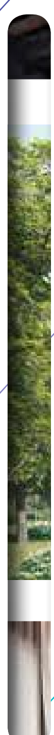
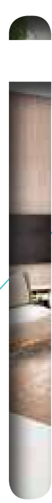
PARAMOUNT





RESILIENT POISED FOR GROWTH

Annual Report 2020

51st

ANNUAL GENERAL MEETING

Full virtual AGM and online remote participation and voting via
https://tiih.online

Tuesday
1 June 2021
10:30 a.m.

Scan the QR code to view or download a softcopy of the annual report

Paramount values sustainability as part of its business philosophy. This Annual Report is printed on environmentally friendly paper.

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THE COMPANY

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THE COMPANY

HOW WE CREATE VALUE

Our Vision

Changing Lives And Enriching Communities For A Better World

Our Mission

We deliver superior products and services that benefit society, and shape future generations of leaders and thinkers.

We care for the safety and health of our people, and we believe in developing their talents through empowerment and enabling them to maximise their potential.

We grow our businesses to deliver sustainable and responsible shareholder returns while ensuring that we continue to protect our environment.

We must be bold in technological innovations to be market leaders in our core businesses.

We will leverage on the synergies within our business ecosystem to create unique product offerings.

Our Core Values

TRUST
We will strive to strengthen the faith that our shareholders, customers and the community have placed upon us to deliver sustainable returns.

RESPECT
We respect people as individuals, care for their well-being, and welcome diversity in capability and background. We encourage positive teamwork and expect everyone to be open, candid and constructive in their comments and suggestions and always seek to help our colleagues inside and outside Paramount.

INTEGRITY
We expect to do what is right, not only what is allowed. We believe in absolute honesty and strong principles of uncompromising ethical and moral behaviour from everyone – our employees as well as those who do business with us. Integrity must not only be heard but must also be seen in action at all times.

BRAVERY
We must have the courage to stand up for what we believe in and be bold enough to venture into new areas and businesses.

ENERGY
We embrace the future with vitality and vigour, exhibiting innovativeness and entrepreneurship in the true spirit upon which the company was founded.

T.R.I.B.E

THE COMPANY

CORPORATE STRUCTURE

PROPERTY

100%
Aneka Sepakat Sdn Bhd

100%
Berkeley Sdn Bhd

100%
Berkeley Maju Sdn Bhd

100%
Broad Projects Sdn Bhd

100%
Carp Legacy Sdn Bhd

100%
Kelab Bandar Laguna Merbok Sdn Bhd

100%
Paramount Construction Sdn Bhd

100%
Paramount Construction (PG) Sdn Bhd

100%
Paramount Engineering & Construction Sdn Bhd (In members' voluntary liquidation)

100%
Paramount Property (Cityview) Sdn Bhd

100%
Paramount Property (Cjaya) Sdn Bhd

100%
Paramount Property Construction Sdn Bhd

100%
Paramount Property Development Sdn Bhd

100%
Paramount Property (Glenmarie) Sdn Bhd

100%
Paramount Property (PG) Sdn Bhd

100%
Paramount Property (PW) Sdn Bhd

100%
Paramount Property (Sekitar 26 Enterprise) Sdn Bhd

100%
Paramount Property (Sepang) Sdn Bhd

100%
Paramount Property (Utara) Sdn Bhd

100%
Paramount Utropolis Retail Sdn Bhd

100%
Seleksi Megah Sdn Bhd
(In members' voluntary liquidation)

99%
Paramount Property (Lakeside) Sdn Bhd

COWORKING

100%
Paramount Coworking Sdn Bhd

70%
Gardens of Hope Sdn Bhd

INVESTMENT AND OTHERS

100%
Janahasil Sdn Bhd

100%
Jasarim Bina Sdn Bhd

100%
Magna Intelligent Sdn Bhd

100%
Paramount Capital Resources Sdn Bhd

100%
Paramount FoodPrint Sdn Bhd

100%
Paramount Global Sdn Bhd

100%
Paramount Global Investments Pty Ltd

100%
Paramount Globalcom Sdn Bhd

100%
Paramount Greencity Sdn Bhd

100%
Paramount Holdings Sdn Bhd
(formerly known as KDU Management Development Centre Sdn Bhd)

100%
Paramount Investments & Properties Pty Ltd

100%
Paramount Property Holdings Sdn Bhd

100%
Paramount Property (Seaview) Sdn Bhd

100%
Utropolis Sdn Bhd

71%
Super Ace Resources Sdn Bhd

50%
VIP Paramount Pty Ltd

49%
Navarang Charoennakhon Company Limited

35%
UOW Malaysia KDU University College Sdn Bhd

35%
UOW Malaysia KDU Penang University College Sdn Bhd

30.3%
Paramount Education Sdn Bhd

20%
Sri KDU Sdn Bhd

20%
Sri KDU Klang Sdn Bhd
(formerly known as Paramount Education (Klang) Sdn Bhd)

THE COMPANY
CORPORATE PROFILE

Paramount Corporation Berhad (**Paramount**), listed on the Main Market of Bursa Malaysia Securities Berhad (**Bursa Malaysia**), is an investment holding company with established interests in property development.

Paramount, however, started as a rice miller. It was incorporated as Malaysia Rice Industries Berhad on 15 April 1969. Two years later, on 15 July 1971, the Company listed on the Kuala Lumpur Stock Exchange.

In 1978, the Company ventured into property development having acquired real estate company Perumahan Berjaya Sdn Bhd (now known as Paramount Property Holdings Sdn Bhd). It assumed its present name in 1980 to reflect its new business.

Paramount is one of the most trusted developers in the country today with projects in Kedah, Penang, Selangor and, soon Kuala Lumpur. It has won many awards for its projects and for shareholder returns.

Over the last 52 years, Paramount had ventured into various businesses but is known for property development and education, its two core businesses until it divested its controlling stakes in the latter recently. Paramount was a pioneer in private tertiary education and private school education in Malaysia, having founded Kolej KDU and Sri KDU school in 1983 and 2003 respectively. It was also the largest full spectrum education services provider in Malaysia after acquiring REAL Education in 2017. It maintains a 35% stake in the tertiary education business and 20%, in the pre-tertiary sector.

With a vision of ***'Changing lives and enriching communities for a better world'***, Paramount continues to grow its business while contributing to nation-building.

PROPERTY

- PARAMOUNT PROPERTY – THE PEOPLE'S DEVELOPER

COWORKING

- CO-LABS COWORKING
- OFFICE SOLUTIONS PROVIDER

INVESTMENT & OTHERS

- EDUCATION
- FOOD & BEVERAGE

THE COMPANY

CORPORATE PROFILE

PROPERTY BUSINESS

PARAMOUNT PROPERTY
The People's Developer ™

Paramount's versatility in property development is evident from the beautiful townships and integrated developments that it has created. Its offerings include landed luxury homes, affordable homes (landed and multi-storied), service apartments, schools, university campuses, as well as shop houses, offices, a hotel and industrial lots. It developed Bukit Banyan, Kedah's first hill park residences and Bandar Laguna Merbok, a riverside township, also in Sungai Petani. Another unique project is Sejati Lakeside fronting a 45-acre lake in Cyberjaya.

Paramount Property puts people first in all it does, from building design to quality finishing, and customer service. Its reputation continues to strengthen in tandem with its track record of delivering high-quality properties on time. Paramount has incorporated proptech to further enhance its customer service. It also recently launched Paramount Circle, a rewards programme for buyers.

FROM TOWNSHIPS TO INTEGRATED DEVELOPMENTS

Paramount Property's first project was Taman Patani Jaya in Sungai Petani. Launched in 1981, the project created new benchmarks in township design and planning in Kedah. The success spurred Paramount to develop Bandar Laguna Merbok, an award-winning riverside township that was also Kedah's first gated-and-guarded community. Bukit Banyan, a 520-acre hill park development, launched in 2012, had cemented Paramount's position as the preferred developer in Sungai Petani. Paramount bought another 137 acres of land in 2020 to expand the township.

In line with Paramount's strategy to expand into high growth areas, the Company acquired 524.7 acres of freehold land in Shah Alam in June 2003. Still growing, Kemuning Utama was Paramount's first township in the Klang Valley, also home to its first high-rise development.

Paramount Property has since expanded to other parts of the Klang Valley and Penang.

Notable projects in Selangor include Sejati Residences in Cyberjaya, a luxury residential development with its iconic clubhouse built with 200-year old Chengal wood; Sejati Lakeside, a landed residential development fronting a 45-acre lake, prompted by the former's success; ATWATER in Section 13, Petaling Jaya, an integrated development with serviced apartments and corporate office towers; and Greenwoods Salak Perdana in Sepang, a 237-acre township celebrated for its wide spaces and greenery.

Leveraging on the synergy of its two core businesses then i.e. property development and education, Paramount launched Utropolis Glenmarie in Shah Alam, a university metropolis with a hotel and a mall, anchored by what's now known as UOW Malaysia KDU University College.

THE COMPANY
CORPORATE PROFILE

Paramount entered Penang in 2016 with the launch of Utropolis Batu Kawan, another integrated development with a university college campus. Another property-education project is Berkeley Uptown, Klang, anchored by Sri KDU International School, ASEAN's first Microsoft flagship school.

Paramount Property has also built commercial and industrial projects, including the Surian Industrial Park in Kota Damansara and Sekitar26 in Shah Alam.

In 2020, Paramount Property ventured overseas by partnering with a Thai developer for a premium condominium project in Bangkok.

Among the projects coming up in 2021 will be The Atrium at Ampang Hilir, Paramount's first development in Kuala Lumpur, and Arinna Kemuning Utama with smart home features.

Paramount Group CEO Jeffrey Chew with (then) Chairman of Star Media Group Dato' Fu Ah Kiow at StarProperty.my Awards 2020

AWARDS IN THE PAST THREE YEARS

2020		
Top 100 Property Developer Brand	Paramount Corporation Berhad	Property Insight Malaysia's Top 100 Property Developer Brand 2019/2020
Best Overall Champions	Paramount Property	StarProperty.my Awards 2020
Most Sustainable Award	Paramount Property	StarProperty.my Awards 2020
The Edge Property Top Developers Awards 2020 - Ranked 12	Paramount Property	The Edge Malaysia Property Excellence Awards 2020
The Family Friendly Award (Landed) – Excellence	Sejati Lakeside	StarProperty.my Awards 2020
The Starter Home Award – Excellence	Utropolis Batu Kawan	StarProperty.my Awards 2020
5 Star rating in Safety and Health Assessment System for Building Construction Works 2020	Phase 3 – Utropolis Glenmarie	SHASSIC Day 2020
High QLASSIC Achievement (Landed Residential Development)	Sejati Residences Phase 3A - Amelia	QLASSIC Construction Quality Excellence Awards 2020
High QLASSIC Achievement (Landed Residential Development)	Sejati Residences Phase 3B - Amelia, Courtyard Villa and Eugenia	QLASSIC Construction Quality Excellence Awards 2020
GBI Silver	Utropolis Batu Kawan Phase 2	Green Building Index (GBI)

THE COMPANY

CORPORATE PROFILE

2019		
FIABCI Malaysia Property Man of 2019	Dato' Teo Chiang Quan	FIABCI Malaysia Property Awards 2019
The Highest Returns to Shareholders Over Three Years in the Property Sector	Paramount Corporation Berhad	The Edge Centurion Club 2019
The Edge Property Top Developers Awards 2019 - Ranked 13	Paramount Property	The Edge Malaysia Property Excellence Awards 2019
All-Star Top Ranked Developers of the Year	Paramount Property	StarProperty.my Awards 2019
The Northern Star Award, Best Northern Malaysia Development – Excellence	Utropolis Batu Kawan	StarProperty.my Awards 2019
The Starter Home Award, Best Affordable Home - Honours	Greenwoods, Salak Perdana	StarProperty.my Awards 2019
High Qlassic Achievement	Sejati Residences Phases 3A & 3B	Qlassic Construction Quality Excellence Awards 2019
Best Education Centric Development	Berkeley Uptown	PropertyInsight Prestigious Developer Awards 2019
GBI Silver, Non Residential New Construction Category	Wisma Paramount @ Bukit Banyan	Green Building Index (GBI)
GBI Certified	Utropolis Batu Kawan Phase 1	Green Building Index (GBI)

2018		
Malaysia's Responsible Developer: Building Sustainable Development Award 2018	Paramount Property	EdgeProp Malaysia's Best Managed Property Awards 2018
The Edge Property Top Developers Awards 2018 - Ranked 12	Paramount Property	The Edge Property Excellence Awards 2018
All-Star Top Ranked Developers of the Year	Paramount Property	StarProperty.my Awards 2018
The Cornerstone Award (Best Landed Development) - Excellence	Sejati Residences	StarProperty.my Awards 2018
The Small is Big Award (Best Small Home Development) - Excellence	Utropolis Batu Kawan	StarProperty.my Awards 2018
The Family Friendly Award (The Best Family Centric Development from RM350K) - Merit	Bukit Banyan	StarProperty.my Awards 2018
Northern Star Award (Best Northern Malaysia Development) - Merit	Bukit Banyan	StarProperty.my Awards 2018
Landscape Development Award Developer Category (Honour Award)	Hill Park @ Bukit Banyan	Malaysia Landscape Architecture Awards 2018 (MLAA)
Members' Choice Awards 2018 Winners: Asia	Co-labs Coworking	The Coworker Members' Choice Awards
GreenRE Platinum (Non Residential Category)	Wisma Paramount @ Bukit Banyan	GreenRE
High Qlassic Achievement	Sejati Residences Phase 2A & 2B	Qlassic Construction Quality Excellence Awards 2018
High Qlassic Achievement	Wisma Paramount @ Bukit Banyan	Qlassic Construction Quality Excellence Awards 2018

THE COMPANY
CORPORATE PROFILE

PROPERTY PROJECTS - CENTRAL
Paramount Property has eight projects in various parts of Selangor.

KEMUNING IDAMAN
Shah Alam

Paramount Property's first township in the Klang Valley, Kemuning Utama, offers gated-and-guarded precincts, each with its own private park.

Kemuning Idaman, one of the phases of Kemuning Utama township, is earmarked for affordable homes, in support of the Selangor state government's Rumah Selangorku initiative that aims to bridge the affordability gap and help fellow Malaysians own homes. Kemuning Idaman (Phase 1) which spans over 7 acres will comprise two towers of apartments with a total of 650 affordable homes. Kemuning Idaman will be completed in 2023.

The whole development of Kemuning Utama is expected to be completed in 2026.

Launched	Acreage	No. of units (Phase 1)	Expected completion
2019	14.74 acres	650	2023

BERKELEY UPTOWN
Klang

Berkeley Uptown is a freehold mixed-use development in Klang's central business district with the promise of *Modern Living in the Heart of Klang*. Anchored by ASEAN's first Microsoft flagship school – the newly-opened 5.3-acre Sri KDU International School – the development also comprises serviced apartments, retail shops, offices, and a public park.

Phase 1 of Uptown Residences offers a range of sizes: smaller units for first-time buyers and small families (from 551 sq ft to 1,093 sq ft) and garden villa units (1,572 sq ft to 1,588 sq ft) for bigger families. The project is close to schools, commercial centres, malls, medical centres and other amenities. It is close to major highways and Keretapi Tanah Melayu (KTM) trains. The Light Railway Transit (LRT) 3 line, targeted for completion in 2024, will further improve accessibility.

Berkeley Uptown launched Tower A and Tower C comprising 467 units of serviced apartments in 2020.

Launched	Acreage	No. of units (Phase 1)	Expected completion
2019	33 acres	736	2028

THE COMPANY

CORPORATE PROFILE

PROPERTY PROJECTS - CENTRAL

GREENWOODS Salak Perdana

GREENWOODS SALAK PERDANA

Sepang

Paramount Property's second township in the Klang Valley is planned around the concept of *My Home, My Community*. The freehold development with double-storey terrace houses and shoplots is located at Salak Tinggi, Sepang.

In August 2020, Paramount Property launched Greenwoods Cendana comprising 237 units of double-storey terrace houses (20'x65'). Another phase, Greenwoods Keranji with its 204 units of double-storey terrace houses won The Starter Home Award 2019 (Best Affordable Home) by The StarProperty.my. Greenwoods Cendana will be completed by 2022.

It is accessible via major highways and the Express Rail Line (ERL). It is also close to Xiamen University Malaysia, Nilai University, Mitsui Outlet Park, Horizon Village Outlets and Aeon Nilai.

- Launched: **2015**
- Acreage: **237 acres**
- No. of units
  - Residential: **2,626**
  - Commercial: **89**
- Expected completion: **2027**

ATWATER

ATWATER SERVICED APARTMENTS AND CORPORATE OFFICE TOWERS

Petaling Jaya

ATWATER is designed for people to *live life in free flow*. This integrated development sits on leasehold land at Section 13, Petaling Jaya. The commercial portion takes up 2.96 acres while the remaining 2.13 acres is occupied by service apartments.

The commercial and retail components are designed for sustainability and ICT-connectivity i.e. GreenRE for the two office towers and Multimedia Super Corridor (MSC) status for Office Tower A. The development is oriented North-South for comfort, with water features, gardens, and pocket parks to inspire peace and relaxation. ATWATER is linked to an excellent network of highways and roads, and public transport.

- Launched
  - Service residences: **2018**
  - Office and retail spaces: **2019**
- Acreage: **5.09 acres**
- No. of units
  - Serviced apartments (Tower 1 & 2): **493**
  - Executive and premier office suites (Tower A & B): **72**
  - Retail spaces: **27**
- Expected completion: **2022**

THE COMPANY
CORPORATE PROFILE

PROPERTY PROJECTS - CENTRAL

SEJATI LAKESIDE
Cyberjaya

Sejati Lakeside is a low-density freehold residential development, set against a panoramic 45-acre lake and 5 acres of landscaped vistas. Three parks form the nucleus of the development, providing residents with ample space for recreation and sports. Sejati Lakeside offers *Your Ultimate Lakeside Living*.

The non-strata development comprises three phases of landed homes: 2-storey terrace and superlink homes and 3-storey lakefront semi-detached homes. Homes are designed with practical layouts that invite natural lighting and cross ventilation. The north-south orientation prevents excessive sunlight.

Sejati Lakeside will be planted with 1,000 trees of more than 20 species. Nearby are universities, international schools, shopping malls, sports and recreational centres, banks, hospitals, restaurants and commercial hubs.

Paramount launched 139 units of linked and superlinked homes at Sejati Lakeside in 2020.

Launched	Acreage	No. of units	Expected completion
2019	41.4 acres	418	2023

SEJATI RESIDENCES
Cyberjaya

Paramount's first high-end residential development was built on the concept of *inviting the outdoors in*. It comprises bungalows, semi-detached houses, courtyard villas and superlink properties sitting on 40 acres of land, anchored by Chengal House built with 200-year old upcycled chengal wood. Chengal House garnered the 2016 FIABCI Award in the Purpose-Built category and 2017 FIABCI World Prix d'Excellence Award in the Purpose-Built category.

Situated at Cyber 9, Cyberjaya, it is less than 5 minutes from D'Pulze mall, Multimedia University and Tamarind Square.

Launched	Acreage	No. of units (Phase 1-3)	Completed (Phase 1-3)
2013	40 acres	249	2019 Remaining (High rise residences) by 2025

THE COMPANY
CORPORATE PROFILE

PROPERTY PROJECTS - CENTRAL

SEKITAR26
Shah Alam

Sekitar26 is a freehold commercial and industrial development with an urban DNA, contemporary designs and lush landscapes. Located along Persiaran Kuala Selangor, Shah Alam and adjacent to Hicom Glenmarie Industrial Park, the development is surrounded by the mature neighbourhoods of Section 26, Shah Alam, USJ, Puchong and Kota Kemuning. The two phases launched are:

- Sekitar26 Business: The 13.2-acre boutique industrial development comprises 38 units of three-storey semi-detached industrial units and a unit of 3-storey detached industrial unit.
- Sekitar26 Enterprise: This commercial development sits on 5.17 acres, with interlinked walkways connecting all seven blocks of double-storey shop offices, and a pedestrian walkway to another block of the same. Designs suit a mix of commercial uses. Nearly all units enjoy dual frontages for maximum visibility.

Launched	Acreage	No. of units	Completed
Sekitar26 Business 2013	30 acres	Sekitar26 Business 38	Sekitar26 Business 2016
Sekitar26 Enterprise 2017		Sekitar26 Enterprise 48	Sekitar26 Enterprise 2019
			Remaining by 2026

UTROPOLIS GLENMARIE
Shah Alam

Paramount's first master-planned university metropolis sits on 21.7 acres of freehold land at Glenmarie. The development consists of the 10-acre UOW Malaysia KDU University College campus, the 120,000-sq ft Utropolis Marketplace, a 4-star business hotel under the Mercure brand, SOHOs, apartments and dual-key apartments.

Utropolis Glenmarie won The StarProperty.my, The Just-Walk Award (Best Integrated Development) in 2016.

The development is accessible via major highways, the Keretapi Tanah Melayu (KTM) and Light Rail Transit (LRT) systems.

Paramount has handed over vacant possession of Urbano, the last phase of Utropolis Glenmarie.

Launched	Acreage	No. of units	Completed
2013	21.7 acres	1,484	2020

PROPERTY PROJECTS - NORTHERN

Paramount has three projects in Kedah and Penang.

BUKIT BANYAN

Sungai Petani

Bukit Banyan is Sungai Petani's first hill park gated-and-guarded township development that offers a lifestyle *Up Close to Nature*. Welcoming all to the freehold development is a 25-acre landscaped hill park that is open to the public. Bukit Banyan is 9 km from the Sungai Petani town centre and is located at Bandar Amanjaya, Sungai Petani administrative area.

This mixed township development comprises bungalows, semi-detached, double and single storey terrace houses, townhouses, as well as shophouses.

Bukit Banyan received the StarProperty.my Award 2018 for Best Family-Centric Development from RM350,000, Best Northern Malaysia Development in the Northern Star category and an Honour Award in the Malaysia Landscape Architecture Awards (MLAA) 2018 for Bukit Banyan Hill Park.

Wisma Paramount, Paramount Property's Northern regional office is located at Bukit Banyan. The building obtained the Platinum GreenRE Certification for Non-Residential category in 2018, and Silver Green Building Index (GBI) for non-residential new construction (NRNC) category in 2019.

In 2020, Paramount purchased 137.1 acres of freehold agricultural land contiguous to the original 520 acres. Paramount launched 90 units of double storey terrace homes in 2020.

Launched	Acreage (excluding new land)	No. of units	Expected completion
2012	520 acres	4,245	2027

UTROPOLIS BATU KAWAN

Penang

Paramount's first project in Penang is at Batu Kawan, Penang's third satellite city, also an eco-city. The integrated mixed development comprises residential apartments, commercial and retail lots, and the 10.5-acre UOW Malaysia KDU Penang University College's campus. The development covers 25.3 acres of freehold land and 8.5 acres of leasehold land. Also Penang's first university metropolis, it was modelled after the Utropolis Glenmarie in Shah Alam.

Batu Kawan is projected to be a Central Business District, and industrial and lifestyle hubs for the Northern region. It is accessible via the North-South Highway, and is just 10 minutes from the Second Penang Bridge. Utropolis Batu Kawan is a short walk from Design Village Penang's Outlet Mall and IKEA.

Paramount launched Tower A of Sinaran Residences, comprising 499 units of serviced apartments, in 2020.

Launched	Acreage	No. of units	Expected completion
2016	33.8 acres	4,145	2027

THE COMPANY

CORPORATE PROFILE

LAUNCHES IN 2021

ARINNA
KEMUNING UTAMA

ARINNA KEMUNING UTAMA

Shah Alam

Bearing the concept of *Smart Home Living at Your Fingertips*, Arinna Kemuning Utama will be Kemuning Utama's latest launch. The freehold low density residential development comprises two residential towers. All units (at either 1,009 sq ft or 1,525 sq ft) will enjoy smart home features.

A mini retail complex provides easy access to groceries, restaurants and other necessities. There are also public and international schools, banks, medical centres and commercial hubs in the vicinity.

Expected launch	Acreage	No. of units	Expected completion
Q3 2021	6.02 acres	356	2025

THE ATRIUM

THE ATRIUM

Kuala Lumpur

The Atrium is a 20-storey tower of serviced apartments, located strategically at Jalan Ampang. The freehold development at the U Thant enclave neighbours several embassies, making it a prestigious address. It is minutes away from the KLCC and offers a spectacular view of the city.

The Atrium is located on a corner of a 4.54-acre land acquired by Paramount in 2020. The design with an atrium at the centre of the building offers natural skylight and a sense of spaciousness. Sky terraces on the sixth and 13th floors and the rooftop facilities promote a close-knit community. Units are sized from 566 sq ft to more than 1,200 sq ft.

Expected launch	Acreage	No. of units	Expected completion
June 2021	0.95 acres	241	2023

COWORKING BUSINESS

CO-LABS COWORKING

CO-LABS COWORKING

Co-labs Coworking is a network of vibrant coworking spaces designed for rising entrepreneurs, SMEs and corporates. The space provides businesses a collaborative ecosystem and holistic work environment. Members enjoy opportunities to enhance their careers, develop personal growth and improve workspace wellness.

Locations	Opening Date	Lettable Floor Area (sq ft)
Co-labs Coworking Tropicana Gardens, *Kota Damansara*	January 2021	17,338
Co-labs Coworking The Starling Plus, *Uptown 7*	October 2019	15,547
Co-labs Coworking Naza Tower, *Platinum Park*	June 2019	27,712
Co-labs Coworking Shah Alam, *Sekitar26 Enterprise*	June 2019	34,358
Co-labs Coworking The Starling, *Damansara Uptown*	July 2018	19,990

OFFICE SOLUTIONS PROVIDER

In August 2020, Paramount Coworking, partnering with Paramount Property, launched Scalable Malaysia (SCALABLE), a one-stop workspace solutions provider that specialises in location sourcing, building construction, project management, built-in furniture, office interior design, smart office design and more. SCALABLE offers curated employee wellness and community engagement programmes that aim to improve productivity.

THE COMPANY

CORPORATE PROFILE

INVESTMENT & OTHERS

EDUCATION

Paramount was a pioneer in private tertiary education in Malaysia when it set up KDU in 1983. It founded Sri KDU, one of the first private schools in Malaysia in 2003. With university colleges, schools and pre-schools in its portfolio, Paramount was the largest full spectrum education provider in Malaysia after acquiring REAL Education in 2017.

Paramount completed the divestment of its controlling stakes in its tertiary and pre-tertiary education businesses in September 2019 and February 2020 respectively. It retains strategic stakes of 35% in the tertiary education business and 20% in the pre-tertiary education business. These businesses are now accounted as associate companies.

FOOD & BEVERAGE

Dewakan shot to international fame when it became the first and only Malaysian restaurant listed in the prestigious Asia's 50 Best Restaurants 2019 list. It is distinguished for its meticulous take on modern Malaysian cuisine through an exploration of local indigenous ingredients.

Dewakan relocated to Naza Tower at Platinum Park Kuala Lumpur in late 2019, where it continues to innovate and offer exciting gastronomic experiences to discerning gourmands. In 2020, Dewakan launched an online store for some of its gourmet products.

THE COMPANY

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATO' TEO CHIANG QUAN
DPTJ
Chairman & Executive Director

JEFFREY CHEW SUN TEONG
Group Chief Executive Officer &
Executive Director

BENJAMIN TEO JONG HIAN
Executive Director

DATUK SERI DR MICHAEL YAM KONG CHOY
SMW, DSNS, DUniv
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ONG KENG SIEW
Independent Non-Executive Director

QUAH POH KEAT
Independent Non-Executive Director

FATIMAH BINTI MERICAN
Independent Non-Executive Director

FOONG PIK YEE
Independent Non-Executive Director

FAIZAH BINTI KHAIRUDDIN
Independent Non-Executive Director

SECRETARY

NG WAI PENG
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Facsimile : 03-7712 3322
Email : ir@pcb.my

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Facsimile : 03-2783 9222
Email : is.enquiry@my.tricorglobal.com
Website : www.tricorglobal.com

AUDITORS

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Pusat Bandar Damansara
50490 Kuala Lumpur, Malaysia
Telephone : 03-7495 8000
Facsimile : 03-2095 5332

PRINCIPAL BANKERS

Bank Islam Malaysia Berhad
CIMB Bank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
Public Bank Berhad
RHB Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Code : 1724
Stock Name : PARAMON
(Listed since 15 July 1971)

THE COMPANY

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REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

AUDIT AND NON-AUDIT SERVICES RENDERED

For financial year ended 31 December 2020, Ernst & Young PLT rendered the following audit services to the Group at the respective fees:

	Company RM'000	Group RM'000
Fees paid/payable to Ernst & Young PLT		
• Audit	120	435
• Audit-related		
- Accounting and other review work	90	90
- Review of the Statement on Risk Management and Internal Control	5	5
- Review of the Group's compliance with the Housing Development (Control and Licensing) Act, 1966	-	36
Total	**215**	**566**

There were no non-audit fees paid to Ernst & Young PLT for the financial year ended 31 December 2020.

MATERIAL CONTRACTS

There were no material contracts entered into by the Group involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2020 or entered into since the end of the previous financial year.

EMPLOYEE SHARE SCHEME

The Long Term Incentive Plan (**LTIP**) 2013-2023, which involves the allotment and issuance of new ordinary shares in the Company to eligible employees and executive directors of Paramount Corporation Berhad and its subsidiaries provided that the total number of shares so allotted shall not at any time exceed ten per centum (10%) of the issued share capital of the Company, was implemented on 17 September 2013.

Details of the LTIP are set out in Note 36 to the Audited Financial Statements on pages 198 to 201 of this Annual Report, and the number of LTIP Shares granted, vested and outstanding since the commencement of the LTIP up to the end of the financial year ended 31 December 2020 are set out below:

1. LTIP Shares granted

Type of Grant	Total Granted	Group Chief Executive Officer/ Executive Director (GCEO/ED)	Key Senior Management (KSM)*	Other Selected Employees (OSE)
2015 Restricted Shares (**RS**)	2,200,100	444,800	423,200	1,332,100
2015 Performance-based Shares (**PS**)	Up to 3,244,200	Up to 996,400	Up to 947,800	Up to 1,300,000
2016 RS	2,362,600	501,700	456,700	1,404,200
2016 PS	Up to 3,700,600	Up to 1,260,400	Up to 1,147,200	Up to 1,293,000
2017 RS	2,440,400	576,600	535,700	1,328,100
2017 PS	Up to 5,016,200	Up to 1,382,000	Up to 1,284,200	Up to 2,350,000
2018 RS	2,138,900	406,000	423,300	1,309,600
2018 PS	Up to 4,108,800	Up to 1,031,600	Up to 1,075,800	Up to 2,001,400
2019 RS	2,091,500	326,600	291,600	1,473,300
2019 PS	Up to 3,308,400	Up to 787,400	Up to 702,600	Up to 1,818,400
2020 RS	2,754,500	438,600	346,100	1,969,800
2020 PS	Up to 3,813,800	Up to 1,104,200	Up to 871,400	Up to 1,838,200

2. LTIP Shares vested

Type of Grant	Total Vested	GCEO/ED	KSM*	OSE
2015 RS	1,895,000	444,800	423,200	1,027,000
2015 PS	1,801,500	685,000	579,600	536,900
2016 RS	2,236,600	501,700	418,400	1,316,500
2016 PS	2,841,300	1,052,400	817,500	971,400
2017 RS	2,722,700	653,400	557,600	1,511,700
2017 PS	4,734,300	1,377,100	1,151,600	2,205,600
2018 RS	1,647,700	324,700	315,800	1,142,500
2018 PS	0	0	0	0
2019 RS	962,700	152,400	135,800	674,500
2019 PS	0	0	0	0
2020 RS	0	0	0	0
2020 PS	0	0	0	0

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3. Outstanding LTIP Shares (adjusted arising from the issue of bonus shares that was completed on 25 July 2019)

Type of Grant	Total Outstanding	GCEO/ED	KSM*	OSE
2015 RS	0	0	0	0
2015 PS	0	0	0	0
2016 RS	0	0	0	0
2016 PS	0	0	0	0
2017 RS	0	0	0	0
2017 PS	0	0	0	0
2018 RS	959,700	189,500	184,500	585,700
2018 PS	Up to 5,563,600	Up to 1,444,200	Up to 1,405,200	Up to 2,714,200
2019 RS	1,932,600	304,800	272,200	1,355,600
2019 PS	Up to 4,629,200	Up to 1,102,200	Up to 983,400	Up to 2,543,600
2020 RS	2,754,500	438,600	346,100	1,969,800
2020 PS	Up to 3,813,800	Up to 1,104,200	Up to 871,400	Up to 1,838,200

** KSM including an ED who was not appointed as an ED at the time of granting of the respective RS and PS*

With regard to the LTIP Shares granted to the GCEO/ED and KSM as at 31 December 2020:

(1) the maximum allocation of LTIP Shares to the GCEO/ED was 15% of the maximum number of LTIP Shares available under the LTIP, which shall not exceed 10% of the issued share capital of the Company (excluding treasury shares, if any) at any point in time during the plan period of the LTIP;

(2) the maximum allocation of LTIP Shares to an ED who was not appointed as an ED at the time of the grant was 2.5% of the maximum number of LTIP Shares available under the LTIP, which shall not exceed 10% of the issued share capital of the Company (excluding treasury shares, if any) at any point in time during the plan period of the LTIP;

(3) the granting of LTIP Shares to the remaining KSM was not subject to any maximum allocation; and

(4) the actual percentage of LTIP Shares granted to these two categories of Eligible Employees as at 31 December 2020 was 47.8% of the total number of LTIP Shares granted.

Non-Executive Directors of the Company are not eligible to participate in the LTIP.

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MESSAGE FROM THE CHAIRMAN

Dear friends,

As with many businesses, the COVID-19 global pandemic presented significant challenges to our operations.

However, Paramount Corporation Berhad (**Paramount** or **the Company**) is no stranger to market volatility, having survived multiple economic downturns faced by the country and the property industry. Each time, we have adapted, fulfilled our financial obligations, and taken care of our employees. Most importantly, we have taken the necessary strategic steps to innovate and evolve our businesses.

DATO' TEO CHIANG QUAN
Chairman & Executive Director

Amidst our current situation where travel restrictions and lockdowns have become the norm, our employees have moved to both working from home and working as split operations with some impact on our customer service and efficiency. Our construction sites have also largely been able to continue operating with some disruptions.

Under these circumstances, we have been able to deliver a steady business performance with property sales at a record high in 3Q2020. In a way, our strategic decision made in 2018 to divest our majority stake in the education business was fortunately completed just at the right time as it gave us a strong cash buffer that allowed us to take advantage of opportunities in land banking in 2020.

That said, we must be mindful that the wider effects of COVID-19 on the economy are likely to continue in 2021. Therefore, we remain vigilant and agile as we move forward.

On behalf of the Board of Directors, I am pleased to present the annual report and audited financial statements for the financial year ended 31 December 2020 (**FY2020**).

PROFITABLE YEAR AMIDST CHALLENGING ENVIRONMENT

Paramount delivered a profitable year with a net profit of RM502.7 million, mainly from the non-recurring gain of RM462.7 million from the divestment of the pre-tertiary education business. In line with the Company's commitment to reward our shareholders, 29 sen per share was paid as special dividend to shareholders on 23 April 2020. A final dividend of 2.5 sen per share is proposed and awaits shareholders' approval.

More details on the Company's financial performance are available in the Management Discussion & Analysis on page 25.

SEIZING OPPORTUNITIES FOR THE FUTURE

Besides managing operating performance, we must always look ahead to anticipate changes in the rapidly evolving business environment. In 2020, we began our new 5-year strategic plan (2020-2024) with

REVENUE

16% **RM593.6 MIL**

(FY2019 : RM706.0 million)

NET PROFIT

322% **RM502.7 MIL**

(FY2019 : RM119.0 million)

SHAREHOLDERS' EQUITY

25% **RM1.43 BIL**

(FY2019 : RM1.14 billion)

Artist impression of the facade of Nareva, Paramount's first property development project in Bangkok, in an equity venture with Navarang Asset Company Limited

plans to accelerate our property business further, including expanding overseas. We ventured into Bangkok in February 2020.

If the pandemic has taught us anything, it is the importance of embracing digital technology in every aspect of our business activities. We will continue to use it to achieve greater efficiencies within the Group while continuing to explore and leverage on it for business opportunities and to future proof the organisation.

◆ GIVING HEALTH & SAFETY PRIORITY

In maintaining a conducive and safe work environment for our people especially during the COVID-19 pandemic, the focus has been to embed a strong safety culture across the organisation. With this in mind, we implemented the tightening of standard operating procedures that have become increasingly important to curb the spread of the COVID-19 virus. Indeed, we are all responsible for flattening the curve.

Along this vein, we will remain focused on embedding a safety culture, and developing our people, along with systems and processes to manage risks, build resilience and achieve continuous improvement in safety performance.

◆ COMMITMENT TO GOOD CORPORATE GOVERNANCE

The Group upholds the highest principles of transparency and accountability. At the core of this is our robust governance framework which we recognise is essential to strengthen investor confidence and customer loyalty which are paramount to enhancing long term shareholder value.

The Group has always maintained zero tolerance towards bribery and corruption. As such we have taken the necessary steps to adopt adequate procedures and mitigation measures via the establishment and implementation of Paramount's Anti-Bribery and Corruption Policy. This is to ensure we meet the requirements of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 which was enforced on 1 June 2020.

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MESSAGE FROM THE CHAIRMAN

Phase 1 & 2 of Utropolis Batu Kawan are certified green buildings

CARING FOR OUR COMMUNITIES AND ENVIRONMENT

We are also deeply aware of our responsibility to support our local communities and to mitigate the impact of our operations on the environment. This year we channelled RM500,000 towards supporting COVID-19 frontliners through The Edge COVID-19 Healthcare Workers Support Fund. We also participated in other more localised initiatives like contributing medical supplies to the Sungai Petani Hospital in Kedah.

Recognising the importance of environmental protection, Paramount has made considerable efforts to develop and implement eco-friendly strategies. To this end, we have managed to achieve green certification for Phase 1 and Phase 2 of Utropolis Batu Kawan in Penang and the new Sri KDU International School building in Klang.

As a property developer, it is our aim to create liveable and sustainable communities. In this aspect, we have begun incorporating more technology and green spaces into our developments. We are also moving towards utilisation of Industrialised Building System (IBS) on a larger scale. This is in line with our vision to 'Changing lives and enriching communities for a better world,' which encapsulates what we have been doing over the past 50 years.

I believe that good corporate governance and sustainability go hand in hand. Therefore, as Chairman of the Board, I will do my utmost to ensure that the Board and Management remain steadfast in exemplifying best practices in these two areas.

ADDITION TO THE BOARD

On behalf of the Board of Directors, I would like to welcome Puan Faizah Khairuddin who joined the Board of Paramount on 1 July 2020. Puan Faizah brings with her over 25 years of experience in manufacturing, banking and aviation. We believe her experience and insights especially in the areas of commercial growth and customer experience will make her an invaluable contributor to the team.

ACKNOWLEDGEMENTS

2020 has been coined 'a year like no other', and indeed, it was a difficult year for many. We are grateful that our colleagues have adapted very well to new ways of working within a short period of time while keeping safe. I would also like to commend our management team for their commitment, professionalism, and efforts in effectively managing their work and striving hard to hit targets despite the challenging economic conditions.

I would like to thank my fellow Board members, for their wisdom, guidance, and leadership. To our many business partners, customers and financiers who have supported us by placing their trust in the reputable Paramount brand, thank you.

On behalf of the Board of Directors, I would also like to thank our shareholders for their attendance and robust participation at our first 'virtual AGM' held on 25 June 2020. Although we would have preferred face-to-face interaction with our shareholders, it was nevertheless an eye-opening experience for all of us. On this note, Paramount will continue to find ways to improve the delivery of our reporting as well as ease the level of participation of our shareholders at such meetings.

As of now, we have seen national lockdowns related to COVID-19 come and go; restrictions tightened and relaxed to varying degrees. While the roll out of vaccinations offer light at the end of the tunnel, this is not the time to let our guard down. Paramount will be vigilant, continue to forge on and look out for opportunities that come our way.

In the meantime, we urge everyone to stay healthy and stay safe. We will overcome this together.

Dato' Teo Chiang Quan
Chairman & Executive Director

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MANAGEMENT DISCUSSION & ANALYSIS

◆ OVERVIEW

The COVID-19 pandemic had caused unprecedented disruptions to economies all over the world.

Various forms and degrees of restrictions had been placed by governments and health authorities to control the spread of the virus, resulting inadvertently, in the closure of businesses, big and small. The Malaysian economy contracted by 5.6% in 2020 and all economic sectors recorded negative growth.

It was against this backdrop that Paramount Corporation Berhad (**Paramount**) and its subsidiaries (**the Group**) achieved a net profit for the year of RM502.7 million for Financial Year 2020 (**FY2020**), mainly contributed by the non-recurring gain of RM462.7 million from the divestment of our pre-tertiary education businesses in February 2020. A special dividend of 29 sen per share was paid to shareholders on 23 April 2020 from the proceeds of the divestment.

As the result of disruptions to our construction activities caused by the Movement Control Order (**MCO**), and some delayed launches, Paramount's revenue was lower in 2020 compared to the previous year. However, with strong products on offer and a lot of hard work, our 2020 property sales surpassed that of 2019. Meanwhile, our unbilled sales as at 31 December 2020 crossed the RM1 billion mark, a new milestone for us.

The Group added 141.6 acres to our land bank in 2020 to scale up property development activities as property development is now our primary source of income. It was an opportune time for land banking as interest rate was low and is expected to remain low for some time. We purchased two contiguous parcels at an upmarket location in Kuala Lumpur (**KL**) city, just 3 km from the iconic KLCC Twin Towers, and two more parcels in Sungai Petani, next to our award-winning Bukit Banyan development. We also partnered with a Thai developer and ventured into property development overseas for the first time, in Bangkok, Thailand.

In navigating through the pandemic, we were careful about capital preservation and exercised prudence in spending, including deferring non-essential capital expenditure. Cost rationalisation was achieved through value engineering and a tighter control on overheads. The pandemic demanded that we accelerated our digital journey within the organisation while looking for new business opportunities in the digital space. On the ground, new health and standard operating procedures (**SOPs**) were put in place to ensure that construction activities proceeded safely and smoothly. We continued to focus on creating strong value propositions for our products, and strove to improve on our efficiency and productivity further through digitalisation and product standardisation.

Collectively, these measures not only contributed positively to the Group's resilience and business performance but laid a stronger foundation for long-term growth.

NEW MILESTONE FOR UNBILLED SALES

RM1 BIL

as at 31 December 2020

Despite the uncertainties and challenges ahead, Paramount believes it is equipped with the right resources to navigate 2021 with confidence and is poised for growth.

◆ OBJECTIVES & STRATEGIES

In 2020, we implemented the following strategies from our five -year-plan (2020-2024) (**5-year plan**).

- **Proactive land-banking including expanding beyond Malaysia**
  The low interest rate environment and more reasonable land prices amidst the pandemic gave us the impetus to frontload our land banking activities. Land holding cost would not be a key consideration for prime locations as the interest rate is expected to remain low in the near term. Hence, the Group purchased for redevelopment two parcels of land with buildings at the prestigious U-Thant enclave in KL city, known as the 'Embassy Row'. We also purchased two parcels of land adjoining our existing development in Sungai Petani. Paramount paid a total of RM267.8 million for these parcels, projected to have a Gross Development Value (**GDV**) of RM1.4 billion over the next six years.

  The purchase of the land in the heart of Kuala Lumpur was significant as it marked our entry into the capital of the country. The prime location, a jogging distance to the iconic KLCC Twin Towers, is ideal for young professionals, couples, as well as families, who love the city life. Paramount will launch the first phase of the project, The Atrium, in June 2021. The Atrium will offer a spectacular view of the KL city will be surrounded by amenities such as public and international schools,

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MANAGEMENT DISCUSSION & ANALYSIS

medical centres, offices, financial institutions, shopping malls, and premium grocers.

In line with one of our property development strategies, which is to expand our footprint in the vicinity of our successful projects, we purchased 137.1 acres of land that is contiguous to our award-winning Bukit Banyan hill park development in Sungai Petani. This would allow us to leverage on our brand presence and our knowledge of the area.

As part of our 5-year plan, the Group aimed to diversify our earning base by venturing into property development in countries with high Gross Domestic Product (**GDP**) growth and high population, but with relatively low urbanisation rates. In line with this, Paramount acquired a 49% stake in a Thai property development company, Navarang Charoennakhon Company Limited (**NCCL**) for THB 60,270,000 (equivalent to RM 8,437,800) in February 2020. NCCL owns a piece of freehold land on Charoennakhon Road in Bangkok, with a potential GDV equivalent to RM172 million. Charoennakhon is a new residential zone adjacent to Bangkok's central business district.

- **Creating strong value propositions for our products**
  Among the many things that distinguish Paramount's developments from others are the thoughtful touches that we put into the planning and design of our developments. Paramount, true to its vision of 'changing lives and enriching communities', incorporates into each development, elements that support wellness, multi-generational living, childcare and education.

An example is Berkeley Uptown, Klang, anchored by the Sri KDU International School Klang, that is ASEAN's First Microsoft Flagship School, as part of its mixed development; an offering that few developments can match. The school, which was completed in 2020, is also a GreenRE certified. With several other established schools in the vicinity, Paramount offers quality homes with quality education at the doorstep – two important criteria for families with children.

Our Sejati Lakeside houses in Cyberjaya is the epitome of an ideal home for many people: low-density, high-security landed residences, big built-ups for more living space, five acres of parks when you open your front door, and a view of a 45-acre lake. The bedroom on the ground floor is large enough for a double bed and its bathroom comes with a wide door and wheelchair ramps – perfect for an elderly family member. Sejati Lakeside was an offshoot of our award-winning Sejati Residences, also in Cyberjaya, but is proving to be a success in its own right.

We are also putting more emphasis on ventilation, daylight, and private spaces in the planning and design of our developments as people spend more time at home during the pandemic. Self-sufficiency seems to be a coveted feature in each development. Our newly completed Suasana at Utropolis Batu Kawan with its array of recreational facilities allows residents to cocoon themselves within the development, and yet not miss out on social and recreational activities, not least with the latest convenience of parcel/courier receiving facilities at its lobby.

A signing ceremony was held on 5 February 2020 in Bangkok to formalise Paramount's partnership with Navarang Asset Company Limited (the major equity holder of Navarang Charoennakhon Company Limited). Navarang Asset was represented by its CEO Apipu Phromyothi (extreme left) and Chief Operating Officer, Onkarit Phromyothi (second from left)

Paramount, true to its vision of 'changing lives and enriching communities', incorporates into each development, elements that support wellness, multi-generational living, childcare and education.

Sejati Lakeside Residences in Cyberjaya offers one the ultimate lakeside living experience, complete with the luxury of space inside the house and wide expanse of landscaped parks outside

- **Product standardisation**
  Product standardisation speeds up construction, enhances the quality of products, and lowers cost, benefitting from the economies of scale. Better efficiencies keep our prices competitive and preserve our profit margins.

  Paramount began implementing product standardisation at Kemuning Idaman, a Rumah Selangorku project. In 2020, we increased the use of Industralised Building System (**IBS**) components at our mixed development Utropolis Batu Kawan in Penang, and Bukit Banyan township in Sungai Petani. We have also started the use of IBS at Cendana, Greenwoods Salak Perdana in Sepang and at Sejati Lakeside in Cyberjaya.

- **Digital transformation**
  The lockdowns and many forms of restrictions imposed on people and businesses to contain the COVID-19 pandemic had rendered some key business activities impossible without the use of IT and digital tools.

  Likewise affected, Paramount intensified the use of digital communications platforms to reach out to property buyers. While digital marketing was already the preferred tool even before the pandemic, its use was intensified in 2020 because promotional events such as open houses and property fairs that involved big crowds were not allowed.

  We also set up virtual showrooms to give buyers a feel of our properties, in the comfort and safety of their homes. An intelligent chatbot ensured that visitors were attended to, no matter what the hour was. Our sales record of 2020 which surpassed that of 2019 is testament to the efficacy of our digital marketing.

  After the handover of keys, buyers submit their defect claims through a smartphone application (**app**). Buyers are also updated about completed rectification work through the app, cutting down face-to-face interaction, and allowing both parties to interact at their convenience.

  Paramount's goal is to also to digitalise our procurement processes end-to-end by 2024 by automating, simplifying, and streamlining tasks. We expect work efficiency to increase by 30% once processes are fully digitalised. During the year, we continued to fine-tune and integrate our processes as we progressed towards a paperless environment and cloud storage.

- **Expansion of coworking business**
  The COVID-19 pandemic had created new markets for our coworking business: corporates and enterprises which needed extra space for split operations, and companies which prefer not to be locked down with traditional leases during a period of economic uncertainties.

  In 2020, we signed an agreement for 17,338 sq ft of space at Tropicana Gardens Mall, Kota Damansara, to add on to our network of four spaces across in Selangor and Kuala Lumpur. The latest location was opened in January 2021, just before MCO 2.0.

  As background, our coworking business was set up in 2017 to complement our property development business and to enhance the attractiveness of our commercial development. Co-labs Coworking has

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Co-labs Coworking Tropicana Gardens at Kota Damansara is Paramount's latest coworking space

been working with Paramount Property in the design-and-build process, keeping setup cost low, which is one of its competitive edge. Our biggest expansion drive was in 2019, when we opened three of our largest outlets.

In 2020, we also launched Scalable Malaysia, an end-to-end consult, design, build and manage workspace ecosystem solution to corporations. The service allows corporations to focus on growing their business, leaving the peripheral necessities of office space set-up and management to professionals.

REVIEW OF FINANCIAL RESULTS

The financial results of the Group for FY2020 and FY2019 are presented as 'continuing operations' and 'discontinued operations'. Such classification is in line with the requirements of the Malaysian Financial Reporting Standards (**MFRS**) 5 as we have divested our controlling equity interests in the tertiary and pre-tertiary education businesses and have ceased to consolidate the financial results of these entities.

2020 was indeed an exceptional year with unprecedented disruptions caused by the COVID-19 pandemic to our business operations but the impact was mitigated by the non-recurring gain from the disposal of our controlling equity stake in our pre-tertiary education business.

The Group achieved a record high net profit for the year of RM502.7 million, 322% higher than RM119 million achieved in the previous year. The Group's net profit for the year comprised the profit after taxation (**PAT**) from continuing operations of RM31.6 million (FY2019: RM54.5 million) and the PAT from discontinued operations of RM471.1 million (FY2019: RM64.5 million). The growth in the Group's net profit for the year was mainly attributable to the gain from disposal of the pre-tertiary education business amounting to RM462.7 million but was mitigated by the lower PAT from the continuing operations by RM22.9 million. The main reason that has led to the lower PAT from the continuing operations was the lower profit contribution from the property division but that was cushioned by the lower non-recurring expenses and interest expense from the investment and others division.

The Group's total asset position has reduced marginally by 3% to RM3.0 billion from RM3.1 billion in the previous year while the Group's total liabilities stood at RM1.3 billion (2019: RM1.6 billion). The reduction in both assets and liabilities was mainly due to the divestment of the Group's controlling equity stakes in the pre-tertiary education business.

For FY2020, a special dividend of 29.0 sen per share was paid on 23 April 2020. Together with the proposed final dividend of 2.5 sen per share, which is subject to shareholders' approval at the forthcoming annual general meeting, the total dividend payout for FY2020 would be 31.5 sen per share (FY2019: 6.5 sen).

Capital Structure & Capital Resources

The primary objective of the Group's capital management is to maintain an optimal capital structure in order to support its business and maximise shareholder value. The Group monitors our capital using debt to equity ratio (namely total debt divided by total equity), which stood at 0.57 times as at 31 December 2020 (31 December 2019: 0.62 times) while net gearing was 0.45 times (31 December 2019: 0.53 times) .

In FY2020, the Group continued to maintain a healthy cashflow from its business operations. The Group's cash reserves during the year was boosted by the proceeds from the divestment of our pre-tertiary education business that amounted to RM569.2 million, which has since been fully utilised for amongst others, the payment of special dividend, the Group's working capital, the acquisition of new land bank, and to pare down borrowings. In spite of this, the Group's borrowings had increased by RM42.3 million to RM954.2 million as at 31 December 2020 (2019: RM911.9 million). Among the factors that have contributed to the increase was the additional borrowings to part finance land acquisition.

Share capital has increased marginally by RM8 million to RM325 million (31 December 2019: RM317 million) arising from the issuances of new shares to eligible employees pursuant to the Long Term Incentive Plan (**LTIP**).

◆ REVIEW OF OPERATING ACTIVITIES

Paramount Property (Continuing Operations)

Paramount Property achieved a revenue of RM584.4 million for FY2020, which was 17% lower than the RM700.3 million registered in the previous year. The decline was due to several factors, among the most serious was our inability to perform our daily work as a result of the unprecedented disruptions to our construction progress due to the pandemic. Construction activities everywhere was stopped during the MCO from 18 March 2020 to 3 May 2020. Our construction sites resumed operations incrementally from mid-May 2020, after having complied with the required SOPs, with full commencement of work at all sites at the end of May 2020.

Sales of our commercial properties was below expectation with many businesses affected by the pandemic. Some of our 2020 launches were delayed because the MCO had affected the speed of approvals from the authorities, which in turn affected the construction progress of these projects and as such, our revenue.

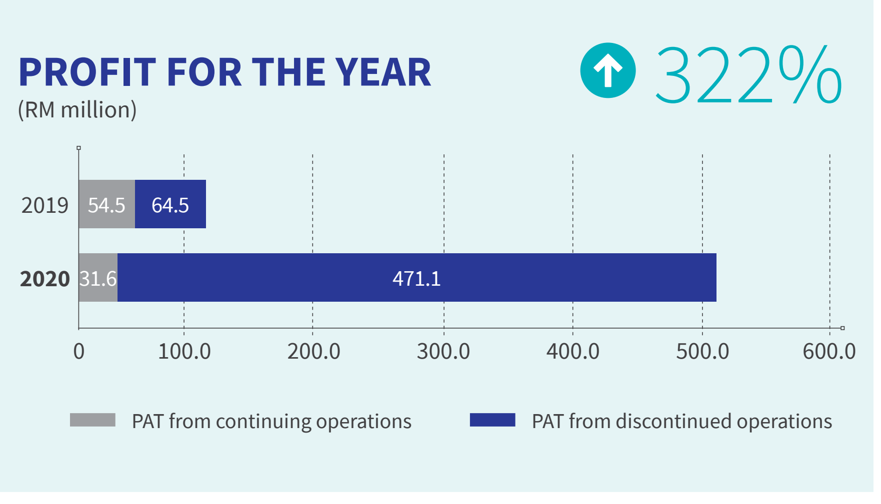
The property division's profit before taxation (**PBT**) in 2020 was, however, lower by 47% to RM62.6 million compared to RM117.5 million in 2019.

The sharp decline in PBT was contributed by various factors including disruptions to construction progress coupled with additional project-related and compliance costs arising from the COVID-19 pandemic.

In FY2020, Paramount Property sold 1,475 units (FY2019: 1,399 units) of property worth RM770 million (FY2019: RM692 million), most of which were from new property launches during the year. The Central region led the way in sales for FY2020 with RM463 million while the Northern region registered RM307 million.

The number of units sold rose by 5.4 % compared to the previous year, while the sales value rose by 11.3%. The uptrend reflects the optimism of our target market about their livelihood and the future, despite the pandemic and economic slowdown.

Unbilled sales rose to a record high of RM1,087 million, which was 22% higher than RM894 million achieved in FY2019 and surpassing the highest record held previously in 2018 of RM960 million.



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Sinaran Residences at Utropolis Batu Kawan, Penang is a one of Paramount's best sellers

The average take-up rate for Paramount Property's seven on-going projects (excluding the commercial component of ATWATER) was 74% as at end December 2020.

As at 31 December 2020, the inventory of our completed properties stood at RM115 million, of which 73% (RM84 million) was commercial and the remaining 27% (RM31 million) was residential.

New property launches

In FY2020, Paramount Property launched 1,432 units of residential properties worth RM834 million, which are new phases of our ongoing developments. Most of our launches were postponed to the second half of 2020 due to the MCO. These had affected our sales.

Our biggest launch in 2020 was the third residential phase of Utropolis Batu Kawan (**UBK**) at Seberang Perai Selatan, Penang, with a GDV of RM268.8 million. We see Batu Kawan as a city with huge potential as it has been planned with all the elements for sustainable growth: residential, industrial, educational, retail, and recreational. It is also an eco-city with superb accessibility to both Penang island and the rest of the peninsula via the North South Highway, being just 1 km from the Second Penang Bridge. With the North Butterworth Container Terminal now a free trade zone since 1 February 2021, we expect the whole area to grow in economic vibrance.

UBK launched Tower A of Sinaran Residences, comprising 499 units of serviced apartments, in June 2020. The launch was scheduled for March 2019 but it was delayed due to the imposition of the MCO. The serviced apartments, priced from RM435,000 to RM627,000, proved to be popular with people from Penang and those living in the northern peninsula; more than half were sold by 31 December 2020. The serviced apartments ranged in size from 667 sq ft to 1,044 sq ft, including dual key units.

In Kedah, Bukit Banyan launched 90 units of double storey homes with a GDV of RM39 million, comprising 49 units of Emilia 2 and 41 units of Amaryn 2. Emilia 2 was launched in March 2020, just before the MCO. Priced from RM430,000 to RM565,000, the extra spacious houses (26' x 75') were 86% sold by year end. In September, the smaller but still spacious Amaryn 2 (22' x 75') was launched. The houses were priced from RM400,000 to RM500,000. Response was encouraging with 44% sold by the end of the year. One of the main attractions of Bukit Banyan is the beautifully landscaped award-winning 25-acre hill park that Paramount developed from a rocky outcrop into a green recreational spot that it is today, as a gift to the community.

In the Central region, the 33-acre Berkeley Uptown, Klang, launched Tower A of Uptown Residences, comprising 227 serviced apartments, with a GDV of RM109.3 million, in July 2020. Tower C was launched in late December 2020 comprising another 240 apartments, carrying a GDV of RM119.3 million. One of Berkeley Uptown's unique propositions is the Sri KDU International School Klang which forms part of the development. Sri KDU is one of the most respected brands in international school education in Malaysia.

Both the Berkeley Uptown Residences towers offer units of different sizes (551 sq ft, 859 sq ft and 1,093 sq ft) catering to buyers at different stages of life: young professionals who want a space of their own, nuclear families, as well as multi-generational families. Residents will enjoy luscious parks, recreational facilities and top tier security at the development. Units are priced from RM270,000 for the affordable units while the bigger units are priced up to RM629,000. About 38% units of Tower A were sold by the end of 2020. Tower C was launched on 20 December 2020.

Perhaps the most beautiful of our projects in the Central region would be Sejati Lakeside at Cyberjaya that sits at the edge of a 45-acre lake. We launched Phase 2 with a GDV of RM160.6 million in August

2020. Phase 1 that was launched in 2019 was 98% sold.

Phase 2 of Sejati Lakeside comprises 139 units of 22' x 70' and 26' x 70' double-storey superlink homes priced from RM1 million to RM1.6 million. Sejati Lakeside homes come with 5 acres of parks, multi-tiered security, including 24/7 security patrol, visitor management system, and perimeter fencing with closed circuit surveillance. As at 31 December 2020, 66% of Phase 2 was sold.

One of our most successful launches in 2020 in terms of take-up rate has to be Greenwoods Cendana at Greenwoods Salak Perdana: 91% was sold out in four months. In late August 2020, we launched 237 units of Greenwoods Cendana, which are freehold double-storey terrace homes (20' x 65'), with a GDV of RM138.2 million. Right design and pricing coupled with Paramount's easy ownership plan proved irresistible to families who dream of landed homes set against a vista of green hills. Greenwoods Cendana are priced from RM540,000 to RM918,000.

Residents would enjoy a central park, equipped with children's playground, elderly-friendly fitness equipment, a basketball court, a recreational pond, as well as jogging, biking and hiking trails. Within walking distance is Belian, Greenwood's commercial area providing options for food, daily necessities, and other retail needs, as well as a community pocket farm and discovery playground.

Land banking and joint ventures

The Group ventured into Kuala Lumpur for the first time with the purchase of 4.5 acres of land with buildings at the price of RM243.8 million. The purchase will enhance Paramount's property development profile and brand presence as the land is located at a prime location in the city i.e. at the U-Thant enclave, also known as the 'Embassy Row'. The transaction was named as one of top 10 property deals of Malaysia in 2020 by The Edge weekly magazine.

We project a GDV of RM968.0 million from the high-rise residential development to be generated over a period of six years. The first phase, The Atrium, with an indicative GDV of RM202 million, will be launched in June 2021, comprising 241 serviced apartments.

In the Northern region, we purchased 137.1 acres of land contiguous to our award-winning Bukit Banyan development in Sungai Petani for RM24 million. The development with a projected GDV of RM405 million is expected to be carried out from 2023 to 2027.

There was another major milestone for Paramount in 2020. In February, we made our first overseas property development venture with the acquisition of a 49% equity stake in NCCL, a Thai property development company. NCCL launched Na Reva, a premium high-rise condominium project in Bangkok on 0.67-acre of land with a potential GDV equivalent to RM172 million. Na Reva offers a good view of the Chao Phraya River with landmarks nearby that include ICONSIAM, and Asiatique, the open-air mall complex.

As part of its asset light strategy, Paramount has always been open to joint ventures for property development. Paramount's wholly-owned subsidiary, Aneka Sepakat Sdn Bhd (**ASSB**) and Kumpulan Hartanah Selangor Bhd (**KHSB**), the real estate arm of the Selangor State Government, had entered into a development rights agreement (**DRA**) on a piece of land in Petaling Jaya in 2018. Due to the pandemic, the parties have extended the period for the fulfilment of the second phase conditions precedent to 30 September 2021. Under the DRA, KHSB granted ASSB the rights to develop 9.66 acres of leasehold land situated next to the Asia Jaya LRT station in Petaling Jaya. This transit-oriented development project is expected to have a GDV of RM1 billion.

Greenwoods Cendana which offers a lifestyle of wellness was 91% sold out within four months of its launch in 2020

THE STORY

MANAGEMENT DISCUSSION & ANALYSIS

Projects		Remaining Gross Undeveloped Land (acres)	Remaining GDV* (RM 'million)	Development Period	
				Start	End
Completed / Ongoing projects					
Northern	Bandar Laguna Merbok, Sungai Petani	0.0	1	1996	2018
	Bukit Banyan, Sungai Petani	169.0	407	2012	2027
	Batu Kawan, Penang	21.4	1,884	2016	2027
Central	Kemuning Utama, Shah Alam	26.7	425	2004	2026
	Sejati Residences, Cyberjaya	10.3	463	2013	2025
	Sekitar26, Shah Alam	11.6	604	2013	2026
	Utropolis Glenmarie, Shah Alam	0.0	7	2013	2020
	Greenwoods Salak Perdana, Sepang	100.5	656	2015	2027
	ATWATER, Section 13, Petaling Jaya	0.0	285	2018	2022
	Berkeley Uptown, Klang	15.4	729	2019	2028
	Sejati Lakeside, Cyberjaya	18.9	307	2019	2023
	Total	**373.8**	**5,768**		
In the pipeline					
Central	Ampang Hilir, Kuala Lumpur	4.5	968	2021	2027
Future projects					
Northern	Machang Bubuk, Penang	69.2	420	2023	2027
	Bukit Banyan II, Sungai Petani	137.1	405	2023	2027
	Total	**206.3**	**825**		
	Grand Total	**584.6**	**7,561**		

**Comprising potential GDV from undeveloped land and GDV from properties launched but remained unsold as at 31 December 2020*

As at 31 December 2020, we have 584.6 acres of land with a GDV potential of RM7.6 billion for development until 2028.

Co-labs Coworking (Continuing Operations)

Co-labs Coworking's revenue (including inter-company transactions) for FY2020 was RM4.5 million, 36% higher than RM3.3 million achieved in the previous year. The higher revenue was because Co-labs Coworking Naza Tower, Co-labs Coworking Shah Alam and Co-labs Coworking The Starling Plus operated for a full financial year in FY2020. The Starling Plus space opened only in October 2019 while the other two opened in June 2019. As at 31 December 2020, Co-labs Coworking operated at four locations with a lettable space of 97,607 sq ft, and was working on opening a new space of more than 17,000 sq ft in January 2021.

To support our coworking tenants during the MCO period, Co-labs Coworking froze membership subscription during the first 28 days of the MCO. We also offered a 30% rental rebate to eligible members for May and June 2020. This, however, had negatively affected our profits for FY2020.

Co-labs Coworking recorded a loss before taxation (**LBT**) of RM4.7 million for FY2020, which was 12% more than the LBT in preceding year of RM4.2 million. Nevertheless, Co-labs Coworking achieved an earning before interest, tax, depreciation and amortisation (**EBITDA**) of RM0.7 million for FY2020.

As a responsible business, our highest priority in 2020 was the health and safety of members, guests and all stakeholders. We implemented strict safety measures, which include providing modular dividers at open workspaces, reorganising our space to allow social distancing, and contactless temperature scanning and regular disinfection as part of our SOP. To meet new needs, we pivoted the business to include the following:

- **Business Continuity Planning membership plan**
  A membership plan was launched in April 2020 for clients who needed space for split team operations and satellite offices as part of their business continuity plans.

- **Key anchor workspaces**
  To drive up occupancy, Co-labs Coworking shifted focus from targeting start-ups and freelancers to offering customised design-and-build solutions for anchor tenants, who were looking for larger customised workspaces.

- **Small and Medium Enterprises (SMEs) and large corporations**
  We drove membership by targeting SMEs and corporations with higher headcount and deeper pockets for longer term rental, and provided them the flexibility to scale up when their teams grow.

Paramount Education (Discontinued Operations)

In FY2020, the Group recognised a PAT from the Education division of RM471.1 million, which was RM406.6 million higher than RM64.5 million achieved in 2019. The financial results of the Education division in FY2020 was represented by the gain of RM462.7 million from the disposal of the pre-tertiary education business and the financial results of this business for the period up to the completion of the divestment in February 2020.

For further details, please refer to Note 17 of the audited financial statements of the Group for FY2020 on pages 168 to 172 of this Annual Report.

Post divestment, Paramount's interest in the tertiary and pre-tertiary education businesses are by way of investments in associate companies.

TRENDS & RISKS

Like all businesses, we are exposed to risks that could have material adverse impact on the Group's performance and financial outcomes. Paramount has a formal and robust enterprise risk management process that is explained in the Statement on Risk Management and Internal Control on pages 83 to 86 of this Annual Report.

While geopolitics continue to affect businesses everywhere, many industries including property development are relying on the efficacy of the COVID-19 vaccines and successful immunisation programmes to return to normalcy. Restrictions to social and economic life may continue for many months until herd immunity is achieved.

On top of that, behaviours, preferences and business practices that emerged during the pandemic may become entrenched even after the pandemic is over, affecting people's choice of property types, designs and locations. While we listen carefully to our buyers and follow market trends closely, we do not know if emerging trends are temporary or would become new norms even after the pandemic.

It is against this backdrop, that we are reviewing the primary factors and known trends that are expected to affect our business operations and financial results.

They include, but are not limited to, the following:

- **Soft property market**
  While Paramount's property sales was higher in 2020 than the year before, the property market is expected to remain soft in 2021 with fuller recovery only in 2022 after the full implementation of the National Covid-19 Immunisation Programme.

  For many buyers however, the desire for safe and comfortable homes was felt more keenly after months of working from home in 2020, especially for those with children who were doing home-based learning. Owner-occupiers have shown they are still resolute in their quest for good properties while property investors would weigh the yield of the rental market versus value buys in a low interest rate environment.

  The prevailing low interest rate environment is one of the main catalysts for property purchases as buyers will enjoy substantial savings in mortgage repayments. Malaysia's Home Ownership Campaign which has been extended until May 2021, coupled with the Budget 2021 initiatives, are also expected to create urgency among those considering property purchases.

  Competition in a soft market, however, has led to expectations of higher rebates. This could further squeeze profit margins. Value engineering would be critical to meet buyers' expectations and still maintain margins.

  We would continue to work on the value propositions of our product offerings and innovate on our marketing. We believe Paramount's strong reputation as a trusted property developer of close to 50 years gives us a competitive edge.

  The commercial/ office property market is more challenging. Many corporates and businesses were reluctant to make major purchase or leasing decisions in 2020. Rentals and occupancy have been under pressure mainly due to the lack of tenancies from new businesses. Business operations through a dispersed and decentralised workforce in 2020 had also forced businesses to re-evaluate space needs.

  Due care is taken in our development planning to mitigate our exposure to the commercial property segment. Paramount had set up an in-house leasing team in 2019 to assist in the leasing of both sold and unsold commercial properties to bring vibrancy to our commercial properties. We will continue to review our property development designs and marketing strategies to respond to market conditions and trends, including timing our launches and deploying development concepts, that meet the needs of our target markets.

THE STORY

MANAGEMENT DISCUSSION & ANALYSIS

- **Work site interruptions from COVID-19 infection**
  Although Malaysia had started its COVID-19 immunisation programme in February 2021, the threat of infection at construction sites is still present. Any prolonged closure of construction sites would affect revenue. Paramount would also have to pay liquidated and ascertained damages to buyers if the interruptions affected timely delivery of properties.

  To minimise risks, Paramount has implemented SOPs which are compliant to the requirements of the National Security Council, the Ministry of Health, the Ministry of International Trade and Industry, Construction Industry Development Board and other authorities. Our efforts also include regular activities to enhance the awareness of both personal and team responsibilities to prevent infection and curb the spread, should an infection unfortunately occur, at the work sites and workers' quarters. Clear responsibilities are assigned to Environment Safety and Health personnel, site supervisors and managers. Clear safety and quarantine protocols have also been put in place for suspected cases to ensure the safety of other workers. Our contractors continue to work hand-in-hand with Paramount to implement these proactive measures.

- **External factors linked to COVID-19 that affect the launch and completion of projects**
  Property development activities require approvals and permits from various government agencies and authorities. The COVID-19 pandemic had disrupted the operations of not just commercial entities but also that of some government agencies and local authorities whose employees work from home. Delays in receiving approvals had led to slower progress being achieved for our projects in 2020 and had delayed new launches. The situation could continue with the pandemic.

  In addition, movement restrictions in Malaysia and overseas could also affect supply chain (e.g. production and transportation of supplies, and movement of workers) and in turn, construction progress, and the completion of projects.

  Paramount uses locally produced materials, where possible, to lower risks related to international supply chain. We are also looking at expanding our portfolio of suppliers and contractors, and would engage more contractors to expedite work progress, if necessary, to meet deadlines.

One of Paramount's main value propositions is our homes are designed for multi-generational living

OUTLOOK & PROSPECTS

The Malaysian economy is projected to rebound to between 6.0% and 7.5% in 2021. Recovery in the domestic economy, which began in the second half of 2020, is expected to continue in 2021.

The recovery, nevertheless, is expected to be uneven and will be shaped by several factors, including the course of the COVID-19 pandemic and vaccine rollout, the extent of external spillovers, sector-specific developments, and the degree of improvement in labour market conditions. Amid a highly uncertain operating environment, continued and targeted policy measures will remain central in supporting growth going forward.

The property market is expected to remain soft in 2021, being contingent on the country's economic and financial outlook. However, the low interest rate environment, coupled with the stamp duty exemption on the instruments of transfer and loan agreement for the purchase of residential homes under the Home Ownership Campaign, and the 2021 Budget initiatives are expected to continue to spur buying interests in properties.

Unlike the MCO of 2020, the new MCO imposed on 13 January 2021 (**MCO 2.0**) allowed more economic sectors to remain open. The MCO has since been relaxed to conditional or recovery MCO in many

Low interest rates coupled with stamp duty exemptions are expected to continue to spur buying interest in properties

places, and there is hope for a return to normalcy although inter-state travel was still not allowed at this point of writing. The Group's construction activities remained operational during the MCO 2.0 while our sales of properties continued on virtual platforms.

Despite the pandemic, the Group's property sales for 2020 has surpassed the 2019 sales by 11% to RM770 million. We intend to capitalise on the strong sales momentum generated in 2020 and intensify promotional activities to boost sales. While the pipeline of property launches for 2021 is RM1.2 billion (42% more than the GDV launched in 2020), the timing of the launches could be derailed if pandemic turned for the worse. However, we are hopeful that the pandemic would be brought under control with the National COVID-19 Immunisation Programme.

Among the new projects lined up is The Atrium, a high-rise residential development at the prestigious U-Thant enclave of Kuala Lumpur in June 2021. Another notable launch would be Arinna, a low-density residential development at Kemuning Utama in the second half of the year.

The Group's unbilled sales of RM1.1 billion as at 31 December 2020 would provide some visibility on the Group's cashflow in the near term, the pace at which this can be converted into billings would depend largely on the construction progress of our projects.

Our coworking business Co-labs Coworking added a new location at Tropicana Gardens, Kota Damansara, in January 2021. The business now has 114,945 sq ft of coworking space at five locations in the Klang Valley. The 17,338 sq ft Tropicana Gardens space comes with a host of amenities such as a members' lounge, event hall, nap pods, mother's room, self-serve coffee kiosk and pantry. It is also directly connected to the Mass Rapid Transport.

Co-labs Coworking launched Scalable Malaysia in 2020 to provide an end-to-end consult, design, build and manage workspace ecosystem solution to corporates. This new business derives synergies between the Group's property development and its coworking business and is expected to bring new revenue streams for the Group.

For as long as COVID-19 infection remains a risk, the Group would continue to be vigilant. We have taken measures to protect our employees and construction workers, as well as minimise disruption to our supply chain. As cash and liquidity management are critical in such times, the Group has also put in place risk mitigation plans and cost rationalisation measures to manage our expenses but would continue to invest for long term business sustainability.

Barring any unforeseen circumstances, the Group is cautiously optimistic that its earnings from continuing operations for the financial year ending 31 December 2021 would be relatively better than that of 2020 with the anticipation that the COVID-19 pandemic would be brought under control. Any re-imposition of containment measures resulting in prolonged disruptions or closure of construction sites affecting the work progress and the timely launching of property projects would have an adverse impact on the Group's financial performance.

Paramount shall, as provided in its Dividend Policy, also endeavour to maintain a consistent total dividend pay-out ratio of not less than 20% of the Company's net profit attributable to shareholders for each financial year subject to full compliance with the relevant provisions in the Companies Act, 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Jeffrey Chew
Group Chief Executive Officer

THE STORY

FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

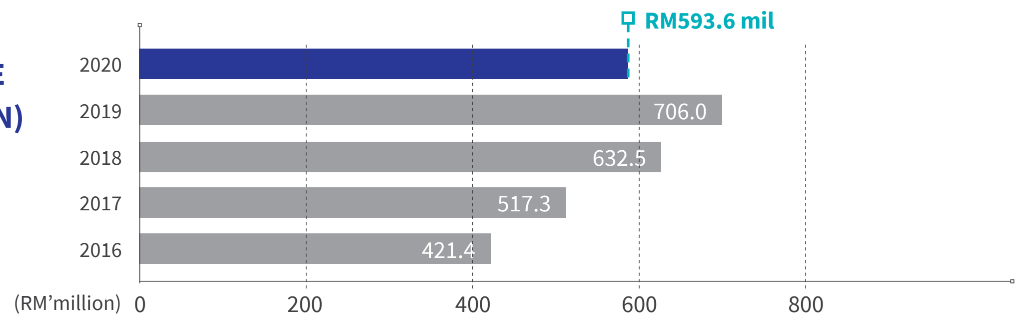
	Year 31 Dec 2020 RM'000	Year 31 Dec 2019 RM'000	Year 31 Dec 2018 RM'000	Year 31 Dec 2017 RM'000	Year 31 Dec 2016 RM'000
Continuing					
Revenue	**593,562**	705,974	623,494	517,266	421,437
Profit before tax	**51,830**	88,838	110,182	64,273	73,836
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**82,715**	121,309	125,425	76,793	78,377
Profit after tax	**31,608**	54,510	78,379	44,850	54,026
Discontinued					
Profit after tax	**471,126**	64,480	31,112	105,668	34,647
Profit for the period	**502,734**	118,990	109,491	150,518	88,673
Profit attributable to equity holders of the Company	**486,661**	104,049	91,814	133,648	75,016
Total assets	**2,966,699**	3,073,553	2,675,630	2,542,964	2,018,711
Total liabilities	**1,285,266**	1,609,404	1,329,345	1,226,073	884,288
Total borrowings	**954,210**	911,945	900,661	823,832	636,554
Shareholders' equity	**1,431,778**	1,140,980	1,071,291	1,042,109	934,636
Total equity	**1,681,433**	1,464,149	1,346,285	1,316,891	1,134,423
FINANCIAL INDICATORS					
Interest cover (times)	**4**	5	10	7	30
Earnings per share (sen)	**79.37**	17.17	15.34	22.51	12.67
Net assets per share (RM)	**2.33**	1.88	2.50	2.46	2.21
Gross dividend per share (sen)	**31.50**	6.50	8.50	16.00	8.50
Dividend yield (%)	**3.0%**	5.3%	4.2%	9.0%	6.1%
Return on equity (%)	**43%**	10%	9%	14%	8%
Return on total assets (%)	**17%**	3%	3%	5%	4%
Gross Gearing ratio (%)	**57%**	62%	67%	63%	56%

THE STORY

FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

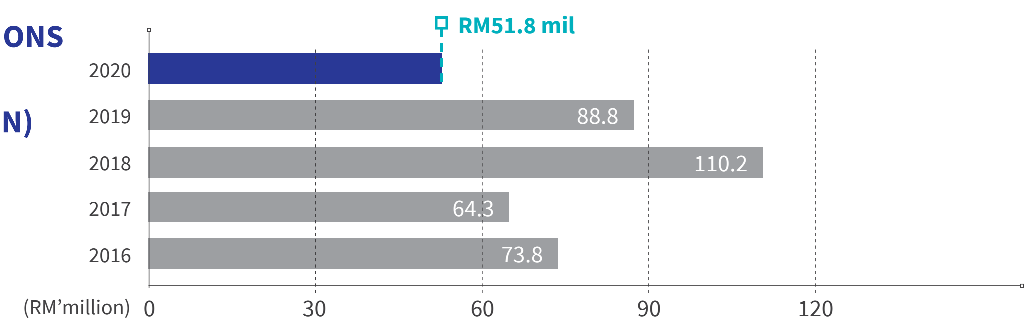
CONTINUING OPERATIONS REVENUE IN FY2020 (RM'MILLION)

593.6



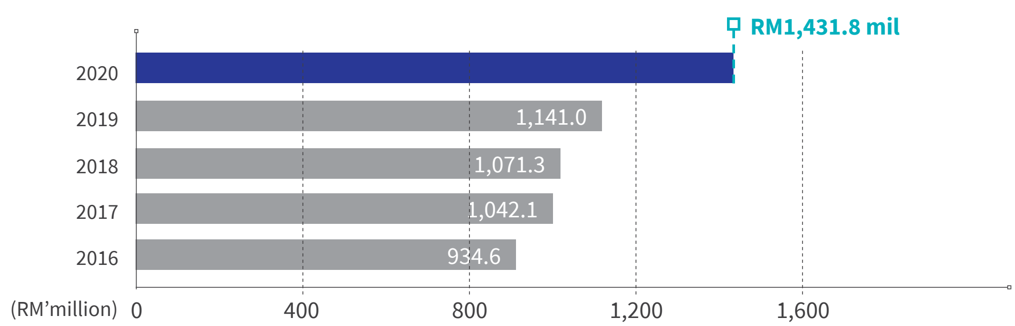
CONTINUING OPERATIONS PROFIT BEFORE TAX IN FY2020 (RM'MILLION)

51.8



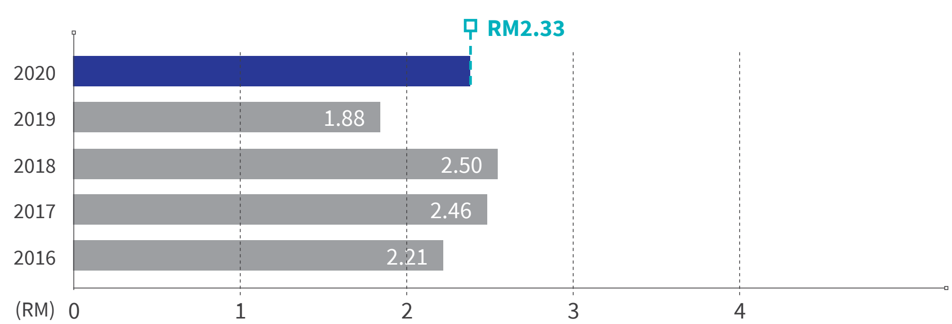
SHAREHOLDERS' EQUITY IN FY2020 (RM'MILLION)

1,431.8



NET ASSETS PER SHARE IN FY2020 (RM)

2.33



THE STORY

SUSTAINABILITY STATEMENT

CREATING A SUSTAINABLE FUTURE FOR A BETTER WORLD

At Paramount Corporation Berhad (**Paramount** or **the Company**) and our subsidiaries (**the Group**), we continuously embrace the values of corporate responsibility and elements of sustainability management. This, we have done since the early days of our establishment, guided by our vision of 'Changing Lives and Enriching Communities for A Better World'. This vision is reinforced by our core values of Trust, Respect, Integrity, Bravery, and Energy (**TRIBE**) where the focus on strong corporate governance has significant influence over our work practices across the Group.

In the face of the COVID-19 pandemic in 2020, we have become even more keenly cognisant of the three key pillars of economic, environmental, and social (**EES**) which have formed the framework for our sustainability practices across the Group.

This statement provides an overview of our sustainability practices and performance for the financial year ended 31 December 2020. Despite the challenges faced, we strove to manage our cash flow while taking advantage of business opportunities. We kept our communities safe and continued to do our part for the environment. At the same time, we remained committed to practising high standards of corporate governance to safeguard the interests of the business and all stakeholders.

That said, we remain on a journey of continuous improvement. Cultivating an intrinsic culture of respect and responsibility for people and the world we live in remains our goal. When we remain committed to doing these things well, we will gain the trust of our stakeholders. This, in turn, will ensure Paramount's success for a long time to come.

SCOPE AND BOUNDARY

This sustainability report covers the entire operations of Paramount Corporation Berhad and the subsidiaries over which the Group has direct control and holds a majority stake. It does not include the Group's value chain comprising third party contractors, suppliers, and vendors.

During the year under review, Paramount completed a major corporate exercise by divesting the controlling equity stake of the pre-tertiary (K-12) education business to Prestigion Education Sdn Bhd, to focus resources on growing our property business. Given that we have already transferred management control of the pre-tertiary business, this year's report will not cover this segment.

While we seek to present a consistent boundary for reporting across all our sustainable development metrics, the focus of this report will be on the property division as our core business.

This Statement only encompasses the most pertinent projects, initiatives, and activities of the Group. Progressively, we shall endeavour to provide more comprehensive disclosures.

Reporting Period:

This report covers our sustainability activities from 1 January 2020 to 31 December 2020. Historical information from the previous years is included to provide context for our decision-making, sustainability progress and impact as well as potential opportunities for growth.

Reporting Cycle:

Annually coinciding with our Annual Report

Reporting Guide:

Bursa Malaysia's Sustainability Reporting Guide 2nd Edition

Principal Guidelines:

Bursa Malaysia's Main Market Listing Requirements Practice Note 9 Article 6

Feedback:

comms@pcb.my

SUSTAINABLE DEVELOPMENT GOALS (SDGS)

The 17 United Nations Sustainability Development Goals (SDGs) were established by United Nations in 2015 to achieve specific sustainability targets by 2030. They seek to end poverty, protect the planet and ensure prosperity. Businesses play an important role in achieving these goals and delivering on the promise of sustainable and inclusive development.

These are the six SDGs identified as being the most relevant to Paramount and where we can make the most impact.

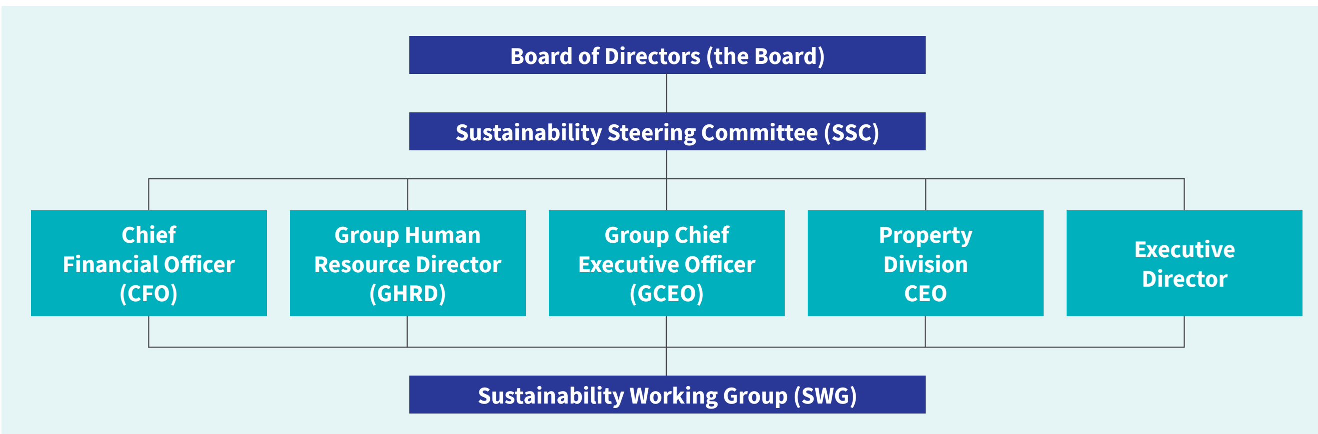
SDG	Details	Contribution to SDGs
3 GOOD HEALTH AND WELL-BEING	Ensuring healthy living and well-being	We care for the safety and health of our employees while contributing to the well-being of the communities around us.
8 DECENT WORK AND ECONOMIC GROWTH	Promote inclusive and sustainable economic growth	We bring sustainable domestic economic growth to local communities by giving priority to local procurement, investing in community infrastructure, and creating more job opportunities. We also build affordable homes in line with the government's initiative to help the lower income group.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Build resilient infrastructure, promote sustainable industrialisation and foster innovation	A variety of environmentally friendly and innovative concepts have been designed and built into exteriors, fixtures, and fittings of our buildings. We continue to challenge the status quo and embrace new ideas and concepts that ultimately lead to improved products, services, and businesses.
11 SUSTAINABLE CITIES AND COMMUNITIES	Make cities and human settlements inclusive, safe, resilient, and sustainable	Whether it is homes, offices, schools, shops, or green spaces, we recognise that the built environment contributes to improving the community's quality of life.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns	We practise the 3R principles: 'Reduce, Reuse and Recycle'; we aim to achieve positive changes in our operations and cut down waste. We also embed green designs and features into our projects to reduce the impact of the built environment on the natural environment.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Promote peaceful and inclusive societies, sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	We have policies and procedures in place to mitigate bribery & corruption; encourage effective, accountable, and transparent business transactions. We also ensure responsive, inclusive, participatory, and representative decision-making at all levels.

THE STORY

SUSTAINABILITY STATEMENT

GOVERNANCE

A two-tiered sustainability governance structure drives sustainability within the Group. The first tier consists of the Sustainability Steering Committee (**SSC**) followed by the Sustainability Working Group (**SWG**). The SWG reports to the SSC and in turn, the SSC is accountable to the Company Board of Directors (the Board).



Board of Directors (the Board)

The Board oversees material sustainability issues as part of their fiduciary responsibilities. They safeguard and promote stakeholders' interest by enforcing and supervising the Group's sustainability agenda. The Board provides guidance in formulating the direction of our sustainability strategies and performs a thorough assessment of the sustainability issues during the company's annual review.

Sustainability Steering Committee (SSC)

The SSC, which is chaired by the Group CEO, works to review, approve and ensure that sustainability commitments are aligned with the Company's vision and mission. The SSC sets key initiatives and sustainable growth plans, provide advice and operational functions, appraises and evaluates the sustainability performance and reports the outcome to the Board.

Sustainability Working Group (SWG)

Although our sustainability efforts are supported by the entire organisation, specific issues are directly associated with individual areas of management. The SWG consists of managers from our operating companies whose main tasks include developing strategies, implementing plans and tracking the progress of the Group's sustainability projects.

SUSTAINABILITY GOALS

- Promote sustainable financial growth
- Deliver excellent products and services
- Support community growth
- Protect and conserve the environment

STAKEHOLDER ENGAGEMENT

We continue to engage with our stakeholders to ensure we are attuned to their needs. Such engagements are helpful in identifying and assessing materiality matters across the Group. The inclusion of diverse perspectives is also helpful in reviewing the impact of our actions within our operating environment.

The table below presents the list of our stakeholders, their concerns and our corresponding actions on the issues raised.

STAKEHOLDERS	ISSUES OF CONCERN	ENGAGEMENT CHANNELS AND ACTIVITIES	OUTCOMES
Employees	• Employee benefits, wellbeing, and safety • Employee engagement • Career development	• Periodic review of employee benefits, activities and development programmes • Communication channels with employees (meetings, emails, social media, and TRIBE Community Portal)	• Improvements - policies and benefits - employee development - employee engagement
Customers	• Product quality • Design and features • Support services • Timely delivery • Product / service pricing and packaging	• Websites / social media • Corporate and brand campaigns • Meetings, circulars and emails, surveys, webinars, customer portal, events, virtual showrooms, chatbots, mobile applications and a loyalty programme	• Increase customer satisfaction and number of repeat buyers • Awards and recognition
Investors / Shareholders	• Fiduciary duties • Transparency • Dividend payment • Financial performance	• Engagement sessions with analysts and shareholders including at Annual General Meetings and Extraordinary General Meetings • Timely disclosures to Bursa and on the company website • Annual report, quarterly results, announcements, circulars	• Increase investor / shareholders confidence
Regulators	• Regulatory compliance	• Discussions with the authorities as part of due diligence	• Full compliance with regulatory requirements
Vendors / Suppliers	• Fair terms and conditions of contracts	• Vendor meetings, performance evaluations, and supply chain management	• Avoidance of disputes with vendors / suppliers
Community	• Environmental and social impacts • Community engagement • Management of properties	• Collaborative partnerships with local NGOs and authorities • Philanthropic activities and outreach programmes • Public consultation and community surveys	• Enhance brand credibility and reputation

THE STORY

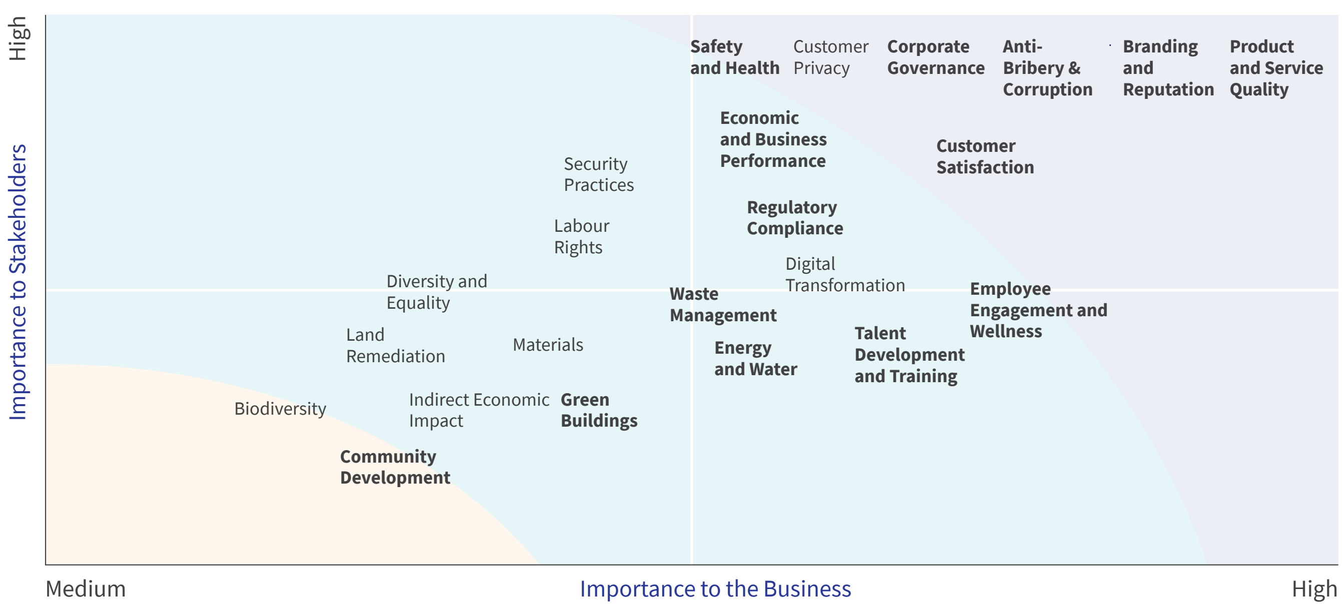
SUSTAINABILITY STATEMENT

STAKEHOLDERS	ISSUES OF CONCERN	ENGAGEMENT CHANNELS AND ACTIVITIES	OUTCOMES
Certification Bodies	• Full compliance with specifications and requirements	• Site visits and meetings	• Fulfil criteria for certification and renewal
Media	• Clarity on company's activities and financials • Public perception	• Engagement sessions with the Media including financial briefings • Regular press releases and interviews with key management • Timely updates on the company website	• Enhance and build company reputation • Promote greater understanding of the company's products, services, and performance
Bankers	• Breach of covenants	• Regular communication to ensure compliance	• Satisfy associated borrowing conditions • Stronger confidence towards the Group from the banking and financial community

MATERIALITY

In 2020, Paramount conducted a materiality assessment to identify the issues and topics that reflect the economic, environmental, and social impacts that are of interest to the Group and our stakeholders. This process identified thirteen (13) material issues which were validated at the steering committee and Board level.

MATERIALITY MATRIX



Economic
- Economic and Business Performance
- Product and Service Quality
- Customer Satisfaction
- Anti-Bribery & Corruption and Corporate Governance
- Branding and Reputation

Environmental
- Regulatory Compliance
- Green Buildings
- Waste Management
- Energy and Water

Social
- Safety and Health
- Talent Development and Training
- Employee Engagement and Wellness
- Community Development

ECONOMIC

At Paramount, we have a track record of over 50 years in business resiliency, adaptability to meeting the changing needs of our customers and workforce, and compliance with evolving regulations. As our business continues to grow and evolve, we remain committed to high standards of corporate governance as we continue to uphold trust in the Paramount brand and ensure customer satisfaction through our quality products and services.

Throughout the years, Paramount is grateful that our efforts have been rewarded with awards and accolades, the details of which are on page 7 of this Annual Report.

11 Projects

1,475 units sold

Average QLASSIC score of **77%** across six projects

86% Customer Satisfaction Index

Group-wide implementation of Anti-Bribery & Corruption Policy & Guidelines

ECONOMIC AND BUSINESS PERFORMANCE

Paramount currently has 11 property projects with 1,475 units sold in Klang Valley, Kedah and Penang. We have also successfully designed and built private schools and universities. In addition, we manage and operate five coworking spaces in the Klang Valley as well as one fine dining establishment. All these create a spillover effect which benefit the local economy while improving the economic outcomes of people working and living within these communities and the surroundings.

ECONOMIC CONTRIBUTION TO SOCIETY

Revenue
RM593.6 million
(2019: RM706.0 million)

Total Employees
522 excluding the education segment
(2019: 2,111)

Launched Properties
1,432
(2019: 1,557)

Affordable homes
70
(2019: 875)

Value of work done in property development
RM281.0 million
(2019 : RM351.0 million)

Workers at building sites (Average no. of workers) Property
2,210
(2019: 1,368)

Co-labs Coworking No. of tenants
Approx. **805**

Co-labs Coworking Occupancy rate
54%

THE STORY
SUSTAINABILITY STATEMENT

PRODUCT QUALITY

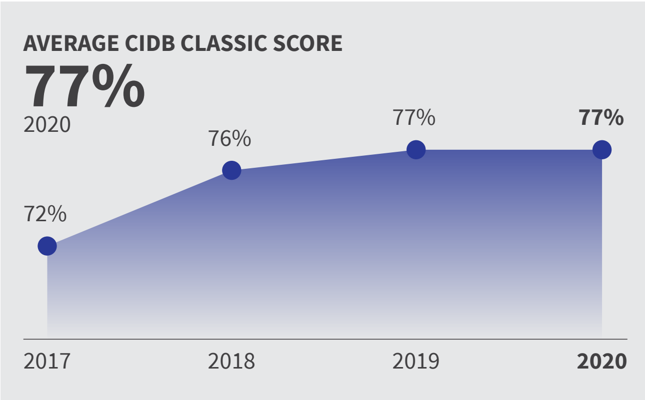
Paramount's commitment to quality control is reflected in our comprehensive quality assurance processes which begin from the tender documentation preparation stage through to post-handover of project.

We carry out a thorough check of every completed unit and rectify defects before handing over the units to the Customer Care & Township Management (**CCTM**) team. A customer satisfaction survey is completed by customers to manage and minimise defects while a post data analysis on defects rectification is further conducted for continuous improvement purposes.

We believe that the pursuit of quality is essentially a commitment towards sustainability, as the ultimate outcomes are repeat buyers, strong customer satisfaction, enhanced brand goodwill and ultimately sustainable revenue and profits.

QLASSIC

The Quality Assessment System in Construction (QLASSIC) is an assessment conducted by the Construction Industry Development Board (CIDB), to measure and evaluate the workmanship quality of a building construction work based on Construction Industry Standards (CIS 7). In upholding our high workmanship quality, Paramount has set QLASSIC score targets of 75% and above and we have consistently exceeded our target over the last three years.



International standards

We are uncompromising in our commitment to quality using professional, international, and industry benchmarks to constantly measure ourselves. Paramount has been certified with the ISO9001:2015 Quality Management System. This standard has brought about systematic procedures, policies and practices which enable us to deliver products that meet stringent requirements in quality and workmanship.

Culture of responsibility

Our culture is centred on 'Doing Things Right the First Time'. This is ingrained in our DNA and drives strong quality control and assurance measures at the start of all processes. This leads to overall improved efficiency and productivity across our projects.

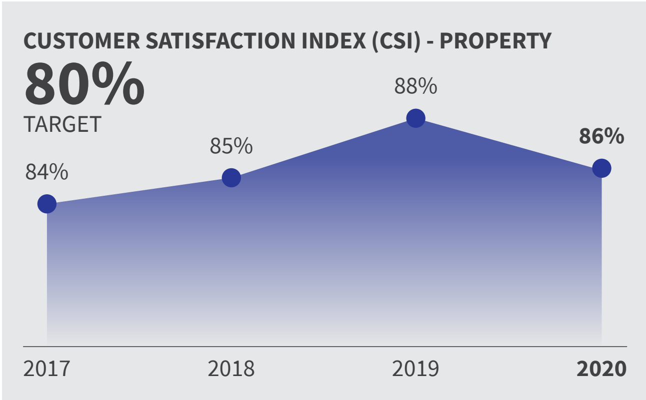
CUSTOMER SERVICE

As the People's Developer, we believe that achievement and progress should not be measured by profit alone but also in the value we create through our products and services.

In line with this, we focus on creating positive customer experiences by upholding excellent service quality.

Delivering on customer satisfaction

Results from Paramount Property's Customer Satisfaction Index (CSI), an internal benchmark, reveal that we have exceeded our CSI target of 80%.



Co-labs Coworking: Member Satisfaction

In 2020, Co-labs Coworking conducted member satisfaction surveys for all locations namely the Starling, the Starling Plus, Sekitar26 and Naza Tower. An overall rating of at least 8.2 out of 10 was achieved. This is the first time that Co-labs Coworking has rolled out satisfaction surveys through an online platform as part of our digitalisation efforts. Focus group discussions were also held with members to get feedback for future improvements.

The results of these showed that design, community events, and friendly team were the top reasons Co-labs Coworking stands out compared to other coworking spaces in the Malaysian market.

Harnessing technology for enhanced customer experience

During this pandemic, we have accelerated our technology usage by adopting digital platforms to further improve the customer experience.

SAMMO

To allow purchasers to submit and update their defect claims via their smartphones, a defect-tracking mobile app SAMMO was implemented.

Virtual sales galleries

To provide convenience while adhering to health & safety requirements during the COVID-19 lockdown, we offered potential customers a virtual show gallery experience showcasing our properties across the Klang Valley, Penang and Sungai Petani.

SAMMO app

ANTI-BRIBERY & CORRUPTION AND CORPORATE GOVERNANCE

Paramount is committed to maintaining high standards of corporate governance, integrity, and accountability, underpinned by robust management of risks and internal controls to ensure the long-term sustainability of its businesses and to safeguard the interests of all stakeholders.

Further to the Malaysian Anti-Corruption Commission (Amendment) Act 2018 which took effect from 1 June 2020, Paramount has implemented an Anti-Bribery and Corruption Policy and Guidelines across the Group to uphold all applicable laws in relation to anti-bribery and corruption. The Group practices a zero-tolerance approach against all forms of bribery and corruption.

More details are available in the Statement on Corporate Governance in pages 71 to 77 of this Annual Report.

BRANDING AND REPUTATION

Across our brands, we take our reputation very seriously.

Paramount Property strives to build with people in mind. We deliver on this by offering thoughtful features and design while ensuring we have a good portfolio of products to suit diverse needs and requirements. This is in line with our promise as 'The People's Developer'.

Co-labs Coworking is known for its culture of friendliness, active community, and great design, while our fine dining establishment Dewakan is the first and only Malaysian restaurant to be included in the prestigious Asia's 50 Best Restaurants list.

When we do these things well, we gain the trust of the public and stakeholders, who in turn, help us achieve long-term success and continuity.

Virtual sales gallery

ENVIRONMENT

Recognising the importance of environmental protection, Paramount has made considerable efforts to develop and implement eco-friendly strategies. Our property division conducts a comprehensive ecological assessment at every stage of our operations from planning to handover to reduce our environmental impact.

MATERIAL MATTERS

- Regulatory compliance
- Green buildings
- Waste management
- Energy and water

Full compliance; **zero** compounds

Green building recognition for **Utropolis Batu Kawan** and **Sri KDU International School Klang**

Close to **65,000** trees, shrubs and herbs planted across Utropolis Batu Kawan and Bukit Banyan

Approximately **300+** plants from a few endangered species and **600+** plants from other species

311 kg of CO_2 reduction from Sekitar26's recycled waste

Electricity saving at offices **132,759 kWh**

Waste generated at sites (scheduled waste) and offices (general waste) **1,003 kg**

Water saving at offices **940 m³**

REGULATORY COMPLIANCE

Paramount Property continues to be ISO 14001:2015 certified. We ensure strict compliance to all the stipulated requirements under all environmental related laws and regulations which are applicable to our operations through periodic monitoring and capacity building.

GREEN BUILDINGS AND SPACES

Paramount strives to develop buildings that are energy-efficient and environmental-friendly. In this aspect, we have managed to achieve green certification on two buildings in 2020: Utropolis Batu Kawan and the new Sri KDU International School in Klang.

UTROPOLIS BATU KAWAN AT PENANG'S ECO CITY

At Utropolis Batu Kawan, we strive to achieve high standards of sustainability and green practices. We also employ top-notch safety and security systems for our property owners.

For a start, one of the least considered but highly important aspect of high-rise living is garbage collection. Utropolis Batu Kawan utilises a simple but highly effective pneumatic system to address waste disposal and collection. The most efficient system, with a built-in child safety mechanism suited for residential developments, it is hygienic (no exposed waste, contamination), healthy (odour free with no heavy bins), convenient (automated waste removal and handling), cost efficient and safe.

In terms of security, convenience, and comfort, available features include a leading-edge security system which allows for seamless registration of guest arrival using a mobile application. Once at home, the units at Utropolis Batu Kawan are secured by a digital door lock system.

The system is also extended to a KipleLicense smart car system which can read the licence registration numbers of vehicles; the KipleLive application for Property Management further reduces the hassle of having to visit the management office for facilities booking, forms for renovation and other miscellaneous activities.

Utropolis Batu Kawan, Utropolis Utama (Certified)

Utropolis Batu Kawan, Suasana (Silver)

SRI KDU INTERNATIONAL SCHOOL KLANG

Sri KDU's new campus in Klang got off to a promising start by being awarded a GreenRE-Bronze certification. Armed with 17 years of experience succesfully managing the Sri KDU Kota Damansara campus, improvements have been made to the new Sri KDU Klang. These include increasing energy and water efficiency to improve environmental quality while reducing operational costs.

Furthermore, since its inception in 2012, Sri KDU's Eco Schools programme has moved from strength to strength. As such, it is truly apt for the building to be green certified as the school nurtures future leaders in aspects of environmental awareness and responsibility.

Creating Green Spaces

Trees and plants play a critical role for people and planet, which are essential for liveable and sustainable communities. At Paramount, it is our mission to plant and protect trees. Toward this goal, we have begun cultivating local species, including endangered species of trees, in our own nursery for purposes of landscaping for our projects.

Type of trees planted	No. of trees planted in Paramount's development
Local endangered species, *Maba buxifolia / Diospyros ferrea*	20+
Tropical species - *Podocarpus costalis*	500+

We have also embarked on urban farming through the establishment of herb gardens and pocket farms in various developments, most notably at Greenwoods Salak Perdana.

Cultivating Maba buxifolia in pots for landscaping purposes

Residents learning about herbs at the Greenwoods community farm

Over the past year, we underwent a hydroseeding process planting 5.2 acres of signal grass on the slopes of Bukit Banyan Hill Park using the Fibromat method.

Before - rocky slopes

Process of hydroseeding

After - green slopes

Through consistent planting and care, we hope to be able to establish urban green spaces which can have compounding benefits through every layer of our communities, leading to a better world.

CREATING AN ECOSYSTEM FOR WILDLIFE TO THRIVE

Since its establishment in 2011, Bukit Banyan has become a significant landmark as Kedah's first hill park township. Instead of creating homes only a few can afford, Bukit Banyan thoughtfully welcomes home buyers across the social strata to prosper together among its verdant greenery, with its crown jewel, the 25-acre Bukit Banyan Hill Park equipped with eight thematic mini parks as the centrepiece.

To date, over 60 species of birds, including migratory ones, have been spotted at Bukit Banyan and documented in a field guide compiled by Bukit Banyan resident and amateur birder, Dr Vijay Kumar MK, called 'The Birds of Bukit Banyan'.

Dr Vijay attributes the unique and extraordinary ecosystem at Bukit Banyan as attractive features which attract birds and other wildlife. From the forested hills to plots of dry savannah-like land to large retention ponds and water features, Bukit Banyan offers ecological diversity. Banyan trees also attracts birds during fruiting season. This in turn attracts different species and more wildlife searching for food, water and shelter.

A green-billed malkoha, Phaenicophaeus tristis, spotted at Bukit Banyan

THE STORY
SUSTAINABILITY STATEMENT

Promoting Environmental Awareness

We actively support environmental initiatives and campaigns to inculcate long-term behavioural changes amongst our employees, customers, and tenants. The primary objective of these is to create awareness and sensitivity towards the environment and its associated problems.

Property

The environmental awareness and training activities conducted in 2020 are listed as follows:

- Plastik Oh Plastik! Bagaimana Diuruskan
- Program Kursus Kesedaran MyCREST & INFRASTAR
- Basic handling & management of schedule waste
- Hands-on Design of Erosion & Sediment Control Plan

Co-labs Coworking

During the movement control order, the Co-labs Coworking team continued to work at engaging members and the community at large by organising virtual programmes such as a Netflix party during Earth Day, featuring the film 'A Plastic Ocean' to promote responsible plastic usage.

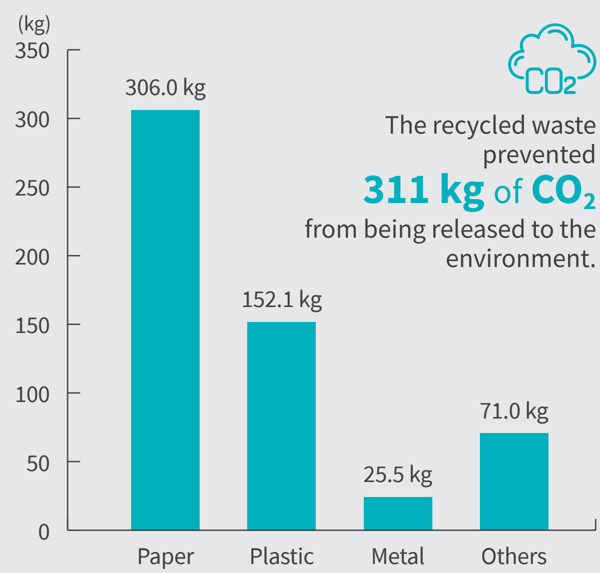
BROS Pop-up booth, 'Ditch the Disposables', to encourage reducing single plastic use

WASTE MANAGEMENT

Effective waste management remains one of the largest environmental challenges we face. Although there is still a long way for us to go, we are putting in efforts as a Group to recycle waste and will gradually expand these efforts.

RECYCLING PROGRAMME WITH iCYCLE

In 2020, we worked with iCycle to install recycling bins at the Paramount Property headquarters in Sekitar26 Shah Alam and kickstarted a campaign on waste separation and recycling. This is in line with Paramount's waste management 3R principles of Reduce, Reuse & Recycle.



Construction Waste

At Paramount, we manage our construction wastes responsibly and ensure proper storage as well as disposal of hazardous and non-hazardous waste.

Waste generated is properly disposed of by registered contractors to approved disposal facilities and premises for treatment. Non-hazardous solid waste generated from our project sites are disposed of at approved landfills by licensed waste disposal vendors, through the management of main contractors.

The chart below lists waste generated at Paramount project sites in 2020.

Projects	Scheduled waste (kg)	Recycling materials (rebar) (kg)
Utropolis Glenmarie	33.5	-
Greenwoods Salak Perdana	45.2	11,400
Sejati Lakeside, Cyberjaya	74.0	3,690
Kemuning Idaman, Shah Alam	11.2	-
Sri KDU, Klang	51.3	-
Berkeley Uptown, Klang	8.0	14,100
Suasana, Utropolis Batu Kawan	33.5	76,000
Sinaran, Utropolis Batu Kawan	13.0	-
Bukit Banyan, Sungai Petani	178.4	28,570
Total	448.1	133,760

(*Excluding general construction waste)

In 2020, we embarked on recycling and reusing initiatives at all construction sites.

Projects	Reuse
Urbano, Utropolis Glenmarie	Experimental fruit enzyme for septic tank cleaning At the construction sites, we embarked on the following for workers' use: • Reusing timber to hang electrical wires • Reusing plywood to construct document racks • Reusing PVC pipe as hand sanitiser holders • Reusing oil drums as recycling bins
Keranji, Greenwoods Salak Perdana	Use blasted hard materials from site as landscape features and as substitute for imported road base material

In our journey towards green and sustainable construction, we will begin using environment friendly materials such as green cement at our ATWATER, Section 13 development. In addition, we used recycled construction materials at Utropolis Batu Kawan development to further reduce our carbon footprint.

% of recycled construction materials at Utropolis Batu Kawan

Suasana
14%
of total material cost

Sinaran
10%
of total material cost

ENERGY AND WATER

As part of our ongoing efforts to improve Paramount's sustainability disclosures, we started to expand our scope to measure electricity and water consumption for the Utropolis Batu Kawan property office which is our new Penang base, as well as sales galleries.

Due to the complex nature of our business, there were some challenges in compiling and normalising certain data sets. This is because our energy consumption depends on the number and scale of sales galleries and projects pursued during the year. Hence, the total energy recorded each year for sales galleries and projects will also vary.

Furthermore, we also encounter difficulties obtaining accurate data on energy consumption due to a lack of quantitative records at project sites. Nevertheless, we continue to improve on our data collection process and make efforts to increase the quality of the disclosure in the future.

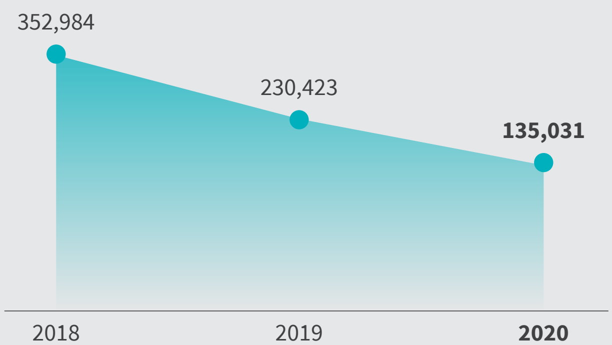
THE STORY

SUSTAINABILITY STATEMENT

In the interim, a summary of the data that we were able to compile is as below.

Electricity (kWh)

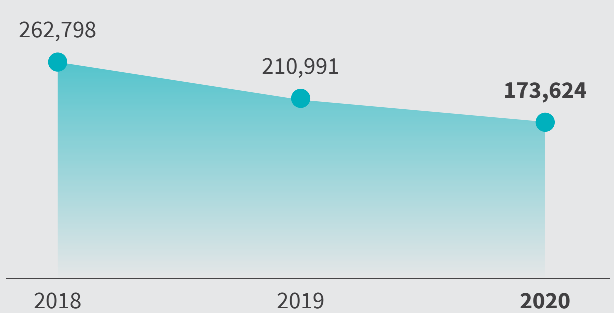
Central - Paramount Property (Central)



Energy savings in 2020 (compared to 2019)

95,392*

Northern - Paramount Property (Northern), Wisma Paramount



Energy savings in 2020 (compared to 2019)

37,367*

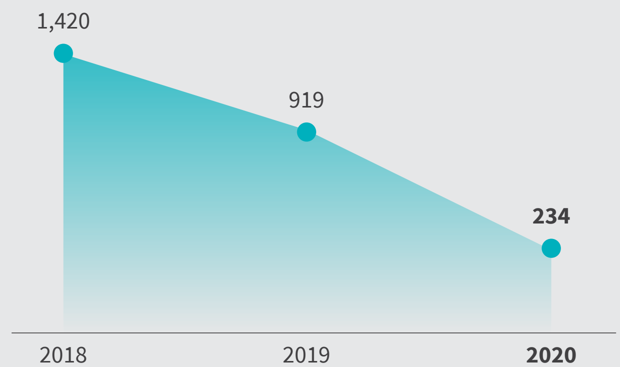
Total energy savings in 2020

132,759 kWh

* *The savings from 2019 was mainly due to the relocation of our Paramount Property office from Kemuning Utama to Sekitar26, Shah Alam since July 2019 (space is smaller) and most of the employees were working from home during the pandemic.*

Water (m^3)

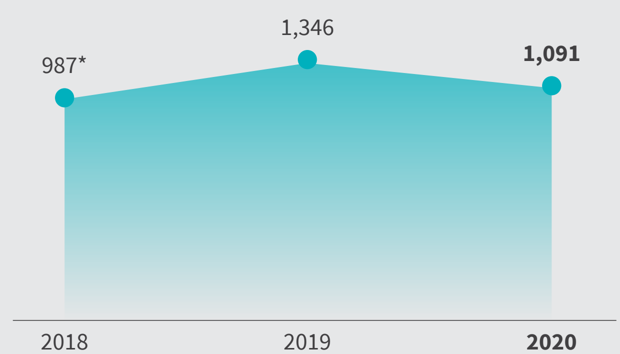
Central - Paramount Property (Central)



Water savings in 2020 (compared to 2019)

685

Northern - Paramount Property (Northern), Wisma Paramount



Water savings in 2020 (compared to 2019)

255

Total water savings in 2020:

940 m^3

* *Water consumption for 8.5 months (from mid-April 2018 when Paramount Property Utara moved into Wisma Paramount) to December 2018.*

Water consumption was reduced across our business operations by diligently monitoring for leakages, and regularly inspecting and servicing water pumps, valves, and piping systems. Water-saving design features and water-efficient fittings such as water harvesting, water savings tap aerators, and dual flush water systems across our business operations have also contributed to the decreased water consumption costs. In addition, water awareness campaigns also helped to enhance on-ground support during these efforts.

Energy saving has been institutionalised and embedded as part of our culture with yearly awareness campaigns and cost consciousness as a general mindset. Thus, Paramount will continue to take steps to optimise and minimise energy consumption as part of our efforts to reduce global warming.

Industrialised Building System (IBS)

Paramount began adopting the Industrialised Building System (IBS) on a larger scale for the first time at Kemuning Idaman, our Rumah Selangorku project at Kemuning Utama, Shah Alam. We have seen IBS transform our construction practices to be more efficient and sustainable, while minimising material wastage.

In 2020, we increased our utilisation of IBS components and began using Acotel Panels, Shear Wall System, lighweight aerated concrete blocks and pre-packed pre-mixed mortar.

Projects	IBS Component	Utilisation of System Form	IBS Score
Citra Elite 3, Bukit Banyan	Acotec Panel	70%	58%
Amaryn 2, Bukit Banyan	Shear Wall System	85%	290
Suasana, Utropolis Batu Kawan	Aluminium System formwork	70%	#50%
Sinaran, Utropolis Batu Kawan	Aluminium System formwork	80%	*52%
Kemuning Idaman, Shah Alam	Lighweight aerated concrete blocks, pre-packed pre-mixed mortar/floor screed and aluminium formwork	78%	56%

#: Construction completed in November 2020, pending final assessment
*: Construction is in progress, only will assess after completion

THE STORY

SUSTAINABILITY STATEMENT

SOCIAL

At Paramount, we believe people are our greatest assets. We adopt fair practices in attracting, developing, and retaining employees. These practices also extend to the provision of career development opportunities. We also provide a safe and supportive workplace and rewards through attractive remuneration and benefit packages.

MATERIAL MATTERS

- Safety and health
- Talent development and training
- Employee engagement and wellness
- Community development

ZERO fatalities

Average SHASSIC score of **90%** across three developments

Safety & Health induction for **1,051** workers

Employee retention rate of **89%**

SAFETY AND HEALTH

During this extraordinary year, the emphasis on safety and health became even greater than before. As a company, we have always striven to achieve zero incidents, zero fatality and zero major non-compliance to our safety standards and management system.

Our property division is certified with international and national standards ISO 45001:2018, MS1722:2011 which provide the framework that governs our management approach for Occupational Safety and Health (**OSH**).

Our Safety and Health policy and procedures outline the Group's commitments towards ensuring that our people's safety, health, and welfare are well-taken care of. We are in full compliance with laws, regulations, and procedures in the reporting period and achieved zero fatality.

OSH Awareness and Training

Paramount recognises the importance of developing OSH knowledge and competencies among our people. Hence, we carried out various OSH training and awareness campaigns to inculcate the culture of safety in the workplace and create ownership and responsibilities to prioritise safety at work. OSH is also part of the weekly toolbox meeting agenda to remind all workers about related job safety topics.

Below is the list of OSH training conducted in the period under review:

Safety & Health Training Programmes	No. of Paramount Employees
Central	
Safety & Health Induction	7 new employees 562 new construction workers
Basic Occupational First Aid, CPR & AED	19
MBAM Lifting Supervisor Training	8
Simple Risk Assessment Control of Chemical (SiRAC)	4

Safety & Health Training Programmes	No. of Paramount Employees
Northern	
Safety & Health Induction	32 new employees 489 new construction workers
Safe Lifting Operation Training	7
Incident Investigation & Capturing Lessons Learned into Hazard Identification, Risk Assessment and Risk Control (HIRARC)	3
Ergonomic Trained Person Course-Advanced Ergonomics Risk Assessment	2
Establishing a COVID-19 Outbreak Control team	1

In 2020, we continued to pursue our targets of zero fatality and zero major non-compliance in our safety standards and management system and have achieved our targets.

The Safety & Health Assessment System for Building Construction Works (**SHASSIC**) is an assessment conducted by CIDB to evaluate the safety and health performance of construction works/ projects based on the Construction Industry Standard (CIS10).

Paramount achieved 4 to 5-star ratings in the SHASSIC audit in the construction projects as follows:

Projects	SHASSIC Score
Bukit Banyan Sierra 2	**94%** ★★★★★
Utropolis Glenmarie, Phase 3 (assessed and certified in 2019 but received award in 2020)	**91%** ★★★★★
Greenwoods Keranji 2	**84%** ★★★★

COVID-19 Response

In view of the COVID-19 pandemic, a Crisis Management Task Force was established in March after the first Movement Control Order (**MCO**). Subsequently, this task force has been replaced by an Employee Health Committee which was formed in May 2020. Led by the Group HR Director together with business unit heads, the committee was responsible for monitoring the pandemic situation.

THE STORY

SUSTAINABILITY STATEMENT

This is to ensure Paramount can act in a speedy manner while fully adhering to all standard operating procedures and preventive measures as required by the authorities to safeguard our customers, employees, contractors, and guests. We also implemented work from home and split operations for office-based employees.

Additional measures implemented at our construction sites included:

- Setting up of a COVID-19 Outbreak Control team to manage related issues.
- New workers to pass swab test and undergo quarantine for 14 days at Centralised Labour Quarters before commencing work.
- Controlled movement of workers in order minimise public contact including provision of meals and prohibition of mass gatherings.
- COVID-19 training for the emergency response team on disease outbreak control.
- Implementation of a COVID-19 Emergency Response Plan with drills.

CASH ALLOWANCES AND GROCERIES FOR OUR CONSTRUCTION WORKERS

The Movement Control Order (**MCO**) period had been tough for daily wage earners who could not work. Mindful of this, Paramount Property allocated a one-off RM240,000 or RM800 per person to the 300 foreign workers at our construction sites during the first stage of the MCO. Thereafter, Paramount Property continued to support these workers with a daily allowance of RM20 per person as well as groceries until they could resume work.

TALENT DEVELOPMENT AND TRAINING

Having the right people in our organisation with the right skills and knowledge is vital for the success of Paramount. Hence, it is crucial for our employees to undergo professional development to enable them to reach their full potential.

We are also aware that to succeed in today's competitive market, we must identify, develop, and support leaders that will drive future strategies. In 2020, the pandemic accelerated our transition to virtual learning and development when social distancing requirements affected physical training plans.

Average hours of training per employee

17.62

The details are shown as below:

Talent Development Programmes	Target Employee Level	Training Provided in 2020	No. of Participants
Sustainable Talent Acceleration & Retention Strategy (STARS)	Senior Management	Leadership Coaching	6
Leading with Energy & Passion (LEAP)	Middle Management	Strategic and Analytical Thinking Skills Performance Management I Performance Management II	19
		Instilling a Positive Work Culture Problem Solving and Decision Making Skills	18
Emerging Leaders in Transistion (ELITe)	Executive-level Management	Personal Mastery	14

TALENT DEVELOPMENT AND TRAINING (CONT'D.)

LEAP modules 7, 8, 9 and 10 being carried out via Microsoft Teams at Utropolis Batu Kawan

The ELITe programme was carried out in September 2020 via Microsoft Teams

EMPLOYEE ENGAGEMENT AND WELLBEING

Digital Communications

TRIBE

With uncertainties brought about by the pandemic as well as lockdowns, it was critical to communicate with employees who were working remotely. Therefore, the bi-annual employee print Paramount magazine was reimagined and redesigned to be a digital portal named TRIBE, with employee stories, feature articles and business updates. A TRIBE Instagram account was also activated for timely posts and reminders to employees.

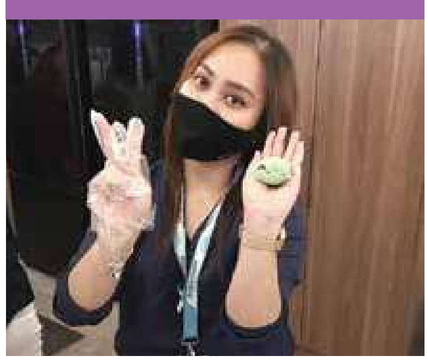
Events

Although many programmes had to be postponed or cancelled due to the pandemic, we were able to hold some virtual and on-ground events to create a sense of belonging amongst our employees.

Talk: Influenza & Coronavirus: Facts and Prevention

Talk on 11 February 2020

Mooncake making



Virtual mooncake making on 11 October 2020

Town hall meeting

A hybrid townhall meeting was conducted on 10 September 2020

THE STORY

SUSTAINABILITY STATEMENT

UNITING FOR A GOOD CAUSE

Paramount supported the Unity Ribbon initiative mooted by Project57 by organising an internal donation drive in conjunction with Merdeka/Malaysia Day. Employees were encouraged to contribute to the cause where all proceeds would be channeled towards helping to empower Orang Asli, disabled and underprivileged youths in Malaysia.

COMMUNITY DEVELOPMENT

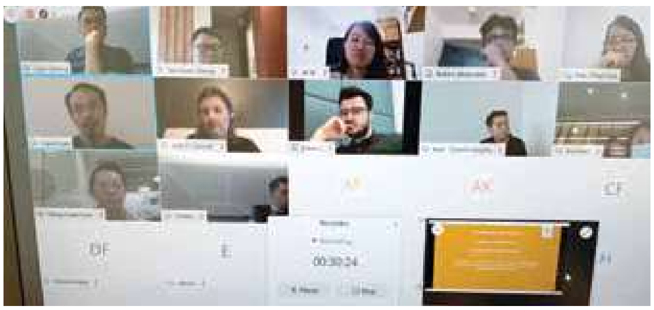
Community Initiatives

Community events at Co-labs Coworking

To foster positive relationships among members, Co-labs Coworking organised community events such as movie night, festive celebration, wellness programme, talks and workshops, as well as speed networking.

Workshop: Unleashing creativity in a 'Sip and Paint' outdoor session with Yorokobi Art

SweatLab: Hiking at Taman Tugu so members across different locations could meet



LabFam Chats: A series of online workshops on topics ranging from mental health and business to personal finances and relationships

COMMUNITY DEVELOPMENT (CONT'D.)

Community Contributions

The Edge COVID-19 Health Care Workers Support Fund

Paramount Corporation Berhad donated RM500,000 to help health care workers and frontliners who contracted COVID-19 while on duty.

Blood Donation with Persatuan Penderma Darah Sungai Petani

Kelab Bandar Laguna Merbok co-organised this biannual event with a total of 135 donors registered. The blood collection was directed to Hospital Sultan Abdul Halim Sungai Petani and Adventist Hospital in Penang.

Sayangi Rumahku Campaign

A collaboration between EdgeProp, Nippon Paint and Paramount Property, this campaign was completed in September 2020. We refurbished four courts at three Program Perumahan Rakyat (**PPR**) locations.

Donating medical supplies to Sungai Petani Hospital

Paramount Property provided medical supplies including ripple mattresses with pump anti-decubitus system, 600 Personal Protective Equipment (**PPE**) gowns, 100 PPE protective hoods and 200 pairs of PPE boot covers to Sungai Petani Hospital to support the medical frontliners.

Helping Hands

Utropolis Marketplace organised a Corporate Social Responsibility (**CSR**) campaign to help those in need. We distributed 40 boxes of groceries which included rice, cooking oil, instant noodles, Milo, sugar, canned food, eggs and crackers.

HOW WE ARE GOVERNED

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HOW WE ARE GOVERNED

BOARD OF DIRECTORS' PROFILE

DATO' TEO CHIANG QUAN

Chairman & Executive Director

Age 71 | Male | Malaysian

Committee
- Board Risk Management Committee (Member)

Appointed
19 January 1977

Qualification
- Hon Doc Middlesex University, United Kingdom

Dato' Teo Chiang Quan joined the Board of Directors (**the Board**) on 19 January 1977 and has been active in the management of Paramount Corporation Berhad (**Paramount**) since 1981 when he first served as the Principal Officer of the Group's insurance division.

Over 29 years, Dato' Teo has held the positions of Group Managing Director & Group Chief Executive Officer (**CEO**), Deputy Chairman and now, Chairman. During this time, he has been instrumental in shaping Paramount into the reputable and financially-sound diversified Group that it is today.

In his current role, he provides leadership in the effective functioning of the Board and the boards of the Company's subsidiaries within a robust framework of corporate governance. He guides management in the formulation of the Group's long-term strategic plans, particularly in land banking, and ensures effective communications with stakeholders.

He is also a firm proponent of Paramount's core values encapsulated in T.R.I.B.E (Trust, Respect, Integrity, Bravery and Energy) and is highly committed to ensuring the delivery of meaningful and sustainable outcomes for all stakeholders.

Dato' Teo was named as 'FIABCI-Malaysia Property Man of 2019' at the 'FIABCI-Malaysia Property Award 2019' in view of his contributions to the property industry over the years. It is indeed a timely and befitting honour as Paramount celebrated its 50th anniversary the same year.

His son, Benjamin Teo Jong Hian, is an Executive Director of Paramount.

Dato' Teo attended five out of the six Board meetings held in the year. The sixth meeting was held without the presence of Executive Directors.

Directorship in other Public Companies

Listed
- Nil

Non-listed
- Hospis Malaysia

HOW WE ARE GOVERNED

BOARD OF DIRECTORS' PROFILE

JEFFREY CHEW SUN TEONG

Group Chief Executive Officer
& Executive Director

Age 55 | Male | Malaysian

Committee

- Nil

Appointed

8 June 2015

Qualification

- Fellow of the Association of Chartered Certified Accountants (**ACCA**), United Kingdom
- Fellow of the Asian Institute of Chartered Bankers
- Member of the Malaysian Institute of Accountants

Mr Jeffrey Chew joined Paramount on 1 July 2014 as its Group CEO and was appointed to the Board on 8 June 2015.

He began his career at PricewaterhouseCoopers in 1987 and thereafter, joined Citibank Berhad in 1991, leaving as General Manager of Commercial Banking.

In 2003, he joined OCBC Bank (Malaysia) Berhad (**OCBC**) as Head of SME Businesses, and was subsequently promoted to Head of Business Banking. He was then appointed Director and CEO of OCBC in August 2008, a position that he helmed for six years. During his tenure at OCBC, he also served as a Director of Credit Bureau (Malaysia) Sdn Bhd, Credit Guarantee Corporation Malaysia Berhad and OCBC Al-Amin Bank Berhad.

As the Group CEO of Paramount, Mr Chew is responsible for the management of the Group's businesses and ensures that the Group's businesses deliver consistent shareholder value.

Under his management, Paramount has experienced consistent revenue growth over the past six years. It has also garnered numerous awards, including the "Highest Returns to Shareholders Over 3 Years" for the Property Sector at The Edge Malaysia Centurion Club Corporate Awards 2019. Paramount also rose to 12th place in 2020 for The Edge Property Excellence Awards rankings, up from 25th place in 2014.

Mr Chew was on the Advisory Committee of ACCA Malaysia up to 2017. He is currently an Independent Director and Chairman of the Audit Committee of the Asian Banking School, and a member of the Small Debt Resolution Committee of Bank Negara Malaysia.

Mr Chew attended five out of the six Board meetings held in the year. The sixth meeting was held without the presence of Executive Directors.

Directorship in other Public Companies

Listed

- Nil

Non-listed

- Nil

BOARD OF DIRECTORS' PROFILE

BENJAMIN TEO JONG HIAN

Executive Director

Age 32 | Male | Malaysian

Committee

- Nil

Appointed

22 August 2019

Qualification

- Bachelor of Politics and Sociology (with Honours), University of Nottingham, United Kingdom

Mr Benjamin Teo joined the Board of Paramount as an Executive Director on 22 August 2019.

Mr Teo started his career at Paramount as a management trainee in 2012. He rose through the ranks to become the Director of Innovation at Paramount Property in 2015 and the CEO of Paramount Property Development Sdn Bhd in 2018.

During this time, he led the development of Co-labs Coworking, providing alternative solutions to address the changing needs of today's workforce. Colabs Coworking has since expanded, from one space in 2016 in Glenmarie, Shah Alam to five locations across the Klang Valley today namely The Starling and The Starling Plus in Petaling Jaya, Sekitar26 Enterprise in Shah Alam, Naza Tower in KL City Centre and Tropicana Gardens in Kota Damansara.

Effective 1 March 2021, Mr Teo has assumed the overall responsibility of formulating and implementing strategic and operational plans for Paramount Property, and navigating this business segment into its next phase of growth.

Mr Teo is the son of Dato' Teo Chiang Quan, who is the Chairman and an Executive Director, as well as a substantial shareholder of Paramount.

Mr Teo attended five out of the six Board meetings held in the year. The sixth meeting was held without the presence of Executive Directors.

Directorship in other Public Companies

Listed

- Nil

Non-listed

- Nil

HOW WE ARE GOVERNED

BOARD OF DIRECTORS' PROFILE

DATUK SERI DR MICHAEL YAM KONG CHOY

Senior Independent Non-Executive Director

Age 67 | Male | Malaysian

Committee
- Nominating and Remuneration Committees (Chairman)

Appointed
18 February 2010

Qualification
- Fellow of the Royal Institution of Chartered Surveyors, United Kingdom
- Fellow of the Chartered Institute of Building, United Kingdom
- Honorary Doctorate of Heriot - Watt University, United Kingdom

Datuk Seri Dr Michael Yam joined the Board of Paramount on 18 February 2010 and was designated as the Senior Independent Non-Executive Director on 27 February 2014.

Datuk Seri Dr Michael has an illustrious career spanning over 36 years in the construction, real estate and corporate sectors. Prior to his retirement in 2008, he helmed two different award winning public listed property companies as Managing Director and CEO. In 2002, he was voted 'CEO of the Year' for Malaysia by American Express Corporate Services and Business Times.

After graduating from the University of Westminster, London in Building & Management Studies, he worked with the British Civil Service as well as various other companies in the United Kingdom. Upon his return to Malaysia, he served in companies such as Landmarks Berhad, Peremba Malaysia, Country Heights Holdings Berhad and Sunrise Berhad.

He is currently appointed on the boards of various government incorporated and non-governmental organisations, serving as the Chairman of InvestKL Corporation, Malaysia Airports (Niaga) Sdn Bhd, KL Airport Hotel Sdn Bhd, Triterra Sdn Bhd and Metropolitan Lake Development Sdn Bhd. He is also the Most Recent Past President and Patron of the Real Estate and Housing Developers' Association of Malaysia and a trustee of the Standard Chartered Foundation. He is also the Global Vice President of the Chartered Institute of Building.

Datuk Seri Dr Michael attended all six Board meetings held in the year.

Directorship in other Public Companies

Listed
- Malaysia Airports Holdings Berhad
- Cahya Mata Sarawak Berhad

Non-listed
- Nil

ONG KENG SIEW

Independent Non-Executive Director

Age 64 | Male | Malaysian

Committee

- Board Risk Management Committee (Chairman)
- Nominating Committee (Member)

Appointed

14 November 1994
Re-designated as an
Independent Non-Executive Director
on 14 August 2014

Qualification

- Fellow of the Association of Chartered Certified Accountants, United Kingdom
- Member of the Malaysian Institute of Accountants

Mr Ong Keng Siew joined the Board of Paramount on 14 November 1994 and was re-designated as an Independent Non-Executive Director on 14 August 2014.

Mr Ong began his career with the Group as an Accountant in 1981 and was promoted to the position of Finance and Administration Manager in 1984. He was subsequently appointed as the General Manager to oversee the operations of the property development and construction divisions in 1989.

Mr Ong assumed the post of Deputy Group Managing Director & Deputy Group CEO in 1997 before succeeding Dato' Teo Chiang Quan as the Managing Director & CEO of Paramount on 1 December 2008.

On 18 June 2012, after serving the Group with distinction for more than 30 years and ensuring that it was on a strong footing, he retired as the Managing Director & CEO of Paramount.

Mr Ong attended all six Board meetings held in the year.

Directorship in other Public Companies

Listed

- United Malacca Berhad

Non-listed

- Pekat Group Berhad

HOW WE ARE GOVERNED

BOARD OF DIRECTORS' PROFILE

QUAH POH KEAT

Independent Non-Executive Director

Age 68 | Male | Malaysian

Committee

- Audit Committee (Chairman)
- Remuneration Committee (Member)

Appointed

8 June 2016

Qualification

- Fellow of the Chartered Tax Institute of Malaysia
- Fellow of the Association of Chartered Certified Accountants
- Member of the Malaysian Institute of Accountants
- Member of the Malaysian Institute of Certified Public Accountants
- Member of the Chartered Institute of Management Accountants

Mr Quah Poh Keat joined the Board of Paramount on 8 June 2016.

Mr Quah was a partner of KPMG Malaysia since 1 October 1982 before rising through the ranks to become the firm's Senior Partner (currently referred to as Managing Partner) on 1 October 2000.

Prior to taking up the position as Senior Partner, he led the Tax Practice and the Japanese Practice in KPMG Malaysia. He was also a member of the KPMG Japanese Practice Council, a governing body within KPMG International that oversees all Japanese Practices within KPMG. During his tenure as Senior Partner, he also served as a member of the KPMG Asia Pacific Board and KPMG International Council. Mr Quah retired from KPMG Malaysia on 31 December 2007.

After his retirement, he joined the board of Public Bank Berhad as an Independent Non-Executive Director from 30 July 2008 to 1 October 2013. He was then appointed as the Deputy CEO of the bank, a position that he held until 31 December 2015.

Prior to 1 October 2013, he had served on the boards of IOI Properties Berhad, PLUS Expressways Berhad, IOI Corporation Berhad and Telekom Malaysia Berhad.

Mr Quah attended all six Board meetings held in the year.

Directorship in other Public Companies

Listed

- Kuala Lumpur Kepong Berhad
- LPI Capital Berhad
- Malayan Flour Mills Berhad

Non-listed

- Public Mutual Berhad
- Lonpac Insurance Berhad

BOARD OF DIRECTORS' PROFILE

FATIMAH BINTI MERICAN

Independent Non-Executive Director

Age 67 | Female | Malaysian

Committee

- Board Risk Management and Nominating Committees (Member)

Appointed

2 July 2018

Qualification

- Higher National Diploma in Computer Science, Polytechnic of Central London (now known as University of Westminster)

Puan Fatimah Merican joined the Board of Paramount on 2 July 2018.

Puan Fatimah had an impressive career of 37 years at ExxonMobil where she rose through the ranks from the position of Information Technology (**IT**) Analyst at Esso Malaysia Berhad (**Esso**) in 1977 to Executive Director of Esso and Vice President & Director of ExxonMobil Exploration and Production Malaysia Inc before retiring in March 2014.

Puan Fatimah has accumulated a wealth of knowledge, skills and experience in IT application development and support, project management, system programming and planning during her tenure at ExxonMobil.

After the merger of Exxon (the parent company of Esso) and Mobil in 2000, ExxonMobil embarked on an ambitious plan to consolidate all IT services for all its key locations globally. Puan Fatimah was involved in this plan and led a global team that supported the non-Enterprise Resource Planning applications of all ExxonMobil Downstream and Chemical businesses. Under this posting, Puan Fatimah was also involved in the setting up of an IT support centre for ExxonMobil in Bangkok.

After her retirement, she embarked on a new role as an independent Executive Coach focusing on women in leadership and in collaboration with various organisations, such as the 30% Club Malaysia, TalentCorp Malaysia and the Institute of Chartered Accountants in England and Wales. She is also a Neuro-Linguistic Programming (**NLP**) coach certified by the American Board of NLP since 2013.

Puan Fatimah attended all six Board meetings held in the year.

Directorship in other Public Companies

Listed

- IJM Plantations Berhad

Non-listed

- United Overseas Bank (Malaysia) Berhad

HOW WE ARE GOVERNED

BOARD OF DIRECTORS' PROFILE

FOONG PIK YEE

Independent Non-Executive Director

Age 61 | Female | Malaysian

Committee

- Audit and Remuneration Committees (Member)

Appointed

22 August 2019

Qualification

- Bachelor of Commerce, University of Melbourne, Australia
- Member of Chartered Accountants Australia and New Zealand
- Master of Business Administration (majoring in Finance), Monash University, Australia
- Chartered Banker, Asian Institute of Chartered Bankers

Ms Foong Pik Yee joined the Board of Paramount on 22 August 2019.

Ms Foong began her career as an auditor at KPMG Singapore and moved to Australia in 1983 to pursue her professional qualification and a Master of Business Administration degree. She stayed on in Australia for another nine years acquiring skills at various organisations including PricewaterhouseCoopers, JP Morgan, HSBC and ANZ Banking Group.

She joined Standard Chartered Bank (**SCB**) in 1993 after returning to Malaysia. In the course of her 19 years at SCB, Ms Foong took on various leadership roles and across many geographies including as Group Head of Credit Operations, Head of Sales for Corporate Banking Hong Kong, Chief Operating Officer for Wholesale Banking and Chief Financial Officer of SCB Malaysia. She also served as the CEO of SCB Lebanon from 2008 to 2012.

She returned to Malaysia under the Talentcorp Returning Expert programme in 2013 and joined Hong Leong Bank Berhad as its Chief Financial Officer until her retirement in June 2019.

Currently, Ms Foong serves on the Industry Advisory Board of Monash University Malaysia, and is actively involved in the promotion of talent development. She is also involved in the women in leadership mentoring programmes of the 30% Club, Institute of Chartered Accountants in England and Wales and the Malaysia Australia Business Council. Ms Foong was also a recipient of the 'Most Inspiring Woman' in the 'Great Women of Our Time' awards from the Malaysian Women's Weekly Magazine in 2007.

Ms Foong attended all six Board meetings held in the year.

Directorship in other Public Companies

Listed

- Nil

Non-listed

- AmBank Islamic Berhad
- Prudential Assurance Malaysia Berhad

BOARD OF DIRECTORS' PROFILE

FAIZAH BINTI KHAIRUDDIN
Independent Non-Executive Director

Age 53 | Female | Malaysian

Committee
- Audit and Board Risk Management Committees (Member)

Appointed
1 July 2020

Qualification
- Bachelor of Science (majoring in Industrial Chemistry), Universite de Picardie, France

Puan Faizah Khairuddin joined the Board of Paramount on 1 July 2020.

Puan Faizah has over 25 years of experience in manufacturing, banking and aviation. She graduated from University de Picardie France with a Bachelor of Science (majoring in Industry Chemistry), and started her career as an engineer in a global manufacturing company in 1991.

In 1998, she joined Standard Chartered Bank Malaysia Berhad as a General Manager, Branch and Direct Marketing till 2004. She was also attached with Bank Simpanan Nasional Berhad as Deputy CEO from 2004 to 2006, and Bank Islam Malaysia Berhad as the Head of Consumer Banking Group from 2006 to 2007.

Puan Faizah joined Malaysia Airport Holdings Berhad from 2008 to 2015 as a Senior General Manager, Commercial Services tasked to formulate strategies to optimise group commercial growth and stimulate new market opportunities globally. She was instrumental in the phenomenal success of klia2 as the new industry business model and game changer. Her recent project was as a consultant to Persada Johor International Convention Centre.

Puan Faizah attended all four Board meetings held after her appointment in the second half of 2020.

Directorship in other Public Companies
Listed
- Nil

Non-listed
- Nil

Save as disclosed in this Annual Report, none of the Directors has any family relationship with any Director and/or major shareholder. Save as disclosed in this Annual Report, none of the Directors has any conflict of interest with Paramount during the financial year. None of the Directors had been convicted of any offence within the past five years nor have they received any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

HOW WE ARE GOVERNED

KEY SENIOR MANAGEMENT PROFILE

JEFFREY CHEW SUN TEONG

Group Chief Executive Officer & Executive Director

Kindly refer to the Board of Directors' profile on page 62 for his profile.

BENJAMIN TEO JONG HIAN

Executive Director

Kindly refer to the Board of Directors' profile on page 63 for his profile.

FOONG POH SENG

Chief Financial Officer

Age 55 | Male | Malaysian

- **Associate Member of the Chartered Institute of Management Accountants**
- **Member of the Malaysian Institute of Accountants**

Mr Foong has more than 28 years of experience in financial management, during which he formed sound relationships with the financial community.

Mr Foong joined Paramount in 1989 as an accounts trainee and rose through the ranks to become Finance Manager of the property division when the Group expanded into the Klang Valley. He returned to corporate office in 2007 as Financial Controller before assuming his present role of Chief Financial Officer on 1 January 2014 to head the Group Finance function. His mandate covers three core areas – controllership, which includes presenting and reporting accurate and timely historical financial information of the Group, treasury duties, encompassing tracking, recording and presenting the Group's current financial condition, taking into consideration risk and liquidity as well as the capital structure of the company, and financial strategy and forecasting, including identifying and reporting on financial efficiency and opportunities.

He oversees all finance initiatives to ensure that growth objectives are aligned with the Group's strategic financial objectives and its long-term financial sustainability, through the effective fiscal functions of the Group, namely financial risk management, financial planning and budgeting, fund raising and record-keeping, forecasting, reporting, deal analysis and negotiations, and investor relations.

JEFFREY QUAH CHUAN TATT

Group Human Resource Director

Age 55 | Male | Malaysian

- **B. Arts in Government, Franklin and Marshall College, Lancaster, Pennsylvania, USA**

Mr Quah has more than 25 years of experience in the field of human resource (HR) management. He has extensive exposure in various industries including property development, construction, hospitality, logistics, retail, and manufacturing. Regarded as a generalist, he is familiar with strategic HR initiatives, organisational improvement, learning and development, performance management, business process improvement, compensation and benefits, talent management and recruitment. Prior to his current role, he has served in senior leadership roles in several public listed companies, a US-based multinational company, and a government agency.

Mr Quah joined Paramount as the Group Human Resource Director on 1 September 2014.

He has since reshaped and transformed the human resource functions across all businesses within the Group. His main responsibilities include the Group's HR strategies on succession planning, talent retention and development, compensation, and policy and compliance issues. He has played a key role in enhancing the overall talent acquisition, talent management, compensation and benefits and learning in the organisation, including developing and driving the Group's talent management programmes, Leading with Energy and Passion (LEAP) and Emerging Leader in Transition (ELITe).

HOW WE ARE GOVERNED

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (**Board**) of Paramount Corporation Berhad (**Paramount** or **the Company**) presents this statement to provide shareholders and investors with an overview of the corporate governance framework of Paramount and its subsidiaries (**the Group**). It encapsulates Paramount's commitment to maintaining high standards of corporate governance in line with the three key corporate governance principles set out in the Malaysian Code on Corporate Governance (**MCCG**).

This statement is prepared in compliance with the Main Market Listing Requirements (**MMLR**) of Bursa Malaysia Securities Berhad (**Bursa Securities**), and it should be read together with Paramount's Corporate Governance Report 2020 (**CG Report 2020**) that is available on the Company's website at www.pcb.my. The CG Report 2020 provides a more detailed account of Paramount's corporate governance processes and activities in the financial year ended 31 December 2020 (**FY2020**) and during the period from 1 January 2021 up to the last practical date for the printing of this statement (being the date of signing of the Directors' Report for the Company's audited consolidated financial statements for FY2020).

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

The Board is collectively responsible for the overall corporate governance of the Company and the strategic direction of the Group. Although the Board confers some of its authorities to the Board Committees and delegates the day-to-day management of the Group's business operations to the management team, it reserves for its decision significant matters, such as the following, to ensure that the direction and control of the Group is firmly in its hand:

- Strategic planning
- Annual budgets and performance reviews
- Financial reporting
- Material, acquisition and disposal of assets
- Major capital expenditure and material investments
- Fund raising activities
- Corporate governance policies
- Announcements to Bursa Securities
- Dividend payments
- Changes in the Board composition and principal officers
- Board remuneration and succession plan

Board Composition and Diversity

The current Board composition of Paramount reflects diversity in expertise, experience and background, and this provides objectivity to the Board's decision-making process. The wealth of experience of the Board members in property development, finance, banking, marketing, information technology, and management allows for effective oversight of the Group's businesses based on diverse perspectives and insights, and the composition of 66.7% Independent Non-Executive Directors (**INED**), being six INEDs out of the total of nine Directors, provides independent judgement to the Board's decisions.

In addition, with the appointment of Puan Faizah Khairuddin as an additional INED on 1 July 2020, Paramount has met its target of 30% female representation on the Board before the end of FY2020.

HOW WE ARE GOVERNED

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Corporate Governance Framework

The Board has put in place a corporate governance framework, as presented below, to ensure effective demarcation and discharge of duties amongst the Directors and the management team:

Chairman

Responsible for the effective leadership, operation and governance of the Board.

Board of Directors

Responsible for providing stewardship and oversight of the Group's businesses and affairs through regular engagement with the management team.

Senior INED

As a sounding board for the Chairman, an intermediary for other Directors, and the point of contact for shareholders and other stakeholders.

Secretary

Supports the Board by monitoring the Company's status of conformance with corporate governance best practices.

Board Committees

Audit Committee
Assists the Board in the effective discharge of its fiduciary responsibilities for timely and accurate financial reporting and the development of sound internal controls.

Nominating Committee
Assesses nominations for appointment to the Board. Conducts yearly assessment of the performance of the Directors, the Board, the Board Committees, the Chairman and the Group Chief Executive Officer, and assesses the eligibility of Directors for re-election.

Remuneration Committee
Assesses the remuneration packages of Executive Directors to ensure that their remuneration commensurate with their responsibilities and contribution to the Group's performance and future growth. Administers the Company's Long Term Incentive Plan.

Board Risk Management Committee
Ensures that adequate measures are put in place to address and manage the principal risks and internal controls of the Group.

Executive Directors

Chairman
Presides over all board meetings of the Company and its subsidiaries, and ensures that all companies within the Group conform to high standards of governance.

Group Chief Executive Officer (CEO)
Responsible for the management of the Group's businesses, formulating strategy proposals including annual and medium-term plans on the delivery of such strategies for the Board's consideration. Leads the management team in ensuring that the Group's businesses deliver shareholders value.

Executive Director
Responsible for formulating and implementing strategic and operational plans for Paramount Property.

Management Committees

Executive Risk Management Committee
Monitors adherence to the Group's risk management and internal control framework.

Finance Committee
Monitors management's progress in meeting the Group's financial targets and business plans.

Tender Committee
Evaluates and decides on the award of tenders, and develops tender processes, procedures and guidelines for the Group.

A more detailed account of the roles and responsibilities of each of the above governing bodies and positions is provided in the CG Report 2020 that is available on the Company's website.

Promotion of Good Business Conduct

Paramount has adopted a Directors' Code of Ethics and a Code of Business Conduct & Ethics to ensure that high standards of governance, ethical, prudent and professional behaviour are embedded in the Board's activities and management practices across the Group. An Anti-Bribery & Corruption Policy was adopted in FY2020 to reinforce Paramount's zero tolerance approach to bribery and corruption. A set of Anti-Bribery & Corruption Guidelines were diseminated to the Directors, employees and business associates, and training was provided across the Group in FY2020 to create greater awareness of Paramount's stance on bribery and corruption.

The Directors also adhere to the practice of declaring their interests, if any, in transactions that are submitted to the Board or Board Committees for approval, and abstaining from deliberation and voting on all transactions in which they have an interest. Except as disclosed in Note 40 of the audited consolidated financial statements of the Company for FY2020, there were no related party transactions nor conflict of interest involving the Directors in FY2020 and during the period from 1 January 2021 up to the last practical date for the printing of this statement.

Insider Trading

In efforts to prevent insider trading in the listed securities of Paramount and to maintain the confidentiality of price sensitive information, the Board has adopted an Insider Dealing Policy, providing better clarity to the definition of 'insider trading' and setting the steps that must be taken by all Directors and employees to ensure that full disclosure is made pre and post the act of trading during a closed period. The Board is not aware of any incidence of insider trading in FY2020 and during the period from 1 January 2021 up to the last practical date for the printing of this statement.

Whistleblowing Policy

In promoting a culture of high integrity and greater transparency, the Board has adopted a Whistleblowing Policy which provides employees of the Group and stakeholders an avenue to raise concerns regarding suspected fraud, wrongdoings and malpractices without being subject to victimization, harassment or discriminatory treatment. The policy also sets out the mechanism by which employees and any member of the public can confidently and anonymously voice concerns to the Chairman of the Audit Committee or Head of the Internal Audit Department at whistleblower@pcb.my. There were no concerns reported in FY2020 and during the period from 1 January 2021 up to the last practical date for the printing of this statement.

Board Operations

The Board's activities in FY2020 were mostly carried out at the quarterly meetings of the Board and Board Committees, and by way of circular resolutions in the intervals between the meetings. There were six board meetings held in FY2020, and the Directors' attendance at the Board and Board Committee meetings held in FY2020 were as follows:

Director	Board	Audit Committee	Nominating Committee	Remuneration Committee	Board Risk Management Committee
Dato' Teo Chiang Quan*	5/6	-	-	-	3/3
Jeffrey Chew Sun Teong*	5/6	-	-	-	-
Benjamin Teo Jong Hian*	5/6	-	-	-	-
Datuk Seri Dr Michael Yam Kong Choy	6/6	-	2/2	3/3	-
Ong Keng Siew	6/6	-	2/2	-	3/3
Quah Poh Keat	6/6	5/5	-	3/3	3/3
Fatimah Merican (1)	6/6	2/2	2/2	-	2/2
Foong Pik Yee (2)	6/6	5/5	-	2/2	-
Faizah Khairuddin (3)	4/4	3/3	-	-	-

HOW WE ARE GOVERNED

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Notes:

* the Executive Director (**ED**) was exempted from attending one board meeting that was held without the presence of executive board members and management

(1) appointed as a member of the Board Risk Management Committee and ceased to be a member of the Audit Committee in the second half of FY2020 (**2H20**)

(2) appointed as a member of the Remuneration Committee in the first half of FY2020 (**1H20**)

(3) appointed as an INED and a member of the Audit Committee in 2H20

The composition of the four Board Committees and a more detailed report on the activities of the Board and the Board Committees in FY2020 and during the period from 1 January 2021 up to the last practical date for the printing of this statement are provided in the CG Report 2020 that is published on the Company's website.

Board Assessment

The Directors conducted their yearly Self and Peer Assessment in November 2020, and the results were reviewed by the Nominating Committee in January 2021. The assessment was based on the performance of each of the Directors, the Board as a whole, the four Board Committees, the Chairman and the Group CEO. Adequacy of the Board structure, efficiency and integrity of the Board's operations, effectiveness of the Board in the discharge of its duties and responsibilities are key criteria applied to the assessment of the Board and the Board Committees. The individual Directors were assessed based on their competence, capability, commitment, objectivity, participation in Board deliberations and their contribution to the objectives of the Board and the Board Committees on which they serve. The Chairman was assessed based on his leadership role and his impartiality in overseeing the deliberation and decision-making process of the Board whilst the assessment of the Group CEO was co-related to the execution of the Group's strategic plans by management and the achievement of performance targets set by the Board. In addition to this assessment, all INEDs were required to sign a Declaration of Independence to re-confirm their status of independence.

Appointment of new Directors

The Nominating Committee is entrusted with the role of identifying, assessing and nominating candidates to fill Board vacancies and for succession planning. The Nominating Committee leverages on the Directors' wide network of professional and business contacts as well as talent consultants as the main sources for Board candidacies, and its recommendations are generally based on its assessment of the expertise, skills and attributes of the current Board members and the needs of the Board. In the year under review, the Nominating Committee noted the need for infusion of marketing skills into the Board. In the process of sourcing for such talents, Puan Faizah Khairuddin was selected in view of her vast experience in this field across multiple industry sectors.

Apart from skills and experience, important criteria such as the candidate's character, integrity, competence and commitment to serve the Company with diligence, are highly regarded by the Board. In making its recommendations to the Board, the Nominating Committee will also assess the Board structure, as a whole, to ensure that the necessary skill sets are relevant to the Group's strategic direction. A more detailed account of the selection criteria is provided in the CG Report 2020 that is published on the Company's website.

Re-election of Directors

The Company's Constitution provides that at each annual general meeting (**AGM**), one-third of the Directors or if their number is not three or multiples of three, then the number nearest to but not less than the one-third shall retire from office by rotation, and are eligible for re-election. Retiring Directors are selected on the basis of those who have been longest in office since their last re-election. Additonal Directors appointed during the interval between two AGMs are also subject to retirement, and are eligible for re-election at the second AGM.

The Nominating Committee had, in accordance with these provisions in the Company's Constitution, conducted its evaluation of the eligibility of four Directors, namely, Datuk Seri Dr Michael Yam Kong Choy, Mr Jeffrey Chew Sun Teong, Puan Fatimah Merican and Puan Faizah Khairuddin, for re-election at the forthcoming 51st AGM, with the Chairman of the committee abstaining from deliberation on his own evaluation. The Nominating Committee was satisfied with the evaluation results, and has recommended all of the abovementioned Directors for re-election at the AGM.

Directors' Continuing Development Programme

The Board Charter requires all Directors to attend continuing development programmes to keep abreast of regulatory changes pertaining to the functions of the Board as well as to be updated on relevant technical and industry related matters. In FY2020, all Directors of Paramount have attended training programmes, on a wide range of topics, as listed in the CG Report 2020 that is available on the Company's website.

Succession Planning

The Board takes a pivotal role in ensuring continuity in leadership at the board and senior management level. For board succession, the Board, through the Nominating Committee, conducts a yearly analysis of the skills matrix of the Directors to ensure that the Board continues to be well-equipped with skills and expertise that are aligned with the Group's strategic direction. In addition, the Board had, since 2016 and through the Group Human Resource Department, developed a group-wide management succession plan which entails the identification of three different levels of successors at different levels of readiness for senior management positions. The identified successors are required to participate in the STARS (Sustainable Talent Acceleration & Retention Strategy) and LEAP (Leading with Energy and Passion) programmes that are specifically designed to develop the management capabilities and leadership skills of the candidates, and to prepare them for senior management roles.

Remuneration of Directors and Key Senior Management

The Board has, since 2014, adopted a Board Remuneration Policy that sets out the manner in which the remuneration of Directors are determined. The policy is reviewed by the Remuneration Committee (**RC**) and the Board once in every three years. An excerpt of the Remuneration Policy is available in the Board Policies section of the Company's website at www.pcb.my.

The Directors are entitled to Directors' fees and Board Committee fees (where applicable), which are benchmarked, once in every two years, against fees paid by comparable public listed companies in Malaysia.

Paramount also adopts the practice of seeking shareholders' prior approval, at the AGMs, for the payment of Directors and Board Committee fees up to a certain amount for a 12-month period after the AGM. An aggregate amount of fees not exceeding RM1,500,000.00 for the 12-month period from 1July 2021 to 30 June 2022 had been proposed for shareholders' approval at the forthcoming 51st AGM.

A detailed disclosure of the Directors' remuneration on a named basis is presented in the CG Report 2020 that is available on the Company's website.

The Group also has in place an established procedure for the determination of Key Senior Management (**KSM**) remuneration. This procedure includes the RC's approval of salary increments and bonus payments to the EDs, who are KSM personnel, whilst salary increments and bonus payments to other KSM personnel who are not EDs are determined by the Group CEO in consultation with the Chairman. The Group's performance, prevailing market conditions, the level of responsibility, performance and contribution of the employees to the Group's performance and long-term objectives are key considerations in the determination of salary increments and bonuses.

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

Independence and Effectiveness of the Audit Committee

The Audit Committee (**AC**) of Paramount comprises entirely INEDs, and it is led by an INED who is not a Chairman of the Board or any other Board Committees. This composition reinforces the independence of the AC. A majority of the members of the AC are members of professional accounting bodies such as the Malaysian Institute of Accountants, the Malaysian Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Their qualifications and extensive experience in the area of financial reporting and management of internal controls provide assurance to the Board that the committee is well equipped with the necessary expertise and skills to oversee the financial reporting processes of the Company and the internal control governance of the Group.

In the discharge of its duties, the AC has adopted sound practices for its review of all financial reporting by management, including related party transactions, if any, before tabling to the Board for approval as well as for its evaluation of the external auditors and oversight on the Internal Audit function. A more detailed description of such practices is presented in the CG Report 2020 that is published on the Company's website.

Risk Management and Internal Control Framework

During the year under review, the Board, through the Board Risk Management Committee (**BRMC**), continued to monitor the Group's risk exposure, and was regularly updated on the implementation progress of the risk management plans to mitigate those risks based on the ISO 31000:2009 Enterprise Risk Management methodology. The reporting process involves monthly monitoring of the risk status by the risk owners in the strategic business units who submit their findings to the Executive Risk Management Committee (**ERMC**) for its review on a quarterly basis. The ERMC, in turn, submits its report to the BRMC on a half-yearly basis.

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CORPORATE GOVERNANCE OVERVIEW STATEMENT

The identified key risks were grouped into eight categories, namely strategic, operational, finance-related, compliance, reputational, cyber security, pandemic-related, bribery and corruption. The last two categories were added in FY2020. A detailed account of such risks is provided in the Statement on Risk Management and Internal Control in this Annual Report.

To further strengthen the Group's system of internal controls, the Board had, on the recommendation of the AC, upgraded the Group's internal control framework by adopting the methodologies prescribed in the COSO Internal Control Integrated Framework. The reporting process involves annual monitoring of the implementation progress of the framework by the ERMC which, in turn, submits its report to the BRMC.

The Statement on Risk Management and Internal Control, which has been reviewed by the external auditors and presented in this annual report, provides a detailed report on the Group's level of risk management and internal control for the year under review.

PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATION WITH STAKEHOLDERS

Communication with Stakeholders

The Company is committed to maintaining on-going communication across its entire shareholder base, whether institutional investors, private or employee shareholders. This is achieved principally through annual and quarterly reports to Bursa Securities, the Company's AGM and timely dissemination of information on significant company developments and price sensitive information in accordance with the MMLR.

Additionally, the Company holds scheduled Investor Relations and Media Briefings, coinciding with the release of the half-year and full-year results of the Group to Bursa Securities, to investment analysts, fund managers and the media. The quarterly reports released by the Company to Bursa Securities are also accompanied by a set of presentation slides to give investors a snap-shot view of the Group's quarterly and year-to-date performance. In addition, a media briefing is held upon the conclusion of the Company's AGM for the benefit of potential investors as well as shareholders who are unable to attend the meeting. The Company also obliges the requests of analysts, fund managers and the media for company visits, briefings and interviews outside the scheduled Investor Relations and Media Briefings.

The quarterly results and presentation slides released to Bursa Securities are also available on the Company's website. The Company's website is constantly updated with information pertaining to the Group's business activities and corporate affairs for dissemination to all stakeholders in a timely manner.

Conduct of General Meetings

The Company's AGM, in addition to dealing with the formal business of the Company, represents the principal forum for dialogue and interaction with shareholders, providing an opportunity for the Board to communicate directly with shareholders and vice versa. Furthermore, barring any unforeseen circumstances, notice of 28 clear days is given to all shareholders for the convening of all AGMs.

An overview of the Group's performance for the financial year ended 31 December 2019 was presented virtually to shareholders at the 50th AGM that was held at the broadcast venue on 25 June 2020. Shareholders who attended the virtual AGM were able to raise their queries and cast their votes via the online remote voting platform. The Board had, to the best of its ability, answered as many questions as possible during the live streaming of the AGM. The Board, however, regrets that not all queries could be answered at the AGM due to time constraint. Nevertheless, answers to the remaining unanswered questions were subsequently posted on the Company's website for public viewing. All resolutions proposed were duly approved by the shareholders present at the meeting, and the minutes of the said AGM is available on the Company's website.

Voting on all resolutions proposed in the Notice of the forthcoming 51st AGM will be by poll, and Paramount has appointed Tricor Investor & Issuing House Services Sdn Bhd as the Poll Adminstrator whilst Asia Securities Sdn Bhd shall be the Scrutineer to validate the votes cast at the meeting.

COMPLIANCE STATEMENT

The Company has, as at the last practical date for the printing of this statement, adopted all the principles and recommendations of the MCCG save for the following:

- Limiting the tenure of INEDs to nine years or re-designating INEDs who have served for more than nine years as Non-Independent Directors. Nevertheless, the Board has adopted the alternative approach of seeking shareholders' approval at the Company's AGM for such Directors to remain in office as INEDs on an annual basis up to the 12th year, after which time, they will not be eligible for re-election and their tenure shall expire at the nearest AGM.

- Disclosing in the annual report the detailed remuneration of the Company's KSM on a named basis. Nevertheless, the Board has adopted the alternative approach of making the disclosure on a aggregate basis due the commercially sensitive nature of a full disclosure. The detailed remuneration of KSM who are EDs are, nevertheless, disclosed on a named basis in the CG Report 2020.

Note:
The Board Charter, Code of Business Conduct & Ethics, Whistleblowing Policy, Boardroom Diversity Policy, Anti-Bribery and Corruption Policy and excerpts of the following policies are available on the Company's website at www.pcb.my:

Directors' Code of Ethics
Directors' Assessment Policy
Succession Planning Policy
Insider Dealing Policy
Board Remuneration Policy
Investor Relations Policy
Related Party Transaction Policy

HOW WE ARE GOVERNED

INTERNAL POLICIES, FRAMEWORKS & GUIDELINES

Paramount Corporation Berhad (**Paramount** or **the Company**) has, over the years, put in place an extensive range of policies, frameworks and guidelines to govern its day-to-day business operations. Paramount also recognizes the need to ensure that its policies, frameworks and guidelines remain relevant to the evolving corporate and business environment. Hence, in 2019, Paramount adopted the COSO Internal Control Integrated Framework to better manage and monitor its policies, frameworks and guidelines, which is essential in strengthening its internal control and governance structure.

Some of the key policies, frameworks and guidelines of Paramount and its subsidiaries (**the Group**) are listed below in alphabetical order:

No.	Title	Content
1.	Anti-Bribery & Corruption Policy *	Outlines Paramount's stance of negative tolerance to bribery and corruption.
2.	Anti-Bribery & Corruption Guidelines	Provide guidance to the directors and employees in the Group on compliance with the Anti-Bribery & Corruption Policy.
3.	Board Charter *	Sets out the role, functions, duties and responsibilities of the Company's Directors, Board of Directors, Board Committees, Chairman and Group Chief Executive Officer (**CEO**).
4.	Board Remuneration Policy	Provides guidance and clarity to the Remuneration Committee for its determination and recommendation of the remuneration of the Company's Directors.
5.	Boardroom Diversity Policy *	Sets out Paramount's commitment to boardroom diversity which entails balancing the different skills and industry experience, background and gender of its Directors.
6.	Code of Business Conduct and Ethics *	Sets out Paramount's commitment to upholding the highest standards of honesty, integrity, ethical and legal behavior in the conduct of the Group's business operations.
7.	Crisis Communications Guidelines	Outline processes, roles and responsibilities in communicating with stakeholders in the event of a crisis.
8.	Crisis Management and Business Continuity Guidelines	Set out procedures to stabilize the effects of a potentially disruptive event, and to ensure the Group's businesses return to normalcy with full recovery as soon as possible.
9.	Directors' Assessment Policy	Provides guidance and criteria for the yearly assessment of Paramount's directors, Board of Directors, Board Committees, Chairman, and Group CEO.
10.	Digital Policy	Sets out the role and responsibilities of those who manage or use data and information that belongs to the Group for electronic data protection.
11.	Dividend Policy	Sets out the parameters and procedures for the distribution of dividends by Paramount.
12.	Financial Authority Limits and Payment Policies	Set out the financial authority limits across the Group for the approval of transactions and authorisation for payments within the Group's ordinary course of business.
13.	Fixed Asset Management Policy	Provides guidance for proper and consistent application of the relevant accounting standards and policies on acquisition, disposal and transfer of assets, both tangible and intangible.

INTERNAL POLICIES, FRAMEWORKS & GUIDELINES

No.	Title	Content
14.	Group Internal Control Framework based on COSO principles	Sets out the principles of internal controls to be instituted across the Group and provides clarity on the responsibilities of management at different levels of authority.
15.	Human Resource Policies	Provide guidance to employees and management concerning employment terms and conditions, covering recruitment, training and development, leave management, employee relation, promotion, performance management, and termination.
16.	Insider Dealing Policy	Sets out clear definition for “securities”, “information”, “insider”, and prohibitions on insider dealing under the Capital Markets and Services Act, 2007 to prevent insider dealing of securities.
17.	Internal Audit Charter	Sets out the mission, authority, independence, objectivity, scope and responsibility of the Company’s internal audit function based on applicable international standards for internal audit.
18.	Internal Audit Policies and Procedures	Provide a framework that guides the activities and functionality of the Company’s internal audit function, as mandated in the Audit Charter.
19.	Investor Relations Policy	Sets out the manner in which the Company’s Investor Relations programmes will be executed to ensure integrity and transparency in the disclosure of accurate, high quality and timely information.
20.	ISO related policies	An array of policies for the Group’s property development operations, which include but are not limited to those set out in ISO 9001, 14001, and 45001.
21.	Media Engagement Policy	Sets out the principles, roles and responsibilities of employees in relation to media engagement and communications.
22.	Privacy Policy	Provides clear definition on ownership, responsibility and effective management of information assets, and sets out information handling rules.
23.	Related Party Transaction Policy	Sets out requirements and procedures for evaluating potential conflicts of interest and disclosure obligations in all related party transactions.
24.	Risk Management Framework	Provides a systematic framework for the identification, assessment and management of risks in an efficient and cost-effective manner.
25.	Succession Planning Framework	Identifies internal talents to key and critical positions, as well as areas for development, to ensure continuity in the Group’s business operations.
26.	Tender Procedures	Provide detailed steps for compliance at four stages of the Group’s tender process - (1) pre-tender, (2) tender, (3) evaluation, and (4) approval of award, and sets out authority limits at different stages of the tender process, and the key selection criteria.
27.	Whistle-blowing Policy *	Sets out the mechanism by which employees and any member of the public can confidently and anonymously voice concerns regarding suspected fraud, wrongdoings and malpractices to the Chairman of the Audit Committee or the Head of the Internal Audit Department at whistleblower@pcb.my without being subject to victimization, harassment or discriminatory treatment.

* Available on Paramount’s website at **www.pcb.my**

HOW WE ARE GOVERNED

AUDIT COMMITTEE REPORT

The Board of Directors (**the Board**) of Paramount Corporation Berhad (**Paramount**) is pleased to present the Audit Committee Report for the financial year ended 31 December 2020 (**FY2020**).

In performing its duties and discharging its responsibilities, the Audit Committee (**the Committee**) is guided by its Terms of Reference which are available in the Corporate Governance section of the Company's website at www.pcb.my.

COMPOSITION AND MEETINGS

The Committee consists of Independent Non-Executive Directors and are appointed by the Board. The Board, through the Nominating Committee, reviews the terms of office and performance of the Committee and that of each member of the Committee annually to determine whether the Committee and its members have carried out their functions, duties and responsibilities in accordance with the Committee's Terms of Reference.

The Committee convened five (5) meetings during FY2020 and the attendance of the members of the Committee at the meetings were as follows:

Name of Directors	Number of Meetings	
	Held[1]	Attended
Quah Poh Keat (Chairman)	5	5
Foong Pik Yee	5	5
Fatimah Binti Merican[2]	2	2
Faizah Binti Khairuddin[3]	3	3

[1] Indicates the number of meetings held during the period the respective Committee member held office

[2] Ceased to be a member of the Committee from 01 July 2020

[3] Appointed as a Committee member on 01 July 2020

The Chairman of the Committee reported the activities and concerns, if any, of the Committee to the Board at the nearest Board meeting after each Committee meeting for the information and attention of the Board.

SUMMARY OF ACTIVITIES OF THE COMMITTEE

During the financial year under review, the Committee had carried out the following activities in the discharge of its functions and duties:

1. Financial Reporting

a. Reviewed the unaudited quarterly financial results and the consolidated financial statements of the Company and recommended to the Board for approval.

b. Reviewed and highlighted to the Board significant matters raised by the external auditors including financial reporting issues, significant judgements made by management, significant events or transactions, and received updates from management on actions taken for improvement.

c. Deliberated significant changes in relevant regulatory requirements, accounting and auditing standards that affect the Group, and the adoption of such changes by management.

2. External Audit

a. Reviewed the external auditors' audit plan, which includes the scope and timeline of their annual audit, prior to the commencement of audit.

b. Deliberated and reported the results of the annual statutory audit to the Board.

c. Reviewed the external auditors' report to the Committee.

d. Obtained written assurance from the external auditors to the Committee that, in accordance with the terms of all relevant professional and regulatory requirements, they had been independent throughout the audit engagement for FY2020.

e. Undertook an annual assessment of the performance of the external auditors which encompassed the quality of communications with the Committee and the Group, their independence, objectivity and professionalism. Assessment questionnaires were used as a tool to obtain input from Paramount personnel who had substantial contact with the external audit team.

The Committee was satisfied with the suitability of the external auditors based on the quality of service and sufficiency of resources they provided to the Paramount Group, The Committee took note of the openness in communication and interaction with the lead audit engagement partner and the engagement team, which demonstrated their independence, objectivity and professionalism.

The results of the performance assessment of the external auditors for FY2020 supports the Committee's recommendation to the Board for the re-appointment of the external auditors.

f. Reviewed the non-audit related services by the external auditors. The amount of the external audit fees and non-audit fees incurred for the financial year ended 31 December 2020 are disclosed on page 152.

g. Met with the external auditors on 26 February 2020 and 13 November 2020 without the presence of Executive Board members and management to review and discuss key issues within their duties and responsibilities. There were no major concerns raised by the external auditors at the meetings.

h. Reviewed the suitability of external auditors through a request for proposal exercise.

3. Internal Audit

a. Reviewed and approved the Internal Audit Department's (**IAD**) staffing requirements, budget and annual audit plan to ensure adequacy of resources, competencies and coverage.

b. Reviewed internal audit reports on subsidiaries and key functional units issued by IAD covering the adequacy and effectiveness of governance, risk management, operational and compliance processes.

c. Reviewed the adequacy of corrective actions taken by management on all significant audit issues raised including status of completion achieved.

d. Assessed IAD's quarterly audit progress report to ensure the audit plan continues to remain relevant in consideration of the changes in business environment.

e. Met with the Head of Internal Audit on 18 May 2020 and 13 November 2020 without the presence of the Executive Board members and management.

f. Reviewed the report on the Long Term Incentive Plan (**LTIP**) of the Company to ensure compliance with the criteria set out in the By-Laws of the LTIP.

g. Reviewed and approved the policies of the IAD.

h. Reviewed and approved the report on the overall effectiveness of risk management and internal control of the Company.

i. Evaluated the performance of IAD and was satisfied with the performance, which has been free from any relationship or conflict of interest that could impair their objectivity and independence.

4. Related Party Transactions

a. Reviewed related party transactions entered into by the Group, including the review and monitoring of recurrent related party transactions to ensure:
   (i) that such transactions were carried out on normal commercial terms and were not prejudicial to the interest of the Company or its minority shareholders;

   (ii) adequate oversight over the internal control procedures with regard to such transactions.

5. Annual Reporting

a. Reviewed the Committee Report, Summary of Activities of the Internal Audit Function, Statement on Risk Management and Internal Control before submission to the Board for approval and for inclusion in the 2020 Annual Report.

6. Others

a. Reviewed Terms of Reference of the Committee with reference to the new provisions in the Listing Requirements of Bursa Malaysia Securities Berhad and recommended the revisions to the Board for its approval.

b. Reviewed the progress of implementation of the principles of COSO Internal Control Integrated Framework by the Group.

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AUDIT COMMITTEE REPORT

c. Reviewed the solvency assessment by the management in relation to the declaration of dividends.

d. Monitored management's performance through a set of financial key performance indicators that are tabled for review and deliberation in the quarterly Committee meeting held during FY2020.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

The Committee is assisted by IAD in the discharge of its duties and responsibilities. IAD is independent of operations and reports functionally to the Committee and administratively to the Group CEO. IAD is headed by Mr. Wong Ket Keong who is a Certified Internal Auditor of the Institute of Internal Auditors (USA), a member of the Malaysia Institute of Accountants, and a Fellow of the Association of Chartered Certified Accountants (UK).

The primary responsibility of IAD is to provide reasonable assurances to the Committee on the effectiveness of the governance, risk management and internal control processes within the Company and the Group.

All internal audit activities of the Group are guided by the International Professional Practices Framework issued by the Institute of Internal Auditors, the Internal Audit Charter as well as policies and procedures of the Group. An annual risk-based internal audit plan is presented by IAD to the Committee for approval after having reviewed the adequacy of the scope, functions and resources of IAD as well as the competency of the internal auditors. IAD adopts a risk-based approach and prepares its plan based on the risk profiles of the auditable units in alignment with the strategic objectives of the Group.

During the financial year under review, IAD conducted assurance engagements in accordance with its revised internal audit plan and conducted follow-up audits on management remedial actions on a quarterly basis. Evaluations were made to assess the adequacy and effectiveness of key controls in responding to risks within the Group's governance, operations and information systems, in terms of:

- Achievement of the Group's strategic objectives
- Reliability and integrity of financial and operational information
- Effectiveness and efficiency of operations and programmes
- Safeguarding of assets
- Compliance with laws, regulations, policies, procedures and contracts; and
- Potential occurrence of fraud.

Internal Audit reports were issued to management which contained key operational analysis, insights, improvement opportunities, audit observations, management response, corrective and preventive actions as well as the targeted date of completion of those actions. Issues that required significant improvement were highlighted to the Committee for deliberation. The IAD provided quarterly updates to management and the Committee regarding the progress and status of the corrective actions.

IAD verified the terms of the related party transactions from the perspective of fairness and at arms' length before submission thereof to the Committee for its consideration.

All IAD's staff are members of relevant professional bodies. The internal auditors are encouraged to continuously enhance their knowledge, skills and competencies through a combination of external and in-house training.

The total costs incurred for the internal audit function was RM1.18 million for FY 2020 (RM1.21 for FY2019).

HOW WE ARE GOVERNED

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

This Statement on Risk Management and Internal Control for the financial year ended 31 December 2020 (**FY2020**) is made pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (**Bursa Securities**). It is drawn up with reference to the Principles set out in the Malaysian Code on Corporate Governance 2017 (**MCCG**) and the Statement on Risk Management and Internal Control Guidelines for Directors of Listed Issuers issued by Bursa Securities.

BOARD RESPONSIBILITY

The Board of Directors (**the Board**) of Paramount Corporation Berhad (**Paramount** or **the Company**) acknowledges its overall responsibility in maintaining an adequate and sound framework for risk management and internal control to safeguard shareholders' investment in the Company as well as the assets of the Company and its subsidiaries (**the Group**).

The Board continuously reviews the adequacy and integrity of the Group's risk management and internal control system, which has been embedded in all aspects of the Group's activities, and its alignment with the Group's business objectives. In view of the limitations inherent in any system of risk management and internal control, the Board recognises that such a system can only provide reasonable but not absolute assurance against material misstatement, loss or fraud.

The Board has established an ongoing process for identifying, evaluating, monitoring and managing the significant risks faced by the Group in achieving its business objectives. This process has been in practice for the year under review up to the date of approval of this statement. The Board has also evaluated the risks associated with new businesses undertaken and major investments made during the year.

The disclosures in this statement, however, do not cover associate or joint venture companies which the Group does not have any direct operational control. Nevertheless, board representation in the associate or joint venture companies and key financial data made available periodically to the Group by those companies at their board meetings do provide vital information necessary for decisions on the investment and safeguarding of the Group's interests in those companies.

RISK MANAGEMENT

Part II of Principle B in the MCCG states that the board should establish an effective risk management and internal control framework to manage risks. In fulfilling this responsibility, the Board has put in place a well-defined risk management structure with clearly delineated lines of accountability, authority and responsibility, as explained in the following paragraphs:

- ***Board Risk Management Committee (BRMC)***

  The BRMC is the main governing body authorised by the Board to ensure that adequate measures are put in place to address and manage the key risk exposure of the Group. Currently, the BRMC comprises three (3) independent non-executive directors and one (1) executive director. The chairman of the BRMC is an independent non-executive director. The BRMC functions within its terms of reference, and it meets on a half-yearly basis to review and deliberate all key risks identified by management. Further details on the BRMC and its activities during the year under review are reported in the Statement on Corporate Governance.

- ***Executive Risk Management Committee (ERMC)***

  The ERMC has been formed to support the BRMC in its oversight on the implementation of the Company's risk management strategies and policies, as well as to coordinate the Group's risk management activities and provide recommendations to the BRMC, if there is any improvement required.

  The ERMC comprises the Group Chief Executive Officer (**GCEO**), the Chief Executive Officers (**CEOs**) of the Strategic Business Units and the Chief Financial Officer. It is chaired by the GCEO and meets quarterly to monitor the Group's risk exposure, discuss the appropriateness of the key risk management plans (**KRMPs**), and ensure that the KRMPs are implemented consistently. It also monitors the post-implementation effectiveness of the KRMPs. The ERMC reports to the BRMC on the key risks faced by the Group and the implementation progress of the KRMPs.

- ***Corporate Risk Management (CRM) Department***

  The CRM Department assists the ERMC in the discharge of its functions by organising and facilitating risk management awareness workshops and training for employees of the Group, as well as conducting research and updating the ERMC based on the latest requirements and best practices with regard to risk management. It also assists the ERMC by reviewing and recommending key risks to the ERMC for consideration and highlighting whether the Group's risks have been correctly identified and are being appropriately managed.

HOW WE ARE GOVERNED

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- ***Strategic Business Units (SBUs) and Corporate Functions***

  All SBUs within the Group and the corporate functions of the Company participate actively in the Group's Enterprise-Wide Risk Management activities, and they report their key risks to the ERMC on a quarterly basis. The CEOs of the SBUs and heads of the corporate functions, being risk owners, are responsible for the effective management of their respective risk profiles. Such responsibilities include identifying potential risks and the impact thereof to the SBUs or the Group as a whole and implementing KRMPs to mitigate those risks. Regular review of the identified risks and KRMPs are also conducted in tandem with changes in the business or operating environment of the Group. Risks that may have a material impact on the Group's corporate objectives and financial position will be highlighted to the attention of the ERMC and the BRMC.

- ***Audit Committee (AC)***

  The AC is assisted by the Internal Audit Department (**IAD**) to conduct periodic audit of the Group's risk management processes and to evaluate the adequacy and effectiveness of the risk management framework that has been adopted by the Group.

The Board regards risk management as an important component that underpins the Group's strategic planning process and business operations. It is on this premise that the Board has included in the Group's risk management framework the following guiding principles to instill a culture of robust risk management across the Group:

- ***Risk Management Policy***

  The Risk Management Policy outlines the risk management philosophy, framework and processes of the Group. This policy is subject to periodic review once in every three years by the Board to ensure that it remains relevant and effective in driving the Group's risk management practices under different economic and business environment.

- ***Enterprise-Wide Risk Management (EWRM) Framework***

  The Group's EWRM framework that mirrors the ISO31000 Risk Management – Principles and Guidelines sets out the risk management practices adopted by the Group with some revisions to cater to the specific needs of the Group and to align with the best practices promulgated in the MCCG.

- ***Risk Appetite Statement and Risk Tolerance***

  A statement on the risk appetite and risk tolerance of the Group, based on measurable parameters that may impact the achievement of corporate objectives, has also been established. The objective is to ensure consistent understanding of the risk exposures which are acceptable or unacceptable to the Group.

  Management, through the ERMC, continuously review, communicate and reinforce the Group's risk appetite to ensure that the Group's business activities are conducted within the acceptable risk appetite and risk tolerance levels.

- ***Risk assessment reviews***

  Under the EWRM framework, all key risks identified by the SBUs and corporate functions are categorised according to the nature of the Group's business activities, and the rating of such risks are assessed based on the likelihood of occurrence via a self-assessment approach. All SBUs and corporate functions are required to report their key risk profiles and KRMPs to the ERMC on a quarterly basis. All key risks that are deemed to have a significant impact to the Group are then reported to the BRMC on a half-yearly basis. The BRMC will, in turn, highlight such risks to the Board for its attention. A database on all key risks, key controls and KRMPs as well as the status of implementation of the KRMPs is maintained by the respective SBUs and corporate functions.

The Group's key risks are identified based on the following eight (8) categories:

1) Strategic risks

Strategic risks are risks that may arise due to potential market uncertainties and in the course of executing the Group's strategies in arriving at certain business decisions and/or participation in strategic investment opportunities. The Group may have exposure to potential negative impact that can inhibit or prevent the Group from achieving its strategic objectives. They include market volatility risk, project investment risk including land acquisition, product development risk, business sustainability risk, and human capital risk. To manage these risks, the Group has implemented the following measures:

- Putting in place robust strategic planning processes
- Closely monitoring the marketplace for any signs of threats to the achievement of the strategic objectives
- Tracking the expected deliverables identified under the Group's 5-Year Plan, annual business plans and budgets
- Conducting feasibility studies and due diligence exercises to ensure that investment decisions are made based on the viability of the projects and their ability to fulfil the objectives and goals of the Group
- Actively source for joint venture opportunities with appropriate partners to gain access to overseas markets for expansion of the Group's businesses and revenue stream
- Continue to explore and introduce new and innovative products, services and sales packages to meet the evolving needs of customers

2) *Operational risks*

Operational risks are risks that may be encountered in the Group's day-to-day business operations in the event of a breakdown in internal control processes and systems or a change in the people structure of the Group.

Given that the Group's Property Division is a major contributor to the Group's revenue and profits, the risks faced by this division, such as escalation in material costs, shortage of skilled site workers, quality risk, the risk of delay in the receipt of approvals from the authorities for project launches, may have a significant impact to the Group's performance.

To manage the risk of escalating material costs, the Group practises bulk purchasing of key materials and continues to maintain good relationship with vendors and keeps abreast of the price movements of such key materials. In addition, the Group continues to review and enhance its internal policies and procedures to ensure robustness, and devise ways to increase operational efficiency and productivity. In this regard, contractors who are found to be non-performing will be barred from further participation in tenders called by the Group.

3) *Finance-related risks*

The Group is exposed to finance-related risks, such as liquidity, interest rate, and foreign exchange movements, as well as credit and investment risks. To address these risks, prudent funding and treasury policies with regard to the Group's business operations are adopted to minimise the potential adverse impact that such risks could have on the financial performance of the Group. The Group also continues to maintain an optimal liquidity position against volatilities in the global and local economies and fluctuations in interest rates.

4) *Compliance risks*

The Group's businesses are governed by various relevant legislations, regulations, industry codes, standards as well as internal policies and corporate governance principles. The Group constantly reviews its operational processes and ensures there are no breaches of applicable laws, regulations, government policies or contractual obligations that may have a material and adverse impact on the financial prospects of the Group. The Board is leveraging on the expertise of the management team to ensure that these risks are identified, monitored and managed effectively. Regular communication on compliance matters is conducted to bring a higher degree of awareness to the employees involved. Employees receive training to keep abreast of the latest applicable requirements and regulations.

5) *Reputational risks*

The reputation of the Group and its brand is one of the most important assets, and it forms the basis upon which the long-term business success of the Group is anchored. To this end, the Group continues to ensure the delivery of high-quality products and services and creating better customer experience to meet the evolving expectations of customers. The Group also engages with other stakeholders, such as employees, the media, investors and bankers in a constant and constructive manner to preserve the Group's reputation.

6) *Cyber security risks*

The Group leverages on websites and social media to better serve its existing customers and to widen its market reach to new customers. As such, cyber security risks, such as defacement of the Group's websites, phishing emails and ransomware attack could cause disruption to the Group's operations. In view of the heightened threat of cyber-attacks in recent years, the Group has put in place the following cyber security control measures to mitigate this risk:

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STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- Establishing Information Technology (**IT**) security policies and procedures based on relevant data security standards and industry best practices
- Deploying cyber security monitoring tools to trace potential intrusion by unauthorised users
- Installing a robust firewall and intrusion prevention mechanism to the Group's IT infrastructure
- Hosting the cloud infrastructure offsite and subscriptions for disaster recovery services to restore critical systems should a disruption occur

The Group will continue to review and assess the adequacy of such measures and will keep abreast of the latest IT security landscape to enhance the KRMPs to mitigate this risk.

*7) **Pandemic related risks***

Business continuity management is always essential to ensure that the Group can continue with its critical business functions or recover from operational disruptions affected by unforeseen circumstances such as the outbreak of a pandemic or the occurrence of a natural disaster.

Following the implementation of the Movement Control Order (**MCO**) by the Malaysian Government to curb the spread of the deadly COVID-19 infection, the Group has set up a Crisis Management Task Force (**CMTF**) in the year under review to ensure its operations and services are fully functional in the event of a pandemic.

A rapid risk management exercise including liquidity stress testing was also carried out by the CMTF to assess the impact of COVID-19 to the Group and reported to the BRMC throughout that period.

As an additional measure to safeguard the health and safety of employees and contract workers during the COVID-19 pandemic, the Group has established a set of enhanced Standard Operating Procedures (**SOPs**) with preventive measures and work safety arrangements, such as split teams and partial work-from-home. A Crisis Communication channel was also activated for reporting of COVID-19 incidents detected at the Group's business premises and project sites, if any.

*8) **Bribery and corruption risks***

In view of the introduction of Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 (**MACC Act**) an Anti-Bribery and Corruption (**ABC**) Policy and a set of ABC Guidelines have been put in place in the year under review to address the risk of bribery and corruption. The Group adopts a zero-tolerance stance against bribery and corruption. The BRMC and ERMC will also continue to evaluate the effectiveness of the existing controls to mitigate the risk of non-compliance by associated persons (as defined in the MACC Act) with the Group's ABC Policy.

- ***Key Risk Indicators***

  Key risk indicators have been applied for better tracking of the effectiveness of the control measures and the KRMPs to mitigate all top key risks of the Group.

- ***Continuous education***

  Although the Group has achieved a reasonably high level of robustness in managing a wide range of risks, continuous education takes place at the ERMC meetings and at the knowledge sharing sessions between the CRM Department and risk owners across the Group to reinforce the best practices.

INTERNAL CONTROL

The Board, through the AC, reviews and monitors the adequacy and integrity of the Group's internal controls. The internal control system covers policies, procedures, day-to-day activities and the overall governance of the Group.

In the year under review, the Group has benchmarked the internal control system against an internal control framework based on the principles set out in the Internal Control Integrated Framework prescribed by the Committee of the Sponsoring Organisations of the Treadway Commission (**COSO Framework**). The results of the benchmarking exercise were submitted to the ERMC and the BRMC for review.

The salient features of the internal control system are as follows:

- The Board has adopted a Code of Business Conduct and Ethics (**Code of Conduct**) with the objective of upholding the highest standards of honesty, integrity, ethical, and legal behavior in the conduct of all business operations of the Group. All employees are required to adhere to the principles set out in the Code of Conduct whilst carrying

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

out their duties and responsibilities. The Code of Conduct is also made available to employees of the Group via the Employee Awareness Tool and to the public via the Company's website. The Code of Conduct covers areas such as conflict of interest, business conduct in the workplace, confidentiality, fair dealing, gift and entertainment.

- The Group has clearly defined areas of responsibilities for all committees of the Board and clear lines of authority and accountability for various levels of management. It has an appropriate organisational structure which facilitates the segregation of duties and accountability.

- Selection and recruitment of new employees are based on both the business requirements and the individual's competency assessment. The Human Resource Department has in place processes for performance management and human resource development to ensure that employees of the Group are equipped with the necessary skills that enable them to deliver high quality performance.

- Succession planning is designed to ensure that the Group identifies and develops a talent pool of staff through mentoring and training for high-level management positions. This is to ensure continuity in leadership of the Group's key positions.

- Well-established and documented policies and procedures which are aligned with business objectives and goals within the Group are continuously reviewed and updated.

- Various reports on key financial data, key performance indicators, and status updates on business plans, are submitted by the SBUs on a quarterly basis. The reporting mechanism is to enable matters that require the Board's and management's attention are highlighted for review, deliberation and timely decision making. All members of the Board have unrestricted access to information.

- A whistle blowing policy is established to provide appropriate communication and feedback channels which facilitate whistleblowing in a transparent and confidential manner and to enable staff and stakeholders to raise genuine concerns about possible improprieties, improper conduct or other malpractices within the Group in an appropriate manner.

- Insurance coverage and physical safeguards on major assets are in place to ensure that the Group's assets are adequately insured against any mishap or incidents that could result in a material loss to the Group.

- Information system that supports the financial and operational requirements of the Group is established. The integrity, adequacy, timeliness and security of the information system are consistently monitored by management.

- Business plans which include a 5-year strategic plan, an annual business plan and annual budgets are prepared by the SBUs. The plans are presented and approved by the Board.

- Management holds Finance Committee meetings on a quarterly basis where comprehensive financial results are reviewed by comparing actual performance against the approved budget and that of prior periods. The quarterly financial results and management reviews are then summarised for presentation to the Board during their quarterly meetings.

- An effective management tender committee ensures that a proper procurement process for material purchases of goods and services is in place.

These internal control processes are reviewed and revised from time to time to ensure that they are relevant and effective in responding to changing business and operational needs, whenever practical.

INTERNAL AUDIT FUNCTION

The AC endorses and approves the scope of work and the resource budget of the internal audit function through a review of IAD's Internal Audit Plan (**IAP**) on a yearly basis. The Board places emphasis on the independence and integrity of the internal audit function and ensures that IAD has adequate resources to effectively carry out its work and report to the AC. Quarterly progress reports on the IAP and on the key activities undertaken by IAD are submitted to the AC for review at the quarterly meetings of the AC. Details on the activities of the internal audit function are disclosed in the Audit Committee Report.

IAD submits regular internal audit reports to the AC for review at the AC's quarterly meetings, which are also attended by members of the management team and the external auditors on the invitation of the AC. IAD also conducts follow-up sessions

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STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

with management on the audit recommendations and matters highlighted by the AC. The status of corrective actions taken by management to address IAD's audit findings are also reported to the AC to enable the AC to have an overview of the state of internal controls within the Group.

SBUs that are accredited with ISO certifications are audited as scheduled by auditors of the relevant certification bodies, and the audit results are reported to management for improvement purposes.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

The Company's external auditors, Ernst & Young PLT, have reviewed this Statement on Risk Management and Internal Control for FY2020, in compliance with paragraph 15.23 of the Listing Requirements and in accordance with guidelines issued by the Malaysian Institute of Accountants.

Based on their review, they have reported to the Board that nothing has come to their attention that causes them to believe that this statement intended to be included in the annual report is not prepared, in all material respects, in accordance with disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or that the statement is factually inaccurate.

CONCLUSION

The Board has received assurance from both the Group CEO and the Chief Financial Officer of the Company that the risk management and internal control system is operating adequately and effectively in all material aspects for FY2020 and up to the date of this statement.

For the financial year under review, the Board is satisfied with the adequacy and effectiveness of the Group's risk management, and the review and monitoring of the internal control system gives reasonable assurance that the internal controls in place are adequate. There were no material control failures or adverse compliance events that have directly resulted in any material loss to the Group.

Where exceptions were noted, they were not material in the context of this report and corrective actions have been taken.

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DIRECTORS' REPORT

DIRECTORS' REPORT

The directors have pleasure in presenting 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 its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 19 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit after tax	502,734	451,251
Attributable to:		
Owners of parent	486,661	435,186
Holders of Private Debt Securities ("PDS")	16,065	16,065
Non-controlling interests	8	-
	502,734	451,251

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 the financial statements.

DIVIDENDS

The amounts of dividends declared by the Company since 31 December 2019 were as follows:

	RM'000
In respect of the financial year ended 31 December 2019 as reported in the directors' report of that year:	
Single tier final dividend of 4.50 sen on 614,443,966 ordinary shares, declared on 27 May 2020 and paid on 23 July 2020	27,650
In respect of the financial year ended 31 December 2020:	
Single tier special interim dividend of 29.00 sen on 614,443,966 ordinary shares, declared on 28 February 2020 and paid on 23 April 2020	178,189
	205,839

DIVIDENDS (CONT'D.)

At the forthcoming Annual General Meeting, a single tier final dividend of 2.50 sen, in respect of the financial year ended 31 December 2020 on 619,198,366 ordinary shares, amounting to a dividend payable of RM15,479,959 will be proposed for shareholders' approval.

The financial statements for the current financial year do not reflect the proposed final dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as appropriation of retained earnings in the financial year ending 31 December 2021.

DIRECTORS OF THE COMPANY

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

Dato' Teo Chiang Quan *
Ong Keng Siew
Datuk Seri Dr Yam Kong Choy
Chew Sun Teong *
Quah Poh Keat
Fatimah Binti Merican
Foong Pik Yee
Benjamin Teo Jong Hian *
Faizah Binti Khairuddin (appointed on 1 July 2020)

* These directors are also directors of subsidiaries of the Company.

DIRECTORS OF THE SUBSIDIARIES

The names of the directors of the Company's subsidiaries since the beginning of the financial year to the date of this report, excluding those who are already listed above are:

Foong Poh Seng
Jeffrey Quah Chuan Tatt (Appointed on 6 January 2021)
Wang Chong Hwa
Ooi Hun Peng
Ahmad Subri bin Abdullah
Selvarajoo Esther Majella
Faizah Binti Khairuddin (Resigned on 30 June 2020)
Datin Teh Geok Lian (Resigned on 1 July 2020)
Aidan Hamidon (Resigned on 24 December 2020)
Beh Chun Chong (Resigned on 28 February 2021)

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DIRECTORS' REPORT

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during the year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of 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 Note 5 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 40(a) to the financial statements.

DIRECTORS' INDEMNITY

The Company maintained a Directors' and Officers' Liability Insurance ("D&O Insurance") of RM10.0 million in respect of liabilities arising from civil claims against the directors and officers for alleged wrongful acts committed in their capacity as directors and officers while holding office for the Company and the Group. The total amount of insurance premium paid for the D&O Insurance as at the financial year end was RM16,138. The directors and officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

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			
	At 1 January 2020	Bought	LTIP Shares Vested	At 31 December 2020
The Company				
Direct Interest				
Dato' Teo Chiang Quan	7,854,700	-	-	7,854,700
Ong Keng Siew	5,582,780	-	-	5,582,780
Datuk Seri Dr Yam Kong Choy	185,500	-	-	185,500
Chew Sun Teong	4,730,040	100,000	1,987,900	6,817,940
Benjamin Teo Jong Hian	918,680	-	38,400	957,080
Deemed Interest				
Dato' Teo Chiang Quan	159,120,780	-	38,400	159,159,180
Quah Poh Keat	1,339,520	-	-	1,339,520

DIRECTORS' INTERESTS (CONT'D.)

	Number of warrants			
	At 1 January 2020	Bought	Sold	At 31 December 2020
The Company				
Direct Interest				
Dato' Teo Chiang Quan	2,244,200	-	-	2,244,200
Ong Keng Siew	1,595,080	-	-	1,595,080
Datuk Seri Dr Yam Kong Choy	53,000	-	-	53,000
Chew Sun Teong	1,351,440	-	-	1,351,440
Benjamin Teo Jong Hian	222,480	-	-	222,480
Deemed Interest				
Dato' Teo Chiang Quan	45,383,080	-	-	45,383,080
Quah Poh Keat	382,720	-	-	382,720

	Number of ordinary shares under the LTIP				
	At 1 January 2020	Granted	Vested	Not vested**	At 31 December 2020
The Company					
Chew Sun Teong	5,586,300	1,542,800	(1,987,900)	(557,700)	4,583,500
Benjamin Teo Jong Hian	381,500	352,700	(38,400)	-	695,800

** The shares were not vested due to performance achieved compared to LTIP targets not being met.

Dato' Teo Chiang Quan by virtue of his interest in shares in the Company is also deemed interested in the shares in all the Company's subsidiaries to the extent that the Company has an interest.

The other directors in office at the end of the financial year did not have any interest in shares in the Company or its related corporations during the financial year.

ISSUANCE OF SHARES

On 17 March 2020, 7,761,400 new ordinary shares in the Company were allotted and issued pursuant to the Company's Long Term Incentive Plan ("LTIP") via:

(i) Third vesting of 1,107,000 restricted shares ("RS") under the 2017 RS Grant;
(ii) Second vesting of 957,400 RS under the 2018 RS Grant;
(iii) First vesting of 962,700 RS under the 2019 RS Grant; and
(iv) Vesting of 4,734,300 performance-based shares ("PS") under the 2017 PS Grant.

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DIRECTORS' REPORT

EMPLOYEE SHARE SCHEME

On 17 September 2013, the Company implemented the LTIP, which involves the allotment and issuance of new ordinary shares in the Company to eligible employees and executive directors of the Group and of the Company, provided that the total number of shares so allotted shall not at any time exceed ten per centum (10%) of the total number of issued shares in the Company (''LTIP shares'').

During the year, the Company made its sixth award of up to 6,568,300 LTIP shares, comprising 2,754,500 RS under the 2020 RS Grant and up to 3,813,800 PS under the 2020 PS Grant.

The LTIP shares were awarded, without any cash consideration, to those who have attained the identified performance objectives of the Group and of the Company. It serves to attract, retain, motivate and reward valuable employees of the Group and of the Company.

Details of LTIP shares granted to a director are disclosed in the Directors' Interests section in this report.

The fair values of the LTIP shares granted are estimated at the grant dates using a Monte Carlo Simulation pricing model, taking into account the terms and conditions upon which the instruments were granted.

Further information on LTIP shares is disclosed in Note 36 to the financial statements.

OTHER STATUTORY INFORMATION

(a) Before the income statements and statements of financial position 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 allowance for doubtful debts and satisfied themselves that all known bad debts 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 allowance 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 render adherence to the existing method 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.

OTHER STATUTORY INFORMATION (CONT'D.)

(e) As 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:

(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.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Notes 17, 19, 36 and 46 to the financial statements.

SUBSEQUENT EVENTS

Significant events subsequent to the end of financial year are disclosed in Note 46 to the financial statements.

AUDITORS

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

Auditors' remuneration are disclosed in Note 8 to the financial statements.

There was no payment made or insurance effected to indemnify the auditors during the financial year and the period from 1 January 2021 to the date of this report.

Signed on behalf of the Board in accordance with a resolution of the directors dated 31 March 2021.

Dato' Teo Chiang Quan

Chew Sun Teong

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STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Dato' Teo Chiang Quan and Chew Sun Teong, being two of the directors of Paramount Corporation Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 101 to 217 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 the financial performance and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 31 March 2021.

Dato' Teo Chiang Quan

Chew Sun Teong

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Foong Poh Seng, being the officer primarily responsible for the financial management of Paramount Corporation Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 101 to 217 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 Declaration Act, 1960.

Subscribed and solemnly declared by
the abovenamed Foong Poh Seng at
Petaling Jaya in Selangor Darul Ehsan
on 31 March 2021

Foong Poh Seng

Before me,

Commissioner for Oaths

Ng Say Hung
No. B185
No. 71-1, Jalan SS21/37
Damansara Utama (Uptown)
47400 Petaling Jaya
Selangor Darul Ehsan

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PARAMOUNT CORPORATION BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Paramount Corporation Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and income statements 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 101 to 217.

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.

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 matter for the audit of the financial statements of the Group is described below. This matter was 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 this matter. For the 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 this matter. 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 matter below, provide the basis of our audit opinion on the accompanying financial statements.

Recognition of revenue and cost on property development projects

The revenue and cost of property development projects contributed approximately 89% and 71% respectively of the Group's revenue and cost, which were mainly computed based on stage of completion method. Stage of completion is determined by the proportion of property development cost incurred for work performed to date, to the estimated/budgeted total property development cost. We focused on this area because management made significant judgement in determining the stage of completion, the extent of the property development cost incurred and the estimated/budgeted total property development cost.

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PARAMOUNT CORPORATION BERHAD (INCORPORATED IN MALAYSIA)

Recognition of revenue and cost on property development projects (cont'd.)

We have assessed and tested the design and operating effectiveness of the management's budgeting process. In addition, we have reviewed management's workings on the computation of revenue and cost. Our audit procedures included, amongst others, reviewing the approved budget by agreeing the estimated sales to the signed sales and purchase agreements for sold units and the selling prices for the remaining unsold units, agreeing the estimated construction cost to the awarded contracts, and agreeing the estimated borrowing costs to the bank loan agreements. We have also assessed the completeness of the cost incurred by vouching to the latest progress claims from the contractors, and performed re-computation of the stage of completion. We also observed the progress of the projects by performing site visits to certain key projects.

The Group's disclosures on property development activities are included in Notes 14(b) and 15 to the financial statements.

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 Company's 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.

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.

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

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 the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

THE FINANCIALS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PARAMOUNT CORPORATION BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Ng Yee Yee
No. 03176/05/2021 J
Chartered Accountant

Kuala Lumpur, Malaysia
31 March 2021

THE FINANCIALS

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020 RM'000	2019 RM'000
Continuing operations			
Revenue	4	593,562	705,974
Other income		8,598	5,962
Property development costs		(423,732)	(473,884)
Employee benefits expense	5	(60,796)	(68,288)
Depreciation and amortisation		(18,178)	(13,118)
Other expenses		(32,302)	(48,199)
Finance costs	7	(18,304)	(21,910)
Share of results of associates		3,004	2,405
Share of results of a joint venture		(22)	(104)
Profit before tax from continuing operations	8	51,830	88,838
Taxation	9	(20,222)	(34,328)
Profit after tax from continuing operations		31,608	54,510
Discontinued operations			
Profit after tax for the year from discontinued operations	17	471,126	64,480
Profit for the year		502,734	118,990
Profit attributable to:			
Ordinary equity holders of the Company		486,661	104,049
Holders of Private Debt Securities ("PDS") of the Company		16,065	12,051
Non-controlling interest		8	2,890
		502,734	118,990
Earnings per share ("EPS") attributable to ordinary equity holders of the Company (sen)			
- Basic	10(a)	79.37	17.17
- Diluted	10(b)	76.91	16.55

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

THE FINANCIALS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	2020 RM'000	2019 RM'000
Profit after tax	502,734	118,990
Other comprehensive income:		
Item that will not be reclassified to profit or loss		
Net gain/(loss) on investment in quoted shares designated at fair value through other comprehensive income	4,033	(3,957)
Item that may be reclassified subsequently to profit or loss		
Foreign currency translation	106	(111)
Total comprehensive income	506,873	114,922
Total comprehensive income attributable to:		
Ordinary equity holders of the Company	490,800	99,981
Holders of PDS of the Company	16,065	12,051
Non-controlling interest	8	2,890
	506,873	114,922

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

THE FINANCIALS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	2020 RM'000	2019 RM'000
Non-current assets			
Property, plant and equipment	12	44,644	42,935
Right-of-use assets	13	16,514	20,224
Inventories - land held for property development	14	993, 664	873,440
Investment properties	16	517,014	514,626
Investments in associates	20	192,618	29,242
Investment in a joint venture	21	1,110	235
Other investments	22	25,077	10,212
Deferred tax assets	33	56,299	47,533
		1,846,940	1,538,447
Current assets			
Inventories - property development costs	14	150,215	126,698
Inventories - completed properties and other inventories	14	115,380	105,209
Contract cost assets	15	117,041	64,657
Trade receivables	23	136,415	141,691
Other receivables	24	30,177	35,774
Other current assets	25	5,080	5,584
Contract assets	26	353,004	252,413
Tax recoverable		8,187	3,863
Cash and bank balances	28	204,260	134,739
		1,119,759	870,628
Assets of disposal group/Non-current assets held for sale	17	-	664,478
		1,119,759	1,535,106
Total assets		2,966,699	3,073,553
Current liabilities			
Borrowings	29	165,215	211,308
Lease liabilities	30	4,509	3,708
Trade payables	31	178,531	166,622
Other payables	32	119,449	123,266
Tax payable		7,017	6,718
Contract liabilities	26	214	53
		474,935	511,675
Liabilities directly associated with the assets held for sale	17	-	373,235
		474,935	884,910
Net current assets		644,824	650,196

THE FINANCIALS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020 (CONT'D.)

	Note	2020 RM'000	2019 RM'000
Non-current liabilities			
Borrowings	29	788,995	700,637
Lease liabilities	30	15,235	17,659
Deferred tax liabilities	33	6,101	6,198
		810,331	724,494
Total liabilities		1,285,266	1,609,404
Equity			
Share capital	34	324,909	316,945
Reserves		1,106,869	824,035
Private debt securities	35	248,707	248,972
Non-controlling interest		948	74,197
Total equity		1,681,433	1,464,149
Total equity and liabilities		2,966,699	3,073,553

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

THE FINANCIALS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	←	Non-distributable		→	Distributable			
	Share capital	Employee share reserve#	Fair value reserve	Translation reserve	Retained earnings (Note 37)	Non-controlling interest	Private debt securities	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2020	316,945	9,337	(3,957)	(251)	818,906	74,197	248,972	1,464,149
Total comprehensive income	-	-	4,033	106	486,661	8	16,065	506,873
Transactions with owners								
Vesting of LTIP shares on 17 March 2020 (Note 36)	7,964	(7,964)	-	-	-	-	-	-
Award of LTIP shares to employees (Note 36)	-	7,416	-	-	-	-	-	7,416
Private debt securities distribution (Note 35)	-	-	-	-	-	-	(16,065)	(16,065)
Issuance of perpetual securities, net of transaction costs (Note 35)	-	-	-	-	-	-	49,735	49,735
Redemption of private debt securities (Note 35)	-	-	-	-	-	-	(50,000)	(50,000)
Disposal of discontinued operations	-	-	-	-	-	(75,796)	-	(75,796)
Dividends (Note 11)	-	-	-	-	(205,839)	-	-	(205,839)
Capital contribution by non-controlling interest	-	-	-	-	-	960	-	960
Acquisition of equity interest from non-controlling interest	-	-	-	-	(1,579)	1,579	-	-
Total transactions with owners	7,964	(548)	-	-	(207,418)	(73,257)	(16,330)	(289,589)
At 31 December 2020	324,909	8,789	76	(145)	1,098,149	948	248,707	1,681,433

THE FINANCIALS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D.)

	Non-distributable				Distributable			
	Share capital RM'000	Employee share reserve# RM'000	Fair value reserve RM'000	Translation reserve RM'000	Retained earnings (Note 37) RM'000	Non-controlling interest RM'000	Private debt securities RM'000	Total equity RM'000
At 1 January 2019	310,315	8,125	-	(140)	752,991	75,207	199,787	1,346,285
Total comprehensive income	-	-	(3,957)	(111)	104,049	2,890	12,051	114,922
Transactions with owners								
Vesting of LTIP shares on 23 March 2019 (Note 36)	6,630	(6,630)	-	-	-	-	-	-
Award of LTIP shares to employees (Note 36)	-	7,842	-	-	-	-	-	7,842
Private debt securities distribution (Note 35)	-	-	-	-	-	-	(12,051)	(12,051)
Issuance of perpetual securities, net of transaction costs (Note 35)	-	-	-	-	-	-	149,185	149,185
Redemption of private debt securities (Note 35)	-	-	-	-	-	-	(100,000)	(100,000)
Dividends (Note 11)	-	-	-	-	(38,134)	-	-	(38,134)
Dividends paid to non-controlling interest	-	-	-	-	-	(3,900)	-	(3,900)
Total transactions with owners	6,630	1,212	-	-	(38,134)	(3,900)	37,134	2,942
At 31 December 2019	316,945	9,337	(3,957)	(251)	818,906	74,197	248,972	1,464,149

This represents reserve relating to the fair valuation of restricted shares and performance-based shares under the Long Term Incentive Plan (''LTIP'').

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

THE FINANCIALS

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	2020 RM'000	2019 RM'000
Cash flows from operating activities		
Profit before tax from continuing operations	51,830	88,838
Profit before tax from discontinued operations	474,906	74,624
Profit before tax	526,736	163,462
Adjustments for:		
Depreciation of property, plant and equipment	5,425	11,646
Depreciation of right-of-use assets	4,248	11,543
Depreciation of investment properties	8,505	8,105
Amortisation of student population	-	870
Property, plant and equipment written off	397	220
Impairment of right-of-use assets	708	1,457
Impairment of investment properties	1,964	-
Additions of allowance for impairment of receivables	168	875
Reversal of allowance for impairment of receivables	(118)	(656)
Share-based payment	7,416	7,842
Bad debts written off	75	380
Gain on disposal of assets held for sale	(462,663)	(25,412)
Gain on disposal of property, plant and equipment	(380)	(111)
Gain on disposal of investment properties	(478)	-
Unrealised foreign exchange loss	333	115
Share of profit of associates	(3,004)	(2,405)
Share of loss of joint venture	22	104
Net derivative gain from interest rate swap	-	(10)
Interest expense	19,686	36,341
Interest income	(5,759)	(3,190)
Operating profit before working capital changes	103,281	211,176
Increase in receivables	(139,799)	(67,052)
Decrease in inventories - property development costs, completed properties and other inventories	181,422	119,724
Increase in payables	14,177	73,473
Cash generated from operations	159,081	337,321
Net taxes paid	(36,890)	(52,673)
Interest paid	(27,693)	(45,813)
Net cash generated from operating activities	94,498	238,835

THE FINANCIALS

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D.)

	2020 RM'000	2019 RM'000
Cash flows from investing activities		
Acquisition of non-controlling interest	(3,000)	-
Capital contibution from non-controlling interest	960	-
Addition in course development	-	(37)
Increase in land held for development	(328,995)	(256,951)
Purchase of property, plant and equipment	(8,509)	(83,500)
Purchase of investment properties	(12,351)	(18,497)
Proceeds from disposal of property, plant and equipment	1,363	5,006
Proceeds from disposal of investment properties	1,600	-
Proceeds from disposal of asset held for sale	482,303	30,518
Movement in asset held for sale	43,810	(33,031)
Movement in other investments	(14,865)	(3,855)
Interest received	5,759	3,190
Investment in an associate	(8,438)	-
Investment in a joint venture	(897)	-
Net cash generated from/(used in) investing activities	158,740	(357,157)
Cash flows from financing activities		
Dividends paid	(205,839)	(38,134)
Dividends paid to non-controlling interest	-	(3,900)
Issuance of PDS	50,000	150,000
Redemption of PDS	(50,000)	(100,000)
Payment of PDS distribution	(16,065)	(12,051)
Payment of PDS related expenses	(265)	(815)
Proceeds from issuance of Islamic Medium Term Notes ("iMTN")	-	127,500
Proceeds from issuance of Medium Term Notes ("MTN")	-	294,000
Drawdown of borrowings	323,377	-
Repayment of borrowings	(296,582)	(243,852)
Placements in banks restricted for use	2,177	11,111
Lease payments	(3,813)	(17,980)
Net cash (used in)/generated from financing activities	(197,010)	165,879
Net increase in cash and cash equivalents	56,228	47,557
Cash and cash equivalents at beginning of year	119,872	72,315
Cash and cash equivalents at end of year (Note 28)	176,100	119,872

THE FINANCIALS

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D.)

Note:

(a) Reconciliation of liabilities arising from financing activities:

	2020 RM'000	2019 RM'000
Borrowings (excluding overdraft)		
At 1 January	911,945	861,992
Proceeds from issuance of iMTN	-	127,500
Proceeds from issuance of MTN	-	294,000
Drawdown of borrowings	323,377	-
Repayment of borrowings	(296,582)	(243,852)
Transfer to asset held for sale	-	(127,452)
Disposal of a subsidiary	-	(243)
At 31 December	938,740	911,945

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

THE FINANCIALS

INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020 RM'000	2019 RM'000
Revenue	4	41,388	148,859
Other income		438,455	31,756
Employee benefits expense	5	(19,329)	(24,004)
Depreciation		(1,135)	(1,236)
Other expenses		(2,005)	(30,479)
Finance costs	7	(2,865)	(12,446)
Profit before tax	8	454,509	112,450
Taxation	9	(3,258)	(3,374)
Profit after tax, representing total comprehensive income for the year		451,251	109,076
Total comprehensive income attributable to:			
Ordinary equity holders of the Company		435,186	97,025
Holders of PDS of the Company		16,065	12,051
		451,251	109,076

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

THE FINANCIALS

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	2020 RM'000	2019 RM'000
Non-current assets			
Property, plant and equipment	12	946	727
Right-of-use assets	13	3,399	4,266
Investment properties	16	585	600
Investments in subsidiaries	19	454,918	479,589
Investments in associates	20	76,437	19,126
Investment in a joint venture	21	1,347	450
Due from subsidiaries	27	10,436	10,408
Other investments	22	179,891	142,680
Deferred tax assets	33	21	61
		727,980	657,907
Current assets			
Other receivables	24	2,063	5,202
Due from subsidiaries	27	858,797	672,440
Tax recoverable		1,785	1,172
Cash and bank balances	28	15,731	6,461
		878,376	685,275
Non-current asset held for sale	17	-	132,939
		878,376	818,214
Total assets		1,606,356	1,476,121
Current liabilities			
Borrowings	29	45,470	59,558
Lease liabilities	30	815	776
Other payables	32	22,100	24,623
Due to subsidiaries	27	-	99
		68,385	85,056
Net current assets		809,991	733,158
Non-current liabilities			
Borrowings	29	-	88,777
Lease liabilities	30	2,624	3,439
		2,624	92,216
Total liabilities		71,009	177,272

THE FINANCIALS

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020 (CONT'D.)

	Note	2020 RM'000	2019 RM'000
Equity			
Share capital	34	324,909	316,945
Reserves		961,731	732,932
Private debt securities	35	248,707	248,972
		1,535,347	1,298,849
Total equity and liabilities		1,606,356	1,476,121

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

THE FINANCIALS

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	← Non-distributable	→	Distributable		
	Share capital	Employee share reserve#	Retained earnings (Note 37)	Private debt securities	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2020	316,945	9,337	723,595	248,972	1,298,849
Total comprehensive income	-	-	435,186	16,065	451,251
Transactions with owners					
Vesting of LTIP shares on 17 March 2020 (Note 36)	7,964	(7,964)	-	-	-
Award of LTIP shares to employees (Note 36)	-	7,416	-	-	7,416
Private debt securities distribution (Note 35)	-	-	-	(16,065)	(16,065)
Issuance of perpetual securities, net of transaction costs (Note 35)	-	-	-	49,735	49,735
Redemption of private debt securities (Note 35)	-	-	-	(50,000)	(50,000)
Dividends (Note 11)	-	-	(205,839)	-	(205,839)
Total transactions with owners	7,964	(548)	(205,839)	(16,330)	(214,753)
At 31 December 2020	324,909	8,789	952,942	248,707	1,535,347

THE FINANCIALS

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D.)

	← Non-distributable	→	Distributable		
	Share capital RM'000	Employee share reserve# RM'000	Retained earnings (Note 37) RM'000	Private debt securities RM'000	Total equity RM'000
At 1 January 2019	310,315	8,125	664,704	199,787	1,182,931
Total comprehensive income	-	-	97,025	12,051	109,076
Transactions with owners					
Vesting of LTIP shares on 23 March 2019 (Note 36)	6,630	(6,630)	-	-	-
Award of LTIP shares to employees (Note 36)	-	7,842	-	-	7,842
Private debt securities distribution (Note 35)	-	-	-	(12,051)	(12,051)
Issuance of perpetual securities, net of transaction costs (Note 35)	-	-	-	149,185	149,185
Redemption of private debt securities (Note 35)	-	-	-	(100,000)	(100,000)
Dividends (Note 11)	-	-	(38,134)	-	(38,134)
Total transactions with owners	6,630	1,212	(38,134)	37,134	6,842
At 31 December 2019	316,945	9,337	723,595	248,972	1,298,849

This represents reserve relating to the fair valuation of restricted shares and performance-based shares under the LTIP.

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

THE FINANCIALS

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	2020 RM'000	2019 RM'000
Cash flows from operating activities		
Profit before tax	454,509	112,450
Adjustments for:		
Depreciation of property, plant and equipment	253	354
Depreciation of right-of-use assets	867	867
Depreciation of investment properties	15	15
Interest expense	2,865	12,446
Impairment of investment in subsidiaries	-	7,238
Deemed distribution from a subsidiary	(5,000)	(19,337)
(Gain)/loss on disposal of subsidiaries	(404,407)	12,314
(Gain)/loss on disposal of property, plant and equipment	(160)	-
Property, plant and equipment written off	-	9
Unrealised foreign exchange loss	-	182
Share-based payment	4,771	5,929
Dividend income	-	(104,467)
Interest income	(57,233)	(39,580)
Operating loss before working capital changes	(3,520)	(11,580)
Decrease/(increase) in receivables	2,874	(4,618)
Decrease in payables	(2,521)	(8,485)
Cash used in operations	(3,167)	(24,683)
Interest paid	(2,676)	(12,219)
Net tax paid	(3,706)	(4,054)
Real property gain tax paid	(125)	(1,524)
Net cash used in operating activities	(9,674)	(42,480)
Cash flows from investing activities		
Proceed from disposal of subsidiaries	537,346	33,888
Interest received	32,001	28,024
Dividends received	-	104,467
Investment in an other investment	(11,979)	(2,394)
Investment in a joint venture	(897)	-
Changes in subsidiaries balances	(178,576)	(50,895)
Subscription of ordinary shares in subsidiaries	(32,640)	(12,350)
Purchase of property, plant and equipment	(472)	(40)
Proceeds from disposal of property, plant and equipment	160	-
Net cash generated from investing activities	344,943	100,700

THE FINANCIALS

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D.)

	2020 RM'000	2019 RM'000
Cash flows from financing activities		
Drawdown of borrowings	60,000	110,000
Repayment of borrowings	(178,335)	(159,557)
Distribution of PDS	(16,065)	(12,051)
Issuance of PDS, net	49,735	149,185
Redemption of PDS	(50,000)	(100,000)
Placement in banks restricted for use	2,203	(63)
Dividends paid	(205,839)	(38,134)
Lease payments	(965)	(964)
Net cash used in financing activities	(339,266)	(51,584)
Net (decrease)/increase in cash and cash equivalents	(3,997)	6,636
Cash and cash equivalents at beginning of year	4,190	(2,446)
Cash and cash equivalents at end of year (Note 28)	193	4,190

Note:

(a) Reconciliation of liabilities arising from financing activities:

	2020 RM'000	2019 RM'000
Borrowings (excluding overdraft)		
At 1 January	148,335	197,892
Drawdown of borrowings	60,000	110,000
Repayment of borrowings	(178,335)	(159,557)
At 31 December	30,000	148,335

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

THE FINANCIALS

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

1. CORPORATE INFORMATION

Paramount Corporation Berhad ("the Company") is a public limited liability company incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 8, Uptown 1, 1 Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan.

The principal activities of the Company are investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 19. There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 31 March 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements 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 of the Group and of the Company have been prepared on a going concern basis and under the historical cost convention, except as disclosed in the notes to the financial statements.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ('000) except when otherwise indicated.

2.2 Changes in accounting policies

On 1 January 2020, the Group and the Company adopted the following pronouncements mandatory for annual financial periods beginning on or after 1 January 2020:

- Amendments to MFRS 3: Business Combinations (Definition of a Business)
- Amendments to MFRS 7: Financial Instruments: Disclosures (Interest Rate Benchmark Reform)
- Amendments to MFRS 9: Financial Instruments (Interest Rate Benchmark Reform)
- Amendments to MFRS 101: Presentation of Financial Statements (Definition of Material)
- Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)
- Amendments to MFRS 139: Financial Instruments (Interest Rate Benchmark Reform)

THE FINANCIALS

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Changes in accounting policies (cont'd.)

The Group has early adopted Amendments to MFRS 16 on COVID-19 related rent concession. As a pratical expedient, the Group as a lessee has elected not to access whether a rent concession that meets conditions as set out in MFRS 16 is a lease modification. As such, any change in lease payments resulting from the rent concession shall be accounted for as variable lease payment in the period(s) in which the event or condition that triggers the reduced payment occurs and is recognised directly to profit or loss. The adoption of this amendment had no material impact in the current period.

Adoption of the above pronouncements did not have any material effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

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

	Effective for annual periods beginning on or after
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 (Interest Rate Benchmark Reform - Phase 2)	1 January 2021
Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018 - 2020)	1 January 2022
Amendments to MFRS 9 Financial Instruments (Annual Improvements to MFRS Standards 2018 - 2020)	1 January 2022
Amendments to Illustrative Examples accompanying MFRS 16 Leases (Annual Improvements to MFRS Standards 2018 - 2020)	1 January 2022
Amendments to MFRS 3 Business Combinations (Reference to the Conceptual Framework)	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment (Property, Plant and Equipment - Proceeds before intended use)	1 January 2022
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts - Cost of Fulfilling a Contract)	1 January 2022
Amendments to MFRS 101 Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements (Disclosure of Accounting Policies)	1 January 2023
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)	1 January 2023
Amendments to MFRS 10 Consolidated Financial Statements: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced
Amendments to MFRS 128 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

The revised MFRSs and amendments to MFRSs that are not yet effective are not expected to have a material impact on the Group and the Company in the current or future reporting periods.

In March 2019, IFRS Interpretations Committee ("IFRIC") published an agenda decision on borrowing costs confirming receivables, contract assets and inventories for which revenue is recognised over time are non-qualifying assets. On 20 March 2019, the Malaysian Accounting Standards Board ("MASB") decided that an entity shall apply the change in accounting policy as a result of the IFRIC Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020.

Based on initial impact assessment, the profit before tax from continuing operations for the current year and comparative period are expected to vary by a range of 2% to 5% respectively due to the expensing of finance costs of ongoing development projects, which was previously capitalised under property development costs. The Group has not reflected any adjustments arising from this initial impact assessment.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as 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 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 Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(ii) Potential voting rights held by the Company, other vote holders or other parties;
(iii) Rights arising from other contractual arrangements; and
(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until that date such control ceases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Basis of consolidation (cont'd.)

The cost of acquisition of a subsidiary consists of consideration transferred, and the amount of any non-controlling interests in the acquiree. The acquisition-related costs are recognised in profit or loss as incurred.

Any excess of the cost of business combination, as the case may be, over the net amount of the fair value of identifiable assets acquired and liabilities assumed is recognised as goodwill. Any excess in the Group's interest in the net fair value of the identifiable assets acquired and liabilities assumed over the cost of business combination is recognised immediately in profit or loss.

Profit or loss and each component of other comprehensive income are attributed to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Uniform accounting policies are adopted in the consolidated financial statements for similar transactions and other events in similar circumstances. In the preparation of the consolidated financial statements, the financial statements of all subsidiaries are adjusted for the material effects of dissimilar accounting policies. Intragroup assets and liabilities, equity, income, expenses, unrealised gains and losses resulting from intra-group transactions are eliminated in full on consolidation.

Non-controlling interests represent the equity in subsidiary companies not attributable, direct or indirectly, to the Group which consist of the amount of those non-controlling interests at the date of original combination, and the non-controlling interests' share of changes in the equity since the date of the combination.

Non-controlling interests are presented separately in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

2.5 Investment in subsidiaries

A subsidiary is an entity over which the Company controls and the Company has 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Investment in subsidiaries (cont'd.)

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

2.6 Investment in associates and joint ventures

An associate is an entity in 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 over those policies.

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

On acquisition of an investment in associate or joint venture, any excess of the cost of investment over the Group’s share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group’s share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group’s share of the associate’s or joint venture's profit or loss for the period in which the investment is acquired.

An associate or a joint venture is equity accounted for from the date on which the investee becomes an associate.

Under the equity method, on initial recognition, the investment in an associate or a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture after the date of acquisition. When the Group’s share of losses in the associate or joint venture equal or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate or joint venture are recognised in the Group’s financial statements only to the extent of unrelated investors’ interests in the associate or joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the associates and joint venture are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136: Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

In the Company’s separate financial statements, investments in associates and joint venture are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.7 Intangible assets

(a) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets acquired and liabilities assumed. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of annual impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

(b) Brand names

Brand names acquired in a business combination are recognised at fair value at the date of acquisition. Following initial recognition, brand names are carried at cost less any accumulated impairment losses. Brand names, which are considered to have indefinite useful lives, are not amortised but tested for impairment, annually or more frequently when indicators of impairment are identified. The useful lives of brand names are reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

(c) Student population

Student population acquired in a business combination are recognised at fair value at the date of acquisition. Following initial recognition, the acquired student population are carried at cost less accumulated amortisation and any accumulated impairment losses. The student population with finite lives are amortised on a straight-line basis over their economic lives of 11 years, and assessed for impairment whenever there is an indication that the student population may be impaired.

(d) Course development

All research costs and development costs are recognised as an expense when incurred, except for development cost that is part of the cost of a recognised asset, in which case, the cost is capitalised in that recognised asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.7 Intangible assets (cont'd.)

(d) Course development (cont'd.)

Following initial recognition, the development costs are carried at cost less accumulated amortisation and any accumulated impairment losses. Development costs considered to have finite lives are amortised on a straight-line basis over their economic lives of 5 to 10 years, and assessed for impairment whenever there is an indication that the development costs may be impaired.

2.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, 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, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Freehold buildings	50 years
Plant and equipment	10 years
Furniture and fittings	10 years
Motor vehicles	3 to 10 years

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value 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 property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.9 Leases

The Group and the Company assess 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.9 Leases (cont'd.)

(a) As lessee

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (i.e., the date the underlying asset is available for use). The cost of right-of-use assets are initially recognised as the amount of lease liabilities recognised adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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 asset, as follows:

Building	2 - 50 years
Other equipment	5 years

Long term leasehold land is depreciated over the remaining period of their respective leases, ranging from 50 to 99 years.

The right-of-use assets are also subject to impairment as disclosed in Note 2.15.

(ii) Lease liabilities

At the commencement date of the lease, the Group and the Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and the Company use its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.9 Leases (cont'd.)

(a) As lessee (cont'd.)

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

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

The Group and the Company have applied the amendment to MFRS 16 Leases (Covid-19 Related Rent Concessions) issued by MASB in June 2020. The amendment introduces an optional practical expedient that simplifies how a lessee accounts for rent concessions arising as a direct consequence of the Covid-19 pandemic.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.21(d).

When the assets are leased out under an operating lease, the assets are included in the statement of financial position based on the nature of the assets. Lease income is recognised over the term of the lease on a straight-line basis.

2.10 Disposal groups and non-current assets held for sale

The Group classifies disposal groups and non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Disposal groups and non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the disposal group or asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.11 Discontinued Operations

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

(a) represents a separate major line of business or geographical area of operations;
(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
(c) is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

The Group's education component is classified as discontinued operation as disclosed in Note 17. All other notes to the financial statements include amounts for continuing operations, unless otherwise indicated.

2.12 Inventories

(a) Property inventories

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realisable value.

Cost includes:
- Freehold and leasehold rights for land;
- Amounts paid to contractors for construction;
- Borrowing costs, planning and design costs, costs of site, preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs; and
- Non-refundable commission cost.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated costs of sales.

Property inventories under construction are referred to as property development costs and comprise the cost of land, direct building costs and a share of development costs common to the entire development project where applicable. Once sold, the cost of these inventories is transferred to contract cost assets and recognised in profit or loss as and when control passes to the respective customers.

Units of development properties completed and held for sale are stated at the lower of cost and net realisable value. Costs comprise costs of acquisition of land including all related costs incurred subsequent to the acquisition necessary to prepare the land for its intended use, related development costs to projects and direct building costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.12 Inventories (cont'd.)

(a) Property inventories (cont'd.)

Property inventories where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle are referred to as land held for development and classified within non-current assets. Generally no significant development work would have been undertaken on these lands other than infrastructure work, earth work and landscape work incurred to prepare the land for development and these inventory properties are stated at cost plus incidental expenditure incurred to put the land in a condition ready for development. These property inventories are classified to current assets (i.e. property development costs) at the point when active development project activities have commenced and when it can be demonstrated that the development activities can be completed within the normal operating cycle.

(b) Food and beverages

Inventories of food and beverages are stated at lower of cost and net realisable value. Food and beverages comprise purchase price and directly attributable costs of bringing the inventories to their present location and condition and the cost is determined by using weighted average cost method.

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

2.13 Contract cost assets

(a) Incremental costs of obtaining a contract

The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer which they would not have incurred if the contract had not been obtained. The incremental costs of obtaining a contract with a customer are recognised as contract cost assets when the Group expects those costs to be recoverable.

(b) Costs to fulfill a contract

The costs incurred in fulfilling a contract with a customer which are not within the scope of other MFRSs, such as MFRS 102: *Inventories*, MFRS 116: *Property, Plant and Equipment* or MFRS 138: *Intangible Assets*, are recognised as contract cost assets when all of the following criteria are met:

(i) the costs relate directly to a contract or to an anticipated contract that can be specifically identified;

(ii) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(iii) the costs are expected to be recovered.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.13 Contract cost assets (cont'd.)

(b) Costs to fulfill a contract (cont'd.)

Contract cost assets are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. The amortisation shall be updated subsequently to reflect any significant change to the expected timing of transfer to the customer of the goods or services to which the asset relates in accordance with MFRS 108: *Accounting Policies, Changes in Accounting Estimate and Errors*.

Impairment loss is recognised in profit or loss to the extent that the carrying amount of the contract cost assets exceeds:

(i) the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; less

(ii) the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

Before an impairment loss is recognised for contract cost assets, the Group shall recognise any impairment loss for assets related to the contract that are recognised in accordance with other MFRSs, such as MFRS 102, MFRS 116 and MFRS 138. The Group shall include the resulting carrying amount of the contract cost assets in the carrying amount of the cash-generating unit to which it belongs for the purpose of applying MFRS 136: *Impairment of Assets* to that cash-generating unit.

An impairment loss is reversed when the impairment conditions no longer exist or have improved. Such reversal is recognised in profit or loss.

2.14 Contract assets and contract liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. In the case of property development and construction contracts, contract asset is the excess of cumulative revenue earned over the billings to date. A contract asset is stated at cost less accumulated impairment.

A contract liability is the obligation to transfer goods and services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If the customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract. In the case of property development, construction and education contracts, contract liability is the excess of the billings to date over the cummulative revenue earned. Contract liabilities include downpayment received from customer and other deferred income where the Group have billed and collected the payment before the goods are delivered or services are provided to the customers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.15 Impairment of non-financial assets

The Group and the Company assess 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 fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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 unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

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. Impairment loss on goodwill is not reversed in a subsequent period.

2.16 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and measured at either amortised cost, fair value through other comprehensive income or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under MFRS 15.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.16 Financial instruments (cont'd.)

(a) Financial assets (cont'd.)

Initial recognition and measurement (cont'd.)

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are ‘solely payments of principal and interest (“SPPI”)’ on the principal amount outstanding. The assessment is referred to as the SPPI test and is performed at an instrument level.

The Group’s and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

Subsequent measurement

For the purpose of subsequent measurement, financial assets of the Group and of the Company are classified in three categories:

(i) Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group and the Company. The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group’s and Company’s financial assets at amortised cost include other investment in cumulative redeemable non-convertible preference shares ("CRNCPS"), cash and bank balances, trade receivables, other receivables and amounts due from subsidiaries.

(ii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.16 Financial instruments (cont'd.)

(a) Financial assets (cont'd.)

Subsequent measurement (cont'd.)

(ii) Financial assets at fair value through profit or loss (cont'd.)

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income ("OCI"), debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with the net changes in fair value recognised in the statements of profit or loss.

The Group's and the Company's financial assets at fair value through profit or loss include derivative instruments.

(iii) Financial assets at fair value through other comprehensive income (no recycling)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 132 *Financial Instruments*: *Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to income statement. Dividends are recognised as other income in the income statement when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its equity investments under this category.

(iv) Financial assets at fair value through other comprehensive income (with recycling) (debt instruments)

The Group and the Company measure debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.16 Financial instruments (cont'd.)

(a) Financial assets (cont'd.)

Subsequent measurement (cont'd.)

(iv) Financial assets at fair value through other comprehensive income (with recycling) (debt instruments) (cont'd.)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group and the Company have elected to classify its investments in debt instruments included in other investments in this category.

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 (i.e., removed from the Group’s consolidated statement of financial position) and the Company's statement of financial position when:

- The rights to receive cash flows from the asset have expired; or

- The Group and the Company have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group and the Company have transferred the rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.16 Financial instruments (cont'd.)

(a) Financial assets (cont'd.)

Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-months ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment (if any).

The Group and the Company consider a financial asset in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company’s financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, amounts due to subsidiaries and derivative instruments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.16 Financial instruments (cont'd.)

(b) Financial liabilities (cont'd.)

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and the Company that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gain or losses on liabilities held for trading are recognised in the statements of profit or loss.

The Group's and the Company's financial liabilities carried at fair value through profit or loss include derivative liabilities.

(ii) Financial liabilities at amortised cost

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

The Group's and the Company's financial liabilities at amortised cost include trade and other payables (other than derivative liability and provisions), loans and borrowings including bank overdrafts and amounts due to subsidiaries.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statements of profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.16 Financial instruments (cont'd.)

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of the financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.17 Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise cash at banks and on hand, deposits with licensed banks and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

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 or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

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 or the Company incurred in connection with the borrowing of funds.

2.19 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company 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.

2.20 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.21 Revenue and other income recognition

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

(a) Revenue from property development

The revenue from property development is measured at the fixed transaction price agreed under the sale and purchase agreement.

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

This is generally established when:

- The promised properties are specifically identified by its plot, lot and parcel number and its attributes (such as its size and location) in the sale and purchase agreements and the attached layout plan and the purchasers could enforce its rights to the promised properties if the Group seeks to sell the unit to another purchaser. The contractual restriction on the Group's ability to direct the promised residential property for another use is substantive and the promised properties sold to the purchasers do not have an alternative use to the Group; and

- The Group has the right to payment for performance completed to date and is entitled to continue to transfer to the customer the development units promised and has the rights to complete the construction of the properties and enforce its rights to full payment.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group recognises revenue over time using the input method, which is based on the actual cost incurred to date on the property development project as compared to the total budgeted cost for the respective development projects.

The Group recognises sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Group will collect the considerations to which it will be entitled to in exchange for the assets sold.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.21 Revenue and other income recognition (cont'd.)

(b) Revenue from construction contract

The Group recognises revenue from construction contract with customers.

The Group's contract with customers mainly contain one performance obligation where the Group is contracted to construct a specific asset for the customers.

The Group considers whether there are other promises in the contract with customers that are separate performance obligations. The Group typically only provides assurance type warranties to assure that the completed project complies with agreed-upon specifications of the contract and therefore, does not give rise to a separate performance obligation.

Where the outcome of a contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred, that is probable to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Transaction price comprises the initial amount of consideration agreed in the contract, variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

The Group's construction contracts contain penalty clauses (i.e. liquidated and ascertained damages) for late delivery. When it is probable that the construction contract will not be fulfilled on time, the penalty will be deducted from the contract transaction price.

Revenue from construction contract is recognised progressively based on percentage of completion method determined based on either input or output method. Output method is measured by reference to the proportion of physical completion based on technical milestones defined under the contracts and taking into account the nature of activities and its associated risks. Input method is measured based on the ratio of costs incurred to date to total estimated costs.

In determining the appropriate method for measuring progress, the Group shall consider the method that best depicts the Group's peformance in transferring control of goods or services promised to a customer.

Contract assets represent the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditioned on something other than the passage of time. Contract assets are subjected to impairment in accordance to MFRS 9: Financial Instruments. The contract assets of the Group comprise of amounts due from customers on contracts.

Contract liabilities represent the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. The contract liabilities of the Group comprise of amounts due to customers on contracts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.21 Revenue and other income recognition (cont'd.)

(c) Sale of goods

Sales are recognised upon delivery of goods, net of returns and trade discount. These includes sale of educational aids, books and other materials.

(d) Rental income

Rental income is recognised on a straight-line basis over the lease term.

(e) Interest income

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

(f) Dividend income

Dividend income is recognised when the right to receive payment is established.

(g) Membership fees

Revenue from annual membership fees is recognised on a straight-line basis over the term of the membership.

(h) Management fees

Management fees are recognised when services are rendered.

2.22 Current and non-current classification

The Group and the Company present assets and liabilities in statements of financial position based on current and non-current classification.

An asset is classified as current when it is:

(i) expected to be realised or intended to sold or consumed in normal operating cycle;
(ii) held primarily for the purpose of trading;
(iii) expected to be realised within 12 months after the reporting period; or
(iv) cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.22 Current and non-current classification (cont'd.)

A liability is classified as current when:

(i) it is expected to be settled in normal operating cycle;
(ii) it is held primarily for the purpose of trading;
(iii) it is due to be settled within 12 months after the reporting period; or
(iv) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

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

2.23 Taxes

(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 taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

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

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in 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 reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.23 Taxes (cont'd.)

(b) Deferred tax (cont'd.)

- 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 utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax 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 and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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

2.24 Employee benefits

(a) Short term benefits

Wages, 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 and of the Company. 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 and the Company make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension scheme are recognised as an expense in the period in which the related service is performed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.24 Employee benefits (cont'd.)

(c) Employee share scheme

Employees of the Group and of the Company receive remuneration in the form of shares as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the shares at the date on which the shares are granted, which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's and the Company's best estimate of the number of shares that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for shares that do not ultimately vest, except for shares where vesting is conditional upon a market condition or a non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the shares do not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group, the Company or the employee, this is accounted for as a cancellation.

In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation. The employee share reserve is transferred to retained earnings upon expiry of the shares. When the shares are vested, the employee share reserve is transferred to share capital if new shares are issued, or to treasury shares if the shares are satisfied by the reissuance of treasury shares.

2.25 Foreign currencies

(a) Functional and presentation currency

The individual financial statements of each company in the Group are measured using the currency of the primary economic environment in which the Company operates (“functional currency”). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company’s functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.25 Foreign currencies (cont'd.)

(b) Foreign currency transactions (cont'd.)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2.26 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2.27 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.28 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 45, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.29 Fair value measurement

The Group and the Company measure financial instruments such as derivative and certain non-financial assets such as other investments 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 and the Company.

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 and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

(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

(c) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.29 Fair value measurement (cont'd.)

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 management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Selection criteria of external valuers include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group's and the Company's external valuers, which valuation techniques and inputs to use for each case.

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 accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

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

The management and the Group's external valuers present the valuation results to the audit committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group and the Company have 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.

2.30 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Leasehold land and building are depreciated over the remaining period of their leases of 50 years.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Investment property under construction (''IPUC'') is measured at fair value (when the fair value is reliably determinable). When assessing whether the fair value of IPUC can be determined reliably the company considers, among other things:

(a) Is the asset being constructed in a developed liquid market?
(b) Has a construction contract with the contractor been signed?
(c) Have the required building and letting permits been obtained?
(d) What percentage of rentable area has been pre-leased to tenants?

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.30 Investment properties (cont'd.)

IPUC for which fair value cannot be determined reliably is measured at cost less impairment.

IPUC are not depreciated as these assets are not yet available for use.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

3.1 Critical judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(a) Classification between investment properties and property, plant and equipment

The Group and the Company have developed certain criteria based on MFRS 140: *Investment Property* in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group and the Company would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(b) Financial guarantee contracts

A financial guarantee contract is a contract that requires the guarantor to make specified payments to reimburse the holder of a guarantee for a loss it incurs because a specified guaranteed debtor fails to make payment when due. The Company initially recognised the financial guarantee contracts at its fair value, net of transaction costs. Subsequently, the financial guarantee contracts are measured at the higher of (i) the amount determined in accordance with MFRS 137: *Provisions, Contingent Liabilities and Contingent Assets*; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation in accordance with MFRS 115: *Revenue on Contracts with Customers*.

As at reporting date, no value is ascribed to the guarantee provided by the Company as the Directors regard the value of credit enhancement provided by these guarantees as minimal and the probability of default, based on historical track records of the parties receiving the guarantees, as remote.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

3.2 Key sources of estimation uncertainty

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

(a) Property development costs

The Group recognises property development revenue and costs in the income statement by using the stage of completion method. The stage of completion is determined by the proportion of property development costs incurred for work performed to date to the estimated total property development costs.

Significant estimate is required in determining the stage of completion, the extent of the construction or property development costs incurred, the estimated total construction revenue and costs, as well as the recoverability of the construction or property development projects. In making the estimate, the Group evaluates based on past experience and by relying on the work of specialists.

(b) Impairment of property, plant and equipment ("PPE") and investment properties ("IP")

The Group assesses whether there are any indicators of impairment for PPE and IP at each reporting date. PPE and IP are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

The Group carried out the impairment test based on the fair value less cost to sell the PPE and IP. Fair value is obtained from valuation reports performed by independent third party valuers based on best information available. Significant estimate is involved in deriving at the fair value as there are possible variations in the basis and assumptions used by the valuers. The details of the PPE and IP are disclosed in Note 12 and Note 16.

(c) Undiscounted potential future rental payments relating to extension options that are not included in the lease term

The Group has several lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group’s business needs. Significant estimate is involved in determining whether these extension options are reasonably certain to be exercised.

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension options that are not included in the lease term.

	Within five years RM'000	More than five years RM'000	Total RM'000
Extension options expected not to be exercised	384	3,218	3,602

4. REVENUE

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers				
Sale of completed properties	67,043	63,270	-	-
Sale of properties under construction	493,688	634,066	-	-
Construction contracts	20,846	-	-	-
Educational fees	-	767	-	-
Club membership fee	336	500	-	-
Interest income from advances to subsidiaries	-	-	28,451	27,822
Management fees from subsidiaries	-	-	12,937	16,570
	581,913	698,603	41,388	44,392
Other revenue				
Dividends from subsidiaries	-	-	-	104,467
Rental income on investment properties	11,649	7,371	-	-
	11,649	7,371	-	104,467
Total revenue	593,562	705,974	41,388	148,859
Timing of revenue recognition				
Goods transferred at a point in time	67,043	63,270	-	-
Goods and services over time	514,870	635,333	41,388	44,392
	581,913	698,603	41,388	44,392

5. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	44,408	50,581	11,696	14,708
Contributions to defined contribution plan	5,016	6,062	1,408	1,838
Share-based payment*	7,416	7,842	4,771	5,929
Other benefits	3,956	3,803	1,454	1,529
	60,796	68,288	19,329	24,004

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5. EMPLOYEE BENEFITS EXPENSE (CONT'D.)

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM8,616,000 (2019: RM10,616,000) and RM6,145,000 (2019: RM7,847,000) respectively.

* During the financial year, the Group granted up to 6,568,300 (2019: 5,399,900) shares to employees and executive directors of the Group under the long term incentive plan (''LTIP''), comprises the restricted share incentive plan and performance-based share incentive plan. Further details are disclosed in Note 36.

6. DIRECTORS' REMUNERATION

The details of the remuneration received/receivable by directors of the Group and the Company during the year are as follows:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
Executive:				
Salaries	4,335	3,810	2,535	2,562
Fees	255	210	255	210
Bonus and other benefits	2,872	5,692	2,476	4,465
Defined contribution plan	1,154	904	879	610
Executive directors' remuneration excluding benefits-in-kind	8,616	10,616	6,145	7,847
Estimated monetary value of benefits-in-kind	330	338	185	194
	8,946	10,954	6,330	8,041
Non-executive:				
Fees	567	597	542	597
Other emoluments	43	50	41	50
	610	647	583	647
Total	9,556	11,601	6,913	8,688
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration excluding benefits-in-kind (Note 5)	8,616	10,616	6,145	7,847
Total non-executive directors' remuneration excluding benefits-in-kind (Note 8)	610	647	583	647
Total directors' remuneration excluding benefits-in-kind	9,226	11,263	6,728	8,494

6. DIRECTORS' REMUNERATION (CONT'D.)

The details of the remuneration paid by the Group and the Company to each director who served during the financial years ended 31 December 2020 and 31 December 2019 are as follows:

	Salaries, bonus and EPF RM'000	Fees RM'000	Other emoluments* RM'000	Total RM'000
2020				
Directors of the Group				
Executive:				
Dato' Teo Chiang Quan	3,436	115	76	3,627
Chew Sun Teong	2,230	70	2,233	4,533
Benjamin Teo Jong Hian	493	70	223	786
	6,159	255	2,532	8,946
Non-executive:				
Fatimah Binti Merican	-	92	7	99
Datuk Seri Dr Yam Kong Choy	-	104	7	111
Ong Keng Siew	-	96	7	103
Quah Poh Keat	-	113	9	122
Foong Pik Yee	-	94	7	101
Faizah Binti Khairuddin	-	68	6	74
	-	567	43	610
Directors of the Company				
Executive:				
Dato' Teo Chiang Quan	1,554	115	58	1,727
Chew Sun Teong	2,230	70	2,233	4,533
Benjamin Teo Jong Hian	-	70	-	70
	3,784	255	2,291	6,330
Non-executive:				
Fatimah Binti Merican	-	92	7	99
Datuk Seri Dr Yam Kong Choy	-	104	7	111
Ong Keng Siew	-	96	7	103
Quah Poh Keat	-	113	9	122
Foong Pik Yee	-	94	7	101
Faizah Binti Khairuddin	-	43	4	47
	-	542	41	583

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6. DIRECTORS' REMUNERATION (CONT'D.)

The details of the remuneration paid by the Group and the Company to each director who served during the financial years ended 31 December 2020 and 31 December 2019 are as follows: (cont'd.)

	Salaries, bonus and EPF RM'000	Fees RM'000	Other emoluments* RM'000	Total RM'000
2019				
Directors of the Group				
Executive:				
Dato' Teo Chiang Quan	4,868	115	85	5,068
Chew Sun Teong	2,973	70	2,191	5,234
Benjamin Teo Jong Hian	431	25	196	652
	8,272	210	2,472	10,954
Non-executive:				
Fatimah Binti Merican	-	90	7	97
Dato' Rohana Tan Sri Mahmood	-	80	4	84
Datuk Seri Dr Yam Kong Choy	-	97	8	105
Tan Sri Foong Cheng Yuen	-	37	5	42
Ong Keng Siew	-	110	11	121
Quah Chek Tin	-	45	5	50
Quah Poh Keat	-	107	8	115
Foong Pik Yee	-	31	2	33
	-	597	50	647
Directors of the Company				
Executive:				
Dato' Teo Chiang Quan	2,600	115	67	2,782
Chew Sun Teong	2,973	70	2,191	5,234
Benjamin Teo Jong Hian	-	25	-	25
	5,573	210	2,258	8,041

6. DIRECTORS' REMUNERATION (CONT'D.)

The details of the remuneration paid by the Group and the Company to each director who served during the financial years ended 31 December 2020 and 31 December 2019 are as follows: (cont'd.)

	Salaries, bonus and EPF RM'000	Fees RM'000	Other emoluments* RM'000	Total RM'000
Non-executive:				
Fatimah Binti Merican	-	90	7	97
Dato' Rohana Tan Sri Mahmood	-	80	4	84
Datuk Seri Dr Yam Kong Choy	-	97	8	105
Tan Sri Foong Cheng Yuen	-	37	5	42
Ong Keng Siew	-	110	11	121
Quah Chek Tin	-	45	5	50
Quah Poh Keat	-	107	8	115
Foong Pik Yee	-	31	2	33
	-	597	50	647

* Included in other emoluments are allowances and benefits-in-kind

7. FINANCE COSTS

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Interest expense on:				
- Term loans	6,474	18,342	451	7,081
- Islamic Medium Term Notes (iMTN)	5,317	5,980	-	-
- Medium Term Notes	11,322	5,770	-	-
- Other borrowings	3,984	6,021	2,225	4,996
- Lease liabilities (Note 30)	942	880	189	227
- Advances from subsidiaries	-	-	-	142
	28,039	36,993	2,865	12,446
Less: Interest expense capitalised in:				
- Investment properties (Note 16)	(1,628)	(1,994)	-	-
- Land held for property development (Note 14(a))	(6,256)	(8,183)	-	-
- Property development costs (Note 14(b))	(83)	(687)	-	-
- Contract cost asset (Note 15(b))	(1,768)	(4,219)	-	-
	18,304	21,910	2,865	12,446

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8. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

Profit before tax from continuing operations are derived after charging/(crediting):

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Non-executive directors' remuneration (Note 6)	610	647	583	647
Auditors' remuneration - statutory audit	566	429	120	120
Lease expense relating to short-term leases	235	655	10	-
Lease expense relating to leases of low value assets	60	54	14	7
Direct operating expenses of investment properties	1,080	451	6	-
Impairment of investment properties (Note 16)	1,964	-	-	-
Impairment of right-of-use assets (Note 13)	708	1,457	-	-
Depreciation of:				
- property, plant and equipment (Note 12)	5,425	7,247	253	354
- right-of-use assets (Note 13)	4,248	3,919	867	867
- investment properties (Note 16)	8,505	8,105	15	15
Property, plant and equipment written off	392	205	-	9
Gain on disposal of property, plant and equipment	(380)	(111)	(160)	-
Gain on disposal of investment properties	(478)	-	-	-
(Gain)/loss on disposal of subsidiaries (Note 19)	-	-	(404,407)	12,314
Additions of allowance for impairment of receivables (Note 23)	8	118	-	-
Reversal of allowance for impairment of receivables (Note 23)	(118)	-	-	-
Impairment of investment in subsidiaries (Note 19)	-	-	-	7,238
Deemed distribution from a subsidiary	-	-	(5,000)	(19,337)
Accretion of investment income	-	-	(25,232)	(11,556)
Interest income from:				
- deposits with licensed banks	(5,597)	(2,557)	(3,550)	(202)
- advances to subsidiaries	-	-	(28,451)	(27,822)
Rental income	(1,748)	(710)	(14)	-
Net foreign exchange (gain)/loss:				
- realised	(15)	-	-	-
- unrealised	333	-	-	182
Net derivative gain on interest rate swaps	-	(10)	-	-

In the previous financial year, the Group recognised a net gain of RM10,000 arising from fair value changes of interest rate swaps. The fair value changes were attributable to changes in interest rate yield.

9. TAXATION

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
Malaysian income tax	28,997	40,670	2,325	1,946
Under/(over) provision in prior years	1,502	(1,393)	768	(34)
Real property gains tax	162	2,170	125	1,524
	30,661	41,447	3,218	3,436
Deferred tax (Note 33):				
Relating to origination and reversal of temporary differences	(10,678)	(6,188)	41	(48)
Under/(over) provision in prior years	239	(931)	(1)	(14)
	(10,439)	(7,119)	40	(62)
Taxation	20,222	34,328	3,258	3,374

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019: 24%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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9. TAXATION (CONT'D.)

A reconciliation of tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2020 and 2019 are as follows:

	2020 RM'000	2019 RM'000
Group		
Profit before tax from continuing operations	51,830	88,838
Profit before tax from discontinued operations (Note 17)	474,906	74,624
Total profit before tax	526,736	163,462
Taxation at Malaysian statutory tax rate of 24% (2019: 24%)	126,417	39,231
Effect of share of results of associates and a joint venture	(716)	(552)
Income not subject to tax	(108,621)	(3,081)
Effect of PDS's distribution deductible for tax purposes	(3,856)	(2,892)
Effect of income subject to real property gains tax	-	(1,860)
Expenses not deductible for tax purposes	8,601	15,964
Deferred tax assets recognised on temporary differences	(1,032)	(2,422)
Deferred tax assets not recognised in respect of unutilised tax losses and unabsorbed capital allowances	1,468	2,911
Under/(over) provision of deferred tax in prior years	239	(1,328)
Under/(over) provision of income tax in prior years	1,502	(1,499)
Taxation	24,002	44,472
Taxation reported in income statement	20,222	34,328
Taxation attributable to discontinued operations (Note 17)	3,780	10,144
	24,002	44,472

	2020 RM'000	2019 RM'000
Company		
Profit before tax	454,509	112,450
Taxation at Malaysian statutory tax rate of 24% (2019: 24%)	109,082	26,988
Income not subject to tax	(104,373)	(32,645)
Effect of PDS's distribution deductible for tax purposes	(3,856)	(2,892)
Effect of income subject to real property gains tax	-	(1,499)
Expenses not deductible for tax purposes	1,638	13,470
Overprovision of deferred tax in prior years	(1)	(14)
Under/(over) provision of current income tax in prior years	768	(34)
Taxation	3,258	3,374

10. EARNINGS PER SHARE

(a) Basic

	Group	
	2020	**2019**
Profit attributable to ordinary equity holders of the Company (RM'000)	486,661	104,049
Issued ordinary shares at beginning of the year ('000)	606,683	428,272
Effect of vesting of LTIP shares ('000)	6,468	4,227
Effect of bonus issue ('000)	-	173,338
Weighted average number of ordinary shares in issue ('000)	613,151	605,837
Basic earnings per share (sen)	79.37	17.17

(b) Diluted

For the purpose of calculating diluted earnings per share, the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of the dilutive instruments of the Group.

	Group	
	2020	**2019**
Profit attributable to ordinary equity holders of the Company (RM'000)	486,661	104,049
Weighted average number of ordinary shares in issue ('000)	613,151	605,837
Dilutive effect of shares issued under the LTIP ('000)	19,653	22,897
Adjusted weighted average number of ordinary shares ('000)	632,804	628,734
Diluted earnings per share (sen)	76.91	16.55

At the reporting date, the Company's warrants do not have dilutive effects to the Group's earnings per share as the warrants' exercise price is higher than the market price.

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11. DIVIDENDS

	Amount		Net dividends paid per ordinary share	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**Sen**	**Sen**
Recognised during the year:				
For the financial year ended 31 December 2020				
Single tier special interim dividend of 29.0 sen	178,189	-	29.00	-
For the financial year ended 31 December 2019				
Single tier interim dividend of 2.0 sen	-	12,133	-	2.00
Single tier final dividend of 4.5 sen	27,650	-	4.50	-
For the financial year ended 31 December 2018				
Single tier final dividend of 6.0 sen	-	26,001	-	6.00
	205,839	38,134	33.50	8.00

At the forthcoming Annual General Meeting, a single tier final dividend of 2.50 sen, in respect of the financial year ended 31 December 2020 on 619,198,366 ordinary shares, amounting to a dividend payable of RM15,479,959 will be proposed for shareholders' approval.

The financial statements for the current financial year do not reflect the proposed final dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as appropriation of retained earnings in the financial year ending 31 December 2021.

12. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings* RM'000	Plant, equipment, furniture, fixtures, fitting and motor vehicles RM'000	Total RM'000
Group			
Cost			
At 1 January 2019	632,378	133,143	765,521
Additions	60,740	19,685	80,425
Transfer to investment properties (Note 16)	(375,435)	(11,069)	(386,504)
Disposals	(4,548)	(852)	(5,400)
Write-off	-	(3,022)	(3,022)
Reclassified to held for sale (Note 17)	(287,869)	(97,480)	(385,349)
At 31 December 2019	25,266	40,405	65,671
Additions	124	8,385	8,509
Reclassifications	(4,214)	4,214	-
Disposals	-	(3,127)	(3,127)
Write-off	-	(1,467)	(1,467)
At 31 December 2020	21,176	48,410	69,586
Accumulated depreciation and impairment			
At 1 January 2019	41,185	91,464	132,649
Depreciation charge for the year (Notes 8 and 17)	4,326	7,320	11,646
Transfer to investment properties (Note 16)	(28,236)	(6,802)	(35,038)
Disposals	-	(505)	(505)
Write-off	-	(2,802)	(2,802)
Reclassified to held for sale (Note 17)	(14,196)	(69,018)	(83,214)
At 31 December 2019	3,079	19,657	22,736
Depreciation charge for the year (Note 8)	321	5,104	5,425
Reclassifications	(330)	330	-
Disposals	-	(2,144)	(2,144)
Write-off	-	(1,075)	(1,075)
At 31 December 2020	3,070	21,872	24,942
Net carrying amount			
At 31 December 2020	18,106	26,538	44,644
At 31 December 2019	22,187	20,748	42,935

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12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

*** Land and buildings**

	Freehold land RM'000	Freehold buildings RM'000	Capital work-in progress RM'000	Total RM'000
Group				
Cost				
At 1 January 2019	164,620	343,249	124,509	632,378
Additions	-	4,050	56,690	60,740
Transfer to investment properties (Note 16)	(40,203)	(214,033)	(121,199)	(375,435)
Disposal	(4,491)	-	(57)	(4,548)
Reclassified to asset held for sale (Note 17)	(115,493)	(112,433)	(59,943)	(287,869)
At 31 December 2019	4,433	20,833	-	25,266
Additions	-	-	124	124
Reclassifications	-	(4,821)	607	(4,214)
At 31 December 2020	4,433	16,012	731	21,176
Accumulated depreciation				
At 1 January 2019	-	41,185	-	41,185
Transfer to investment properties (Note 16)	-	(28,236)	-	(28,236)
Depreciation charge for the year	-	4,326	-	4,326
Reclassified to asset held for sale (Note 17)	-	(14,196)	-	(14,196)
At 31 December 2019	-	3,079	-	3,079
Depreciation charge for the year	-	321	-	321
Reclassifications	-	(330)	-	(330)
At 31 December 2020	-	3,070	-	3,070
Net carrying amount				
At 31 December 2020	4,433	12,942	731	18,106
At 31 December 2019	4,433	17,754	-	22,187

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Plant, equipment, furniture, fixtures, fitting and motor vehicles RM'000
Company	
Cost	
At 1 January 2019	4,199
Additions	40
Write-off	(11)
At 31 December 2019	4,228
Additions	472
Disposal	(614)
At 31 December 2020	4,086
Accumulated depreciation	
At 1 January 2019	3,149
Depreciation charge for the year (Note 8)	354
Write-off	(2)
At 31 December 2019	3,501
Depreciation charge for the year (Note 8)	253
Disposal	(614)
At 31 December 2020	3,140
Net carrying amount	
At 31 December 2020	946
At 31 December 2019	727

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13. RIGHT-OF-USE ASSETS

	Leasehold land and building RM'000	Office equipments RM'000	Building RM'000	Total RM'000
Group				
Cost				
At 1 January 2019	58,564	756	110,068	169,388
Additions during the year	-	234	44,317	44,551
Disposal of subsidiaries	-	-	(26,570)	(26,570)
Reclassified to held for sale (Note 17)	(58,564)	(990)	(102,298)	(161,852)
At 31 December 2019/At 1 January 2020	-	-	25,517	25,517
Additions during the year	-	-	1,246	1,246
At 31 December 2020	-	-	26,763	26,763
Accumulated depreciation				
At 1 January 2019	8,884	-	-	8,884
Depreciation charge for the year (Notes 8 and 17)	448	168	10,927	11,543
Impairment losses (Note 8)	-	-	1,457	1,457
Disposal of subsidiaries	-	-	(727)	(727)
Reclassified to held for sale (Note 17)	(9,332)	(168)	(6,364)	(15,864)
At 31 December 2019/At 1 January 2020	-	-	5,293	5,293
Depreciation charge for the year (Notes 8 and 17)	-	-	4,248	4,248
Impairment loss (Note 8)	-	-	708	708
At 31 December 2020	-	-	10,249	10,249
Net carrying amount				
At 31 December 2020	-	-	16,514	16,514
At 31 December 2019	-	-	20,224	20,224

During the current financial year, the Group has assessed the carrying amount of its right-of-use assets due to recent decline in the market rental yield. An impairment loss of RM708,000 (2019: RM1,457,000) based on value-in-use calculated using discounted cash flow projections was recognised in "other expenses" of the consolidated income statement.

13. RIGHT-OF-USE ASSETS (CONT'D.)

	Building RM'000
Company	
Cost	
At 1 January/31 December	5,133
Accumulated depreciation	
At 1 January 2019	-
Depreciation charge for the year (Note 8)	867
At 31 December 2019/1 January 2020	867
Depreciation charge for the year (Note 8)	867
At 31 December 2020	1,734
Net carrying amount	
At 31 December 2020	3,399
At 31 December 2019	4,266

14. INVENTORIES

	Group	
	2020 RM'000	2019 RM'000
Non-current		
At cost:		
Land held for property development (Note a)	993,664	873,440
Current		
At cost:		
- Property development costs (Note b)	150,215	126,698
At cost:		
- Completed properties	115,346	105,195
- Food and beverages	34	14
	115,380	105,209
Total current inventories	265,595	231,907
Total inventories	1,259,259	1,105,347

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM32,191,000 (2019: RM45,735,000).

14. INVENTORIES (CONT'D.)

(a) Land held for property development

	Group	
	2020	2019
	RM'000	RM'000
Freehold land		
At 1 January	615,284	443,019
Additions	224,927	190,947
Reclassification	(22,468)	-
Transfer from investment properties (Note 16)	-	33,000
Transfer to property development costs (Note b)	(99,501)	(51,682)
At 31 December	718,242	615,284
Leasehold land		
At 1 January	15,956	18,964
Reclassification	22,468	-
Transfer to property development costs (Note b)	(26,560)	(2,219)
Disposal	-	(789)
At 31 December	11,864	15,956
Development costs		
At 1 January	242,200	187,978
Costs incurred during the financial year	110,324	74,187
Transfer from investment properties (Note 16)	-	22,242
Transfer to property development costs (Note b)	(88,966)	(41,915)
Disposal	-	(292)
At 31 December	263,558	242,200
Carrying amount at 31 December	993,664	873,440

The freehold land held for property development with carrying value of RM751,947,000 (2019: RM445,695,000) has been pledged as security for borrowings as disclosed in Note 29.

The Group's land held for property development include borrowing costs arising from borrowings drawdown specifically for the purpose of the development and construction of the projects. During the financial year, the borrowing costs capitalised under land held for property development amounted to RM6,256,000 (2019: RM8,183,000).

14. INVENTORIES (CONT'D.)

(b) Property development costs, at cost

	Group	
	2020	2019
	RM'000	RM'000
Property development costs as at 1 January:		
Freehold land	15,768	42,310
Development costs	110,930	188,595
	126,698	230,905
Cost incurred during the year:		
Development costs	37,893	73,653
Transfer from land held for property development (Note a)		
Freehold land	99,501	51,682
Leasehold land	26,560	2,219
Development costs	88,966	41,915
At 31 December	215,027	95,816
To contract cost assets (Note 15(b))		
Freehold land	(93,447)	(55,494)
Leasehold land	(5,947)	-
Development costs	(92,112)	(93,416)
	(191,506)	(148,910)
To inventory - completed properties		
Freehold land	(5,674)	(24,947)
Development costs	(32,223)	(99,819)
	(37,897)	(124,766)
Property development costs at 31 December	150,215	126,698

The Group's property development costs include borrowing costs arising from borrowings drawdown specifically for the purpose of the development and construction of the projects. During the financial year, the borrowing costs capitalised under property development costs amounted to RM83,000 (2019: RM687,000).

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15. CONTRACT COST ASSETS

	Group	
	2020	**2019**
	RM'000	**RM'000**
Costs to obtain contracts with customers (Note a)	20,357	14,823
Costs to fulfill contract with customers (Note b)	96,684	49,834
	117,041	64,657

(a) Costs to obtain contracts with customers

	2020	2019
	RM'000	**RM'000**
At 1 January	14,823	17,839
Additions	16,124	11,309
Amortisation	(10,590)	(14,325)
At 31 December	20,357	14,823

15. CONTRACT COST ASSETS (CONT'D.)

(b) Costs to fulfill contracts with customers

	2020 RM'000	2019 RM'000
Property development activities:		
At cost:		
At 1 January		
Freehold land	139,500	124,079
Development costs	322,905	321,895
	462,405	445,974
Costs incurred during the financial year:		
Development costs	233,203	267,547
Transferred during the financial year from property development costs (Note 14(b))		
Freehold land	93,447	55,494
Leasehold land	5,947	-
Development costs	92,112	93,416
	191,506	148,910
Costs eliminated during the financial year due to completion of project:		
Freehold land	(70,996)	(40,073)
Development costs	(464,014)	(359,953)
	(535,010)	(400,026)
At 31 December	352,104	462,405
Costs recognised in profit or loss:		
At 1 January	(412,571)	(397,053)
Recognised during the financial year	(377,859)	(415,544)
Eliminated during the financial year due to completion of project	535,010	400,026
At 31 December	(255,420)	(412,571)
Carrying amount as at 31 December	96,684	49,834

The Group's contract cost assets include borrowing costs arising from borrowings drawdown specifically for the purpose of the development and construction of the projects. During the financial year, the borrowing costs capitalised under contract cost assets amounted to RM1,768,000 (2019: RM4,219,000).

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16. INVESTMENT PROPERTIES

	Buildings RM'000	Freehold land RM'000	Investment proerties under construction RM'000	Total RM'000
Group				
Cost				
At 1 January 2019	98,978	9,271	102,962	211,211
Additions	2,952	-	17,539	20,491
Transfer from property, plant and equipment (Note 12)	346,301	40,203	-	386,504
Transfer to land held for property development (Note 14)	-	-	(55,242)	(55,242)
At 31 December 2019/1 January 2020	448,231	49,474	65,259	562,964
Additions	1,287	-	12,692	13,979
Impairment losses (Note 8)	(1,964)	-	-	(1,964)
Disposal	(110)	(1,028)	-	(1,138)
At 31 December 2020	447,444	48,446	77,951	573,841
Accumulated depreciation				
At 1 January 2019	5,195	-	-	5,195
Transfer from property, plant and equipment (Note 12)	35,038	-	-	35,038
Depreciation charge for the year (Note 8)	8,105	-	-	8,105
At 31 December 2019/1 January 2020	48,338	-	-	48,338
Depreciation charge for the year (Note 8)	8,505	-	-	8,505
Disposal	(16)	-	-	(16)
At 31 December 2020	56,827	-	-	56,827
Net carrying amount				
At 31 December 2020	390,617	48,446	77,951	517,014
At 31 December 2019	399,893	49,474	65,259	514,626

16. INVESTMENT PROPERTIES (CONT'D.)

	Building RM'000
Company	
Cost	
At 1 January 2019/31 December 2019	
At 1 January 2020/31 December 2020	750
Accumulated depreciation	
At 1 January 2019	135
Depreciation charge for the year (Note 8)	15
At 31 December 2019/1 January 2020	150
Depreciation charge for the year (Note 8)	15
At 31 December 2020	165
Net carrying amount	
At 31 December 2020	585
At 31 December 2019	600

The freehold land and buildings of the Group with carrying value of RM467,821,000 (2019: RM464,473,000) has been pledged as security for borrowings as disclosed in Note 29.

During the financial year, the Group has conducted a review of the recoverable amounts of its investment properties and the review has led to the recognition of impairment losses of RM1,964,000, included in "other expenses" of the consolidated income statement. The recoverable amounts are determined based on fair value less cost to sell.

The fair value of the investment properties of the Group and of the Company were estimated based on valuation performed by independent third party valuers. Details of the fair value, valuation techniques and inputs used are disclosed in Note 42.

The Group's investment properties under construction include borrowing costs arising from borrowings drawndown specifically for the purpose of the construction of the investment properties. During the financial year, the borrowing costs capitalised amounted to RM1,628,000 (2019: RM1,994,000). The Group ceased to capitalise the borrowing costs upon substantial completion of the construction of the investment properties.

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17. ASSETS OF DISPOSAL GROUP/NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Included in disposal group classified as held for sale on the statements of financial position of the Group and the Company as at previous reporting date were the following:

Group

In the previous financial year, the assets and liabilities of the disposal group classified as held for sale comprise the assets and liabilities of subsidiary companies, namely Sri KDU Sdn. Bhd. ("SKDU"), Sri KDU Klang Sdn. Bhd. (formerly known as Paramount Education (Klang) Sdn. Bhd.) ("SKDUK"), Paramount Education Sdn. Bhd. ("PESB") and R.E.A.L. Education Group Sdn. Bhd. ("REAL Education"). The disposal was completed during the year. Details of the disposal are disclosed in Note 19.

The Group's interests in these disposal group held for sale have been valued at lower of carrying amount and fair value less cost to sell.

Company

In the previous financial year, the non-current assets held for sale comprise the carrying amounts of investment in subsidiaries, SKDU, SKDUK, PESB and REAL Education of RM132,939,000 as disclosed in Note 19. The disposal was completed during the year.

	Group RM'000	Company RM'000
Carrying amount		
At 1 January 2019	34,578	38,430
Disposals	(34,578)	(38,430)
Assets reclassified to held for sale	664,478	132,939
Liabilities reclassified to held for sale	(373,235)	-
At 31 December 2019/1 January 2020	291,243	132,939
Disposals	(291,243)	(132,939)
At 31 December 2020	-	-

17. ASSETS OF DISPOSAL GROUP/NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (CONT'D.)

Following the classification of SKDU, SKDUK, PESB and REAL Education as disposal group classified as held for sale, the financial results of these entities have been reclassified as discontinued operations.

In presenting the discontinued operations, the Group continues to apply MFRS10: *Consolidated financial statements* which requires elimination of the intra-group transactions.

(i) The results of the discontinued operations, net of related eliminations are presented below:

	2020 RM'000	2019 RM'000
Consolidated income statement:		
Revenue	34,200	249,906
Other income	1,100	17,328
Gain on disposal of disposal group constituting discontinued operations	462,663	25,412
Employee benefits expense	(15,345)	(121,058)
Depreciation and amortisation	-	(19,046)
Other expenses	(6,330)	(63,487)
Finance costs	(1,382)	(14,431)
Profit before tax from discontinued operations	474,906	74,624
Taxation	(3,780)	(10,144)
Profit after tax from discontinued operations	471,126	64,480

Included in employee benefits expense of the discontinued operation in the prior year were executive and non-executive directors' remuneration receivable/received by directors of the Company amounting to RM262,000 and RM8,000 respectively.

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17. ASSETS OF DISPOSAL GROUP/NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (CONT'D.)

(i) The results of the discontinued operations, net of related eliminations were presented below: (cont'd.)

Profit before tax from discontinued operations:

Profit before tax from discontinued operations are derived after charging/(crediting):

	2020 RM'000	2019 RM'000
Auditors' remuneration		
- statutory audit	9	216
Lease expense relating to short-term leases	134	323
Lease expense relating to leases of low value assets	76	908
Depreciation of:		
- property, plant and equipment (Note 12)	-	4,399
- right-of-use assets (Note 13)	-	7,624
Amortisation of intangible assets (Note 18)	-	870
Property, plant and equipment written off	5	15
Gain on disposal of subsidiaries (Note 19)	(462,663)	(25,412)
Additions of allowance for impairment of receivables (Note 23)	160	757
Reversal of allowance for impairment of receivables (Note 23)	-	(656)
Bad debts written off	75	380
Interest income from deposits with licensed banks	(162)	(633)
Rental income	(171)	(4,269)
Net foreign exchange loss/(gain):		
- realised	-	(641)
- unrealised	-	115

17. ASSETS OF DISPOSAL GROUP/NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (CONT'D.)

(ii) Details of assets and liabilities classified as disposal groups and non-current assets held for sale were as follows:

	Group 2019 RM'000	Company 2019 RM'000
Assets		
Property, plant and equipment (Note 12)	302,135	-
Right-of-use assets (Note 13)	145,988	-
Intangible asset (Note 18)	146,616	-
Investment in associate	14	-
Other investments	88	-
Deferred tax assets	11,044	-
Inventories	2,299	-
Trade and other receivables	4,897	-
Other current assets	1,518	-
Tax recoverable	3,428	-
Cash and bank balances	46,451	-
Assets of disposal groups classified as held for sale	664,478	-
Investment in subsidiary companies (Note 19)	-	132,939
Assets of disposal group/Non-current assets classified held for sale	664,478	132,939
Liabilities		
Deferred tax liabilities	40,611	-
Borrowings	127,452	-
Lease liabilities (Note 30)	93,657	-
Other payables	49,002	-
Other current liabilities	62,325	-
Tax payable	188	-
Liabilities of disposal groups classified as held for sale	373,235	-

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17. ASSETS OF DISPOSAL GROUP/NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (CONT'D.)

(iii) The net cashflow incurred by discontinued operations are as follows:

	2020 RM'000	2019 RM'000
Operating activities	(5,600)	60,413
Investing activities	(6,875)	(45,686)
Financing activities	8,214	23,918
Net cash inflow from discontinued operations	(4,261)	38,645

18. INTANGIBLE ASSETS

Group

	Goodwill RM'000	Brand names RM'000	Student population RM'000	Course development RM'000	Total RM'000
At 1 January 2019	58,239	73,863	15,040	307	147,449
Addition	-	-	-	37	37
Amortisation for the year (Note 17)	-	-	(813)	(57)	(870)
Reclassified to held for sale (Note 17)	(58,239)	(73,863)	(14,227)	(287)	(146,616)
At 31 December 2019/1 January 2020/31 December 2020	-	-	-	-	-

19. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020	2019
	RM'000	RM'000
Unquoted shares, at cost	229,650	409,900
Investment in Non-cumulative Redeemable Convertible Preference Shares ("NCRCPS")	317,690	295,050
Less: Accumulated impairment losses	(92,422)	(92,422)
Less: Reclassified to non-current assets held for sale (Note 17)	-	(132,939)
	454,918	479,589

The salient terms of the NCRCPS subscribed by the Company are summarised below:

(i) Preferential non-cumulative dividends are payable at a rate to be mutually agreed and are payable on a date determined by the issuer subject to availability of profits.

(ii) The NCRCPS are redeemable at the issuer’s option at any time out of profits or out of fresh issue of shares.

(iii) The NCRCPS are convertible at the issuer's option at any time into ordinary shares in the issuer at a conversion rate to be determined by the issuer.

In the previous financial year, the Company performed an impairment review of its investments in certain subsidiaries, where the carrying amount of investments exceeded its share of net assets in the respective subsidiary companies at the reporting date. The review gave rise to the recognition of an impairment loss of investment in subsidiaries of RM7,238,000 as disclosed in Note 8.

In the previous financial year, the unquoted shares held by the Company with carrying value of RM192,000,000 had been pledged as security for term loan as disclosed in Note 29.

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19. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Details of the subsidiaries as at 31 December 2020 and 2019 are as follows:

Name of subsidiaries	Effective interest 2020 %	Effective interest 2019 %	Share capital '000	Principal activities
Incorporated in Malaysia				
Berkeley Sdn. Bhd.	100	100	RM5,000	Property development
Berkeley Maju Sdn. Bhd.	100	100	RM5,000	Property investment
Paramount Engineering & Construction Sdn. Bhd.	100	100	RM5,000	In the process of winding up
Paramount Construction Sdn. Bhd.	100	100	RM5,000	Building and engineering contractor
Paramount Property Construction Sdn. Bhd.	100	100	RM5,000	Building and engineering contractor
Seleksi Megah Sdn. Bhd.	100	100	RM5,000	In the process of winding up
Paramount Property (Sekitar 26 Enterprise) Sdn. Bhd.	100	100	RM5,000	Property development
Janahasil Sdn. Bhd.	100	100	RM5,000	Property investment
Sri KDU Sdn. Bhd. @	-	100	RM2,250	Educational services
Paramount Property Holdings Sdn. Bhd.	100	100	RM10,000	Investment holding ^
Paramount Property (Utara) Sdn. Bhd.	100	100	RM5,000	Property development
Kelab Bandar Laguna Merbok Sdn. Bhd.	100	100	*	Operator of club house
Paramount Utropolis Retail Sdn. Bhd.	100	100	RM5,000	Property investment and management
Paramount Holdings Sdn. Bhd. (formerly known as KDU Management Development Centre Sdn. Bhd.)	100	100	RM10,000	Management of educational services ^
Paramount Property Development Sdn. Bhd.	100	100	RM5,000	Property development
Jasarim Bina Sdn. Bhd.	100	100	RM5,000	Property investment ^
Broad Projects Sdn. Bhd.	100	100	RM5,000	Investment holding and car park operator
Paramount Property (Glenmarie) Sdn. Bhd.	100	100	RM5,000	Property development
Paramount Property (Cjaya) Sdn. Bhd.	100	100	RM5,000	Property development
Utropolis Sdn. Bhd.	100	100	RM1	Other business support service activities ^
Paramount Property (PG) Sdn. Bhd.	100	100	RM5,000	Property development
Carp Legacy Sdn. Bhd.	100	100	RM5,000	Investment holding and car park operator
Paramount Property (PW) Sdn. Bhd.	100	100	RM5,000	Property development and investment holding
Paramount Construction (PG) Sdn. Bhd.	100	100	RM5,000	Building and engineering contractor
Paramount Property (Sepang) Sdn. Bhd.	100	100	RM5,000	Property development
Sri KDU Klang Sdn. Bhd. (formerly known as Paramount Education (Klang) Sdn. Bhd.) @	-	100	RM1,000	Educational services
Paramount Coworking Sdn. Bhd.	100	100	RM5,000	Providing coworking spaces and incubator-related services

19. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Details of the subsidiaries as at 31 December 2020 and 2019 are as follows: (cont'd.)

Name of subsidiaries	Effective interest 2020 %	Effective interest 2019 %	Share capital '000	Principal activities
Incorporated in Malaysia				
Paramount Property (Lakeside) Sdn. Bhd.	99	99	RM4,500	Property development
Paramount Education Sdn. Bhd. @	-	100	RM187,000	Investment holding
Aneka Sepakat Sdn. Bhd.	100	100	RM5,000	Property development
Paramount Capital Resources Sdn. Bhd.	100	100	RM5,000	In house treasury management
Paramount Greencity Sdn. Bhd.	100	100	RM5,000	Property investment
Magna Intelligent Sdn. Bhd.	100	100	RM1,000	Investment holding
Paramount Property (Seaview) Sdn. Bhd.	100	100	****	Property development ^
Paramount Property (Cityview) Sdn. Bhd.	100	100	RM5,000	Property development
Paramount FoodPrint Sdn. Bhd.	100	100	RM5,000	Provision of food & beverage services
Paramount Global Sdn. Bhd.	100	100	RM18,100	Investment holding
Paramount Globalcom Sdn. Bhd.	100	-	***	Investment holding
Gardens of Hope Sdn. Bhd.	70	-	RM3,200	Providing coworking spaces and incubator-related services
R.E.A.L. Education Group Sdn. Bhd. @	-	66	RM10,813	Educational services
R.E.A.L. Kids (Ampang) Sdn. Bhd. @	-	66	RM200	Educational services
R.E.A.L. Education Corporation Sdn. Bhd. @	-	66	RM350	Educational services
Cambridge Education For Life Sdn. Bhd. @	-	53	RM1,000	Educational services
R.E.A.L. Education International Sdn. Bhd. @	-	66	RM1,500	Educational services ^
Cambridge Children's House Sdn. Bhd. @	-	66	*	Educational services ^
Cambridge English For Life Sdn. Bhd. @	-	53	RM100	Educational services
Incorporated in Australia				
Paramount Global Investments Pty. Ltd. #	100	100	**	Investment holding
Paramount Investments & Properties Pty. Ltd. #	100	100	**	Investment holding

* Share capital of RM2
** Share capital of AUD2
*** Share capital of RM100
**** Share capital of RM1
AUD Represents currency denoted in Australian Dollars
Subsidiaries not audited in accordance with requirements of respective countries
@ Subsidiaries disposed during the year, with remaining equity interest accounted for as investment in associates (Note 20)
^ Subsidiaries are inactive as of reporting date

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19. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

19.1 Acquisition or incorporation of subsidiaries

(i) On 4 March 2020, the Company incorporated Paramount Globalcom Sdn. Bhd. ("PGcom") with a share capital of RM100, represented by 100 ordinary shares.

(ii) On 11 March 2020, PGcom incorporated Gardens of Hope Sdn. Bhd. with a share capital of RM100, represented by 100 ordinary shares. PGcom has 70% equity interest in Gardens of Hope Sdn. Bhd.

19.2 Disposal of subsidiary companies

On 20 February 2020, the Company completed the disposal of the Company's controlling equity interest in SKDU, SKDUK, PESB and REAL Education (collectively referred to as "disposal group") to Prestigion Education Sdn. Bhd. Consequently, the Company retained 20% equity interest in SKDUK, SKDU, REAL Education and a 30.3% equity interest in PESB.

The carrying amount of the assets and liabilities of the subsidiaries at the date of disposal were as follow:

Group	RM'000
Non-current assets	615,201
- Property, plant and equipment	358,693
- Right-of-use assets	98,790
- Intangible asset	146,604
- Other investment	88
- Deferred tax assets	11,026
Current assets	68,892
- Inventories	1,652
- Trade and other receivables	7,403
- Tax recoverable	3,016
- Other current assets	1,778
- Cash and bank balances	55,043

19. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

19.2 Disposal of subsidiary companies (cont'd.)

	RM'000
Non-current liabilities	(253,967)
- Borrowings	(131,402)
- Lease liabilities	(81,972)
- Deferred tax liabilities	(40,593)
Current liabilities	(127,650)
- Borrowings	(8,352)
- Lease liabilities	(10,851)
- Trade and other payables	(52,797)
- Other current liabilities	(55,464)
- Tax payables	(186)
Net assets disposed	302,476
Non-controlling interest	(74,217)
Fair value of remaining equity interest retained	(153,576)
Gain on disposal (Note 8)	462,663
Proceeds on disposal - net	537,346
Proceeds satisfied by cash	569,199
Transaction cost	(31,853)
Cash and cash equivalent of subsidiaries disposed	(55,043)
Net cash inflow from disposal of subsidiaries	482,303

Company	RM'000
Investment in subsidiaries, net of impairment (Note 17)	132,939
Gain on disposal (Note 8)	404,407
Proceeds on disposal - net	537,346

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19. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

19.3 Subsidiaries with non-controlling interest

The equity interests held by non-controlling interest are as follows:

	Equity interests held by non-controlling interest	
	2020	2019
	%	%
REAL Education @	-	34
Paramount Property (Lakeside) Sdn. Bhd.	1	1
Gardens of Hope Sdn. Bhd.	30	-

@ Subsidiaries disposed during the year, with remaining equity interest accounted for as investment in associates (Note 20).

Summarised financial information (before inter-company elimination) of the subsidiaries which have non-controlling interests has not been presented as the non-controlling intersts of the subsidiaries are individually not material to the Group.

20. INVESTMENTS IN ASSOCIATES

(i) On 22 January 2020, Paramount Global Sdn. Bhd., a wholly-owned subsidiary of the Company, has entered into a Share Purchase Agreement with Navarang Asset Co. Ltd. for the acquisition of a 49% equity interest in Navarang Charoennakhon Company Limited ("NCCL") for total purchase consideration RM8,437,800.

(ii) Effective 20 February 2020, upon completion of the disposal of the Group's controlling interest in disposal group, the companies became the Group's associates. The Group has accounted for the share of results and net assets of the disposal group using the equity method from 20 February 2020.

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	190,970	28,956	76,437	19,126
Share of post-acquisition reserves	1,648	286	-	-
	192,618	29,242	76,437	19,126

20. INVESTMENTS IN ASSOCIATES (CONT'D.)

The summarised financial information of material associates, SKDU, UOW Malaysia KDU University College Sdn. Bhd. ("KDUUC") and UOW Malaysia KDU Penang University College Sdn. Bhd. ("KDUPG"), not adjusted for the proportion of ownership interest held by the Group, are as follows:

	SKDU RM'000	KDUUC RM'000	KDUPG RM'000
Group			
2020			
Assets and liabilities			
Total assets	166,911	64,915	16,791
Total liabilities	(118,847)	(42,761)	(10,816)
Results			
Revenue	68,546	48,810	25,875
Profit after tax, representing total comprehensive income for the period/ year	3,264	2,074	423
Group			
2019			
Assets and liabilities			
Total assets	-	67,932	25,420
Total liabilities	-	(51,473)	(20,654)
Results			
Revenue	-	16,184	10,375
Profit after tax, representing total comprehensive income for the period	-	2,021	5,422

During the year, the share of post-acquisition reserves includes the effect of foreign currency translation gain of RM258,000 (2019: foreign currency translation loss of RM171,000).

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20. INVESTMENTS IN ASSOCIATES (CONT'D.)

Reconciliation of net assets to carrying amount as at 31 December:

	SKDU RM'000	KDUUC RM'000	KDUPG RM'000	Total RM'000
Group				
2020				
Net assets	48,064	22,154	5,975	
Interest in associates	20%	35%	35%	
Group's share of net assets	9,613	7,754	2,091	19,458
Goodwill	86,065	894	12,261	99,220
Carrying amount of investment in associates	95,678	8,648	14,352	118,678
Group				
2019				
Net assets	-	16,459	4,766	
Interest in associates	-	35%	35%	
Group's share of net assets	-	5,761	1,668	7,429
Goodwill	-	894	12,261	13,155
Carrying amount of investment in associates	-	6,655	13,929	20,584

Aggregate information of associated companies that are not individually material:

	Group 2020 RM'000	Group 2019 RM'000
The Group's share of loss for the financial period/year	(2,757)	(200)
The Group's share of total comprehensive income for the financial period/year	(2,757)	(200)
Aggregate carrying amount of the Group's interests in these associated companies	73,940	8,658

20. INVESTMENTS IN ASSOCIATES (CONT'D.)

Details of the associates are as follows:

Name of associates	Effective Interest 2020 %	Effective Interest 2019 %	Share capital '000	Principal activities
Incorporated in Malaysia				
Sri KDU Sdn. Bhd.	20	-	RM2,250	Educational services
Sri KDU Klang Sdn. Bhd.	20	-	RM1,000	Educational services
Paramount Education Sdn. Bhd.	30.3	-	RM187,000	Investment holding
R.E.A.L. Education Group Sdn. Bhd.	20	-	RM10,813	Educational services
R.E.A.L. Kids (Ampang) Sdn. Bhd.	20	-	RM200	Educational services
R.E.A.L. Education Corporation Sdn. Bhd.	20	-	RM350	Educational services
Cambridge Education For Life Sdn. Bhd.	20	-	RM1,000	Educational services
R.E.A.L. Education International Sdn. Bhd.	20	-	RM1,500	Educational services
Cambridge Children's House Sdn. Bhd.	20	-	*	Educational services
Cambridge English For Life Sdn. Bhd.	20	-	RM100	Educational services
UOW Malaysia KDU University College Sdn. Bhd.	35	35	RM15,000	Educational services
UOW Malaysia KDU Penang University College Sdn. Bhd.	35	35	RM15,000	Educational services
Incorporated in Australia				
VIP Paramount Pty. Ltd.	50	50	**	Trustee
VIP Paramount Unit Trust	50	50	AUD6,000	Trustee ^

* Share capital of RM2
** Share capital of AUD2
AUD Represents currency denoted in Australian Dollars
^ Associate is inactive as of reporting date

Name of associates	Effective Interest 2020 %	Effective Interest 2019 %	Share capital '000	Principal activities
Incorporated in Thailand				
Navarang Charoennakhon Company Limited	49	-	THB100,000	Property development

THB Represents currency denoted in Thailand Baht

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21. INVESTMENT IN A JOINT VENTURE

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	1,347	450	1,347	450
Share of post-acquisition reserves	(237)	(215)	-	-
	1,110	235	1,347	450

On 24 September 2020, the Company subscribed for 897,000 ordinary shares and 12,034,000 redeemable non-cumulative non-convertible preference shares, respectively, in Super Ace Resources Sdn. Bhd. ("SAR") for a total consideration of RM12,931,000. As a result, the Company's shareholding in SAR was increased to 71%. In accordance to the Joint Venture Agreement, the Group continues to account SAR as a joint venture.

The summarised financial information of a joint venture, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	2020	2019
Assets and liabilities	RM'000	RM'000
Total assets	61,721	42,769
Total liabilities	(51,996)	(40,595)
Results		
Revenue	-	-
Loss for the year	(174)	(145)

Reconciliation of net assets to carrying amount as at 31 December:

	2020	2019
	RM'000	RM'000
Net assets	9,725	2,174
Interest in joint venture	71%	45%
Group's share of net assets	6,905	978
Add: Intragroup adjustments	(5,795)	(743)
Carrying amount of investment in joint venture	1,110	235

21. INVESTMENT IN A JOINT VENTURE (CONT'D.)

Details of the joint venture are as follows:

Name of joint venture	Effective Interest 2020 %	2019 %	Share capital '000	Principal activities
Incorporated in Malaysia				
Super Ace Resources Sdn. Bhd.	71	45	RM1,897	Hotels and Resort Hotels

22. OTHER INVESTMENTS

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Non-current:				
At fair value:				
Quoted investment:				
Ordinary shares outside Malaysia	7,947	5,061	-	-
Unquoted investments:				
Redeemable non-cumulative non-convertible preference shares ("RNCNCPS")	16,993	4,959	16,993	4,959
Club memberships	137	192	110	165
At amortised cost:				
Unquoted investments:				
Cumulative redeemable non-convertible preference shares ("CRNCPS")	-	-	162,788	137,556
	25,077	10,212	179,891	142,680

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23. TRADE RECEIVABLES

	Group	
	2020	2019
	RM'000	RM'000
Third parties	87,400	90,985
Stakeholders' sum	49,023	50,824
	136,423	141,809
Less: Allowance for impairment	(8)	(118)
Trade receivables, net	136,415	141,691

Trade receivables are non-interest bearing and are generally on 14 to 60 days (2019: 14 to 60 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

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

	Group	
	2020	2019
	RM'000	RM'000
Neither past due nor impaired	56,670	68,687
1 to 30 days past due not impaired	32,844	27,381
31 to 60 days past due not impaired	8,286	11,901
61 to 90 days past due not impaired	9,357	14,223
91 to 120 days past due not impaired	18,831	11,815
More than 121 days past due not impaired	10,427	7,684
	79,745	73,004
Impaired	8	118
	136,423	141,809

Receivables that are neither past due nor impaired

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

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The receivables that are past due but not impaired amounted to RM79,745,000 (2019: RM73,004,000). There is no concern on the credit worthiness of the counter parties and the recoverability of these debts.

23. TRADE RECEIVABLES (CONT'D.)

Receivables that are impaired

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

	Group	
	2020	2019
	RM'000	RM'000
Trade receivables - nominal amount	8	118
Less: Allowance for impairment (Note 8)	(8)	(118)
	-	-

Movement in allowance accounts:

	Group	
	2020	2019
	RM'000	RM'000
At 1 January	118	367
Addition during the year (Notes 8 and 17)	168	875
Reversal for the year (Notes 8 and 17)	(118)	(656)
Written off during the year	-	(251)
Transferred to held for sale	(160)	(217)
At 31 December	8	118

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

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24. OTHER RECEIVABLES

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Deposits	16,642	16,479	2,063	442
Sundry receivables	13,535	19,295	-	4,760
	30,177	35,774	2,063	5,202

25. OTHER CURRENT ASSETS

	Group	
	2020	2019
	RM'000	RM'000
Prepaid expenses	5,080	5,584

26. CONTRACT ASSET/(LIABILITIES)

	Group	
	2020	2019
	RM'000	RM'000
Contract assets		
Accrued billings in respect of contract costs (Note a)	353,004	252,413
Contract liabilities		
Deferred income	(214)	(53)

Set out below is the amount of revenue recognised from:

	2020	2019
	RM'000	RM'000
Amounts included in contract liabilities at the beginning of the year	(53)	(60,990)

26. CONTRACT ASSET/(LIABILITIES) (CONT'D.)

(a) Revenue from property development

Revenue from property development activities are recognised over time using the input method, which is based on the actual cost incurred to date on the property development project as compared to the total budgeted cost for the respective development projects.

The transaction price allocated to the unsatisfied performance obligations as at 31 December 2020 is RM684,825,000 (2019: RM650,147,000). The remaining performance obligations expected to be recognised over years as follows:

	2020 RM'000	2019 RM'000
Within one year	496,287	397,604
More than one year but not later than five years	188,538	252,543
	684,825	650,147

27. DUE FROM/(TO) SUBSIDIARIES

The amounts due from/(to) subsidiaries are unsecured, repayable on demand and bear interest of 1.63% to 6.35% (2019: 4.70% to 6.50%) per annum.

	Company	
	2020 RM'000	2019 RM'000
Non-current		
Due from subsidiaries	10,436	10,408
Current		
Due from subsidiaries	858,797	672,440
Total	869,233	682,848
Current		
Due to subsidiaries	-	99

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28. CASH AND BANK BALANCES

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Cash on hand and at banks	162,311	117,952	665	3,595
Deposits with licensed banks	41,949	16,787	15,066	2,866
Cash and bank balances	204,260	134,739	15,731	6,461
Cash and bank balances restricted for use	(12,597)	(14,774)	(2)	(2,206)
Deposits maturing more than 3 months from reporting date	(93)	(93)	(66)	(65)
Bank overdraft (Note 29)	(15,470)	-	(15,470)	-
Cash and cash equivalents	176,100	119,872	193	4,190

Included in cash and cash equivalents of the Group are amounts of RM130,321,000 (2019: RM86,441,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966. Also, included in cash and bank balances of the Group are amount of RM1,137,000 (2019: RM244,000) in relation to sinking fund held in trust until the formation of Joint Management Body ("JMB"), which are restricted in usage.

Included in cash and bank balances restricted for use of the Group and the Company are amounts of RM10,647,000 and RMNil respectively (2019: RM11,570,000 and RM2,204,000) in the Financial Service Reserve Account ("FSRA"), Debt Service Reserve Account ("DSRA") and Profit Service Reserve Account ("PSRA") which are restricted in usage and do not form part of cash and cash equivalents. The PSRA, FSRA and DSRA are secured against the Sukuk Programmes and term loans as disclosed in Note 29.

Included also in cash and bank balances restricted for use of the Group is an amount of RM808,000 (2019: RM2,957,000) in the Project Development Account ("PDA") and Redemption Account ("RA") which are restricted in usage and do not form part of cash and cash equivalents.

Included in cash and bank balances restricted for use of the Group and Company are amounts of RM5,000 and RM2,000 respectively (2019: RM3,000 and RM2,000) in the Trustees' Reimbursement Account ("TRA") which are restricted in usage and do not form part of cash and cash equivalents.

Included in cash on hand and at banks of the Group and of the Company are interest- bearing bank balances amounting to RM18,047,000 (2019: RM22,611,000) and RM549,000 (2019: RM3,151,000) which bear interest ranging from 0.10% to 0.45% (2019: 1.25% to 3%) per annum.

Deposits with licensed banks are made for varying periods of between 2 days and 6 months (2019: 3 days and 6 months) depending on the immediate cash requirements of the Group and of the Company, and earn interests at the respective short-term deposit rates. The effective interest rates as at 31 December 2020 for the Group and the Company were 1.30% to 1.70% (2019: 2.40% to 3.00%) per annum and 1.60% to 1.70% (2019: 2.85% to 2.90%) per annum respectively.

Deposits with licensed banks are placed with or entered into with reputable licensed banks.

29. BORROWINGS

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Current				
Unsecured:				
Bank overdraft - Floating rate (Note 28)	15,470	-	15,470	-
Revolving credit - Floating rate	30,000	30,000	30,000	30,000
	45,470	30,000	45,470	30,000
Secured:				
Revolving credit - Floating rate	70,200	45,618	-	-
Term loans - Floating rate	49,545	135,690	-	29,558
	119,745	181,308	-	29,558
	165,215	211,308	45,470	59,558
Non-current				
Secured:				
Term loans - Floating rate	377,858	281,921	-	88,777
iMTN Sukuk programmes - Floating rate	118,314	126,108	-	-
MTN programmes - Floating rate	292,823	292,608	-	-
	788,995	700,637	-	88,777
Total	954,210	911,945	45,470	148,335

The maturities of the borrowings as at 31 December 2020 and 31 December 2019 are as follows:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Within one year	165,215	211,308	45,470	59,558
More than 1 year but not later than 2 years	140,663	148,666	-	29,558
More than 2 years but not later than 5 years	311,803	175,901	-	59,219
More than 5 years	336,529	376,070	-	-
	954,210	911,945	45,470	148,335

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29. BORROWINGS (CONT'D.)

(i) RM800 Million Sukuk Murabahah Programme ("Sukuk Programme")

In the previous financial year, Paramount Capital Resources Sdn. Bhd., a wholly owned subsidiary of the Company, made the first and second issuance of RM121,168,000 and RM6,332,000 in nominal value of Sukuk Murabahah respectively, with a ten (10) years tenure under the Sukuk Murabahah Programme.

The Sukuk Programme bears interest ("Sukuk Profit") at the prevailing cost of funds of the Sukuk holder ("Cost of Funds") plus 1.00% per annum. The average effective Sukuk Profit rate is 3.75% to 4.65% (2019: 4.74% to 4.94%) per annum.

The Sukuk Programme is secured by the following:

(a) Third party legal charge over the land held for development as disclosed in Note 14(a);

(b) A debenture incorporating a fixed and floating charge on the assets of Paramount Property (Lakeside) Sdn. Bhd. ("PPLSB") both present and future;

(c) Irrevocable Letter of Undertaking from PPLSB to transfer the redemption sum received and such other monies under Housing Development Account to the Proceeds Account;

(d) A legal charge and assignment of the Proceeds Account and PSRA as disclosed in Note 28; and

(e) Corporate guarantee by the Company and PPLSB.

(ii) RM300 Million Medium Term Notes Programme ("MTN Programme")

In the previous financial year, Dynamic Gates Sdn Bhd, a special purpose vehicle incorporated to undertake the Asset-Backed Securitisation exercise, made the first and second issuance of RM185,130,000 and RM108,870,000 in nominal value of Medium Term Notes respectively, with a tenure of seven (7) years under the MTN Programme.

The MTN Programme bears interest at the prevailing cost of funds of the MTN holder ("Cost of Funds") plus 1.00% per annum for the first two years since the first drawdown date and Cost of Funds plus 1.15% per annum from the third up to the seventh year. The average effective interest rate is 3.37% to 4.65% (2019: 4.70%) per annum.

The MTN Programme is secured by the following:

(a) First party legal charge over the investment properties as disclosed in Note 16;

(b) Assignment of rights, benefits and interests of the Master Lease Agreement, including the security provided or to be provided to the Issuer thereunder and the guarantee of the Company in respect of the lease payments;

(c) Irrevocable Power of Attorney for disposal of the investment properties in favour of the Security Trustee;

(d) Assignment of the Put Option; and

(e) Assignment of the CRNCPS Subscription Agreement.

29. BORROWINGS (CONT'D.)

(iii) RM195 Million Term Loans

In October 2020, Paramount Property City View Sdn. Bhd. ("PPCV") has obtained two term loans facilities to fund the purchase of freehold lands and buildings at Ampang Hillir.

The term loans bear interest at the prevailing cost of funds plus 1.00% per annum. The average effective interest rate is 3.16% per annum during the financial year.

The term loans are secured by the following:

(a) Assignment of rights and benefits arising from the construction contracts and contractor's performance bond in favour of the PPCV in respect of the Project;

(b) Assignment of sales proceed of the Project between the bank and PPCV;

(c) A legal charge and assignment of the Proceeds Account and PSRA as disclosed in Note 28; and

(d) Corporate guarantee by the Company.

The other term loans and revolving credit of the Group and the Company are secured by the following:

(a) Fixed charge and deposit of unquoted shares held by the Company as disclosed in Note 19;

(b) Fixed charge and deposit of land titles over the leasehold land and buildings and land held for property development of the Group as disclosed in Notes 12 and 14 respectively;

(c) Fixed charge and deposit of land titles over the investment properties of the Group as disclosed in Note 16; and

(d) A legal charge and assignment of the Proceeds Account and DSRA as disclosed in Note 28.

The effective interest rates of the borrowings (other than Sukuk Programmes and MTN Programme) as at 31 December 2020 and 31 December 2019 are as follows:

	2020 per annum	**2019 per annum**
- Bank overdraft	4.01% - 6.20%	-
- Revolving credit	3.63% - 4.65%	4.55% - 4.87%
- Term loans	3.16% - 4.65%	4.55% - 5.15%

The management of the interest rate risk of the Group is disclosed in Note 43(c).

30. LEASE LIABILITIES

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Non-current				
Lease liabilities	15,235	17,659	2,624	3,439
Current				
Lease liabilities	4,509	3,708	815	776
Total lease liabilities	19,744	21,367	3,439	4,215

The movement of lease liabilities during the year is as follows:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
As at 1 January	21,367	111,988	4,215	4,952
Additions	2,116	15,405	-	-
Lease incentive	(868)	-	-	-
Payments	(3,813)	(17,980)	(965)	(964)
Reclassified to held for sale (Note 17)	-	(93,657)	-	-
Interest expense (Note 7)	942	5,611	189	227
As at 31 December	19,744	21,367	3,439	4,215

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

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Within one year	4,509	3,708	815	776
More than 1 year but not later than 2 years	5,126	5,740	857	815
More than 2 years but not later than 5 years	8,604	9,103	1,767	2,624
More than 5 years	1,505	2,816	-	-
	19,744	21,367	3,439	4,215

31. TRADE PAYABLES

	Group	
	2020	2019
	RM'000	RM'000
Trade payables	109,492	92,791
Trade accruals	63,556	37,472
Retention sums on contracts	5,483	36,359
	178,531	166,622

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group ranges from 30 to 90 days (2019: 30 to 90 days). The retention sums are payable upon expiry of the defect liability period of 18 to 24 months (2019: 18 to 24 months).

32. OTHER PAYABLES

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Sundry payables	115,899	116,293	22,092	24,623
Refundable deposits	3,550	6,973	8	-
	119,449	123,266	22,100	24,623

Sundry payables are non-interest bearing and the normal trade credit terms granted to the Group ranges from 30 to 90 days (2019: 30 to 90 days).

33. DEFERRED TAX (ASSETS)/LIABILITIES

	2020	2019
	RM'000	RM'000
Group		
At 1 January	(41,335)	5,777
Recognised in the income statement		
- attributable to continuing operations (Note 9)	(10,439)	(7,119)
- attributable to discontinued operations	1,576	(5,554)
Transfer to disposal group held for sale	-	(34,439)
At 31 December	(50,198)	(41,335)
Presented after appropriate offsetting as follows:		
Deferred tax assets	(56,299)	(47,533)
Deferred tax liabilities	6,101	6,198
	(50,198)	(41,335)

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33. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D.)

	At 1 January 2020 RM'000	Recognised in the income statement RM'000	At 31 December 2020 RM'000
Deferred tax assets of the Group:			
Property, plant and equipment	(16,951)	(1,200)	(18,151)
Unutilised tax losses and unabsorbed capital allowances	(13,950)	(1,831)	(15,781)
Deferred development expenditure	(8,486)	(4,403)	(12,889)
Lease liabilities	(363)	185	(178)
Others	(1,585)	(1,614)	(3,199)
	(41,335)	(8,863)	(50,198)

	At 1 January 2019 RM'000	Recognised in the income statement RM'000	Arising from transfer to disposal group held for sale RM'000	At 31 December 2019 RM'000
Deferred tax liabilities of the Group:				
Property, plant and equipment	11,591	(5,859)	(22,683)	(16,951)
Intangible assets	21,044	(195)	(20,849)	-
	32,635	(6,054)	(43,532)	(16,951)
Deferred tax assets of the Group:				
Unutilised tax losses and unabsorbed capital allowances	(14,225)	4,352	(4,077)	(13,950)
Deferred development expenditure	(2,515)	(5,971)	-	(8,486)
Lease liabilities	-	(2,677)	2,314	(363)
Others	(10,118)	(2,323)	10,856	(1,585)
	(26,858)	(6,619)	9,093	(24,384)
	5,777	(12,673)	(34,439)	(41,335)

33. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D.)

	2020 RM'000	2019 RM'000
Company		
At 1 January	(61)	1
Recognised in the income statement (Note 9)	40	(62)
At 31 December	(21)	(61)
Presented after appropriate offsetting as follows:		
Deferred tax assets	(925)	(1,112)
Deferred tax liabilities	904	1,051
	(21)	(61)

	At 1 January 2020 RM'000	Recognised in the income statement RM'000	At 31 December 2020 RM'000
Deferred tax liabilities of the Company:			
Property, plant and equipment	28	61	89
Right-of-use assets	1,023	(208)	815
	1,051	(147)	904
Deferred tax assets of the Company:			
Others	(1,112)	187	(925)
	(1,112)	187	(925)
	(61)	40	(21)

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33. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D.)

	At 1 January 2019 RM'000	Recognised in the income statement RM'000	At 31 December 2019 RM'000
Deferred tax liabilities of the Company:			
Property, plant and equipment	59	(31)	28
Right-of-use assets	-	1,023	1,023
	59	992	1,051
Deferred tax assets of the Company:			
Others	(58)	(1,054)	(1,112)
	(58)	(1,054)	(1,112)
	1	(62)	(61)

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

	Group	
	2020 RM'000	2019 RM'000
Unutilised tax losses	54,051	49,466
Unabsorbed capital allowances	5,877	4,341
Other deductible temporary differences	-	5
	59,928	53,812

The unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences of the Group are available for offsetting against future taxable profits of the respective subsidiaries within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority. Effective from year of assessment 2019 as announced in the Annual Budget 2019, the unused tax losses of the Group can be available for carry forward for a period of 7 consecutive years. Upon expiry of the 7 years, the unabsorbed losses will be disregarded.

Deferred tax assets have not been recognised in respect of these items because it is not probable that they may be used to offset taxable profits of the respective subsidiaries of the Group.

34. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2020	2019	2020	2019
	'000	'000	RM'000	RM'000
Issued and fully paid				
At 1 January	606,683	428,272	316,945	310,315
Ordinary shares issued pursuant to LTIP	7,761	5,073	7,964	6,630
Bonus issue	-	173,338	-	-
At 31 December	614,444	606,683	324,909	316,945

During the financial year, the Company issued 3,027,100 ordinary shares to its eligible employees, pursuant to the vesting of the restricted shares under the 2017, 2018 and 2019 RS Grants of LTIP, that have been awarded on 13 March 2017, 11 June 2018 and 13 March 2019, respectively. The Company also issued another 4,734,300 ordinary shares to its eligible employess, pursuant to the vesting of the performance-based shares under the 2017 PS Grant of LTIP, that has been awarded on 13 March 2017.

Bonus issue in the previous financial year was related to 173,337,846 ordinary shares issued pursuant to the Company's bonus issue, on the basis of 2 new ordinary shares for every 5 existing ordinary shares held in the Company on 25 July 2019.

The Company had on 29 July 2019 issued 173,337,846 Warrants on the basis of 2 Warrants for every 5 existing ordinary shares held in the Company, exercisable at an exercise price of RM1.79 per Warrant for a period of 5 years from its issue date which will expire on 28 July 2024. As at the reporting date, 173,337,846 Warrants remained unexercised.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares ranked pari passu with regard to the Company’s residual assets.

35. PRIVATE DEBT SECURITIES

	Group and Company	
	2020	2019
	RM'000	RM'000
Private debt securities	49,787	99,787
Perpetual securities	198,920	149,185
	248,707	248,972

Private debt securities ("PDS")

The salient terms of PDS are as follows:

The PDS holders are conferred a right to receive distribution on a semi-annual basis from their issue date at the rates of 2.75% and 3.00% above the cost of fund ("COF") per annum, subject to a yearly step-up rate after the first call date.

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35. PRIVATE DEBT SECURITIES (CONT'D.)

Private debt securities ("PDS") (cont'd.)

The salient terms of PDS are as follows: (cont'd.)

The PDS have no fixed maturity and are redeemable in whole, but not in part, at the Company's option on or after 21 September 2020 and 21 September 2022 in the amount of RM50,000,000 each, together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, the Company will not declare, pay dividends or make similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank.

These PDS were issued for the Company's working capital purposes as well as to finance future capital expenditure and acquisition of land bank for development.

On 21 September 2020, the Group has redeemed RM50,000,000 in nominal value of the PDS.

Perpetual securities

The salient terms of perpetual securities are as follows:

The perpetual securities holders are conferred a right to receive distribution on a semi-annual basis from their issue date at the rates of 4.65% and 6.35% per annum, subject to a yearly step-up rate after the first call date.

The perpetual securities have no fixed maturity and are redeemable in whole, but not in part, at the Company's option on or after 13 August 2024, 23 October 2024 and 24 September 2025 in the amount of RM100,000,000, RM50,000,000 and RM50,000,000, respectively, together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, the Company will not declare, pay dividends or make similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank.

On 24 September 2020, the Company issued RM50,000,000 in nominal value of perpetual securities pursuant to the RM500,000,000 Perpetual Securities Programme.

36. EMPLOYEE SHARE SCHEME

On 17 September 2013, the Company implemented the Long Term Incentive Plan (''LTIP''), which involves the allotment and issuance of new ordinary shares in the Company to eligible employees and executive directors of the Group and the Company, provided that the total number of shares so allotted shall not at any time exceed ten per centum (10%) of the total number of issued shares in the Company (''LTIP shares'').

The details of the LTIP shares are as set out below:

2015 LTIP

(a) On 13 March 2015, the Company made its first award of up to 5,444,300 LTIP shares, comprising the following:

(i) 2,200,100 restricted shares ("RS") under the 2015 RS Grant to be vested one-third annually over a period of three (3) years with the first vesting commencing on 13 March 2016; and

(ii) up to 3,244,200 performance-based shares ("PS") under the 2015 PS Grant and vested on 13 March 2018.

36. EMPLOYEE SHARE SCHEME (CONT'D.)

2016 LTIP

(b) On 14 March 2016, the Company made its second award of up to 6,063,200 LTIP shares, comprising:

(i) 2,362,600 RS under the 2016 RS Grant to be vested one-third annually over a period of three (3) years with the first vesting commencing on 14 March 2017; and

(ii) up to 3,700,600 PS under the 2016 PS Grant and vested on 14 March 2019.

2017 LTIP

(c) On 13 March 2017, the Company made its third award of up to 7,456,600 LTIP shares, comprising:

(i) 2,440,400 RS under the 2017 RS Grant to be vested one-third annually over a period of three (3) years with the first vesting commencing on 13 March 2018; and

(ii) up to 5,016,200 PS under the 2017 PS Grant and vested on 13 March 2020.

2018 LTIP

(d) On 11 June 2018, the Company made its fourth award of up to 6,247,700 LTIP shares, comprising:

(i) 2,138,900 RS under the 2018 RS Grant to be vested one-third annually over a period of three (3) years with the first vesting commencing on 13 March 2019; and

(ii) up to 4,108,800 PS under the 2018 PS Grant and vested on 15 March 2021.

2019 LTIP

(e) On 13 March 2019, the Company made its fifth award of up to 5,399,900 LTIP shares, comprising:

(i) 2,091,500 RS under the 2019 RS Grant to be vested one-third annually over a period of three (3) years with the first vesting commencing on 13 March 2020; and

(ii) up to 3,308,400 PS under the 2019 PS Grant to be vested on 13 March 2022.

2020 LTIP

(f) On 13 March 2020, the Company made its sixth award of up to 6,568,300 LTIP shares, comprising:

(i) 2,754,500 RS under the 2020 RS Grant to be vested one-third annually over a period of three (3) years with the first vesting commencing on 13 March 2021; and

(ii) up to 3,813,800 PS under the 2020 PS Grant to be vested on 13 March 2023.

The LTIP shares were awarded, without any cash consideration to those who have attained the identified performance objectives of the Group and the Company. It serves to attract, retain, motivate and reward valuable employees of the Group and the Company.

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36. EMPLOYEE SHARE SCHEME (CONT'D.)

LTIP movement

	Group and Company	
	2020	2019
	RM'000	RM'000
At 1 January	9,337	8,125
Second award of up to 6,063,200 LTIP shares	-	1,554
Third award of up to 7,456,600 LTIP shares	1,650	1,351
Fourth award of up to 6,247,700 LTIP shares	1,604	2,383
Fifth award of up to 5,399,900 LTIP shares	2,183	2,554
Sixth award of up to 6,568,300 LTIP shares	1,979	-
Vesting of RS under the 2016 RS Grant	-	(967)
Vesting of PS under the 2016 PS Grant	-	(3,172)
Vesting of RS under the 2017 RS Grant	(1,097)	(1,190)
Vesting of RS under the 2017 PS Grant	(4,239)	-
Vesting of RS under the 2018 RS Grant	(1,223)	(1,301)
Vesting of RS under the 2019 RS Grant	(1,405)	-
At 31 December	8,789	9,337

On 17 March 2020, 1,107,000, 957,400 and 962,700 new ordinary shares in the Company were allotted and issued at the issue prices of RM0.991, RM1.277 and RM1.46 per share pursuant to the third vesting of RS under the 2017 RS Grant, the second vesting of RS under the 2018 RS Grant and the first vesting of RS under 2019 RS Grant, respectively. Pursuant to the final vesting of PS under 2017 PS Grant, 1,693,200 and 3,041,100 new ordinary shares in the Company were alloted and issued at the issue price of RM0.731 and RM0.987 respectively.

Fair value of shares granted

The fair values of the shares granted are estimated at the grant dates using a Monte Carlo Simulation pricing model, taking into account the terms and conditions upon which the instruments were granted.

36. EMPLOYEE SHARE SCHEME (CONT'D.)

The following table lists out the relevant input to the share scheme pricing model:

	2020 LTIP	2019 LTIP	2018 LTIP	2017 LTIP
Fair value per share				
- Restricted shares				
- 1st vesting	RM1.218	RM1.460	RM1.885	RM1.581
- 2nd vesting	RM1.158	RM1.384	RM1.277	RM1.480
- 3rd vesting	RM1.102	RM1.322	RM1.214	RM0.991
- Performance-based shares				
- Total shareholder return	RM0.804	RM0.866	RM0.890	RM0.731
- Profit before tax	RM1.102	RM1.319	RM1.212	RM0.987
Dividend yield (%)	5.00%	5.00%	5.35%	6.90%
Expected volatility (%)	22.91%	21.32%	22.61%	25.63%
Risk-free interest rate (% p.a)	2.73%	3.48%	3.59%	3.65%
Expected life of the scheme (Years)				
	Annually for	Annually for	Annually for	Annually for
- Restricted shares	3 years	3 years	3 years	3 years
- Performance-based shares	3 years	3 years	3 years	3 years
Underlying share price	RM1.28	RM2.14	RM1.96	RM1.69

The expected life of the share scheme is based on the contractual life of the scheme. The expected volatility reflects the assumption that the historical volatility, over a period similar to the life of the scheme, is indicative of future trends, which may not necessarily be the actual outcome.

37. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings as at 31 December 2020 and 31 December 2019 under the single tier system.

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38. OPERATING LEASE ARRANGEMENTS

The Group as lessor

The Group has entered into non-cancellable operating lease agreements on its investment property portfolio. These leases have remaining non-cancellable lease terms of between 1 and 7 years.

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the reporting date but not recognised as receivables, are as follows:

	Group	
	2020	**2019**
	RM'000	**RM'000**
Not later than 1 year	8,073	8,401
Later than 1 year and not later than 5 years	17,191	26,696
More than 5 years	2,709	11,531
	27,973	46,628

39. COMMITMENTS

	Group	
	2020	**2019**
	RM'000	**RM'000**
Capital expenditure		
Approved and contracted for:		
- Property, plant and equipment	-	36,715
- Investment properties	71,377	7,067
- Development right value	113,000	113,000
Approved but not contracted for:		
- Property, plant and equipment	-	7,787
- Investment properties	8,641	-
	193,018	164,569

40. RELATED PARTY DISCLOSURES

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions between the Group and the related parties took place at terms agreed between the parties during the financial year:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Rental income received from Peoplender Sdn. Bhd., a company in which Mr Chew Sun Teong and Mr Benjamin Teo Jong Hian have direct interests	(121)	(134)	-	-
Rental income received from UOW Malaysia KDU University College Sdn. Bhd., an associate of the Company	(2,885)	-	-	-
Rental income received from UOW Malaysia KDU Penang University College Sdn. Bhd., an associate of the Company	(827)	-	-	-
Rental charges paid to Mr Chew Sun Teong	48	40	-	-
Rental charges paid to Damansara Uptown One Sdn. Bhd., a company in which a brother of Dato' Teo Chiang Quan has interest	965	965	965	965
Rental charges paid to Damansara Uptown Car Parks Sdn. Bhd., a company in which a brother of Dato' Teo Chiang Quan has interest	200	241	62	75
Rental charges paid to Damansara Uptown Retail Centre Sdn. Bhd., a company in which a brother of Dato' Teo Chiang Quan has interest	528	600	-	-
Rental charges paid to Damansara Uptown Seven Sdn. Bhd., a company in which a brother of Dato' Teo Chiang Quan has interest	360	111	-	-

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40. RELATED PARTY DISCLOSURES (CONT'D.)

(a) Sale and purchase of goods and services (cont'd.)

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Rental charges paid to CF Land Sdn. Bhd., a company in which Mr Sim Quan Seng and Mr Ee Ching Wah (being former directors of subsidiaries) have interests	46	277	-	-
License fees paid to Damansara Uptown Retail Centre Sdn. Bhd., a company in which a brother of Dato' Teo Chiang Quan has interest	7	29	-	-
Management fees received from subsidiaries	-	-	(12,937)	(16,570)
Interest income received from subsidiaries	-	-	(28,451)	(27,822)

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Short term employee benefits	15,107	22,236	11,284	15,052
Defined contribution plan	1,668	1,890	1,275	1,217
	16,775	24,126	12,559	16,269

Key management personnel are defined as persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company.

Included in key management personnel are directors' remuneration as follows:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
Executive	8,946	10,954	6,330	8,041
Non-executive	610	647	583	647
	9,556	11,601	6,913	8,688

41. CLASSIFICATION OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The accounting policies in Note 2.16 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

Group		**At amortised cost**	**At fair value through other comprehensive income**	**Total**
2020	**Note**	**RM'000**	**RM'000**	**RM'000**
Financial assets:				
Other investments	22	-	25,077	25,077
Trade receivables	23	136,415	-	136,415
Other receivables	24	30,177	-	30,177
Cash and bank balances	28	204,260	-	204,260
Total financial assets		370,852	25,077	395,929
Financial liabilities:				
Trade payables	31	178,531	-	178,531
Other payables (other than provision)	*	118,267	-	118,267
Lease liabilities	30	19,744	-	19,744
Borrowings	29	954,210	-	954,210
Total financial liabilities		1,270,752	-	1,270,752
2019				
Financial assets:				
Other investments	22	-	10,212	10,212
Trade receivables	23	141,691	-	141,691
Other receivables	24	35,774	-	35,774
Cash and bank balances	28	134,739	-	134,739
Total financial assets		312,204	10,212	322,416
Financial liabilities:				
Trade payables	31	166,622	-	166,622
Other payables (other than derivative liability and provision)	*	122,257	-	122,257
Lease liabilities	30	21,367	-	21,367
Borrowings	29	911,945	-	911,945
Total financial liabilities		1,222,191	-	1,222,191

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41. CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D.)

Company 2020	Note	At amortised cost RM'000	At fair value through other comprehensive income RM'000	Total RM'000
Financial assets:				
Other investment	22	162,788	17,103	179,891
Other receivables	24	2,063	-	2,063
Amounts due from subsidiaries	27	869,233	-	869,233
Cash and bank balances	28	15,731	-	15,731
Total financial assets		1,049,815	17,103	1,066,918
Financial liabilities:				
Other payables (other than provision)	*	21,866	-	21,866
Lease liabilities	30	3,439	-	3,439
Borrowings	29	45,470	-	45,470
Total financial liabilities		70,775	-	70,775
2019				
Financial assets:				
Other investment	22	137,556	5,124	142,680
Other receivables	24	5,202	-	5,202
Amount due from subsidiaries	27	682,848	-	682,848
Cash and bank balances	28	6,461	-	6,461
Total financial assets		832,067	5,124	837,191
Financial liabilities:				
Other payables (other than provision)	*	24,383	-	24,383
Amount due to subsidiaries	27	99	-	99
Lease liabilities	30	4,215	-	4,215
Borrowings	29	148,335	-	148,335
Total financial liabilities		177,032	-	177,032

* These balances exclude non-financial instruments balances which are not within the scope of MFRS 9: *Financial Instruments*.

42. FAIR VALUE OF ASSETS AND LIABILITIES

The following table provides the fair value measurement hierarchy of the Group's and the Company's assets and liabilities:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2020				
Group				
Assets for which fair values are disclosed				
Investment properties	-	-	608,420	608,420
Assets and liabilities measured at fair value				
Other investments - quoted	7,947	-	-	7,947
Other investments - unquoted	-	17,130	-	17,130
Company				
Assets for which fair values are disclosed				
Investment properties	-	-	1,800	1,800
Assets measured at fair value				
Other investment - unquoted	-	17,103	-	17,103

42. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D.)

The following table provides the fair value measurement hierarchy of the Group's and the Company's assets and liabilities: (cont'd.)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2019				
Group				
Assets for which fair values are disclosed				
Investment properties	-	-	628,890	628,890
Assets and liabilities measured at fair value				
Other investments - quoted	5,061	-	-	5,061
Other investments - unquoted	-	5,151	-	5,151
Company				
Assets for which fair values are disclosed				
Investment properties	-	-	1,800	1,800
Assets measured at fair value				
Other investments	-	5,124	-	5,124

During the year, there were no transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy.

42. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D.)

Level 1 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 1 of the fair value hierarchy:

Other investment

Fair value is determined directly by reference to their published market bid price at the reporting date.

Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Derivatives

Interest rate swap contracts are valued using a valuation technique with market observable inputs. The valuation technique applied was swap model, using present value calculation. The model incorporated various inputs including credit quality of counterparties and interest rate yield.

Other investments

Other investments are measured at the acquisition price agreed at arm's length which represents fair values due to either the acquisition date was close to reporting date or it reflects the fair value of the rights to access.

Level 3 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 3 of the fair value hierarchy:

Investment properties

The valuation of investment properties which comprise the freehold land and buildings, are performed by independent third party valuers which are based on comparable market transactions that consider sales of similar properties that have been transacted in the open market.

The fair value of the investment properties under construction is not presented as it cannot be determined reliably.

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42. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D.)

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of 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 values:

	Note
Trade receivables (current)	23
Other receivables (current)	24
Trade and other payables (current)	31 & 32
Borrowings (current & non-current)	29
Lease liabilities (current & non-current)	30

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.

43. 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 credit risk, liquidity risk and interest rate risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Financial Officer. The Board Risk Management Committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) 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 and the Company's exposure to credit risk arises primarily from trade receivables, other receivables and due from subsidiaries. For cash and bank balances, the Group and the Company minimise credit risk by dealing exclusively with reputable licensed banks.

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.

Exposure to credit risk

At the reporting date, the Group's and the Company'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.
- A nominal amount of RM1,045,439,000 (2019: RM777,695,000) relating to guarantee extended in support of banking and other credit facilities granted to subsidiaries.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Credit risk (cont'd.)

Credit risk concentrate profile

The Group and the Company do not have any major concentration of credit risk related to any major customer.

(b) Liquidity risk

Liquidity risk is the risk that the Group or 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 to maintain sufficient liquid financial assets and stand-by credit facilities with several banks.

Analysis of financial instruments 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 contractual undiscounted repayment obligations.

	On demand or within one year RM'000	One to five years RM'000	More than five years RM'000	Total RM'000
2020				
Group				
Financial liabilities:				
Trade and other payables	296,798	-	-	296,798
Lease liabilities	5,336	15,025	1,611	21,972
Borrowings	238,669	551,196	341,453	1,131,318
Total undiscounted financial liabilities	540,803	566,221	343,064	1,450,088
2020				
Company				
Financial liabilities:				
Other payables	21,866	-	-	21,866
Lease liabilities	965	2,813	-	3,778
Borrowings	47,312	-	-	47,312
Total undiscounted financial liabilities	70,143	2,813	-	72,956

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43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Liquidity risk (cont'd.)

	On demand or within one year RM'000	One to five years RM'000	More than five years RM'000	Total RM'000
2019				
Group				
Financial liabilities:				
Trade and other payables	288,879	-	-	288,879
Lease liabilities	16,003	64,301	37,610	117,914
Borrowings	255,890	437,009	425,805	1,118,704
Total undiscounted financial liabilities	560,772	501,310	463,415	1,525,497

	On demand or within one year RM'000	One to five years RM'000	More than five years RM'000	Total RM'000
2019				
Company				
Financial liabilities:				
Other payables	24,383	-	-	24,383
Due to subsidiaries	99	-	-	99
Lease liabilities	965	3,779	-	4,744
Borrowings	67,308	102,864	-	170,172
Total undiscounted financial liabilities	92,755	106,643	-	199,398

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group’s financial instruments will fluctuate because of changes in market interest rates.

The Group’s exposure to interest rate risk arises primarily from their floating rate borrowings. The Group's policy is to manage interest cost using a mix of fixed and floating rate debts. To manage this mix in a cost-efficient manner, the Group entered into interest rate swap to effectively convert its floating rate term loan to a fixed rate term loan.

<u>Sensitivity analysis for interest rate risk</u>

At the reporting date, if interest rate had been 50 basis points lower/higher with all other variables held constant, the Group's property, plant and equipment, investment properties, land held for development, property development costs, contract cost assets, profit before tax and the Company's profit before tax would have been RM4,558,000 and RM727,000 (2019: RM4,456,000 and RM1,244,000) lower/higher respectively arising mainly as a result of lower/higher interest expense on floating rate term loans (including portion capitalised in property, plant and equipment, investment properties, land held for development, property development costs and contract cost assets). The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

44. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to maintain an optimal capital structure in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in accordance to changes in economic condition. To maintain or adjust its capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors its capital using its debt to equity ratio, which is total debts divided by total equity.

		Group	
	Note	**2020**	**2019**
Total debts (RM'000)	29	954,210	911,945
Total equity (RM'000)		1,681,433	1,464,149
Debts to equity ratio		57%	62%

45. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

(i) Property - the development and construction of residential and commercial properties and property investment of retail and car parks;
(ii) Coworking - the operation of coworking spaces and incubator-related services;
(iii) Education - the operation of private educational institutions; and
(iv) Investment and others - investment holding, provision of Group-level corporate services and property investment of campus buildings.

Except as indicated above, no operating segment has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Transfer prices between operating segments took place at terms agreed between the parties.

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45. SEGMENT INFORMATION (CONT'D.)

	← Continuing Operations					→	Discontinued Operations	
	Property	Coworking	Investment and others	Adjustments and eliminations	Note	Subtotal	Education	Consolidated
31 December 2020	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000	RM'000
Revenue :								
External customers	584,353	3,088	6,121	-		593,562	34,200	627,762
Inter-segment sales	184,132	1,442	90,035	(275,609)	A	-	-	-
Total revenue	768,485	4,530	96,156	(275,609)		593,562	34,200	627,762
Results:								
Interest income	5,170	13	66,970	(66,556)	A	5,597	162	5,759
Interest expense	7,849	831	72,789	(63,165)	A	18,304	1,382	19,686
Depreciation and amortisation	6,841	3,974	20,304	(12,941)		18,178	-	18,178
Share of results of associates and joint venture	-	-	2,982	-		2,982	-	2,982
Segment profit	57,981	(4,663)	(141,955)	140,467	B	51,830	474,906	526,736
31 December 2019								
Revenue :								
External customers	700,337	3,307	2,330	-		705,974	249,906	955,880
Inter-segment sales	303,119	-	188,714	(491,833)	A	-	-	-
Total revenue	1,003,456	3,307	191,044	(491,833)		705,974	249,906	955,880
Results:								
Interest income	5,380	256	60,222	(63,301)	A	2,557	633	3,190
Interest expense	6,997	855	46,387	(32,329)	A	21,910	14,431	36,341
Depreciation and amortisation	6,286	2,929	10,651	(6,748)		13,118	19,046	32,164
Share of results of associates and joint venture	-	-	2,301	-		2,301	-	2,301
Segment profit	116,829	(4,095)	134,049	(157,945)	B	88,838	74,624	163,462

45. SEGMENT INFORMATION (CONT'D.)

31 December 2020	Property RM'000	Coworking RM'000	Investment and others RM'000	Education RM'000	Adjustments and eliminations RM'000	Note	Consolidated RM'000
Assets:							
Investment in associates and joint venture	-	-	193,728	-	-		193,728
Additions to non-current assets	353,904	2,667	1,168	-	-	C	357,739
Segment assets	2,645,334	22,659	2,685,188	-	(2,386,482)	D	2,966,699
Segment liabilities	1,861,593	25,205	1,608,763	-	(2,210,295)	E	1,285,266

31 December 2019	Property RM'000	Coworking RM'000	Investment and others RM'000	Education RM'000	Adjustments and eliminations RM'000	Note	Consolidated RM'000
Assets:							
Investment in associates and joint venture	-	-	29,477	-	-		29,477
Additions to non-current assets	289,787	6,081	4,734	65,448	-	C	366,050
Segment assets	2,278,346	21,278	2,070,213	871,038	(2,167,322)	D	3,073,553
Segment liabilities	1,534,568	22,362	1,498,980	409,125	(1,855,631)	E	1,609,404

45. SEGMENT INFORMATION (CONT'D.)

A Inter-segment revenues and expenses are eliminated on consolidation.

B The following items are (deducted from)/added to segment profit to arrive at "Profit before tax" presented in the consolidated income statement:

	2020 RM'000	2019 RM'000
Inter-segment dividends	(5,000)	(104,467)
Inter-segment interests	(3,391)	(30,971)
Other inter-segment transactions	148,858	(22,507)
	140,467	(157,945)

C Additions to non-current assets consist of:

	2020 RM'000	2019 RM'000
Property, plant and equipment	8,509	80,425
Inventories	335,251	265,134
Investment properties	13,979	20,491
	357,739	366,050

D The following items are deducted from segment assets to arrive at the total assets reported in the consolidated statement of financial position:

	2020 RM'000	2019 RM'000
Investment in associates	96,976	(1,077)
Inter-segment assets	(2,471,197)	(2,150,299)
Unrealised gains from inter-segment transactions	(12,261)	(15,946)
	(2,386,482)	(2,167,322)

E Inter-segment liabilities are eliminated on consolidation.

The revenue and non-current assets of the Group based on geographical location of customers and assets are mainly attributed to Malaysia.

As at 31 December 2020 and 2019, there is no revenue concentration from a single customer that exceeds 10% of the total Group's revenue.

46. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT EVENTS AFTER THE FINANCIAL YEAR

(a) On 22 January 2020, Paramount Global Sdn. Bhd., a wholly-owned subsidiary of the Company, has entered into a Share Purchase Agreement with Navarang Asset Co. Ltd. for the acquisition of 49% equity interest in Navarang Charoennakhon Company Limited ("NCCL") for a total purchase consideration of THB60,270,000 (equivalent to RM8,437,800). On the same date, Paramount Global Sdn. Bhd. has entered into a Shareholder Loan Agreement with NCCL to provide shareholder loan of THB63,859,740 (equivalent to RM8,940,364) to NCCL. The acquisition of equity interest in NCCL was completed on 3 February 2020.

(b) On 20 February 2020, the Company completed the disposal of its controlling equity interest in SKDUK and SKDU and 69.7% equity interest in PESB, which holds 66% equity interest in REAL Education for a total consideration of RM569,198,750.

(c) On 4 March 2020, the Company incorporated Paramount Globalcom Sdn. Bhd. with a share capital of RM100, represented by 100 ordinary shares.

(d) On 11 March 2020, Paramount Globalcom Sdn. Bhd., a wholly owned subsidiary of the Company, incorporated Gardens of Hope Sdn. Bhd. with a share capital of RM100, represented by 100 ordinary shares. Paramount Globalcom Sdn. Bhd. has 70% equity interest in Gardens of Hope Sdn. Bhd.

(e) On 13 March 2020, the Company made its sixth award of up to 6,568,300 LTIP shares, comprising:

  (i) 2,754,500 RS under the 2020 RS Grant to be vested one-third annually over a period of three (3) years with the first vesting commencing on 15 March 2021; and

  (ii) up to 3,813,800 PS under the 2020 PS Grant to be vested on 13 March 2023.

(f) On 16 July 2020, Paramount Property (Cityview) Sdn. Bhd., a wholly owned subsidiary of the Company acquired two contiguous pieces of freehold land measuring approximately 18,384 square metres (4.542 acres) in total area together with all buildings erected thereon at Jalan Ampang Hilir, Kuala Lumpur from two subsidiaries of Wing Tai Holdings Limited at a total cash consideration of RM243,800,000. The acquisition was completed on 16 October 2020.

(g) On 24 September 2020, a joint venture entity, Super Ace Resources Sdn. Bhd. ("SAR") increased its issued share capital to RM25,831,000 represented by 1,897,000 ordinary shares and 23,934,000 redeemable non-cumulative non-convertible preference shares ("RNCNCPS"). The Company has further subscribed for 897,000 ordinary shares and 12,034,000 RNCNCPS, thereby increasing its shareholding in SAR to 71% from 45%.

(h) The Group has seen macro-economic uncertainty and challenges with regards to the disruptions to the global supply chains and reduced demand of commodities as well as the reduced consumer activities through social distancing as a result of the COVID-19 pandemic. This potentially can escalate to credit and liquidity constraints of the businesses and households. While the Economic Stimulus Package announced by the Malaysian Government could help to lessen the impact of this pandemic, the scale and duration of the economic effects arising remain uncertain and could significantly affect the demand for the Group's products and services as well as its construction progress and hence the Group's earnings and cashflow going forward.

47. COMPARATIVES

The following comparative amounts for the financial year ended 31 December 2019 have been restated to reflect the reclassification stated below:

	As previously restated RM'000	Reclassification RM'000	As restated RM'000
31 December 2019			
Consolidated statement of financial position			
Trade payables	129,150	37,472	166,622
Other payables	160,738	(37,472)	123,266

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ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2021

Issued share capital of the Company: 619,198,366 ordinary shares which confer the right to one vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholding	No. of Shareholders	%	No. of Shares Held	%
1 – 99	158	1.960	5,758	0.000
100 – 1,000	567	7.034	344,347	0.055
1,001 – 10,000	4,020	49.875	22,056,118	3.562
10,001 – 100,000	2,828	35.086	88,617,656	14.311
100,001 – 30,959,917*	485	6.017	301,791,387	48.739
30,959,918 and above**	2	0.024	206,383,100	33.330
Total	**8,060**	**100.000**	**619,198,366**	**100.000**

* Less than 5% of issued shares
** 5% and above of issued shares

THIRTY (30) LARGEST SHAREHOLDERS

	Name of Shareholder	No. of Shares Held	%
1	Paramount Equities Sdn Bhd	154,252,000	24.911
2	Southern Palm Industries Sdn Bhd	52,131,100	8.419
3	Southern Acids (M) Berhad	27,043,100	4.367
4	CIMB Group Nominees (Asing) Sdn. Bhd. Exempt An For DBS Bank Ltd (SFS-PB)	18,833,500	3.041
5	Bunga Indah (M) Sdn Bhd	16,216,200	2.618
6	Southern Realty (Malaya) Sdn Bhd	14,695,100	2.373
7	Eliyezer Resources Sdn Bhd	8,741,600	1.411
8	Teo Chiang Quan	7,472,500	1.206
9	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For Chew Sun Teong (PB)	6,817,940	1.101
10	Amanahraya Trustees Berhad Public Smallcap Fund	6,805,400	1.099
11	Ong Keng Siew	5,582,780	0.901
12	RHB Nominees (Asing) Sdn Bhd Exempt An For Phillip Securities Pte. Ltd. (A/C Clients)	5,334,560	0.861
13	Eunice Teo Wan Tien	3,691,800	0.596
14	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For Teh Wao Kheng (PB)	3,238,100	0.522
15	Teh Geok Lian	2,682,940	0.433

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ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2021

THIRTY (30) LARGEST SHAREHOLDERS (CONT'D.)

	Name of Shareholder	No. of Shares Held	%
16	Citigroup Nominees (Asing) Sdn Bhd CBNY For Dimensional Emerging Markets Value Fund	2,321,555	0.374
17	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)	2,254,980	0.364
18	Mikdavid Sdn Bhd	2,123,100	0.342
19	Gemas Bahru Estates Sdn. Bhd.	2,111,900	0.341
20	Gan Peoy Hong	2,108,880	0.340
21	Yeo Khee Huat	2,107,000	0.340
22	Amanahraya Trustees Berhad Public Optimal Growth Fund	2,047,860	0.330
23	Leong Kok Tai	2,030,000	0.327
24	Neoh Choo Ee & Company, Sdn. Berhad	1,961,120	0.316
25	Citigroup Nominees (Asing) Sdn Bhd CBNY For Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	1,832,175	0.295
26	Ho Huey Chuin	1,709,500	0.276
27	Tay Lee Kong	1,662,680	0.268
28	Southern Edible Oil Industries (M) Sdn Bhd	1,631,700	0.263
29	Teh Wao Kheng	1,603,700	0.258
30	Liew Yoon Yee	1,600,000	0.258

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ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2021

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Name of Shareholder	**No. of Shares Held**	**%**	**No. of Shares Held**	**%**
Paramount Equities Sdn Bhd	154,252,000	24.911	-	-
Dato' Teo Chiang Quan	7,854,700	1.268	159,304,380 (1)	25.728
Southern Palm Industries Sdn Bhd	52,131,100	8.419	27,043,100 (2)	4.367
Southern Edible Oil Industries (M) Sdn Bhd	1,631,700	0.264	79,174,200 (3)	12.787
Southern Realty (Malaya) Sdn Bhd	14,695,100	2.373	80,805,900 (4)	13.050
Banting Hock Hin Estate Co Sdn Bhd	901,600	0.146	95,501,000 (5)	15.423

DIRECTORS' SHAREHOLDINGS

	Direct Interest		Deemed Interest	
Name of Director	**No. of Shares Held**	**%**	**No. of Shares Held**	**%**
Dato' Teo Chiang Quan	7,854,700	1.268	159,304,380 (1)	25.728
Chew Sun Teong	8,028,140	1.297	-	-
Benjamin Teo Jong Hian	1,102,280	0.178	-	-
Datuk Seri Dr Yam Kong Choy	185,500	0.030	-	-
Ong Keng Siew	5,582,780	0.901	-	-
Quah Poh Keat	-	-	1,339,520 (6)	0.216

Dato' Teo Chiang Quan, by virtue of his interest in the Company, is also deemed interested in the shares in all the subsidiaries of the Company to the extent of the Company's interest in these subsidiaries.

Notes:

(1) *By virtue of his deemed interest in Paramount Equities Sdn Bhd and the shareholdings of his family members.*

(2) *By virtue of its deemed interest in Southern Acids (M) Berhad.*

(3) *By virtue of its deemed interest in Southern Palm Industries Sdn Bhd and Southern Acids (M) Berhad.*

(4) *By virtue of its deemed interest in Southern Edible Oil Industries (M) Sdn Bhd, Southern Palm Industries Sdn Bhd and Southern Acids (M) Berhad.*

(5) *By virtue of its deemed interest in Southern Realty (Malaya) Sdn Bhd, Southern Edible Oil Industries (M) Sdn Bhd, Southern Palm Industries Sdn Bhd and Southern Acids (M) Berhad.*

(6) *By virtue of his deemed interest in the shareholding of his spouse.*

OTHER INFORMATION

ANALYSIS OF WARRANT HOLDINGS

AS AT 31 MARCH 2021

Warrants 2019/2024
No. of warrants issued: 173,337,846
No. of warrants outstanding: 173,337,846
Exercise price of warrants: RM1.79 each
Expiry date of warrants: 28 July 2024

DISTRIBUTION OF WARRANT HOLDINGS

Size of Warrant Holdings	No. of Warrant holders	%	No. of Warrants Held	%
1 – 99	265	6.263	8,784	0.005
100 – 1,000	595	14.062	343,310	0.198
1,001 – 10,000	2,460	58.142	8,553,611	4.934
10,001 – 100,000	754	17.820	24,856,395	14.339
100,001 – 8,666,891*	155	3.663	80,609,146	46.504
8,666,892 and above**	2	0.047	58,966,600	34.018
Total	**4,231**	**100.000**	**173,337,846**	**100.000**

* Less than 5% of issued warrants
** 5% and above of issued warrants

THIRTY (30) LARGEST WARRANT HOLDERS

	Name of Warrant Holder	No. of Warrants Held	%
1	Paramount Equities Sdn Bhd	44,072,000	25.425
2	Southern Palm Industries Sdn Bhd	14,894,600	8.592
3	Southern Acids (M) Berhad	7,726,600	4.457
4	CIMB Group Nominees (Asing) Sdn. Bhd. Exempt An For DBS Bank Ltd (SFS-PB)	5,381,000	3.104
5	Kenanga Nominees (Tempatan) Sdn Bhd Rakuten Trade Sdn Bhd For Wong Ah Kum	4,993,300	2.880
6	Bunga Indah (M) Sdn Bhd	4,633,200	2.672
7	Southern Realty (Malaya) Sdn Bhd	4,198,600	2.422
8	Eliyezer Resources Sdn Bhd	2,497,600	1.440
9	Teo Chiang Quan	2,135,000	1.231
10	Amanahraya Trustees Berhad Public Optimal Growth Fund	1,813,560	1.046
11	Ho Huey Chuin	1,726,800	0.996
12	Ong Keng Siew	1,595,080	0.920
13	Shin Kong Kew @ Chin Kong Kew	1,554,800	0.896

OTHER INFORMATION

ANALYSIS OF WARRANT HOLDINGS

AS AT 31 MARCH 2021

THIRTY (30) LARGEST WARRANT HOLDERS (CONT'D.)

	Name of Warrant Holder	No. of Warrants Held	%
14	Maybank Nominees (Tempatan) Sdn Bhd Tang Mun Phun	1,438,500	0.829
15	Chew Sun Teong	1,351,440	0.779
16	Chan Wai Mun	1,105,000	0.637
17	Tee Kheng Ean @ Tee Cheng Yan	1,050,000	0.605
18	Eunice Teo Wan Tien	1,014,800	0.585
19	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For Teh Wao Kheng (PB)	924,800	0.533
20	Teh Wao Kheng	858,200	0.495
21	Chan Kim Moon	711,100	0.410
22	Lum Weng Hong	700,000	0.403
23	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mohd Fairi Bin Che Wanik	694,800	0.400
24	Tay Ching Huay	661,700	0.381
25	Mikdavid Sdn Bhd	606,600	0.349
26	Gemas Bahru Estates Sdn. Bhd.	603,400	0.348
27	Rachel Lai	601,000	0.346
28	Hasan Al Bana Bin Wan Rozeb	600,100	0.346
29	Teh Geok Lian	508,840	0.293
30	Maryam @ Muhaini Binti Mohamad Ariff	500,000	0.288

DIRECTORS' WARRANT HOLDINGS

	Direct Interest		Deemed Interest	
Name of Director	No. of Warrants Held	%	No. of Warrants Held	%
Dato' Teo Chiang Quan	2,244,200	1.294	45,383,080 (1)	26.182
Chew Sun Teong	1,351,440	0.779	-	-
Benjamin Teo Jong Hian	222,480	0.128	-	-
Datuk Seri Dr Yam Kong Choy	53,000	0.030	-	-
Ong Keng Siew	1,595,080	0.920	-	-
Quah Poh Keat	-	-	382,720 (2)	0.221

Notes:

(1) *By virtue of his deemed interest in Paramount Equities Sdn Bhd and the warrant holdings of his family members.*

(2) *By virtue of his deemed interest in the warrant holding of his spouse.*

OTHER INFORMATION

LIST OF TOP 10 PROPERTIES

HELD BY THE GROUP

SCHEDULE OF PROPERTIES HELD BY THE GROUP

	Location of Property	Date of Acquisition	Description & Existing Use	Age of Building	Tenure	Land Area (sq ft)	Net Book Value (RM'000) As at 31.12.2020
1	Lots 262 & 263 Seksyen 89A Bandar Kuala Lumpur Daerah Kuala Lumpur State of Wilayah Persekutuan Kuala Lumpur	16.10.2020	Land approved for commercial and residential development - Ampang Hilir	-	Freehold	197,884	254,308
2	Lot PT 35291 Mukim of Damansara District of Petaling Selangor Darul Ehsan	31.01.2012	Utropolis Glenmarie Campus - Rented to UOW Malaysia KDU University College Sdn Bhd	6 years	Freehold	435,626	199,404
3	Lots 17171-17176, 17182, 17184-17185, PT 56231-56327, 56556-56557 Mukim Dengkil, Daerah Sepang Selangor Darul Ehsan	02.01.2015	Land approved for commercial and residential use - Greenwoods	-	Freehold	4,377,780	164,284
4	Lot 21590 & Lot PT 5828 Mukim 13, Seberang Prai Selatan, Penang	05.12.2014	Utropolis Batu Kawan Campus - Rented to UOW Malaysia KDU Penang University College Sdn Bhd	1 year	Freehold	672,657	102,826
5	Lots 75, 164, 203-206, 932-935, 1873-1875, 2518 & 2519 Mukim Kapar, District of Klang Selangor Darul Ehsan	02.12.2011 and 24.09.2012	Land approved for commercial and residential use - Berkeley Uptown	-	Freehold	670,824	102,340
6	Lot PT 35292 Mukim of Damansara District of Petaling Selangor Darul Ehsan	31.01.2012	Retail mall and car-park - Paramount Utropolis Marketplace	5 years	Freehold	257,004	94,187
7	Lot 21608, 21609 & 21610; PT 5954 Mukim 13, Seberang Prai Selatan, Penang	05.12.2014	Land approved for commercial and residential use - Utropolis Batu Kawan	-	Freehold	932,184	81,057
8	Lot 115102, Mukim Dengkil Daerah Sepang Selangor Darul Ehsan	01.12.2018	Land approved for residential use - Sejati Lakeside	-	Freehold	823,284	80,975
9	Lot PT 510, Pekan Hicom, District of Petaling Selangor Darul Ehsan	07.06.2012	Land approved for industrial and commercial development - Sekitar26	-	Freehold	505,296	74,988
10	Lots 557-558, 560, 565-566, 570-572, 575, 1652-1653, 1657-1658, 1660-1661, 1663-1664, 1860, 1952-1954 Mukim 17, Daerah Prai Tengah, Penang	08.04.2013, 21.06.2013, 09.08.2014, 18.08.2014, 19.08.2014, 03.12.2014, 27.07.2016	Agriculture lands (Held for future development)	-	Freehold	3,014,352	64,522

OTHER INFORMATION

STATEMENT OF DIRECTORS' RESPONSIBILITY

IN RELATION TO THE FINANCIAL STATEMENTS

This statement is prepared as required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Group and the Company as at the end of each financial year and of their results and their cash flows for that year then ended.

The Directors consider that in preparing the financial statements:

- the Group and the Company have used appropriate accounting policies and are consistently applied;
- reasonable and prudent judgements and estimates were made; and
- all applicable approved accounting standards in Malaysia have been followed.

The Directors are responsible for ensuring that the Group and the Company maintain accounting records that disclose with reasonable accuracy the financial position of the Group and of the Company which enable them to ensure that the financial statements comply with the Companies Act, 2016.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group and the Company, and to prevent and detect fraud and other irregularities.

OTHER INFORMATION

NOTICE OF FIFTY-FIRST ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifty-First Annual General Meeting of Paramount Corporation Berhad (**Paramount** or **the Company**) will be held at Co-labs Coworking The Starling, Lot 4-401 & 4-402, Level 4, The Starling Mall, No. 6, Jalan SS21/37, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan (**Broadcast Venue**) on Tuesday, 1 June 2021 at 10.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To lay before the meeting the Audited Financial Statements of the Company for the year ended 31 December 2020 together with the Reports of the Directors and the Auditors thereon. **(Please see Explanatory Note A)**

2. To approve the declaration of a single-tier final dividend of 2.5 sen per share in respect of the year ended 31 December 2020. **Resolution 1**

3. To approve the payment of Directors' fees and meeting allowances not exceeding an aggregate amount of RM1,500,000.00 for the period from 1 July 2021 to 30 June 2022. **Resolution 2 (Please see Explanatory Note B)**

4. To re-elect the following Directors who are retiring pursuant to Clause 85 of the Company's Constitution:

   (a) Datuk Seri Dr Michael Yam Kong Choy **Resolution 3**
   (b) Mr Jeffrey Chew Sun Teong **Resolution 4**
   (c) Puan Fatimah Binti Merican **Resolution 5**

   (Please see Explanatory Note C)

5. To re-elect Puan Faizah Binti Khairuddin who is retiring pursuant to Clause 86 of the Company's Constitution. **Resolution 6 (Please see Explanatory Note D)**

6. To re-appoint Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions:

7. **Authority for Datuk Seri Dr Michael Yam Kong Choy to continue in office as an Independent Non-Executive Director** **Resolution 8 (Please see Explanatory Note E)**

   "That authority be and is hereby given to Datuk Seri Dr Michael Yam Kong Choy who has served as an Independent Non-Executive Director of the Company for a term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company."

8. **Authority to Directors to allot and issue shares** **Resolution 9 (Please see Explanatory Note F)**

   "That, subject always to the Companies Act, 2016, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approval of the relevant governmental or regulatory bodies, where such approval is necessary, full authority be and is hereby given to the Board of Directors pursuant to Section 75 of the Companies Act, 2016, to allot and issue shares in the capital of the Company at any time upon such terms and conditions and for such purposes as the Board of Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be allotted and issued pursuant to this resolution does not exceed ten per centum (10%) of the issued share capital of the Company as at the date of such allotment, and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

OTHER INFORMATION

NOTICE OF FIFTY-FIRST ANNUAL GENERAL MEETING

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of the shareholders, a single-tier final dividend of 2.5 sen per share in respect of the year ended 31 December 2020 will be paid on 23 June 2021 to shareholders whose names appear in the Record of Depositors on 9 June 2021.

A depositor shall qualify for entitlement only in respect of:

(a) shares transferred into the depositor's securities account before 4.30 p.m. on 9 June 2021 in respect of ordinary transfers; and

(b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of Bursa Malaysia Securities Berhad.

By Order of the Board

NG WAI PENG
Secretary

Petaling Jaya
Selangor Darul Ehsan
30 April 2021

NOTES

In view of the COVID-19 outbreak and as part of Paramount's safety measures, the Fifty-First Annual General Meeting (**AGM**) of the Company will be convened on a **full virtual basis with live streaming of the meeting proceedings from the Broadcast Venue, and remote participation and voting (RPV) via https://tiih.online**. This is in line with the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia (**the SC**) on 18 April 2020, and as updated by the SC from time to time.

The Broadcast Venue of the AGM is strictly for compliance with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the meeting to be at the main venue of the meeting. **Hence, no shareholder from the public will be allowed to attend the AGM in person or by proxy at the Broadcast Venue**.

Kindly refer to the procedures set out in the attached Administrative Guide for RPV at the AGM.

General Meeting Record of Depositors

In respect of deposited securities, only members whose names appear in the Record of Depositors on 21 May 2021 (General Meeting Record of Depositors) shall be entitled to participate and vote at the AGM.

Appointment of Proxy

1. A member entitled to participate and vote at the AGM via RVP is entitled to appoint more than one (1) proxy to participate and vote on his/her/its stead provided that the member specifies in the instrument appointing a proxy the proportion of the member's shareholdings to be represented by each proxy. A proxy need not be a member of the Company.

2. Where a member of the Company is an authorised nominee (as defined in the Securities Industry (Central Depositories) Act, 1991), it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares in the Company standing to the credit of the said securities account.

3. Where a member of the Company is an exempt authorised nominee (as defined in the Securities Industry (Central Depositories) Act, 1991) which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (**omnibus account**), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

OTHER INFORMATION

NOTICE OF FIFTY-FIRST ANNUAL GENERAL MEETING

4. The instrument appointing a proxy (**Proxy Form**) must be in writing under the hand of the member or his/her attorney duly authorised in writing, or if the member is a corporation, must be executed under its common seal or under the hand of two (2) authorised officers, one (1) of whom shall be its director or its attorney duly authorised in writing, or if the corporation has only one (1) director, by that sole director in the presence of a witness who attests the director's signature in accordance with the provisions of Section 66 of the Companies Act, 2016. The power of attorney or a duly certified copy thereof must be submitted to the Company's Share Registrar.

5. The appointment of proxy may be deposited in a hardcopy form or submitted by electronic means in the following manner not less than 24 hours before the time appointed for the AGM or any adjournment thereof:

   i) deposit the Proxy Form physically with the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd (**Tricor**) at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur; or

   ii) submit the Proxy Form electronically to Tricor via https://tiih.online. Please refer to the procedures for electronic submission of Proxy Form set out in the Administrative Guide.

Explanatory Note A

Item 1 on the Agenda is meant for discussion only as the Audited Financial Statements do not require the formal approval of the shareholders pursuant to Sections 248(2) and 340(1)(a) of the Companies Act, 2016. Hence, the matter will not be put forward for voting.

Explanatory Note B

The aggregate amount of not exceeding RM1,500,000.00 proposed in Resolution 2 represents an estimated provision for Directors' fees and meeting allowances payable for the period from 1 July 2021 to 30 June 2022 to the Company's Directors, including new Directors as may be appointed by the Board from time to time during the same period.

Explanatory Note C

Resolution 3

Datuk Seri Dr Michael Yam Kong Choy, a Malaysian, aged 67, is a Fellow of the Royal Institution of Chartered Surveyors, United Kingdom and the Chartered Institute of Building, United Kingdom. He joined the Board of Directors (**Board**) of Paramount on 18 February 2010 and was designated as the Senior Independent Non-Executive Director (**INED**) on 27 February 2014. He is also the Chairman of both the Nominating Committee and Remuneration Committee of the Company.

Datuk Seri Dr Michael Yam Kong Choy had an illustrious career of more than 36 years in the construction, real estate and corporate sectors, and had helmed two award-winning public listed property companies as their Managing Director and Chief Executive Officer (**CEO**) before retiring in 2008. He received his early training as a building engineer in the United Kingdom with various companies and the British Civil Service after graduating from the University of Westminster, London.

He is currently appointed on the boards of various government incorporated and non-governmental organisations, serving as the Chairman of InvestKL Corporation, Malaysia Airports (Niaga) Sdn Bhd, KL Airport Hotel Sdn Bhd, Triterra Sdn Bhd and Metropolitan Lake Development Sdn Bhd. He is also the Most Recent Past President and Patron of the Real Estate and Housing Developers' Association of Malaysia and a trustee of the Standard Chartered Foundation. He is also the Global Vice President of the Chartered Institute of Building.

NOTICE OF FIFTY-FIRST ANNUAL GENERAL MEETING

Resolution 4

Mr Jeffrey Chew Sun Teong, a Malaysian, aged 55, is a Fellow of the Association of Chartered Certified Accountants (**ACCA**), United Kingdom and Fellow of the Asian Institute of Chartered Bankers as well as a Member of the Malaysian Institute of Accountants. He joined Paramount on 1 July 2014 as its Group CEO and was appointed to the Board on 8 June 2015.

As the Group CEO of Paramount, Mr Chew is responsible for the management of the Group's businesses and ensures that the Group's businesses deliver consistent shareholder value.

Under his management, Paramount has experienced consistent revenue growth over the past six years. It has also garnered numerous awards, including the "Highest Returns to Shareholders Over 3 Years" for the Property Sector at The Edge Malaysia Centurion Club Corporate Awards 2019. Paramount also rose to 12th place in 2020 for The Edge Property Excellence Awards rankings, up from 25th place in 2014.

Mr Chew was on the Advisory Committee of ACCA Malaysia up to 2017. He is currently an Independent Director and Chairman of the Audit Committee of the Asian Banking School, and a member of the Small Debt Resolution Committee of Bank Negara Malaysia.

Resolution 5

Puan Fatimah Binti Merican, a Malaysian, aged 67, graduated from the University of Westminster, United Kingdom with a Higher National Diploma in Computer Science. She joined the Board of Paramount on 2 July 2018 as an INED, and is also a member of both the Nominating Committee and Board Risk Management Committee of the Company.

Puan Fatimah had an impressive career of 37 years at ExxonMobil where she rose through the ranks from the position of Information Technology Analyst at Esso Malaysia Berhad (**Esso**) in 1977 to Executive Director of Esso and Vice President & Director of ExxonMobil Exploration and Production Malaysia Inc before retiring in March 2014.

After her retirement, she embarked on a new role as an independent Executive Coach focusing on women in leadership and in collaboration with various organisations, such as the 30% Club Malaysia, TalentCorp Malaysia and the Institute of Chartered Accountants in England and Wales. She is also a Neuro-Linguistic Programming (**NLP**) coach certified by the American Board of NLP since 2013.

Explanatory Note D

Resolution 6

Puan Faizah Binti Khairuddin, a Malaysian, aged 53, graduated from University de Picardie, France (majoring in Industrial Chemistry). She joined the Board of Paramount on 1 July 2020 as an INED, and is also a member of the Audit Committee and Board Risk Management Committee. Puan Faizah started her career as an engineer in a global manufacturing company in 1991. She joined Standard Chartered Bank Malaysia Berhad in 1998 as a General Manager, Branch and Direct Marketing till 2004. She was also attached with Bank Simpanan Nasional Berhad as Deputy CEO from 2004 to 2006, and Bank Islam Malaysia Berhad as the Head of Consumer Banking Group from 2006 to 2007.

Puan Faizah then joined Malaysia Airport Holdings Berhad from 2008 to 2015 as a Senior General Manager, Commercial Services tasked to formulate strategies to optimise group commercial growth and stimulate new market opportunities globally. She was instrumental in the phenomenal success of klia2 as the new industry business model and game changer. Her recent project was as a consultant to Persada Johor International Convention Centre.

OTHER INFORMATION

NOTICE OF FIFTY-FIRST ANNUAL GENERAL MEETING

Explanatory Note E

The Board had, through the Nominating Committee, conducted an assessment on the independence of Datuk Seri Dr Michael Yam Kong Choy who has served as an INED for more than nine (9) years, and had recommended that Datuk Seri Dr Michael Yam Kong Choy be allowed to remain as an INED of the Company based on the justifications as set out in the Corporate Governance Overview Statement on page 74 of this Annual Report 2020.

Please refer to Explanatory Note C for the profile of Datuk Seri Dr Michael Yam Kong Choy.

Explanatory Note F

The Ordinary Resolution proposed under item 8, if passed, will renew the powers given to the Directors at the last AGM, to allot and issue up to ten per centum (10%) of the issued share capital of the Company as at the date of such allotment for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied by the Company in a meeting of members, will expire at the conclusion of the next AGM. As at the date of this Notice, no new shares in the Company were issued pursuant to the general mandate granted to the Directors at the Fiftieth AGM held on 25 June 2020, which will lapse at the conclusion of the Fifty-First AGM. The general mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placement of shares for the purpose of funding future investment project(s), working capital and/or acquisitions without having to convene a meeting of members.

Voting by Poll

All resolutions set out in this Notice shall be voted by poll and by way of electronic voting via https://tiih.online.

No Recording or Photography

Unauthorised recording and photography are strictly prohibited at the AGM.

OTHER INFORMATION

ADMINISTRATIVE GUIDE

FOR REMOTE PARTICIPATION AND VOTING AT THE FIFTY-FIRST ANNUAL GENERAL MEETING OF PARAMOUNT CORPORATION BERHAD

MODE OF MEETING

In efforts to adhere to the government's directives to curb the spread of COVID-19 in Malaysia, Paramount Corporation Berhad (**Paramount**) will be conducting its Fifty-First Annual General Meeting (**AGM**) on Tuesday, 1 June 2021 at 10.30 a.m. on a **full virtual basis with live streaming of the meeting proceedings from the Broadcast Venue, and remote particpation and voting** via Tricor Investor & Issuing House Services Sdn Bhd (**Tricor**)'s TIIH Online website at https://tiih.online.

The Broadcast Venue of the AGM is strictly for compliance with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the meeting to be at the main venue. **Hence, no shareholder from the public will be allowed to attend the AGM in person or by proxy at the Broadcast Venue**.

REMOTE PARTICIPATION AND VOTING (RPV) FACILITIES

Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, **participate**) remotely at the AGM by using the RPV facilities provided by Tricor via its TIIH Online website at https://tiih.online. Please refer to Procedures for RPV.

A shareholder who has appointed a proxy or attorney or authorised representative to participate and vote at the AGM must request his/her proxy to register himself/herself for the RPV via https://tiih.online.

PROCEDURES FOR RPV

Please read and follow the procedures below to engage in remote participation and voting at the AGM by using the RPV facilities:

Before the AGM

Procedure	Action
1. Register as a user with TIIH Online	• If you are not an existing user with TIIH Online, you are required to register (for first time registration only). • Using your device, access the website at https://tiih.online. Register as a user under the "e-Services". Select "Sign Up" and followed by **Create Account by Individual Holder**. Refer to the tutorial guide posted on the homepage for assistance. • Registration as a user will be approved within one working day and you will be notified via e-mail. • If you are already a user of TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available at TIIH Online.
2. Submit your request to attend AGM remotely	• Registration will open from Friday, 30 April 2021 until the day of the AGM on Tuesday, 1 June 2021. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to register to ascertain their eligibility to participate in the AGM via RPV. • Login with your user ID (i.e. e-mail address) and password and select the corporate event: **(REGISTRATION) PARAMOUNT 51ST AGM**. • Read and agree to the Terms & Conditions and confirm the Declaration. • Select "Register for Remote Participation and Voting". • Review your registration and proceed to register. • The system will send an e-mail to notify you that your registration for remote participation has been received and will be verified. • After verification of your registration against the General Meeting Record of Depositors as at 21 May 2021, the system will send you an e-mail on or after 31 May 2021 to approve or reject your registration for remote participation. *(Note: Please allow sufficient time for the approval of new users of TIIH Online and registration for the RPV)*

OTHER INFORMATION

ADMINISTRATIVE GUIDE

FOR REMOTE PARTICIPATION AND VOTING AT THE FIFTY-FIRST ANNUAL GENERAL MEETING OF PARAMOUNT CORPORATION BERHAD

PROCEDURES FOR RPV (CONT'D.)

On the AGM Day

Procedure	Action
1. Login to https://tiih.online	• Login with your user ID and password at any time from 10.00 a.m. i.e. 30 minutes before commencement of the meeting at 10.30 a.m. on Tuesday, 1 June 2021.
2. Participate through live streaming	• Select the corporate event: **(LIVE STREAM MEETING) PARAMOUNT 51ST AGM** to engage in the proceedings of the AGM remotely. • If you have any question on the agenda items of the AGM, you may use the query box to transmit your question. The Chairman and/or Group Chief Executive Officer will endeavour to respond to the questions during the meeting.
3. Online remote voting	• The voting session will commence from 10.30 a.m. on Tuesday, 1 June 2021 until such time when the Chairman announces the end of the session. • Select the corporate event: **(REMOTE VOTING) PARAMOUNT 51ST AGM** or if you are on the live stream meeting page, you can select **GO TO REMOTE VOTING PAGE** button below the query box. • Read and agree to the Terms & Conditions and confirm the Declaration. • Select the CDS account that represents your shareholdings. • Indicate your votes for the resolutions that are tabled for voting. • Confirm and submit your votes.
4. End of remote participation	• The live streaming will end when the Chairman announces the closure of the meeting.

Notes to users of the RPV:

(i) Should your registration for RPV be approved, we will make available to you the rights to join the live stream meeting and to vote remotely.
(ii) The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
(iii) In the event you encounter any issues with logging-in, connection to the live stream meeting or online voting on the meeting day, kindly call Tricor Help Line at 011-4080 5616 / 011-4080 3168 / 011-4080 3169 / 011-4080 3170 for assistance or e-mail to tiih.online@my.tricorglobal.com for assistance.

ENTITLEMENT TO PARTICIPATE AND APPOINTMENT OF PROXY

Only members whose names appear in the General Meeting Record of Depositors as at 21 May 2021 shall be eligible to participate in the AGM or appoint a proxy(ies) and/or the Chairman of the meeting to attend and vote on his/her behalf.

If you wish to participate in the AGM yourself, please do not submit any Proxy Form for the AGM. You will not be allowed to participate in the AGM together with a proxy appointed by you.

All Proxy Forms and/or documents appointing proxies/corporate representatives/attorneys for the AGM whether in hardcopy form or by electronic means must be deposited or submitted in the following manner not later than Monday, 31 May 2021 at 10.30 a.m.:

(i) In hardcopy form:

By hand or post to the office of the Company's Share Registrar, Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur; or

ADMINISTRATIVE GUIDE

FOR REMOTE PARTICIPATION AND VOTING AT THE FIFTY-FIRST ANNUAL GENERAL MEETING OF PARAMOUNT CORPORATION BERHAD

(ii) By electronic means:

Submit electronically via TIIH Online, and the steps to submit are summarised below:

Steps for Individual Shareholders

Procedure	Action
1. Register as a user with TIIH Online	• Access TIIH Online at https://tiih.online. Under "e-Services", select "Sign Up", followed by **Create Account by Individual Holder**. Refer to the tutorial guide posted on the homepage for assistance. • If you are already a TIIH Online user, you are not required to register again.
2. Proceed with submission of Proxy Form	• Login to https://tiih.online with your username (i.e. e-mail address) and password. • Select the corporate event: **PARAMOUNT 51ST AGM - SUBMISSION OF PROXY FORM**. • Read and agree to the Terms & Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf. • Appoint your proxy(ies) and insert the required details of your proxy(ies) or appoint the Chairman as your proxy. • Indicate your voting instructions - **FOR** or **AGAINST**, otherwise your proxy will decide your vote. • Review and confirm your proxy(ies) appointment. • Print the Proxy Form for your own record.

Steps for Corporate or Institutional Shareholders

Procedure	Action
1. Register as a user with TIIH Online	• Authorised or nominated representative of the corporate or institutional shareholder to access TIIH Online at https://tiih.online. • Under "e-Services", select "Sign Up", followed by **Create Account by Representative of Corporate Holder**. • Complete the registration form and upload the required documents. • The registration will be verified, and you will be notified by e-mail within one (1) to two (2) working days. • Proceed to activate your account with the temporary password given in the e-mail and re-set to your own password. *(Note: The representative of a corporate or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact Tricor, our Share Registrar, if you need clarifications on the user registration)*
2. Proceed with submission of Proxy Form	• Login to TIIH Online at https://tiih.online. • Select the corporate event **PARAMOUNT 51ST AGM - SUBMISSION OF PROXY FORM**. • Read and agree to the Terms & Conditions and confirm the Declaration. • Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxy(ies) by inserting the required data. • Login to TIIH Online, select the corporate event **PARAMOUNT 51ST AGM - SUBMISSION OF PROXY FORM**. • Proceed to upload the duly completed proxy appointment file. • Select "Submit" to complete your submission. • Print the confirmation report of your submission for your own record.

ENQUIRY

If you have any enquiry prior to the meeting, please contact our Share Registrar, Tricor, at +603-2783 9299 during office hours on Mondays to Fridays (except on public holidays) from 9.00 a.m. to 5.30 p.m.

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PROXY FORM

PARAMOUNT

PARAMOUNT CORPORATION BERHAD
Registration No: 196901000222 (8578-A)

I/We ____
(name of shareholder as per NRIC or name of company, in capital letters)

NRIC No./Passport No./Company No. ____________________ (New) ____________________ (Old)

Contact No. ____________________ of ______________________________

____
(full address)

being a member of Paramount Corporation Berhad (**the Company**) hereby appoint

Name	Address	NRIC No./ Passport No.	No. of Shares	%

and

Name	Address	NRIC No./ Passport No.	No. of Shares	%

or failing him/her, the Chairman of the meeting as my/our proxy to vote on my/our behalf at the Fifty-First Annual General Meeting (**AGM**) of the Company to be held at Co-labs Coworking The Starling, Lot 4-401 & 4-402, Level 4, The Starling Mall, No. 6, Jalan SS21/37, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan (**Broadcast Venue**) on Tuesday, 1 June 2021 at 10.30 a.m. and at any adjournment thereof.

I/We direct my/our proxy to vote (see Note 5) for or against the resolutions to be proposed at the meeting as indicated hereunder.

		For	Against
Resolution 1	Final Dividend		
Resolution 2	Directors' fees and meeting allowances for the period from 1 July 2021 to 30 June 2022		
Resolution 3	Re-election of Datuk Seri Dr Michael Yam Kong Choy as a Director		
Resolution 4	Re-election of Mr Jeffrey Chew Sun Teong as a Director		
Resolution 5	Re-election of Puan Fatimah Binti Merican as a Director		
Resolution 6	Re-election of Puan Faizah Binti Khairuddin as a Director		
Resolution 7	Re-appointment of Auditors and to fix their remuneration		
Resolution 8	Datuk Seri Dr Michael Yam Kong Choy to continue in office as an Independent Non-Executive Director		
Resolution 9	Authority to Directors to allot and issue shares		

Dated this ________ day ____________________ 2021

CDS ACCOUNT NO.	NO. OF SHARES HELD

____
Signature/Common Seal

NOTES

1. A member entitled to participate and vote at the AGM via https://tiih.online is entitled to appoint more than one (1) proxy to participate and vote on his/her/its stead provided that the member specifies in the instrument appointing a proxy the proportion of the member's shareholdings to be represented by each proxy. A proxy need not be a member of the Company.
2. Where a member of the Company is an authorised nominee (as defined in the Securities Industry (Central Depositories) Act, 1991), it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares in the Company standing to the credit of the said securities account.
3. Where a member of the Company is an exempt authorised nominee (as defined in the Securities Industry (Central Depositories) Act, 1991) which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (**omnibus account**), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy (**Proxy Form**) must be in writing under the hand of the member or his/her attorney duly authorised in writing, or if the member is a corporation, must be executed under its common seal or under the hand of two (2) authorised officers, one (1) of whom shall be its director or its attorney duly authorised in writing, or if the corporation has only one (1) director, by that sole director in the presence of a witness who attests the director's signature in accordance with the provisions of Section 66 of the Companies Act, 2016. The power of attorney or a duly certified copy thereof must be submitted to the Company's Share Registrar.
5. Please indicate with an "X" in the appropriate box against each resolution how you wish your proxy to vote. If this Proxy Form is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.
6. The appointment of proxy may be deposited in a hardcopy form or submitted by electronic means in the following manner not less than 24 hours before the time appointed for the AGM or any adjournment thereof:
   i) deposit the Proxy Form physically with the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd (**Tricor**) at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur; or
   ii) submit the Proxy Form electronically to Tricor via https://tiih.online. Please refer to the procedures for electronic submission of Proxy Form set out in the Administrative Guide.
7. In respect of deposited securities, only members whose names appear in the Record of Depositors on 21 May 2021 (General Meeting Record of Depositors) shall be entitled to participate and vote at this meeting.

1. Fold along this line first

Please Affix
Stamp

The Share Registrar of
PARAMOUNT CORPORATION BERHAD
Registration No: 196901000222 (8578-A)

TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD
Registration No: 197101000970 (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

2. Then fold along this line

www.pcb.my

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