan	162	51
Benefits-in-kind	115	77
	2,806	972

The Company maintains a liability insurance for the directors of the Company and its subsidiaries. The total amount of insurance sum insured for the directors was RM10,000,000. The amount of insurance premium paid for the directors of the Company and its subsidiaries during the financial year was RM29,690.

# DIRECTORS' REPORT (cont'd.)

## Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares			
	1.1.2020	Acquired	Disposed	31.12.2020
<b>The Company</b>				
<b>Direct interest:</b>				
Y.A.M. Tunku Naquiyuddin ibni Almarhum Tuanku Jaafar	20,000	-	-	20,000
Tan Sri Dato' Yap Yong Seong	55,668	-	-	55,668
Dato' Sri Yap Wee Keat	44,500	-	-	44,500
<b>Indirect interest:</b>				
Tan Sri Dato' Yap Yong Seong *	332,672,083	3,275,100	-	335,947,183
Dato' Sri Yap Wee Keat *	332,672,083	3,275,100	-	335,947,183
<b>Subsidiaries of the Company</b>				
<b>Olympia Leisure Sdn. Bhd.</b>				
<b>Direct interest:</b>				
Dato' Sri Yap Wee Keat	60,000	-	-	60,000
<b>JetFM Sdn. Bhd.</b>				
<b>Indirect interest:</b>				
Dato' Sri Yap Wee Keat **	188,784	-	-	188,784

\* Deemed interest held through Kenny Height Developments Sdn. Bhd. and Duta Equities Sdn. Bhd.

\*\* Deemed interest held through Ample Paramount Sdn. Bhd.

Tan Sri Dato' Yap Yong Seong and Dato' Sri Yap Wee Keat by virtue of their interests in the Company are also deemed to have interests in all of the subsidiaries to the extent the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

## Significant and subsequent events

Details of the significant and subsequent events are disclosed in Note 38 to the financial statements.

# DIRECTORS' REPORT (cont'd.)

## Other statutory information

- (a) Before the financial statements of the Group and of the Company were made out, 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 provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business 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 which would render:
  - (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) 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.
- (f) In the opinion of the directors, save as disclosed in Note 2.1 to the financial statements:
  - (i) no contingent or other liability 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 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.

# DIRECTORS' REPORT (cont'd.)

## Auditors

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Details of auditors' remuneration are disclosed in Note 9 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. No payment has been made to indemnify Ernst & Young PLT for the financial year ended 31 December 2020.

Signed on behalf of the Board in accordance with a resolution of the directors dated 20 May 2021.

**Dato' Sri Yap Wee Keat**

**Tan Sri Dato' Yap Yong Seong**

# STATEMENT BY DIRECTORS

## Pursuant to Section 251(2) of the Companies Act 2016

We, Dato' Sri Yap Wee Keat and Tan Sri Dato' Yap Yong Seong, being two of the directors of Olympia Industries Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 72 to 142 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 20 May 2021.

**Dato' Sri Yap Wee Keat**

**Tan Sri Dato' Yap Yong Seong**

# STATUTORY DECLARATION

## Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Lee Chee Kai, being the officer primarily responsible for the financial management of Olympia Industries Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 72 to 142 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 Lee Chee Kai  
at Kuala Lumpur in Federal Territory  
on 20 May 2021

Lee Chee Kai  
MIA CA 3429

Before me,

Tan Seok Kett  
No. W530  
Commissioner for Oaths



# INDEPENDENT AUDITORS' REPORT

## to the members of Olympia Industries Berhad (Incorporated in Malaysia)

### Report on the audit of the financial statements

#### **Opinion**

We have audited the financial statements of Olympia Industries 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 72 to 142.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

#### **Basis for opinion**

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Material uncertainties related to going concern**

We draw attention to Note 2.1 to the financial statements, which discloses the following:

- As at 31 December 2020, the Group has net assets of RM376,477,000 and net current assets of RM12,065,000. However, the Group incurred a loss after tax of RM28,447,000 and negative net operating cash flows of RM1,448,000 for the financial year ended 31 December 2020. Included in loss after tax of the Group is a fair value loss on investment properties of RM20,600,000. The operations, results and financial position of the Group are also expected to be adversely impacted by the effects of the Covid-19 pandemic, as disclosed in Note 38 to the financial statements.
- The Group has a secured term loan of RM120 million which is included in non-current liabilities and is due for partial repayments commencing from August 2023 and full repayment in August 2026. The Group has been granted temporary indulgence from the remediation of certain security maintenance margin and interest service coverage ratio requirements for the financial year ended 31 December 2020. The Group intends to request for additional indulgence on the compliance with these ratios. In the event that indulgence is not granted, the ability of the Group to comply with these term loan covenants subsequent to 31 December 2020 are dependent on amongst others, the improvement in the market conditions for the leasing of office space and the management's efforts to improve the tenancy rates of the investment property to achieve profitable operations.
- The Group has certain unencumbered assets including certain land held for development and inventories of the Group, which will be disposed of as part of the management's plans to gradually reduce the level of the borrowings of the Group. However, due to the uncertain outlook for the property market, the Group may not be able to liquidate these assets to realise their full values within a short period should the need arise.
- The principal activities of the Company are investment holding and the provision of management services to its subsidiaries. Thus, the ability of the Group and of the Company to continue as going concerns is dependent amongst others, the ability of the subsidiaries of the Group to achieve profitable operations.

# INDEPENDENT AUDITORS' REPORT (cont'd.)

## to the members of Olympia Industries Berhad (Incorporated in Malaysia)

### ***Material uncertainties related to going concern (cont'd.)***

These conditions indicate the existence of material uncertainties that may cast significant doubt on the ability of the Group and of the Company to continue as going concerns.

Nevertheless, the financial statements of the Group have been prepared on a going concern basis. The ability of the Group to continue as a going concern is dependent on, amongst others, the ability of its subsidiaries to achieve profitable operations, which are dependent on the positive effects of the resumption of the gaming operations, improvement in the market conditions for the leasing of office space and the management's efforts to improve the tenancy rates of the investment property as disclosed in Note 2.1 to the financial statements.

Our opinion is not modified in respect of this matter.

### ***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. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. 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.

### ***Valuation of investment properties***

As disclosed in Note 15 to the financial statements, the carrying amount of the Group's investment properties amounted to RM295.7 million, representing approximately 49% of the Group's total assets as at 31 December 2020. The Group adopts the fair value model for its investment properties. When estimating the fair value of a property, the objective is to estimate the price that would be received from the sale of the investment property in an orderly transaction between market participants at the reporting date under current market conditions. In addition, the fair value should reflect, amongst others, rental income from current leases and other assumptions that market participants would use when pricing the investment property under the current market conditions, which are highly judgmental. Accordingly, we consider this to be an area of audit focus.

# INDEPENDENT AUDITORS' REPORT (cont'd.)

## to the members of Olympia Industries Berhad (Incorporated in Malaysia)

### ***Key audit matters (cont'd.)***

#### ***Valuation of investment properties (cont'd.)***

Our audit procedures focused on the valuations performed by the independent valuer, included, amongst others, the following procedures:

- We considered the competence, capabilities and objectivity of the independent valuer;
- We obtained an understanding of the methodology adopted by the independent valuer in estimating the fair values of investment properties and assessed whether such methodology is consistent with those used in the industry;
- We had discussions with the independent valuer to obtain an understanding of the property related data used as input to the valuation models; and
- We assessed whether the discount rate used to determine the present value of the cash flows reflects the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive.

#### ***Information other than the financial statements and auditors' report thereon***

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### ***Responsibilities of the directors for the financial statements***

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance 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.

# INDEPENDENT AUDITORS' REPORT (cont'd.)

## to the members of Olympia Industries Berhad (Incorporated in Malaysia)

### *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.

We communicate with those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

# INDEPENDENT AUDITORS' REPORT (cont'd.)

## to the members of Olympia Industries Berhad (Incorporated in Malaysia)

### *Auditors' responsibilities for the audit of the financial statements (cont'd.)*

From the matters communicated with those charged with governance, 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 37 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

Chuan Yee Yang  
No. 03489/03/2022 J  
Chartered Accountant

Kuala Lumpur, Malaysia  
20 May 2021

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2020

	Note	2020 RM'000	2019 RM'000
Revenue	4	74,300	125,205
Other income	5	3,366	3,795
Raw materials, consumables and other direct expenses		(11,636)	(10,805)
Gaming prizes, commissions and related tax and duties		(45,224)	(86,147)
Employee benefits expenses	6	(11,079)	(10,352)
Other expenses		(31,349)	(29,858)
<b>Operating loss</b>		(21,622)	(8,162)
Finance costs	8	(8,902)	(10,406)
<b>Loss before tax</b>	9	(30,524)	(18,568)
Income tax credit/(expense)	10	2,077	(4,090)
<b>Loss for the year, representing total comprehensive loss for the year</b>		(28,447)	(22,658)
<b>Attributable to:</b>			
- Equity holders of the Company		(28,442)	(22,762)
- Non-controlling interests		(5)	104
		(28,447)	(22,658)
<b>Loss per share attributable to equity holders of the Company (sen)</b>			
Basic/Diluted	11	(2.8)	(2.2)

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

# STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2020

	Note	2020 RM'000	2019 RM'000
Revenue	4	3,500	3,500
Other income	5	2,000	1,806
Employee benefits expenses	6	(3,235)	(2,836)
Other expenses		(2,871)	(3,554)
<b>Operating loss</b>		(606)	(1,084)
Finance costs	8	(2,813)	(3,089)
<b>Loss before tax</b>	9	(3,419)	(4,173)
Income tax expense	10	-	-
<b>Loss for the year, representing total comprehensive loss for the year</b>		(3,419)	(4,173)

The accompanying accounting policies and explanatory information form an integral part of the financial statements.



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	2020 RM'000	2019 RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Plant and equipment	12	3,145	3,908
Right-of-use assets	13	4,214	4,577
Land held for property development	14(a)	218,813	218,813
Investment properties	15	295,700	316,300
		521,872	543,598
<b>Current assets</b>			
Inventories	14(b)	13,693	16,693
Trade and other receivables	18	4,421	4,158
Amounts due from affiliated companies	20	75	1,247
Tax recoverable		2,464	1,767
Investment securities	21	29,390	35,299
Cash and bank balances	22	30,005	33,846
		80,048	93,010
<b>Total assets</b>		601,920	636,608
<b>Equity and liabilities</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	23	295,384	295,384
Merger deficit	24	(233,884)	(233,884)
Retained earnings		314,211	342,653
		375,711	404,153
<b>Non-controlling interests</b>		766	771
<b>Total equity</b>		376,477	404,924
<b>Non-current liabilities</b>			
Borrowings	25	150,000	150,048
Lease liabilities	26	2,724	3,022
Other payables	27	1,301	-
Deferred tax liabilities	28	1,812	4,114
Derivative financial liability	29	1,623	987
		157,460	158,171

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020 (cont'd.)

	Note	2020 RM'000	2019 RM'000
<b>Equity and liabilities (cont'd.)</b>			
<b>Current liabilities</b>			
Trade and other payables	27	29,892	37,038
Amounts due to associates	20	-	-
Amounts due to affiliated companies	20	36,353	34,315
Borrowing	25	300	-
Lease liabilities	26	993	1,433
Tax payable		445	727
		67,983	73,513
<b>Total liabilities</b>		225,443	231,684
<b>Total equity and liabilities</b>		601,920	636,608

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

# STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	2020 RM'000	2019 RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Plant and equipment	12	58	62
Right-of-use assets	13	-	363
Investments in subsidiaries	16	243,215	243,378
Amount due from a subsidiary	19	134,683	134,683
		377,956	378,486
<b>Current assets</b>			
Trade and other receivables	18	444	468
Amounts due from subsidiaries	19	9,629	13,103
Amounts due from affiliated companies	20	32	32
Investment securities	21	30	37
Cash and bank balances	22	971	1,719
		11,106	15,359
<b>Total assets</b>		389,062	393,845
<b>Equity and liabilities</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	23	295,384	295,384
Retained earnings		48,535	51,954
<b>Total equity</b>		343,919	347,338
<b>Non-current liabilities</b>			
Borrowing	25	30,000	30,048
Other payables	29	1,301	-
		31,301	30,048
<b>Current liabilities</b>			
Amounts due to subsidiaries	19	11,617	11,821
Other payables	29	2,217	4,253
Lease liabilities	26	-	377
Tax payable		8	8
		13,842	16,459
<b>Total liabilities</b>		45,143	46,507
<b>Total equity and liabilities</b>		389,062	393,845

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2020

	—— Attributable to equity holders of the Company ——					
	—— Non-distributable ——					
	Share capital	Merger deficit	Distributable Retained earnings	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
	(Note 23)	(Note 24)				
<b>At 1 January 2020</b>	295,384	(233,884)	342,653	404,153	771	404,924
Total comprehensive loss	-	-	(28,442)	(28,442)	(5)	(28,447)
<b>At 31 December 2020</b>	295,384	(233,884)	314,211	375,711	766	376,477
<b>At 1 January 2019</b>	295,384	(233,884)	365,415	426,915	667	427,582
Total comprehensive loss	-	-	(22,762)	(22,762)	104	(22,658)
<b>At 31 December 2019</b>	295,384	(233,884)	342,653	404,153	771	404,924

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

# STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2020

	Share capital RM'000 (Note 23)	Distributable Retained earnings RM'000	Total equity RM'000
<b>At 1 January 2020</b>	295,384	51,954	347,338
Total comprehensive loss	-	(3,419)	(3,419)
<b>At 31 December 2020</b>	295,384	48,535	343,919
<b>At 1 January 2019</b>	295,384	56,127	351,511
Total comprehensive loss	-	(4,173)	(4,173)
<b>At 31 December 2019</b>	295,384	51,954	347,338

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2020

	Note	2020 RM'000	2019 RM'000
<b>Cash flows from operating activities</b>			
Loss before tax:		(30,524)	(18,568)
Adjustments for:			
Government grant income		(535)	-
Depreciation of plant and equipment	12	1,074	1,511
Depreciation of right-of-use assets	13	1,096	985
Plant and equipment written off	9	-	17
Gain on disposal of plant and equipment	9	-	(1)
Inventory written down	9	300	1,200
Bad debts written off	9	1	285
Fair value loss on investment properties	9	20,600	13,980
Fair value loss on investment securities	9	32	34
Fair value loss on derivative financial liability	28	636	877
Impairment loss on other receivables	9	-	21
Unrealised loss on foreign exchange	9	76	94
Reversal of impairment loss on:-			
- amounts due from associates	5	-	(250)
- trade receivables	5	(6)	(107)
- other receivables	5	(35)	(56)
Dividend income	5	(807)	(1,012)
Interest income on fixed deposits	5	(666)	(897)
Finance costs	8	8,902	10,406
Operating profit before working capital changes		144	8,519
Changes in receivables		(223)	15,737
Changes in inventories		2,700	(4,671)
Changes in affiliated companies		3,210	(598)
Changes in land held for property development		-	(57)
Changes in associates		-	242
Changes in payables		(6,610)	6,907
Cash flows (used in)/generated from operating activities		(779)	26,079
Net tax paid		(1,204)	(3,427)
Government grant received		535	-
Net cash (used in)/generated from operating activities		(1,448)	22,652

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2020 (cont'd.)

	2020 RM'000	2019 RM'000
<b>Cash flows from investing activities</b>		
Dividend received	807	1,012
Proceeds from disposal of plant and equipment	-	2
Disposal/(Purchase) of investment securities	5,801	(9,791)
Purchase of plant and equipment	(311)	(189)
Interest received	666	897
Net cash flows generated from/(used in) investing activities	6,963	(8,069)
<b>Cash flows from financing activities</b>		
Proceeds from drawdown of borrowings	300	3,000
Upliftment of interest reserve deposits	509	-
Withdrawal/(Placement) of fixed deposits placed with licensed banks	989	(13,223)
Transaction cost on borrowings	(1,200)	-
Repayments of borrowings	-	(3,023)
Repayments of lease liabilities	(1,471)	(1,503)
Interest paid on:-		
- borrowings	(6,789)	(10,188)
- lease liabilities	(197)	-
Net cash flows used in financing activities	(7,859)	(24,937)
<b>Net decrease in cash and cash equivalents</b>	(2,344)	(10,354)
<b>Cash and cash equivalents at beginning of year</b>	14,901	25,289
<b>Net decrease in exchange rate</b>	-	(34)
<b>Cash and cash equivalents at end of year (Note 22)</b>	12,557	14,901

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

# STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2020

	Note	2020 RM'000	2019 RM'000
<b>Cash flows from operating activities</b>			
Loss before tax		(3,419)	(4,173)
Adjustments for:			
Government grant income		(28)	-
Dividend income	5	(1)	(4)
Depreciation of plant and equipment	12	12	14
Depreciation of right-of-use assets	13	363	363
Amortisation of transaction costs on borrowings		(50)	165
Bad debts written off	9	-	154
Impairment loss on:-			
- amounts due from subsidiaries	9	784	320
- investments in subsidiaries	9	163	647
Fair value loss on investment securities	9	7	2
Reversal of impairment loss on:-			
- amounts due from subsidiaries	5	(1,998)	(1,655)
- amounts due from associates	5	-	(147)
Finance costs	8	2,813	3,089
Operating loss before working capital changes		(1,354)	(1,225)
Changes in receivables		24	10,886
Changes in payables		(735)	166
Changes in subsidiaries		4,486	(7,510)
Changes in associates		-	139
Changes in affiliated companies		-	(3)
Cash flows generated from operating activities		2,421	2,453
Net tax refunded		-	64
Government grant received		28	-
Net cash flows generated from operating activities		2,449	2,517
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment		(8)	(21)
Dividend received		1	4
Net cash flows used in investing activities		(7)	(17)
<b>Cash flows from financing activities</b>			
Repayments of borrowings		-	(23)
Repayments of lease liabilities		(393)	(393)
Interest paid		(2,797)	(3,045)
Net cash flows used in financing activities		(3,190)	(3,461)
<b>Net decrease in cash and cash equivalents</b>		(748)	(961)
<b>Cash and cash equivalents at beginning of year</b>		989	1,950
<b>Cash and cash equivalents at end of year (Note 22)</b>		241	989

The accompanying accounting policies and explanatory information form an integral part of the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 23, Menara Olympia, No. 8, Jalan Raja Chulan, 50200 Kuala Lumpur. The principal place of business of the Company is located at Level 24, Menara Olympia, No. 8, Jalan Raja Chulan, 50200 Kuala Lumpur.

The principal activities of the Company are investment holding and the provision of management services to the subsidiaries. The principal activities of the subsidiaries are disclosed in Note 37.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 20 May 2021.

## 2. Summary of significant accounting policies

### 2.1 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 in Malaysia.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below. The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

As at 31 December 2020, the Group has net assets of RM376,477,000 and net current assets of RM12,065,000. However, the Group incurred a loss after tax of RM28,447,000 and negative net operating cash flows of RM1,448,000 for the financial year ended 31 December 2020. Included in the loss after tax of the Group is a fair value loss on investment properties of RM20,600,000. The operations, results and financial position of the Group are also expected to be adversely impacted by the effects of the Covid-19 pandemic, as disclosed in Note 38.

As disclosed in Note 25, the Group has a secured term loan of RM120 million which is included in non-current liabilities and is due for partial repayments commencing from August 2023 and full repayment in August 2026. The Group has been granted temporary indulgence from the remediation of certain security maintenance margin and interest service coverage ratio requirements for the financial year ended 31 December 2020. The Group intends to request for additional indulgence on the compliance with these ratios. In the event that indulgence is not granted, the ability of the Group to comply with these term loan covenants subsequent to 31 December 2020 are dependent on amongst others, the improvement in the market conditions for the leasing of office space and the management's efforts to improve the tenancy rates of the investment property to achieve profitable operations.

The Group has certain unencumbered assets including certain land held for development and inventories of the Group, which will be disposed of as part of the management's plans to gradually reduce the level of the borrowings of the Group. However, due to the uncertain outlook for the property market, the Group may not be able to liquidate these assets to realise their full values within a short period should the need arise.

The principal activities of the Company are investment holding and the provision of management services to its subsidiaries. Thus, the ability of the Group and of the Company to continue as going concerns is dependent amongst others, the ability of the subsidiaries of the Group to achieve profitable operations.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 2. Summary of significant accounting policies (cont'd.)

### 2.1 Basis of preparation (cont'd.)

These conditions indicate the existence of material uncertainties which may cast significant doubt about the ability of the Group and of the Company to continue as going concerns.

After considering all pertinent information, including the forecasted cash flow requirements of the Group for the foreseeable future and the availability and value of assets of the Group which may be liquidated or used as additional collateral if required, the Directors have concluded the going concern assumption remains appropriate for the Group.

### 2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows.

On 1 January 2020, the Group and the Company adopted the following amended standards and amended interpretations which are mandatory for annual periods beginning on or after 1 January 2020:

#### Effective for annual periods beginning on or after 1 January 2020:

Amendments to MFRS 3	Business Combinations
Amendments to MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 101	Presentation Of Financial Statements
Amendments to MFRS 108	Accounting Policies, Changes In Accounting Estimates and Errors
Amendments to MFRS 16	COVID-19 Related Rent Concession
Amendments to MFRS 134	Interim Financial Reporting
Amendments to MFRS 137	Provision, Contingent Liabilities and Contingent Assets
Amendments to MFRS 138	Intangible Assets
Amendments to IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to IC Interpretation 132	Intangible Assets - Website Costs

The adoption of the amended standards and amended interpretations did not have any material impact on the financial statements of the Group and of the Company.

### 2.3 Standards and interpretations issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

#### Effective for annual periods beginning on or after 1 January 2021:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2
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# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 2. Summary of significant accounting policies (cont'd.)

### 2.3 Standards and interpretations issued but not yet effective (cont'd.)

#### Effective for annual periods beginning on or after 1 January 2022:

Amendments to MFRSs	Annual Improvements to MFRS Standards 2018-2020 Cycle
Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract

#### Effective for annual periods beginning on or after 1 January 2023:

MFRS 17	Insurance Contracts
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates

#### Effective date deferred indefinitely:

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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The adoption of the above standard and amended standards are not expected to have a material impact to the financial statements of the Group and of the Company in the period of initial application.

### 2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if, and only if, the Company has all of the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (i) The contractual arrangement with the other vote holders of the investee;
- (ii) Rights arising from other contractual arrangements; and
- (iii) The Group's voting rights and potential voting rights.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 2. Summary of significant accounting policies (cont'd.)

### 2.4 Basis of consolidation (cont'd.)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated in full on consolidation.

Non-controlling interests represent the equity in subsidiaries that are not attributable to the equity holders of the Company and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to equity holders' of the Company.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary
- derecognises the carrying amount of any non-controlling interests
- derecognises the cumulative translation differences recorded in equity
- recognises the fair value of the consideration received
- recognises the fair value of any investment retained
- recognises any surplus or deficit in profit or loss
- reclassifies the parent's share of components previously recognised in other comprehensive income ("OCI") to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

### 2.5 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at fair value during the acquisition date, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 2. Summary of significant accounting policies (cont'd.)

### 2.5 Business combinations and goodwill (cont'd.)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration, classified as an asset or liability that is a financial instrument, is measured at fair value with the changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the 'acquired' entity is reflected within equity as merger reserve/deficit. The profit or loss reflect the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

### 2.6 Subsidiaries

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the differences between the net disposal proceeds and their carrying amounts are included in the profit or loss.

### 2.7 Associates

An associate is an entity over which the Group has significant influence. 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.

An associate is equity accounted for from the date on which the investee becomes an associate.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 2. Summary of significant accounting policies (cont'd.)

### 2.7 Associates (cont'd.)

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of comprehensive income reflects the Group's share of the result of operations of the associate. Any change in OCI of the investee is presented as part of the Group's OCI. In addition, when there is a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the investment in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of comprehensive income outside operating profit and represents profit or loss after tax.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in an associate. The Group determines at each reporting date whether there is any objective evidence that investment in an associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value. Impairment loss is recognised in profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investment in an associate is stated at cost less impairment loss. On disposal of such investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.

### 2.8 Joint operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group as joint operator recognises in relation to their interests in joint operations:

- (i) their assets, including their shares of any assets held jointly;
- (ii) their liabilities, including their shares of any liabilities incurred jointly;
- (iii) their revenue from the sale of their shares of the output arising from the joint operations;
- (iv) their shares of the revenue from the sale of the output by the joint operations; and
- (v) their expenses, including their shares of any expenses incurred jointly.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 2. Summary of significant accounting policies (cont'd.)

### 2.8 Joint operation (cont'd.)

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in joint operations in accordance with applicable MFRSs.

Profits and losses resulting from transactions between the Group and its joint operation are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the joint operation.

### 2.9 Plant and equipment

All items of plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss, if any. When significant parts of plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, at the following annual rates:

Plant, machinery and equipment	10% - 40%
Computer equipment	10% - 20%
Other assets	10% - 20%

Other assets consist of office equipment, furniture, fixtures, fittings, motor vehicles and renovation.

The carrying amount of plant and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

### 2.10 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects the 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. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying the valuation models recommended by the International Valuation Standards Committee.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 2. Summary of significant accounting policies (cont'd.)

### 2.10 Investment properties (cont'd.)

A property interest under an operating lease is classified and accounted for as an investment property, carried at fair value, on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both.

Investment properties are derecognised either when they have been disposed of (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 of MFRS 15 for determining the transaction price.

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 plant and equipment up to the date of change in use.

### 2.11 Inventories

Inventories are stated at the lower of cost or net realisable value.

#### (a) Land held for property development

Land held for property development (classified within non-current assets) comprise land banks which are in the process of being prepared for development but have not been launched, or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets.

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

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

#### (b) Completed properties

Costs comprise costs of acquisition of land including all related costs incurred to prepare the land for its intended use, related development costs to projects and direct building costs.

#### (c) Consumables

Ticket stocks are determined on weighted average basis. Cost includes actual cost of materials and incidental costs in bringing stocks into store.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 2. Summary of significant accounting policies (cont'd.)

### 2.12 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to its present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the units or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at its revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

### 2.13 Financial assets

#### Initial recognition and measurement

Financial assets are recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group determines the classification of its financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss and financial assets at amortised cost.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 2. Summary of significant accounting policies (cont'd.)

### 2.13 Financial assets (cont'd.)

#### Initial recognition and measurement (cont'd.)

##### (a) Financial assets at amortised cost

The Group measures 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 measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the financial assets at amortised cost are derecognised or impaired, and through the amortisation process.

Financial assets at amortised cost are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

##### (b) Financial assets at fair value through profit or loss ("FVTPL")

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition or financial assets mandatorily required to be amortised at fair value. Financial assets held for trading are financial assets acquired principally for the purpose of selling in the near term.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

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.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be represented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 2. Summary of significant accounting policies (cont'd.)

### 2.13 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 (such as removed from the consolidated statement of financial position) when:

- (a) the rights to receive cash flows from the asset have expired;
- (b) The Group 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:
  - (i) the Group has transferred substantially all the risks and rewards of the asset, or
  - (ii) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group 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 transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group 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 has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company would be required to repay.

### 2.14 Impairment of financial assets at amortised cost

The Group assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 2. Summary of significant accounting policies (cont'd.)

### 2.14 Impairment of financial assets at amortised cost (cont'd.)

The carrying amount of the financial asset is reduced by the impairment loss except for receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable becomes uncollectible, it is written off against the allowance account.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

If in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

### 2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash on hand and demand deposits with a maturity of three months or less, that are readily convertible to known amount of cash which are subject to insignificant risk of changes in value.

### 2.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and 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.

### 2.17 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 2. Summary of significant accounting policies (cont'd.)

### 2.17 Financial liabilities (cont'd.)

Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. 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 a derecognition of the original liability and the recognition of a new liability, and the difference between the derecognition of the original liability and the recognition of a new liability is recognised in profit or loss.

### 2.18 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

### 2.19 Employee benefits

#### (a) Short term benefits

Salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

#### (b) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of Malaysia. The Group makes contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

### 2.20 Leases

#### (a) As a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income is accounted for on a straight-line basis over the lease terms and is included in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. The accounting policy for rental income is set out in Note 2.21(c).

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 2. Summary of significant accounting policies (cont'd.)

### 2.20 Leases (cont'd.)

#### (b) As a lessee

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.

The Group applies a single recognition and measurement approach for all lease, except for short-term leases and lease of low-value assets.

In applying MFRS 16, the Group applied the following practical expedients:

- the accounting for operating leases with a remaining lease term of less than 12 months as short-term leases; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group recognises right-of-use assets representing the right to use the underlying assets and lease liabilities to make lease payment.

#### (i) Right-of-use assets

At the commencement date of the lease, the Group recognises right-of-use assets. The right-of-use asset is initially recorded at cost less accumulated depreciation and accumulated impairment loss, if any, and adjusted for any remeasurement of lease liabilities. 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.

The carrying amount of right-of-use asset is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

#### (ii) 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 term payment include fixed payment 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 the payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

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 payment or a change in the assessment of an option to purchase the underlying asset.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 2. Summary of significant accounting policies (cont'd.)

### 2.20 Leases (cont'd.)

#### (b) As a lessee (cont'd.)

##### (iii) Short-term leases and leases of low-value assets

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

### 2.21 Revenue recognition

Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties such as sales and service taxes or goods and service tax.

If the amount of consideration varies due to discounts, rebates, penalties or other similar items, the Group and the Company estimate the amount of consideration that it expects to be entitled based on the expected value method or the most likely outcome but the estimation is constrained up to the amount that is highly probable of no significant reversal in the future.

Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or service promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

#### (a) Sale of completed properties

The Group recognises the revenue for the sale of completed properties, at point in time, when the controls of the properties have been transferred to the customers, being when the properties have been completed and delivered to the customers and it is probable that the Group will collect the consideration it is entitled to.

#### (b) Sale of lottery tickets

Revenue from organising and managing the sales of numbers forecast pools and public lotteries is recognised, at point in time, upon ticket sales in respect of draw days within the financial year, and is stated net of state sales tax.

#### (c) Rental income

Rental income is recognised over time on a straight-line basis based on the term of the lease. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 2. Summary of significant accounting policies (cont'd.)

### 2.21 Revenue recognition (cont'd.)

#### (d) Dividend income

Dividend income is recognised at point in time when the Group's right to receive payment is established.

#### (e) Interest income

Interest income is recognised over time on an accrual basis using the effective interest method.

#### (f) Management fees

Management fees are recognised over time when services are rendered.

### 2.22 Income tax

#### (a) 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 tax is 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.

#### (b) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable 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 subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 2. Summary of significant accounting policies (cont'd.)

### 2.22 Income tax (cont'd.)

#### (b) Deferred tax (cont'd.)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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 differences 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 subsidiaries and associates, 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 recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in 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 relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### 2.23 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

### 2.24 Affiliated companies

The Group treats the DutaLand Berhad ("DutaLand") and its subsidiaries as affiliated companies. DutaLand is a corporation in which certain directors of the Company are also directors of DutaLand and have interest in.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 2. Summary of significant accounting policies (cont'd.)

### 2.25 Current versus non-current classification

The Group and the Company present assets and liabilities in statements of financial position based on current/non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period, or
- 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 current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group and the Company classify all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### 2.26 Fair value measurement

The Group measures financial instruments, such as, derivative financial instruments and financial assets carried at fair value through profit or loss, 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:

- (a) In the principal market for the asset or liability; or
- (b) 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 to 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 2. Summary of significant accounting policies (cont'd.)

### 2.26 Fair value measurement (cont'd.)

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:

- (a) Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- (b) Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- (c) 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 and the Company determine whether 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 and the Company's management determines the policies and procedures for both recurring fair value measurement, such as investment properties and financial assets at fair value through profit or loss.

External valuers are involved for valuation of properties. Selection criteria of external valuers include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's and the Company's accounting policies.

The management, in conjunction with the Group's external valuers, also compares each the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

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.

### 2.27 Derivative financial instruments and hedge accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates and documents certain derivatives as hedging instruments against the variability of future cash flows from highly probable forecast transactions. The effectiveness of such hedge is assessed at the inception and verified at regular intervals to ensure that the hedge has remained and is expected to remain highly effective.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 2. Summary of significant accounting policies (cont'd.)

### 2.28 Foreign currencies

The Group's consolidated financial statements are presented in Ringgit Malaysia, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and has elected to recycle the gain or loss that arises from using this method.

#### (a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (such as translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

#### (b) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Ringgit Malaysia at the rate of exchange prevailing at the reporting date and their profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 2. Summary of significant accounting policies (cont'd.)

### 2.29 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

## 3. Significant accounting judgments and estimates

The preparation of the Group's and Company's financial statements require management to make judgement, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates result in outcomes that could require a material adjustment to the carrying amount of the asset and liability affected in the future.

### Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

### Fair value of investment properties

The Group carries its investment properties at fair value, with changes in fair value recognised in profit or loss. Significant judgement is required in determining the fair value which may be derived based on different valuation methods. In making the judgement, the Group engaged its independent valuation specialists to assess the fair value of investment properties at the reporting date.

The key assumptions used to determine the fair value of the investment properties are further explained in Note 15.

## 4. Revenue

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Sale of lottery tickets	55,052	105,522	-	-
Rental income from investment properties (Note 15)	16,148	17,458	-	-
Sale of completed properties	3,100	2,225	-	-
Management fees	-	-	3,500	3,500
	74,300	125,205	3,500	3,500
<b>Timing of revenue recognition:</b>				
At a point in time	58,152	107,747	-	-
Over time	16,148	17,458	3,500	3,500
	74,300	125,205	3,500	3,500

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 5. Other income

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Dividend income	807	1,012	1	4
Interest income	666	897	-	-
Reversal of impairment on:				
- amounts due from subsidiaries	-	-	1,998	1,655
- amounts due from associates	-	250	-	147
- trade receivables	6	107	-	-
- other receivables	35	56	-	-
Gain on disposal of plant and equipment	-	1	-	-
Miscellaneous income	1,852	1,472	1	-
	3,366	3,795	2,000	1,806

## 6. Employee benefits expenses

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Salaries, wages and allowances	6,387	5,813	1,632	1,677
Executive directors' remuneration (Note 7)	2,579	2,684	781	785
Defined contribution plan	66	655	-	164
Other benefits	2,047	1,200	822	210
	11,079	10,352	3,235	2,836

## 7. Directors' remuneration

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Executive directors</b>				
Salaries and other emoluments	2,337	2,433	688	689
Defined contribution plan	162	163	51	51
Benefits-in-kind	80	88	42	45
	2,579	2,684	781	785
<b>Non-executive directors</b>				
Fees	144	162	144	162
Other emoluments	48	48	12	12
Benefits-in-kind	35	35	35	35
	227	245	191	209
<b>Total directors' remuneration</b>	<b>2,806</b>	<b>2,929</b>	<b>972</b>	<b>994</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 7. Directors' remuneration (cont'd.)

The number of directors of the Company whose total remuneration during the financial year fall within the following bands is analysed below:

	Number of Directors	
	2020	2019
<b>Executive directors:</b>		
RM950,001 - RM1,000,000	1	1
RM1,000,001 - RM1,500,000	1	1
<b>Non-executive directors:</b>		
Below RM50,000	2	4
RM50,001 - RM100,000	2	2

## 8. Finance costs

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest expenses on:				
- borrowings	8,705	10,188	2,797	3,045
- lease liabilities	197	218	16	44
	8,902	10,406	2,813	3,089

## 9. Loss before tax

The following items have been included in arriving at loss before tax:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Auditors' remuneration:				
- auditors of the Company:				
- statutory audit	405	422	168	198
- other services	309	9	309	9
- other auditors:				
- statutory audit	21	19	-	-
Depreciation of plant and equipment	1,074	1,511	12	14
Depreciation of right-of-use assets	1,096	985	363	363
Non-executive directors' remuneration (Note 7)	227	245	191	209

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 9. Loss before tax (cont'd.)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Impairment loss on:				
- other receivables	-	21	-	-
- amounts due from subsidiaries	-	-	784	320
- investments in subsidiaries	-	-	163	647
Fair value loss on:				
- investment securities	32	34	7	2
- derivative financial liability	636	877	-	-
- investment properties	20,600	13,980	-	-
Inventory written down	300	1,200	-	-
Unrealised loss on foreign exchange	76	94	-	-
Short-term leases and leases of low-value assets	164	330	-	-
Government grant income (Wages subsidies)	(535)	-	(28)	-
Direct operating expenses attributable to income generating investment properties (Note 15)	7,214	7,769	-	-
Bad debts written off	1	285	-	154
Plant and equipment written off	-	17	-	-

## 10. Income tax (credit)/expense

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Malaysian income tax:				
- current income tax	258	2,631	-	-
- (over)/under provision in prior year	(33)	5	-	-
	225	2,636	-	-
Deferred tax (Note 28):				
- relating to reversal of temporary differences	(2,069)	(1,349)	-	-
- (over)/under provision in prior year	(233)	2,803	-	-
	(2,302)	1,454	-	-
Total income tax (credit)/expense	(2,077)	4,090	-	-



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 10. Income tax (credit)/expense (cont'd.)

The reconciliations of income tax (credit)/expense applicable to loss before tax at the statutory income tax rate to income tax (credit)/expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Loss before tax	(30,524)	(18,568)	(3,419)	(4,173)
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	(7,326)	(4,456)	(821)	(1,002)
Differential tax rate on Real Property Gains Tax	2,800	1,400	-	-
Non-deductible expenses	2,859	7,026	1,136	1,230
Non-taxable income	(744)	(3,231)	(457)	(432)
Deferred tax assets not recognised	605	729	142	204
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(5)	(186)	-	-
(Over)/Under provision of income tax in prior year	(33)	5	-	-
(Over)/Under provision of deferred tax in prior year	(233)	2,803	-	-
Income tax (credit)/expense recognised in profit or loss	(2,077)	4,090	-	-

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unused tax losses	175,648	173,143	19,333	18,747
Unabsorbed capital allowances	1,798	1,774	38	26
Others	50,249	50,279	5,094	5,099
	227,695	225,196	24,465	23,872

Effective from Year of Assessment 2019, unutilised tax losses is allowed to be carried forward for a maximum period of seven years.

## 11. Earnings per share

### (a) Basic

Basic loss per share is calculated by dividing the Group's loss for the year, net of tax, attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 11. Earnings per share (cont'd.)

### (a) Basic (cont'd.)

	Group	
	2020 RM'000	2019 RM'000
Loss for the year, net of tax, attributable to equity holders of the Company	(28,442)	(22,762)
	'000	'000
Weighted average number of ordinary shares	1,023,432	1,023,432
	Sen	Sen
Basic loss per share:	(2.8)	(2.2)

### (b) Diluted

The Group does not have any potential dilutive ordinary shares at the reporting date.

There have been no other transactions involving ordinary shares or potential dilutive ordinary shares between the reporting date and the date of authorisation of these financial statements.

## 12. Plant and equipment

	Plant, machinery and equipment RM'000	Computer equipment RM'000	Other assets RM'000	Total RM'000
<b>Group</b>				
<b>31 December 2020</b>				
<b>Cost</b>				
At 1 January 2020	1,666	1,688	28,795	32,149
Additions	5	16	290	311
Disposal	-	-	(78)	(78)
At 31 December 2020	1,671	1,704	29,007	32,382
<b>Accumulated depreciation</b>				
At 1 January 2020	1,601	1,624	25,016	28,241
Charge for the year	14	19	1,041	1,074
Disposal	-	-	(78)	(78)
At 31 December 2020	1,615	1,643	25,979	29,237
<b>Net carrying amount</b>				
At 31 December 2020	56	61	3,028	3,145

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 12. Plant and equipment (cont'd.)

	Plant, machinery and equipment RM'000	Computer equipment RM'000	Other assets RM'000	Total RM'000
<b>Group (cont'd.)</b>				
<b>31 December 2019</b>				
<b>Cost</b>				
At 1 January 2019	1,667	3,485	33,281	38,433
Additions	9	21	159	189
Transfer (Note 13)	-	-	(3,225)	(3,225)
Disposal	-	-	(16)	(16)
Write-off	(10)	(1,818)	(1,404)	(3,232)
At 31 December 2019	1,666	1,688	28,795	32,149
<b>Accumulated depreciation</b>				
At 1 January 2019	1,593	3,424	26,139	31,156
Charge for the year	17	18	1,476	1,511
Transfer (Note 13)	-	-	(1,196)	(1,196)
Disposal	-	-	(15)	(15)
Write-off	(9)	(1,818)	(1,388)	(3,215)
At 31 December 2019	1,601	1,624	25,016	28,241
<b>Net carrying amount</b>				
At 31 December 2019	65	64	3,779	3,908

	Computer equipment RM'000	Other assets RM'000	Total RM'000
<b>Company</b>			
<b>31 December 2020</b>			
<b>Cost</b>			
At 1 January 2020	1,187	552	1,739
Additions	5	3	8
At 31 December 2020	1,192	555	1,747
<b>Accumulated depreciation</b>			
At 1 January 2020	1,137	540	1,677
Charge for the year	10	2	12
At 31 December 2020	1,147	542	1,689
<b>Net carrying amount</b>			
At 31 December 2020	45	13	58

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 12. Plant and equipment (cont'd.)

	Computer equipment RM'000	Other assets RM'000	Total RM'000
<b>31 December 2019</b>			
<b>Cost</b>			
At 1 January 2019	1,175	543	1,718
Additions	12	9	21
At 31 December 2019	1,187	552	1,739
<b>Accumulated depreciation</b>			
At 1 January 2019	1,125	538	1,663
Charge for the year	12	2	14
At 31 December 2019	1,137	540	1,677
<b>Net carrying amount</b>			
At 31 December 2019	50	12	62

## 13. Right-of-use assets

The Group and the Company have lease contracts for shop lots and office spaces, machinery and motor vehicles with contract terms ranging from 3 to 9 years (2019: 3 to 9 years) and do not contain variable lease payments.

The carrying amounts of right-of-use assets recognised and the movements during the year are as follows:

Group	Shop lots and office spaces RM'000	Motor vehicles RM'000	Machinery RM'000	Total RM'000
<b>31 December 2020</b>				
At 1 January 2020	3,073	484	1,020	4,577
Addition	733	-	-	733
Charge for the year	(653)	(323)	(120)	(1,096)
At 31 December 2020	3,153	161	900	4,214

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 13. Right-of-use assets (cont'd.)

Group (cont'd.)	Shop lots and office spaces RM'000	Motor vehicles RM'000	Machinery RM'000	Total RM'000
<b>31 December 2019</b>				
Effect of adoption of MFRS 16 (Note 26)	3,533	-	-	3,533
Transfer (Note 12)	-	889	1,140	2,029
Charge for the year	(460)	(405)	(120)	(985)
At 31 December 2019	3,073	484	1,020	4,577

Company	Office spaces	
	2020 RM'000	2019 RM'000
At 1 January	363	-
Effect of adoption of MFRS 16 (Note 26)	-	726
Charge for the year	(363)	(363)
At 31 December	-	363

Included in the right-of-use assets of the Group are assets, with net carrying amount, that are held under hire purchase arrangements as follows:

	Group	
	2020 RM'000	2019 RM'000
Motor vehicles	161	484
Machinery	900	1,020
	1,061	1,504

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 14. Inventories

### (a) Land held for property development

	Development costs RM'000	Leasehold land RM'000	Freehold land RM'000	Total RM'000
<b>Group</b>				
<b>31 December 2020</b>				
At cost:				
At 1 January/31 December 2020	22,197	56,251	140,365	218,813
<b>31 December 2019</b>				
At cost:				
At 1 January 2019	22,140	56,251	140,365	218,756
Additions	57	-	-	57
At 31 December 2019	22,197	56,251	140,365	218,813

Included in the net carrying amount of land held for property development are certain parcels of freehold land which have been pledged to financial institutions as security for term loan as disclosed in Note 25(a).

### (b) Completed properties and consumable

	<b>Group</b>	
	<b>2020 RM'000</b>	<b>2019 RM'000</b>
At cost:		
Completed condominiums	8,970	11,742
On-line betting supplies and consumable stores	723	651
	9,693	12,393
At net realisable value:		
Completed condominiums	4,000	4,300
	13,693	16,693

During the financial year, the amount of inventories recognised as an expense by the Group is RM2,771,000 (2019: RM884,000).

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 15. Investment properties

	Residential units RM'000	Office building on long term leasehold land RM'000	Total RM'000
<b>Group</b>			
<b>At 1 January 2020</b>	16,300	300,000	316,300
Recognised in profit or loss (Note 9)	(600)	(20,000)	(20,600)
<b>At 31 December 2020</b>	15,700	280,000	295,700
<b>At 1 January 2019</b>	20,280	310,000	330,280
Recognised in profit or loss (Note 9)	(3,980)	(10,000)	(13,980)
<b>At 31 December 2019</b>	16,300	300,000	316,300

The carrying amount of investment properties that have been pledged as security for term loan, as disclosed in Note 25(b), is as follows:

	2020 RM'000	2019 RM'000
Office building on long term leasehold land	280,000	300,000

Investment properties are stated at fair value, which have been determined based on the valuations performed by accredited independent valuers at the reporting date. The fair value of the investment properties has been determined based on the comparison method and investment method depending on the nature of the investment properties.

The following have been recognised in profit or loss in respect of the investment properties:

	2020 RM'000	2019 RM'000
Rental income (Note 4)	16,148	17,458
Direct operating expenses attributable to income generating investment properties (Note 9)	(7,214)	(7,769)
Profit arising from investment properties	8,934	9,689
Direct operating expenses that did not generate rental income	(216)	(55)

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 15. Investment properties (cont'd.)

The Group has no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Fair value hierarchy disclosures for investment properties is disclosed in Note 33.

Description of valuation techniques used and key inputs to valuation on investment properties are as follows:-

Investment property	Valuation method	Significant unobservable inputs	Range (weighted average)
Residential units	Comparison method*	Recent transactions and asking prices of similar property	RM657 per square foot ("sq. ft.") (2019: RM682 per sq. ft.)
Office building on long term leasehold land	Investment method**	Estimated rental value per sq. ft. per month	Term: RM4.23 per sq. ft. (2019: RM4.31 per sq. ft.)
			Conversion: RM5.01 per sq. ft. (2019: RM5.17 per sq. ft.)
		Void rate	5.00% - 10.00% (2019: 5.00%)
		Capitalisation rate	6.00% - 6.50% (2019: 6.25% - 6.75%)

\* The comparison method entails analysing recent transactions and asking prices of similar property in and around the locality for comparison purposes with adjustments made for differences in time, size and location.

\*\* The investment method entails determining the net annual income by deducting the annual outgoings from the gross annual income and capitalising the net income by suitable rate of return consistent with the type and quality of the investment to arrive at the market value of the subject property.

## 16. Investments in subsidiaries

	Company	
	2020 RM'000	2019 RM'000
Unquoted shares, at cost	1,014,229	1,014,229
Less: Accumulated impairment	(771,014)	(770,851)
	243,215	243,378

The details of the subsidiaries are disclosed in Note 37.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 16. Investments in subsidiaries (cont'd.)

Movement in accumulated impairment loss is as follows:

	Company	
	2020 RM'000	2019 RM'000
At beginning of the year	770,851	770,204
Impairment loss recognised in profit or loss (Note 9)	163	647
At end of the year	771,014	770,851

Summarised financial information for other non-controlling interests have not been disclosed as the carrying amount of these non-controlling interests in the consolidated statement of financial position is not material to the Group.

## 17. Investments in associates

	Group	
	2020 RM'000	2019 RM'000
Unquoted shares, at cost	7,223	7,223
Share of post-acquisition profits	287	287
	7,510	7,510
Less: Accumulated impairment losses	(7,510)	(7,510)
	-	-

The Group has not recognised losses relating to all of the associates where the share of their losses exceeds the Group's interest in those associates. The Group's cumulative share of unrecognised losses at the reporting date was RM145,000 (2019: RM90,000). The Group has no obligation in respect of these losses.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 17. Investments in associates (cont'd.)

Details of the associates, which are not material to the Group, are as follows:

Name	Country of incorporation	Proportion of ownership		Principal activities
		2020 %	2019 %	
Suff Marine (Malaysia) Sdn. Bhd. *	Malaysia	49	49	Ceased operations
International Lottery Corporation Ltd #	Cambodia	49	49	Dormant
Kenny Heights Central Sdn. Bhd. #	Malaysia	42	42	Dormant

\* Audited by firms of auditors other than Ernst & Young PLT.

# Unaudited.

At the reporting date, the associates had no contingent liabilities or capital commitments.

## 18. Trade and other receivables

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Trade receivables (Note a)</b>				
Third parties	19,966	19,673	-	-
Less: Allowance for impairment	(18,050)	(18,056)	-	-
	1,916	1,617	-	-
<b>Other receivables</b>				
Sundry receivables	6,847	6,801	5,120	5,120
Deposits	1,379	1,434	312	313
Prepayments	631	693	84	107
Amount due from CPSB (Note b)	48	48	48	48
	8,905	8,976	5,564	5,588
Less: Allowance for impairment	(6,400)	(6,435)	(5,120)	(5,120)
	2,505	2,541	444	468
<b>Total trade and other receivables</b>	<b>4,421</b>	<b>4,158</b>	<b>444</b>	<b>468</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 18. Trade and other receivables (cont'd.)

### (a) Trade receivables

The Group's normal trade credit terms are ranging from 1 to 30 days (2019: 1 to 30 days). Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors. Further details on related party transactions are disclosed in Note 30.

#### Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2020 RM'000	2019 RM'000
Neither past due nor impaired	1,183	1,574
1 to 90 days past due not impaired	172	-
More than 91 days past due not impaired	561	43
	1,916	1,617
Impaired	18,050	18,056
	19,966	19,673

#### Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

#### Receivables that are past due but not impaired

The trade receivables that are past due but not impaired are unsecured. However, the directors are of the opinion that these debts should be realised in full without material losses in the ordinary course of business.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 18. Trade and other receivables (cont'd.)

### (a) Trade receivables (cont'd.)

#### Trade receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	<b>Group</b>	
	<b>2020 RM'000</b>	<b>2019 RM'000</b>
At beginning of year	18,056	18,163
Reversal of impairment (Note 5)	(6)	(107)
At end of year	18,050	18,056

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

- (b) The amount due from City Properties Sdn. Bhd. ("CPSB"), a company of which Tan Sri Dato' Yap Yong Seong and Dato' Sri Yap Wee Keat, the directors of the Company have interest is unsecured, non-interest bearing and repayable on demand.

#### Other receivables that are impaired

The Group's and the Company's other receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2020 RM'000</b>	<b>2019 RM'000</b>	<b>2020 RM'000</b>	<b>2019 RM'000</b>
At beginning of year	6,435	6,470	5,120	5,120
Impairment recognised (Note 6)	-	21	-	-
Reversal of impairment (Note 5)	(35)	(56)	-	-
At end of year	6,400	6,435	5,120	5,120

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 19. Amounts due from/(to) subsidiaries

	Company	
	2020 RM'000	2019 RM'000
<b>Non-current assets</b>		
Amount due from a subsidiary (Note a)	134,683	134,683
<b>Current assets</b>		
Amounts due from subsidiaries (Note b)	9,629	13,103
<b>Current liabilities</b>		
Amounts due to subsidiaries (Note b)	(11,617)	(11,821)

- (a) The amount due from a subsidiary, Olympia Properties Sdn. Bhd. ("OPSB"), is non-trade in nature, unsecured, non-interest bearing and is repayable on demand. However, the Company has no intention to recall the loan from OPSB within the next 12 months.
- (b) The amounts due from/(to) subsidiaries are non-trade in nature, unsecured, non-interest bearing and are repayable on demand.

## 20. Amounts due from/(to) affiliated companies

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Amounts due from affiliated companies:				
- trade	-	1,173	-	-
- non-trade	75	74	32	32
	75	1,247	32	32
Amounts due to affiliated companies:				
- trade	-	2,543	-	-
- non-trade	36,353	31,772	-	-
	36,353	34,315	-	-

The amounts due from/(to) affiliated companies are unsecured, non-interest bearing and are repayable on demand.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 21. Investment securities

	2020 RM'000		2019 RM'000	
	Carrying amount	Market value	Carrying amount	Market value
<b>Financial assets at fair value through profit or loss:</b>				
<b>Group</b>				
Quoted shares in Malaysia	130	130	130	130
Unit trust in Malaysia	26,951	26,951	32,753	32,753
Quoted shares outside Malaysia	1,292	1,292	1,399	1,399
Malaysian Government Securities ("MGS") and Government Investment Issues ("GII")	1,017	1,017	1,017	1,017
	29,390	29,390	35,299	35,299
<b>Company</b>				
Quoted shares in Malaysia	30	30	37	37

MGS and GII relates to investment in government securities by a wholly owned subsidiary, Dirivan Corporation Sdn Bhd. The subsidiary has granted a Power of Attorney to the Ministry of Finance to realise these securities for payment of prize monies in dispute or amounts due to prize winners in conformity with paragraph 5 of the conditions contained in the License granted under Section 5 of the Pools Betting Act, 1967 dated 31 December 2016.

## 22. Cash and bank balances

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash at banks and on hand	12,158	14,506	241	989
Housing development accounts	399	395	-	-
Deposits with licensed banks	13,560	14,549	-	-
Interest reserve deposits	3,888	4,396	730	730
Cash and bank balances	30,005	33,846	971	1,719
Less: Deposits with licensed banks with maturity periods of more than 3 months	(13,560)	(14,549)	-	-
Less: Interest reserve deposits	(3,888)	(4,396)	(730)	(730)
Cash and cash equivalents	12,557	14,901	241	989

The housing development accounts are maintained pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations. Housing development accounts earn interest at floating rate based on daily bank deposit rates.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 22. Cash and bank balances (cont'd.)

Deposits held under Interest Reserve Deposits Accounts are for term loans as disclosed in Note 25.

The range of effective interest rates and maturities of deposits with licensed banks at the reporting date are as follows:

	Group	
	2020	2019
Effective interest rate (%)	2.00 to 4.15	3.35 to 4.30
Maturity (days)	120 - 365	120 - 365

## 23. Share capital

	Number of shares		Amount	
	2020 '000	2019 '000	2020 RM'000	2019 RM'000
<b>Issued and fully paid up:</b>				
At beginning/end of year	1,023,432	1,023,432	295,384	295,384

## 24. Merger deficit

Merger deficit arose from acquisition of a subsidiary in prior years. Merger deficit represents the difference between the nominal value of the shares issued by the Company as consideration and the nominal value of shares of the subsidiary acquired.

## 25. Borrowings

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Non-current</b>				
Secured:				
Term loan 1 (Note a)	30,000	30,048	30,000	30,048
Term loan 2 (Note b)	120,000	120,000	-	-
	150,000	150,048	30,000	30,048
<b>Current</b>				
Secured:				
Term loan 3 (Note c)	300	-	-	-
Total borrowings	150,300	150,048	30,000	30,048

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 25. Borrowings (cont'd.)

The remaining maturities of borrowings as at 31 December 2020 are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Due within one year	300	-	-	-
More than 1 year and less than 2 years	-	150,048	-	30,048
More than 2 years and less than 5 years	45,000	-	30,000	-
More than 5 years	105,000	-	-	-
	150,300	150,048	30,000	30,048

### (a) Term loan 1

During the financial year, the Group and the Company have renegotiated the maturity of term loan 1 from 2 April 2021 to 3 April 2023. Term loan 1 bears an effective interest rate of 9.25% (2019: 9.25%) per annum. The total loan is repayable in one payment on the maturity date.

Term loan 1 is secured by certain parcels of freehold land held for property development as disclosed in Note 14(a), and personal guarantee by a director of the Company, Tan Sri Dato' Yap Yong Seong.

### (b) Term loan 2

During the financial year, the Group has renegotiated the maturity of term loan 2 from August 2021 to August 2026. Term loan 2 bears an effective interest rate of 4.44% (2019: 5.86%) per annum.

Further, the Group has been granted conditional indulgence from the remediation of certain security maintenance margin and interest service coverage ratio requirements for the financial year ended 31 December 2020.

Term loan 2 is secured by the office building on long term leasehold land held under the investment properties of the Group as disclosed in Note 15, and a personal guarantee by a director of the Company, Tan Sri Dato' Yap Yong Seong.

### (c) Term loan 3

The term loan 3 bears an effective interest rate of 13.2% per annum. Total loan repayable in full on the maturity date.

Term loan 3 is secured by a residential unit held under the investment properties of the Group as disclosed in Note 15.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 25. Borrowings (cont'd.)

### Reconciliation of liabilities arising from financing activities

The changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes are as follows:

	At beginning of the year RM'000	Additions RM'000	Repayments RM'000	Transfer (Note 26) RM'000	Other RM'000	At end of the year RM'000
<b>Group</b>						
<b>At 31 December 2020</b>						
Term loan 1	30,048	-	-	-	(48)	30,000
Term loan 2	120,000	-	-	-	-	120,000
Other term loan	-	300	-	-	-	300
Lease liabilities (Note 26)	4,455	212	(1,147)	-	197	3,717
	154,503	512	(1,147)	-	149	154,017
<b>At 31 December 2019</b>						
Term loan 1	30,071	-	(23)	-	-	30,048
Term loan 2	120,000	-	-	-	-	120,000
Other term loan	-	3,000	(3,000)	-	-	-
Lease liabilities (Note 26)	-	3,751	(1,503)	2,207	-	4,455
Hire purchase	2,207	-	-	(2,207)	-	-
	152,278	6,751	(4,526)	-	-	154,503
<b>Company</b>						
<b>At 31 December 2020</b>						
Term loan 1	30,048	-	-	-	(48)	30,000
Lease liabilities (Note 26)	377	-	(393)	-	16	-
	30,425	-	(393)	-	(32)	30,000
<b>At 31 December 2019</b>						
Term loan 1	30,071	-	(23)	-	-	30,048
Lease liabilities (Note 26)	-	770	(393)	-	-	377
	30,071	770	(416)	-	-	30,425

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 26. Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 January	4,455	-	377	-
Effect of adoption of MFRS 16 (Note 13)	-	3,533	-	726
Addition/transfer (Note 25)	212	2,207	-	-
Interest expense	197	218	16	44
Payments made during the year	(1,147)	(1,503)	(393)	(393)
At 31 December	3,717	4,455	-	377

Lease liabilities is analysed as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current	993	1,433	-	377
Non-current	2,724	3,022	-	-
	3,717	4,455	-	377

The remaining maturities of the lease liabilities as at 31 December 2020 is as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Less than 1 year	993	1,433	-	377
More than 1 year and less than 2 years	764	831	-	-
More than 2 years and less than 5 years	1,664	1,543	-	-
More than 5 years	296	648	-	-
	3,717	4,455	-	377

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 27. Trade and other payables

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Non-current</b>				
<b>Other payables</b>				
Sundry payables	1,301	-	1,301	-
<b>Current</b>				
<b>Trade payables</b>				
Third parties (Note a)	3,458	11,287	-	-
Retention sum	63	63	-	-
	3,521	11,350	-	-
<b>Other payables</b>				
Sundry payables	16,425	14,519	1,488	644
Deposits received (Note b)	4,413	5,330	-	-
Accruals	5,533	5,839	729	3,609
	26,371	25,688	2,217	4,253
	29,892	37,038	2,217	4,253
<b>Total trade and other payables</b>	<b>31,193</b>	<b>37,038</b>	<b>3,518</b>	<b>4,253</b>

### (a) Trade payables

The normal trade credit terms granted to the Group range from 30 days to 90 days (2019: 30 days to 90 days).

### (b) Deposits received

Deposits received are in respect of refundable deposits received from tenants for tenancy agreements, which are unsecured and interest free.

## 28. Deferred tax liabilities

	Group	
	2020 RM'000	2019 RM'000
At beginning of year	4,114	2,660
Recognised in profit or loss (Note 10)	(2,302)	1,454
At end of year	1,812	4,114

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 28. Deferred tax liabilities (cont'd.)

The components and movements of deferred tax liabilities of the Group during the financial year are as follows:

	<b>Group</b>		
	<b>Investment properties RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
At 1 January 2020	3,463	651	4,114
Recognised in profit or loss (Note 10)	(2,000)	(302)	(2,302)
At 31 December 2020	1,463	349	1,812
At 1 January 2019	2,272	388	2,660
Recognised in profit or loss (Note 10)	1,191	263	1,454
At 31 December 2019	3,463	651	4,114

## 29. Derivative financial liability

The Group has an existing interest rate swap ("IRS") contract with a licensed bank to manage its exposure to interest rate risks for term loan amounting to RM120,000,000 as disclosed in Note 25(b). As a result, the Group pays a fixed interest rate of 3.75% p.a.. Changes in fair values during the financial year are recognised in other comprehensive income unless it does not meet the conditions for applying hedge accounting, failing which the changes to the fair values of the derivatives are taken to profit or loss.

The notional amount, fair values and maturity tenure of the outstanding IRS contract as at 31 December 2020 are disclosed as follows:

	<b>Total notional amount RM'000</b>	<b>Non-current liabilities RM'000</b>	<b>Fair value loss (Note 9) RM'000</b>
IRS contract remaining: - less than 1 year (2019: 2 years)			
As at 31 December 2020	120,000	1,623	636
As at 31 December 2019	120,000	987	877

Since its inception, there has been no change to the type of derivative financial contracts entered into, the cash requirements of the derivative, the risks associated with the derivative; and the risk management objectives and policies to mitigate these risks.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 30. Significant related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control or common significant influence. Related parties may be individuals including close members of the individuals, or corporate entities.

In addition to the transactions and outstanding balances disclosed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year.

The directors are of the opinion that the following arrangements and transactions have been entered into in the normal course of business and have been established under negotiated terms and conditions.

### (a) Joint operation

On 14 February 2003, a wholly owned subsidiary of the Company, Olympia Properties Sdn. Bhd. ("OPSB"), entered into a Consortium Agreement ("the Consortium Agreement") with KH Estates Sdn. Bhd. ("KHE"), a wholly owned subsidiary of Dutaland Berhad ("Dutaland") to form a joint operation to jointly develop a piece of land ("Project Land") into a proposed township called Bandar Sri Duta ("the Project"). Tan Sri Dato' Yap Yong Seong and Dato' Sri Yap Wee Keat, the directors of the Company, have interest in KHE and Dutaland, respectively. The joint operation between OPSB and KHE is on a ratio of 42% and 58% respectively.

The salient terms of the Consortium Agreement are as follows:

- (i) The Project Land will be transferred to a trustee who in turn shall hold the beneficial interest in favour of OPSB and KHE respectively;
- (ii) The trustee shall make the necessary application to the relevant authorities for the purposes of amalgamation and sub-division of the Project Land;
- (iii) OPSB and KHE have agreed to appoint KH Land Sdn. Bhd., ("KHL"), a wholly owned subsidiary of KHE as the developer of the Project;
- (iv) The respective share of assets, liabilities, income and expenses, contribution to working funds and disbursements and liabilities and all obligation whatsoever in connection with the execution of the Consortium Agreement shall be 42% and 58% for OPSB and KHE respectively ("the Distribution"); and
- (v) OPSB and KHE have mutually agreed that any proceeds derived from the Project shall first be utilised and applied towards redemption of the existing charges created on the Project Land.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 30. Significant related party transactions (cont'd.)

### (a) Joint operation (cont'd.)

The Group's share in amounts of assets, liabilities and profit or loss of the joint operation are as follows:

#### Assets and liabilities:

	Group	
	2020 RM'000	2019 RM'000
Current assets	9,923	9,753
Non-current assets	161,858	161,624
<b>Total assets</b>	<b>171,781</b>	<b>171,377</b>
Current liabilities	36,290	39,213
Non-current liabilities	134,783	134,684
<b>Total liabilities</b>	<b>171,073</b>	<b>173,897</b>
<b>Income and expenses:</b>		
Income	118	116
Expenses	(1,958)	(2,553)

### (b) Other significant related party transactions

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Transactions with DutaLand Berhad and its subsidiaries ("affiliated companies")</b>				
Rental income	786	677	-	-
Settlement of debt	-	1,000	-	-
Sale of completed property	3,100	-	-	-
<b>Transactions with City Properties Sdn. Bhd.</b>				
Purchase of completed property	-	(5,500)	-	(5,500)
<b>Transactions with Sri Aman Development Sdn. Bhd.</b>				
Rental income	101	109	-	-
<b>Transactions with Dairy Maid Resort &amp; Recreation Sdn. Bhd.</b>				
Rental expense	-	-	(393)	(393)

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 30. Significant related party transactions (cont'd.)

### (b) Other significant related party transactions (cont'd.)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Transactions with Lotteries Corporation Sdn. Bhd.</b>				
Management fees	-	-	2,100	2,100
<b>Transactions with Dirivan Corporation Sdn. Bhd.</b>				
Management fees	-	-	1,400	1,400
<b>Transactions with KL Landmark Sdn. Bhd.</b>				
Loan received on behalf of subsidiary	-	-	300	3,000
Loan settled on behalf of subsidiary	-	-	-	(3,000)

### (c) Compensation of key management personnel

The Company defined the directors of the Company and its subsidiaries as key management personnel. The remunerations of key management personnel are disclosed in Note 7.

## 31. Operating lease arrangement

### The Group as lessor

The Group has entered into non-cancellable operating lease agreements on its investment properties portfolio. These leases have remaining non-cancellable lease terms of between 1 to 3 years.

The future aggregate minimum lease payments receivable under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables, are as follows:

	Group	
	2020 RM'000	2019 RM'000
Future minimum rental receivables:		
Not later than 1 year	11,815	16,255
Later than 1 year and not later than 5 years	7,962	19,302
	19,777	35,557

Rental income earned from these investment properties during the financial year is disclosed in Note 4.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 32. Classification of financial instruments

Financial assets and liabilities are measured at amortised cost or fair value through profit or loss. The following table analysed 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.

Group	Note	Fair value through profit or loss RM'000	Amortised cost RM'000	Total RM'000
<b>31 December 2020</b>				
<b>Assets</b>				
Trade and other receivables (exclude prepayments)	18	-	3,790	3,790
Amounts due from affiliated companies	20	-	75	75
Investment securities	21	29,390	-	29,390
Cash and bank balances	22	-	30,005	30,005
<b>Total financial assets</b>		<b>29,390</b>	<b>33,870</b>	<b>63,260</b>
<b>Liabilities</b>				
Amounts due to affiliated companies	20	-	36,353	36,353
Borrowings	25	-	150,300	150,300
Lease liabilities	26	-	3,717	3,717
Trade and other payables	27	-	31,193	31,193
Derivative financial liability	29	1,623	-	1,623
<b>Total financial liabilities</b>		<b>1,623</b>	<b>221,563</b>	<b>223,186</b>
<b>31 December 2019</b>				
<b>Assets</b>				
Trade and other receivables (exclude prepayments)	18	-	3,465	3,465
Amounts due from affiliated companies	20	-	1,247	1,247
Investment securities	21	35,299	-	35,299
Cash and bank balances	22	-	33,846	33,846
<b>Total financial assets</b>		<b>35,299</b>	<b>38,558</b>	<b>73,857</b>
<b>Liabilities</b>				
Amounts due to affiliated companies	20	-	34,315	34,315
Borrowings	25	-	150,048	150,048
Lease liabilities	26	-	4,455	4,455
Trade and other payables	27	-	37,038	37,038
Derivative financial liability	29	987	-	987
<b>Total financial liabilities</b>		<b>987</b>	<b>225,856</b>	<b>226,843</b>



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 32. Classification of financial instruments (cont'd.)

Company	Note	Fair value through profit or loss RM'000	Amortised cost RM'000	Total RM'000
<b>31 December 2020</b>				
<b>Assets</b>				
Trade and other receivables (exclude prepayments)	18	-	360	360
Amounts due from subsidiaries	19	-	144,312	144,312
Amounts due from affiliated companies	20	-	32	32
Investment securities	21	30	-	30
Cash and bank balances	22	-	971	971
<b>Total financial assets</b>		<b>30</b>	<b>145,675</b>	<b>145,705</b>
<b>Liabilities</b>				
Amounts due to subsidiaries	19	-	11,617	11,617
Lease liabilities	27	-	-	-
Borrowings	25	-	30,000	30,000
Trade and other payables	29	-	3,518	3,518
<b>Total financial liabilities</b>		<b>-</b>	<b>45,135</b>	<b>45,135</b>
<b>31 December 2019</b>				
<b>Assets</b>				
Trade and other receivables (exclude prepayments)	18	-	361	361
Amounts due from subsidiaries	19	-	147,786	147,786
Amounts due from affiliated companies	20	-	32	32
Investment securities	21	37	-	37
Cash and bank balances	22	-	1,719	1,719
<b>Total financial assets</b>		<b>37</b>	<b>149,898</b>	<b>149,935</b>
<b>Liabilities</b>				
Amounts due to subsidiaries	19	-	11,821	11,821
Borrowings	25	-	30,048	30,048
Lease liabilities	26	-	377	377
Trade and other payables	29	-	4,253	4,253
<b>Total financial liabilities</b>		<b>-</b>	<b>46,499</b>	<b>46,499</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 33. Fair value of financial instruments

### Determination of fair value

#### Financial instruments that are not carried at fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	18
Amounts due from/(to) subsidiaries	19
Amounts due from/(to) affiliated companies	20
Cash and bank balances	22
Borrowings	25
Lease liabilities	26
Trade and other payables	27

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The fair values of borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending and borrowings at the reporting date.

#### Investment securities

Fair value is determined directly by reference to their published market bid price at the reporting date.

#### Fair value hierarchy

The analysis of assets and liabilities carried at fair value at the end of the reporting date by valuation method. The levels of the fair value hierarchy are disclosed in Note 2.26.

At the reporting date, the Group held the following assets and liabilities carried at fair values on the statements of financial position:

	Level 1 RM'000	Level 3 RM'000
<b>Group</b>		
<b>2020</b>		
Investment properties	-	295,700
Investment securities	29,390	-
<b>2019</b>		
Investment properties	-	316,300
Investment securities	35,299	-

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 33. Fair value of financial instruments (cont'd.)

At the reporting date, the Group held the following assets and liabilities carried at fair values on the statements of financial position: (cont'd.)

	Level 1 RM'000	Level 3 RM'000
<b>Company</b>		
<b>2020</b>		
Investment securities	30	-
<b>2019</b>		
Investment securities	37	-

There were no transfers between Level 1, Level 2 and Level 3 during the financial year.

## 34. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include interest rate risk, liquidity risk and credit risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current financial year and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

### (a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from its borrowings. The Group's and Company's manage its interest rate exposure by maintaining a mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in competitive interest rate environment.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 34. Financial risk management objectives and policies (cont'd.)

### (b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is by maintaining sufficient level of cash and banking facilities such as working capital lines deemed to be adequate by the management to ensure it will have sufficient liquidity to meet its working capital requirement.

#### Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on the contractual undiscounted repayment obligations.

Group	Due within one year RM'000	One to five years RM'000	More than five years RM'000	Total RM'000
<b>31 December 2020</b>				
<b>Financial liabilities:</b>				
Trade and other payables	29,892	1,301	-	31,193
Borrowings	-	36,257	150,158	186,415
Lease liabilities	1,287	2,986	253	4,526
Amounts due to affiliated companies	36,353	-	-	36,353
Derivative financial liability	-	1,623	-	1,623
<b>Total undiscounted financial liabilities</b>	<b>67,532</b>	<b>42,167</b>	<b>150,411</b>	<b>260,110</b>
<b>31 December 2019</b>				
<b>Financial liabilities:</b>				
Trade and other payables	37,038	-	-	37,038
Borrowings	-	165,320	-	165,320
Lease liabilities	1,531	3,940	-	5,471
Amounts due to affiliated companies	34,315	-	-	34,315
Derivative financial liability	-	987	-	987
<b>Total undiscounted financial liabilities</b>	<b>72,884</b>	<b>170,247</b>	<b>-</b>	<b>243,131</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 34. Financial risk management objectives and policies (cont'd.)

### (b) Liquidity risk (cont'd.)

	Due within one year RM'000	One to five years RM'000	More than five years RM'000	Total RM'000
<b>Company</b>				
<b>31 December 2020</b>				
<b>Financial liabilities:</b>				
Trade and other payables	2,217	1,301	-	3,518
Borrowings	-	36,257	-	36,257
Amounts due to subsidiaries	11,617	-	-	11,617
<b>Total undiscounted financial liabilities</b>	<b>13,834</b>	<b>37,558</b>	<b>-</b>	<b>51,392</b>
<b>31 December 2019</b>				
<b>Financial liabilities:</b>				
Trade and other payables	4,253	-	-	4,253
Borrowings	-	33,536	-	33,536
Lease liabilities	393	-	-	393
Amounts due to subsidiaries	11,821	-	-	11,821
<b>Total undiscounted financial liabilities</b>	<b>16,467</b>	<b>33,536</b>	<b>-</b>	<b>50,003</b>

### (c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables and intercompany balances. For other financial assets (including investment securities, cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 34. Financial risk management objectives and policies (cont'd.)

### (c) Credit risk (cont'd.)

#### Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

#### Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the industry sector profile of its trade receivables, other receivables, amount due from associates and amount due from affiliates on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date is as follows:

Group	2020		2019	
	RM'000	% of total	RM'000	% of total
- Property development	2,032	10%	2,032	10%
- Gaming	-	-	336	2%
- Leasing	3,577	18%	2,929	15%
- Investment holding and others	14,357	72%	14,376	73%
	19,966	100%	19,673	100%

## 35. Capital management

The primary objective of the Group's and the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximises shareholder value. The Group and the Company manage its capital structure by ensuring financial commitments are met as they fall due, and through the divestment of non-core assets.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital. Net debt includes borrowings, trade and other payables less cash and bank balances. Capital is the equity attributable to the equity holders of the Company.

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Trade and other payables	27	31,193	37,038	3,518	4,253
Borrowings	25	150,300	150,048	30,000	30,048
Less: Cash and bank balances	22	(30,005)	(33,846)	(971)	(1,719)
Net debt		151,488	153,240	32,547	32,582
Equity attributable to equity holders of the Company		375,711	404,153	343,919	347,338
Total capital and net debt		527,199	557,393	376,466	379,920
Gearing ratio		40%	38%	9%	9%

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 36. Segment information

### (a) Business segments:

For management purposes, the Group and the Company are organised into business units based on their products and services. The Group's reportable segments are as follows:

- (i) Leasing - Rental of office and retail spaces and other related activities;
- (ii) Property development - Development of residential and commercial properties;
- (iii) Gaming - Organising, managing and sales of numbers forecast pools and public lotteries; and
- (iv) Investment holding and dormant - Investment holding and other business units include trading and retailing business.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise corporate assets, liabilities and expenses. The directors are of the opinion that all inter-segment transactions have been entered into a normal course of business. Segment revenue, expenses and results include transactions between business segments. These transactions are eliminated on consolidation.

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	Property development RM'000	Gaming RM'000	Leasing RM'000	Investment holding and others RM'000	Elimination RM'000	Consolidated RM'000
<b>31 December 2020</b>						
<b>Revenue</b>						
Revenue as reported	3,223	55,180	15,897	-	-	74,300
Inter-segment sales	-	2,202	5,743	3,500	(11,445)	-
<b>Total revenue</b>	<b>3,223</b>	<b>57,382</b>	<b>21,640</b>	<b>3,500</b>	<b>(11,445)</b>	<b>74,300</b>
<b>Results</b>						
Interest income	3	589	74	-	-	666
Interest expenses:						
- lease liabilities	-	(154)	(685)	(15)	658	(196)
- others	(26)	-	(5,898)	(2,797)	15	(8,706)
Depreciation of:						
- plant and equipment	(3)	(291)	(768)	(12)	-	(1,074)
- right-of-use assets	(52)	(726)	(370)	(363)	415	(1,096)
Fair value gain/(loss) on:						
- investment securities	-	74	-	(106)	-	(32)
- investment properties	(20)	(580)	(20,000)	-	-	(20,600)
Inventories written down	(300)	-	-	-	-	(300)

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 36. Segment information (cont'd.)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment: (cont'd.)

	Property development RM'000	Gaming RM'000	Leasing RM'000	Investment holding and others RM'000	Elimination RM'000	Consolidated RM'000
<b>31 December 2020 (cont'd.)</b>						
<b>Results (cont'd.)</b>						
Reversal of impairment loss on:						
- trade receivables	-	-	4	2	-	6
- other receivables	35	-	-	-	-	35
Income tax (expense)/credit	(20)	94	2,003	-	-	2,077
Other significant non-cash expenses	(2,246)	(417)	5,611	2,077	(4,252)	773
Segment (loss)/profit	(2,629)	(1,411)	(20,029)	(1,214)	(3,164)	(28,447)
<b>Assets</b>						
Segment assets	263,262	69,591	318,783	396,804	(446,520)	601,920
<b>Liabilities</b>						
Segment liabilities	198,930	73,900	159,480	155,654	(362,521)	225,443
<b>31 December 2019</b>						
<b>Revenue</b>						
Revenue as reported	2,389	105,546	17,270	-	-	125,205
Inter-segment sales	-	4,221	5,743	3,500	(13,464)	-
Total revenue	2,389	109,767	23,013	3,500	(13,464)	125,205
<b>Results</b>						
Interest income	14	780	102	1	-	897
Interest expenses:						
- lease liabilities	-	(119)	(99)	(44)	44	(218)
- others	(270)	(7)	(7,136)	(3,045)	270	(10,188)
Depreciation of:						
- plant and equipment	(2)	(412)	(1,072)	(25)	-	(1,511)
- right-of-use assets	-	(460)	(525)	(363)	363	(985)
Fair value loss on:						
- investment securities	-	(32)	-	(2)	-	(34)
- investment properties	(1,000)	(2,980)	(10,000)	-	-	(13,980)
Inventories written down	(1,200)	-	-	-	-	(1,200)



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 36. Segment information (cont'd.)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment: (cont'd.)

	Property development RM'000	Gaming RM'000	Leasing RM'000	Investment holding and others RM'000	Elimination RM'000	Consolidated RM'000
<b>31 December 2019 (cont'd.)</b>						
<b>Results (cont'd.)</b>						
Reversal of impairment loss on:						
- trade receivables	4	-	97	6	-	107
- other receivables	56	-	-	-	-	56
- amounts due from associates	-	-	-	250	-	250
Income tax expense	(19)	(2,184)	(1,908)	21	-	(4,090)
Other significant non-cash expenses	(2,206)	11,999	6,332	(9,630)	1,743	8,238
Segment profit/(loss)	(4,623)	6,585	(14,209)	(12,831)	2,420	(22,658)
<b>Assets</b>						
Segment assets	249,794	83,849	342,928	401,705	(443,435)	634,841
<b>Liabilities</b>						
Segment liabilities	198,811	86,513	161,000	420,428	(639,909)	226,843

(i) Other significant non-cash expenses consist of the following:

	Note	2020 RM'000	2019 RM'000
Impairment loss on other receivables	9	-	21
Unrealised loss on foreign exchange	9	76	94
Bad debts written off	9	1	285
Plant and equipment written off	9	-	17
Fair value loss on derivative financial liability	28	636	877
Others		60	6,944
		773	8,238

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 36. Segment information (cont'd.)

### (a) Business segments: (cont'd.)

(ii) Additions to non-current assets consist of:

	Note	2020 RM'000	2019 RM'000
Plant and equipment	12	311	189

(iii) The following item is added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2020 RM'000	2019 RM'000
Tax recoverable	2,464	1,767

(iv) The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	Note	2020 RM'000	2019 RM'000
Deferred tax liabilities	27	1,812	4,114
Tax payable		445	727
		2,257	4,841

### (b) Geographical information

The following table provides an analysis of the Group's revenue, segment assets and capital expenditure by geographical segment:

	Revenue		Segment assets		Capital expenditure	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Sabah	55,180	105,546	69,591	83,849	251	154
Kuala Lumpur	19,120	19,659	458,803	477,466	60	35
Negeri Sembilan	-	-	73,526	73,526	-	-
Malaysia	74,300	125,205	601,920	634,841	311	189

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 36. Segment information (cont'd.)

### (c) Information about major customers

No information on major customers is presented as there are no single/groups of significant major customers contributing to the Group's revenue.

## 37. Subsidiaries

The details of the subsidiaries are as follows:

	Proportion of ownership		
Name of subsidiary	2020 %	2019 %	Principal activities
Subsidiaries of the Company			
Lotteries Corporation Sdn. Bhd.	100	100	Organising, managing numbers forecast pools and public lotteries
United Malaysian Properties Sdn. Bhd.	100	100	Dormant
Diriwan Corporation Sdn. Bhd.	100	100	Sale of numbers forecast pools and public lotteries
City Land Sdn. Bhd. *	100	100	Property development
Regal Unity Sdn. Bhd.	100	100	Trading, retailing, food and beverage business
Jupiter Options and Financial Futures Sdn. Bhd.	70	70	Other financial and commodity futures brokers and dealers
Jupiter Asset Management Sdn. Bhd. *	70	70	Ceased operations
Dairy Maid Resort & Recreation Sdn. Bhd.	100	100	Property investment and letting of properties
Olympia Ventures Sdn. Bhd.	100	100	Investment holding
Jupiter Capital Sdn. Bhd. *	100	100	Ceased operations
Sierra Aspects Sdn. Bhd. *	100	100	Ceased operations
JetFM Sdn. Bhd. *	51	51	Ceased operations
Olympia Engineering Sdn. Bhd.	100	100	Investment holding
Olympia Properties Sdn. Bhd.	100	100	Property development
Olympia Leisure Sdn. Bhd. *	60	60	Ceased operations
Avenia Leisure Sdn. Bhd. *	100	100	Ceased operations
Citrus Cafe Sdn. Bhd. *	100	100	Ceased operations

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 37. Subsidiaries (cont'd.)

The details of the subsidiaries are as follows: (cont'd.)

	Proportion of ownership		
Name of subsidiary	2020 %	2019 %	Principal activities
Subsidiaries of the Company (cont'd.)			
KL Landmark Estate Services Sdn. Bhd. *	100	100	Ceased operations
KL Landmark Sdn. Bhd.	100	100	Property development
MA Realty Sdn. Bhd.	100	100	Property investment holding
Naturelle Sdn. Bhd.	100	100	Property development
Subsidiary of Lotteries Corporation Sdn. Bhd.			
LC (BVI) Ltd. ^#	100	100	Ceased operations
Subsidiary of United Malaysian Properties Sdn. Bhd.			
UMP Management Sdn. Bhd.	100	100	Building maintenance
Subsidiary of Diriwan Corporation Sdn. Bhd.			
Diriwan Management Sdn. Bhd.	100	100	Provision of management services
Subsidiary of Dairy Maid Resort & Recreation Sdn. Bhd.			
Dairy Maid Resort & Recreation Property Services Sdn. Bhd.	100	100	Property management services
Subsidiaries of Olympia Ventures Sdn. Bhd.			
Scalini's Asia Sdn. Bhd. *	100	100	Ceased operations
Miles & Miles Asia Ltd. ^#	100	100	Dormant
Subsidiary of Olympia Engineering Sdn. Bhd.			
Suff Marine International Sdn. Bhd. *	70	70	Dormant
Subsidiary of JetFM Sdn. Bhd.			
JetMobile Sdn. Bhd. *	100	100	Ceased operations

\* Audited by firms of auditors other than Ernst & Young PLT.

# This subsidiary, Miles & Miles Asia Ltd. is incorporated in Hong Kong.

# This subsidiary, LC (BVI) Ltd. is incorporated in British Virgin Islands.

^ Unaudited.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (cont'd.)

## 38. Significant and subsequent events

- (a) On 11 March 2020, the World Health Organisation (WHO) declared Covid-19 a worldwide pandemic. With widespread concerns about the ongoing Covid-19 pandemic, the government of Malaysia had declared a Movement Control Order ("MCO") from 18 March 2020. The MCO encompasses restriction of movement and assembly nationwide, and closure of all government and private premises except those involved in essential services. The Group resumed its operations in May 2020, with the exception of the gaming segment, following the implementation of the various phases of the conditional and recovery MCOs. The gaming segment resumed operations in June 2020. However, the gaming operations temporarily ceased following restrictions which were re-imposed in the state of Sabah in October 2020, before resuming operations in November 2020. Subsequent to the end of the financial year, as a result of the nationwide MCO which was reimplemented in January 2021, the gaming operations were again impacted and only resumed operations in February 2021.

The Group has considered the effects of the Covid-19 pandemic during its preparation of its financial statements for the year ended 31 December 2020. However, the Covid-19 pandemic, if prolonged, may adversely impact the market outlook and operating conditions of the various business segments of the Group.

In addition to the unpredictable nature of the pandemic which has resulted in the disruption of the gaming operations of the Group, the results and financial position of the Group during the financial year as well as subsequent to year end are expected to continue to be impacted by various factors, including the following:

- The softening demand and outlook of the property development and property investment segments which may impact the revenue from the sale of completed properties and the rental income for the investment properties of the Group; and
- The re-assessment of the carrying amounts of certain assets of the Group, including the investment properties. The fair values of the investment properties are derived based on certain key assumptions of the market conditions prevailing as at 31 December 2020. The details of the impairment of investment properties are disclosed in Notes 9 and 15.

The Group is taking the necessary steps to mitigate the risks arising from the Covid-19 pandemic, including the prudent management of its cashflows from its operating, investing and financing activities as disclosed in Note 2.1.

- (b) On 16 March 2021, the wholly-owned subsidiaries namely Lotteries Corporation Sdn Bhd, KL Landmark Sdn Bhd and Dirivan Corporation Sdn Bhd (collectively the "Vendors") had entered into the sale and purchase agreements with KH Estates Sdn Bhd ("Purchaser"), a wholly-owned subsidiary of DutaLand Berhad for the sale of four (4) units of 4-storey town villas bearing postal addresses at Units A-1, B-1, C-8 and A-7, KH Villa, No. 9, Jalan Sri Hartamas 17, Taman Sri Hartamas, 50480 Kuala Lumpur for a total cash consideration of RM15,700,000.

The Sale Consideration for the proposed disposal was arrived at on a willing buyer willing seller basis and based on the valuation carried out by the independent valuer, Knight Frank Malaysia Sdn Bhd. There are no liabilities, including contingent liabilities to be assumed by the Purchaser and no guarantees given by the Vendors to the Purchaser arising from the proposed disposal. There will be an estimated loss of RM22,000 arising from the proposed disposal.

# PROPERTIES HELD BY THE GROUP

As at 31 December 2020

Properties	Description/ existing use	Tenure	Land Area (acres)	Built-up area (sq-ft)	Carrying Value 31.12.2020 (RM'000)	Date of revaluation
<b>LOTTERIES CORPORATION SDN. BHD.</b>						
2-B6-01, A-1, KH Villa Hartamas 9, Jalan Sri Hartamas 17, Taman Sri Hartamas, 50480 KL	4 Storey Town Villa	Freehold	0.15	6,549	4,250	31/12/2020
A-C-29, C-8, KH Villa Hartamas 9, Jalan Sri Hartamas 17, Taman Sri Hartamas, 50480 KL	4 Storey Town Villa	Freehold	0.13	5,582	3,650	31/12/2020
<b>DIRIWAN CORPORATION SDN. BHD.</b>						
2-B3-07, A-7, KH Villa Hartamas 9, Jalan Sri Hartamas 17, Taman Sri Hartamas, 50480 KL	4 Storey Town Villa	Freehold	0.13	5,726	3,700	31/12/2020
<b>KL LANDMARK SDN. BHD.</b>						
1-A5-21, B-1, KH Villa Hartamas 9, Jalan Sri Hartamas 17, Taman Sri Hartamas, 50480 KL	4 Storey Town Villa	Freehold	0.14	6,028	4,100	31/12/2020
<b>DAIRY MAID RESORT &amp; RECREATION SDN. BHD.</b>						
Menara Olympia No 8, Jalan Raja Chulan 50200 Kuala Lumpur	31 storey commercial building	Leasehold for 99 years expiring on 1/3/2088 (26 years old)	1.16	690,553	280,000	31/12/2020
<b>NATURELLE SDN. BHD.</b>						
PT 632, 642, 646 to 888, 891, 893 to 907, 909 to 914, 918 to 924, 983 to 1022, 1027 to 1030, 1639 & 1640 Mukim of Kenaboi District of Jelebu Negeri Sembilan Darul Khusus	Mixed development land	Leasehold for 99 years expiring on 26/6/2091	1,371	-	57,205*	31/12/2020

\*MFRS102: Inventories are carried at lower of cost and net realisable value.

# ANALYSIS OF SHAREHOLDINGS

As at 30 April 2021

Total number of Issued Shares	1,023,431,958 shares
Class of shares	Ordinary shares
Voting rights	One (1) vote per ordinary share
Number of shareholders	25,129

## DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100	1,475	5.87	43,389	0.00
100 to 1,000	16,469	65.54	5,067,421	0.50
1,001 to 10,000	3,803	15.13	16,759,769	1.64
10,001 to 100,000	2,718	10.82	107,480,973	10.50
100,001 to less than 5% of issued shares	661	2.63	430,291,828	42.04
5% and above of issued shares	3	0.01	463,788,578	45.32
<b>TOTAL</b>	<b>25,129</b>	<b>100.00</b>	<b>1,023,431,958</b>	<b>100.00</b>

## SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
1. Kenny Height Developments Sdn Bhd	180,000,000	17.59	-	-
2. Duta Equities Sdn Bhd	155,947,183	15.24	-	-
3. Seni Kasuari Sdn Bhd	127,841,395	12.49	-	-
4. Tan Sri Dato' Yap Yong Seong	55,668	0.005	335,947,183	* 32.83
5. Dato' Sri Yap Wee Keat	44,500	0.004	335,947,183	* 32.83
6. Datuk Yap Wee Chun	-	-	335,947,183	* 32.83
7. Puan Sri Datin Leong Li Nar	-	-	335,947,183	* 32.83

\* Deemed interest through shares held by Kenny Height Developments Sdn Bhd and Duta Equities Sdn Bhd.

# ANALYSIS OF SHAREHOLDINGS

As at 30 April 2021 (cont'd.)

## DIRECTORS' INTERESTS IN SHARES IN THE COMPANY AND RELATED COMPANIES

Olympia Industries Berhad		Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1.	Y.A.M Tunku Naquiyuddin ibni Almarhum Tuanku Jaafar	20,000	0.001	-	-
2.	Tan Sri Dato' Yap Yong Seong	55,668	0.005	335,947,183	* 32.83
3.	Dato' Sri Yap Wee Keat	44,500	0.004	335,947,183	* 32.83
4.	Tan Sri Dato' Nik Hashim bin Nik Ab. Rahman	-	-	-	-
5.	Ng Ju Siong	-	-	-	-
6.	Izaddeen bin Daud	-	-	-	-

Related Companies		Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
<b>Olympia Leisure Sdn Bhd</b>					
	Dato' Sri Yap Wee Keat	60,000	40.00	90,000 <sup>^</sup>	60.00
<b>JetFM Sdn Bhd</b>					
	Dato' Sri Yap Wee Keat	-	-	188,784 <sup>**</sup>	38

\* Deemed interest through shares held by Kenny Height Developments Sdn Bhd and Duta Equities Sdn Bhd.

<sup>^</sup> By virtue of his interest through Olympia Industries Berhad in accordance with Section 8 of the Companies Act, 2016.

<sup>\*\*</sup> Deemed interest through Ample Paramount Sdn Bhd which owns 37.76% equity interest in JetFM Sdn Bhd



# ANALYSIS OF SHAREHOLDINGS

As at 30 April 2021 (cont'd.)

## TOP 30 SECURITIES ACCOUNT HOLDERS

No.	Name of Shareholders	No. of Shares	%
1.	Kenny Height Developments Sdn Bhd	180,000,000	17.59
2.	Duta Equities Sdn Bhd	155,947,183	15.24
3.	Seni Kasuari Sdn Bhd	127,841,395	12.49
4.	MP Factors Sdn Bhd	34,603,560	3.38
5.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Azizan bin Abd Rahman (PB)	29,395,270	2.87
6.	British Image Sdn Bhd	24,653,600	2.41
7.	British Image Sdn Bhd	20,426,900	2.00
8.	Pacific Element Sdn Bhd	17,225,300	1.68
9.	Ng Eng Siong	8,970,000	0.88
10.	Ng Soo Yong	8,000,000	0.78
11.	Lim Pay Kaon	7,000,000	0.68
12.	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teng Siew Kean (MG0090-199)	5,470,900	0.53
13.	Lim Pei Tiam @ Liam Ahat Kiat	5,000,000	0.49
14.	Chin Kian Fong	4,696,000	0.46
15.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Geok Wah (BBRKLING-CL)	4,000,000	0.39
16.	Wong Hon Yee	3,196,821	0.31
17.	Ng Eng Siong	3,090,000	0.30
18.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Kam Fut	3,000,000	0.29
19.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for J.V. Avenue Sdn Bhd	2,881,500	0.28
20.	Low Ngok Ming	2,865,000	0.28

# ANALYSIS OF SHAREHOLDINGS

As at 30 April 2021 (cont'd.)

## TOP 30 SECURITIES ACCOUNT HOLDERS (cont'd.)

No.	Name of Shareholders	No. of Shares	%
21.	Chin Sin Lin	2,838,100	0.28
22.	Public Nominees (Asing) Sdn Bhd Pledged Securities Account for Veronica Bong (E-SPG)	2,595,000	0.25
23.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Eng Tiong	2,550,000	0.25
24.	Pacific Element Sdn Bhd	2,531,600	0.25
25.	Tan Kwe Hee	2,388,000	0.23
26.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Kiam Hsung	2,300,000	0.22
27.	Tan Yee Ming	2,263,700	0.22
28.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Kiam Hsung	2,200,000	0.21
29.	Yap Lee Su	2,150,000	0.21
30.	Foo Yong Kiat	2,000,000	0.20
<b>Total</b>		<b>672,079,829</b>	<b>65.65</b>

# NOTICE OF 40<sup>TH</sup> ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Fortieth Annual General Meeting ("40<sup>th</sup> AGM") of Olympia Industries Berhad ("the Company") will be conducted entirely through live streaming from the Broadcast Venue at Level 23, Menara Olympia, No. 8, Jalan Raja Chulan, 50200 Kuala Lumpur on Wednesday, 23 June 2021 at 3.00 p.m. to transact the following businesses :-

## AGENDA

### AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon (Please refer to Explanatory Note)
2. To approve the payment of Directors' fees of RM144,000.00 for the financial year ended 31 December 2020 (Ordinary Resolution 1)
3. To approve the payment of Directors' benefits to Non-Executive Directors up to an amount of RM65,000.00 from the 40<sup>th</sup> AGM until the next Annual General Meeting of the Company (Ordinary Resolution 2)
4. To re-elect the following Directors who are retiring by rotation in accordance with Clause 91 of the Company's Constitution and being eligible, offer themselves for re-election:
  - (i) Tan Sri Dato' Yap Yong Seong (Ordinary Resolution 3)
  - (ii) Tan Sri Dato' Nik Hashim bin Nik Ab. Rahman (Ordinary Resolution 4)
5. To re-appoint Messrs. Ernst & Young PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration (Ordinary Resolution 5)

### AS SPECIAL BUSINESS

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

#### **CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS OF THE COMPANY**

6. "THAT subject to the passing of Ordinary Resolution 4, approval be and is hereby given for Tan Sri Dato' Nik Hashim bin Nik Ab. Rahman, who has served as an Independent Non-Executive Director for a cumulative term of more than 9 years, to continue to act as an Independent Non-Executive Director of the Company." (Ordinary Resolution 6)
7. "THAT approval be and is hereby given for Y.A.M. Tunku Naquiyuddin ibni Almarhum Tuanku Jaafar, who has served as an Independent Non-Executive Director for a cumulative term of more than 12 years, to continue to act as an Independent Non-Executive Director of the Company." (Ordinary Resolution 7)

# NOTICE OF 40<sup>TH</sup> ANNUAL GENERAL MEETING

(cont'd.)

8. **AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016**

(Ordinary Resolution 8)

"THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 and subject to the approval of the relevant authorities, the Directors of the Company be and are hereby authorised to allot shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this Resolution does not exceed 10% of the total number of issued shares of the Company for the time being AND THAT the Directors of the Company be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND FURTHER THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

9. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

(Ordinary Resolution 9)

"THAT pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and/or its subsidiaries ("Olympia Group") to enter into and give effect to the categories of recurrent related party transactions with the related parties as specified in Section 2.3.1 of the Circular to Shareholders dated 24 May 2021, which are necessary for the Olympia Group's day-to-day operations in the ordinary course of business made on an arm's length basis and on normal commercial terms and on terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company (hereinafter referred to as "the Mandate") and the Mandate shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the Mandate will lapse, unless by a resolution passed at a general meeting, the authority is renewed;
- (b) 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 ("the Act") (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier.

AND THAT the Directors of the Company and/or its subsidiaries be and are hereby authorised to complete and do all such acts and things including executing all such documents as they may consider necessary or expedient to give effect to the Mandate."

10. To transact any other business of which due notice shall have been given.

# NOTICE OF 40<sup>TH</sup> ANNUAL GENERAL MEETING

## (cont'd.)

### BY ORDER OF THE BOARD

**Lim Yoke Si (MAICSA 0825971) / SSM PC No. 202008000548**  
**Kwan Wai Sin (MAICSA 7035227) / SSM PC No. 201908000481**  
Company Secretaries

Kuala Lumpur  
24 May 2021

### Notes

1. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting.
2. Shareholders or proxies/corporate representatives/attorneys appointed/authorised WILL NOT BE ALLOWED to attend the 40<sup>th</sup> AGM in person at the Broadcast Venue on the day of the meeting. Please refer to the Administrative Guide on 40<sup>th</sup> AGM if you wish to join the meeting remotely.
3. Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely in the 40<sup>th</sup> AGM via Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") via its TIIH Online website at <https://tiah.online>. Please follow the procedures for RPV in the Administrative Guide on 40<sup>th</sup> AGM.
4. A member shall not be entitled to appoint more than two (2) proxies to participate in the 40<sup>th</sup> AGM via RPV.
5. Where a member is an authorised nominee, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
7. Where a member or authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
8. If the appointor is a corporation, the Form of Proxy must be executed under its Common Seal or under the hand of its attorney.
9. The appointment of a proxy may be made in a hard copy form or by electronic means as follows:
  - (a) In hard copy form  
The Form of Proxy or the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the office of Share Registrar of the Company, Tricor, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than 48 hours before the time for holding the 40<sup>th</sup> AGM or no later than 3.00 p.m. on 21 June 2021.
  - (b) By Tricor Online System (TIIH Online)  
The Form of Proxy can be electronically submitted to Tricor via TIIH Online at <https://tiah.online>. Kindly refer to the Administrative Guide on the procedures for electronic lodgement of proxy form via TIIH Online.
10. In respect of deposited securities, only members whose names appear in the Record of Depositors on 16 June 2021 shall be entitled to participate in the 40<sup>th</sup> AGM via RPV.
11. In compliance with the Main Market Listing Requirement of Bursa Malaysia Securities Berhad, all resolutions as set herein will be put to vote by way of poll.

# NOTICE OF 40<sup>TH</sup> ANNUAL GENERAL MEETING

## (cont'd.)

### PERSONAL DATA PROTECTION STATEMENT

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

### EXPLANATORY NOTES :-

#### Item 1 of the Agenda

Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon

This item is for discussion only as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require approval from shareholders of the Company. Hence, it is not put forward for voting.

#### Ordinary Resolution 1

The proposed payment of Directors' fees of RM144,000.00 is for the Non-Executive Directors of the Company who have served during the financial year and is reflective of their responsibilities.

#### Ordinary Resolution 2

The Directors' benefits for Non-Executive Directors comprise meeting allowances of RM30,000.00 and leave passage of RM35,000.00. Meeting allowances are calculated based on the number of scheduled Board, Board Committee and general meetings from the 40th AGM until the next Annual General Meeting of the Company.

#### Ordinary Resolutions 6 and 7

Tan Sri Dato' Nik Hashim bin Nik Ab. Rahman and Y.A.M. Tunku Naquiyuddin ibni Almarhum Tuanku Jaafar have served the Company as Independent Non-Executive Directors for a cumulative term of more than 9 years and 12 years respectively.

The Board, through the Nomination Committee, had carried out annual evaluation and assessment on the performance and independence of the individual Directors and is satisfied that both Tan Sri Dato' Nik Hashim bin Nik Ab. Rahman and Y.A.M. Tunku Naquiyuddin ibni Almarhum Tuanku Jaafar have fulfilled the criteria under the definition of Independent Director as set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. They have been able to demonstrate their independence and exercise objective judgement during Board deliberations. The length of their services does not in any way impair their objective and independent judgement nor their ability to act in the best interest of the Company. The Board is confident that they will continue to exercise independent and objective judgement in Board meetings regardless of the length of service in the Company.

Notwithstanding Practice 4.2 of the Malaysian Code on Corporate Governance for the Board to seek shareholders' approval through a two-tier voting process for retention of independent director after twelfth year, the Board recommends that irrespective of the length of service in the Company, the proposed resolutions be voted through a single-tier voting process to enable every shareholder to exercise their voting rights on the same level/ platform and to be decided by a simple majority for ordinary resolutions as provided in the Companies Act 2016.

Ordinary Resolutions 6 and 7 if passed, will enable Tan Sri Dato' Nik Hashim bin Nik Ab. Rahman and Y.A.M. Tunku Naquiyuddin ibni Almarhum Tuanku Jaafar, to hold office as Independent Non-Executive Directors until the conclusion of the next Annual General Meeting of the Company.

# NOTICE OF 40<sup>TH</sup> ANNUAL GENERAL MEETING

## (cont'd.)

### **Ordinary Resolution 8**

The Ordinary Resolution proposed under item 8 is for the purpose of seeking a renewal of the general mandate to authorise the Directors of the Company to allot ordinary shares up to 10% of the total number of issued shares of the Company, for such purposes as the Directors consider to be in the interest of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting ("AGM") of the Company.

The mandate will provide flexibility to the Company for allotment of shares for any possible fund raising activities, including but not limited to placement of shares, funding future investment(s) and/or working capital.

The mandate obtained at the 39<sup>th</sup> AGM held on 23 June 2020 was not utilised and accordingly, there was no allotment of shares as at the date of the Notice.

### **Ordinary Resolution 9**

The Ordinary Resolution proposed under item 9, if passed, will allow the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations with related parties. This authority, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next AGM, or the expiration of the period within which the next AGM is required by law to be held, or revoked or varied by a resolution passed by the shareholders of the Company in general meeting, whichever is earlier. Shareholders are advised to refer to the Circular to Shareholders dated 24 May 2021 for more information.

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”))

## **1. Details of individual who is standing for election as Director**

No individual is seeking election as a Director at the Fortieth Annual General Meeting (“40<sup>th</sup> AGM”) of the Company.

## **2. General mandate for issue of securities**

There is a renewal of general mandate for the issuance of shares to be sought in accordance with Paragraph 6.03(3) of the MMLR of Bursa Securities at the 40<sup>th</sup> AGM of the Company.

No proceeds was raised from the previous mandate as the Company did not issue any new shares pursuant to Sections 75 and 76 of the Companies Act, 2016 under the general mandate which was approved at the 39<sup>th</sup> AGM of the Company held on 23 June 2020.

The purpose for seeking a general mandate to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016 is to provide flexibility to the Company for allotment of shares for any possible fund raising activities, including but not limited to placement of shares, funding future investment(s) and/or working capital.



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# OLYMPIA INDUSTRIES BERHAD

[198001009242 (63026-U)]

## Form of Proxy

CDS Account No.	No. of Shares held

\* I/We \_\_\_\_\_

\* NRIC/Passport/Company No. \_\_\_\_\_ Mobile Phone No.: \_\_\_\_\_

Address : \_\_\_\_\_

being a member of **OLYMPIA INDUSTRIES BERHAD** ("the Company"), hereby appoint :-

1. Name of proxy	NRIC/ Passport No.	Proportion of shareholdings and % represented by proxy	
		No. of Shares	%
Address			

and

2. Name of proxy	NRIC/ Passport No.	Proportion of shareholdings and % represented by proxy	
		No. of Shares	%
Address			

or failing \*him/her, the Chairman of the meeting as \*my/our proxy to vote for \*my/our behalf at the 40th Annual General Meeting of the Company which will be conducted entirely through live streaming from the Broadcast Venue at Level 23, Menara Olympia, No. 8, Jalan Raja Chulan, 50200 Kuala Lumpur on Wednesday, 23 June 2021 at 3.00 p.m., or at any adjournment thereof.

Ordinary Resolutions	Ordinary Business	For	Against
1	Approval of Directors' fees		
2	Approval of Directors' benefits		
3	Re-election of Tan Sri Dato' Yap Yong Seong as Director		
4	Re-election of Tan Sri Dato' Nik Hashim bin Nik Ab. Rahman as Director		
5	Re-appointment of Messrs Ernst & Young PLT as Auditors and authority to the Directors to fix the Auditors' remuneration		
	<b>Special Business</b>		
6	Continuing in Office of Tan Sri Dato' Nik Hashim bin Nik Ab. Rahman as Independent Non-Executive Director		
7	Continuing in Office of Y.A.M. Tunku Naquiyuddin ibni Almarhum Tuanku Jaafar as Independent Non-Executive Director		
8	Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016		
9	Proposed renewal of Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature		

(Please indicate the manner in which you wish your vote to be cast with an "X" in the appropriate space above. If no instruction is given, this form will be taken to authorise the proxy to vote at his/her discretion)

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

Signature / Common Seal of Shareholder

\* Delete where inapplicable

### Notes

- The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting.
- Shareholders or proxies/corporate representatives/attorneys appointed/authorised WILL NOT BE ALLOWED to attend the 40th AGM in person at the Broadcast Venue on the day of the meeting. Please refer to the Administrative Guide on 40th AGM if you wish to join the meeting remotely.
- Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely in the 40th AGM via Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") via its TIH Online website at <https://tthh.online>. Please follow the procedures for RPV in the Administrative Guide on 40th AGM.
- A member shall not be entitled to appoint more than two (2) proxies to participate in the 40th AGM via RPV.
- Where a member is an authorised nominee, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- Where a member or authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- If the appointor is a corporation, the Form of Proxy must be executed under its Common Seal or under the hand of its attorney.
- The appointment of a proxy may be made in a hard copy form or by electronic means as follows:
  - In hard copy form  
The Form of Proxy or the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the office of Share Registrar of the Company, Tricor, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than 48 hours before the time for holding the 40th AGM or no later than 3.00 p.m. on 21 June 2021.
  - By Tricor Online System (TIH Online)  
The Form of Proxy can be electronically submitted to Tricor via TIH Online at <https://tthh.online>. Kindly refer to the Administrative Guide on the procedures for electronic lodgement of proxy form via TIH Online.
- In respect of deposited securities, only members whose names appear in the Record of Depositors on 16 June 2021 shall be entitled to participate in the 40th AGM via RPV.
- In compliance with the Main Market Listing Requirement of Bursa Malaysia Securities Berhad, all resolutions as set herein will be put to vote by way of poll.

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THE REGISTRAR OF  
OLYMPIA INDUSTRIES BERHAD  
[198001009242 (63026-U)]



The Share Registrar  
**Tricor Investor & Issuing House Services Sdn Bhd**  
(197101000970 (11324-H))  
Unit 32-01, Level 32, Tower A,  
Vertical Business Suite, Avenue 3  
Bangsar South, No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Malaysia

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## **OLYMPIA INDUSTRIES BERHAD**

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