



Insurance Simplified

TUNE PROTECT GROUP BERHAD

Annual Report 2020





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## Cover Rationale

### Insurance Simplified

Tune Protect is committed to making life simpler for our customers. Leveraging technology, we are revolutionising customer experience by providing innovative lifestyle solutions that are available at their fingertips - anytime, anywhere.



You can find this Annual Report and additional information about Tune Protect Group Berhad on our corporate website.

# Glossary

## Terms

<b>Bursa Malaysia or Bursa Securities</b>	Bursa Malaysia Securities Berhad
<b>The App</b>	Tune Protect Mobile App
<b>The Board</b>	Board of Directors
<b>The Group</b>	Tune Protect Group Berhad and its subsidiaries
<b>Tune Protect or The Group and its Overseas Ventures</b>	Tune Protect Group Berhad, its subsidiaries and overseas ventures
<b>Tune Protect EMEIA</b>	Tune Protect Commercial Brokerage LLC
<b>Tune Protect Group or The Company</b>	Tune Protect Group Berhad
<b>Tune Protect Malaysia</b>	Tune Insurance Malaysia Berhad
<b>Tune Protect Re</b>	Tune Protect Re Ltd.
<b>Tune Protect Thailand</b>	Tune Insurance Public Company Limited
<b>White Label</b>	White Label Sdn. Bhd.

## Acronyms

<b>AGM</b>	Annual General Meeting	<b>MACC</b>	Malaysian Anti-Corruption Commission
<b>ASEAN</b>	Association of Southeast Asian Nations	<b>MFRS</b>	Malaysian Financial Reporting Standards
<b>B2B</b>	Business-to-Business	<b>MMLR</b>	Main Market Listing Requirements
<b>B2B2C</b>	Business-to-Business-to-Consumer	<b>MSWG</b>	Minority Shareholders Watch Group
<b>B2C</b>	Business-to-Consumer	<b>MyCC</b>	Malaysian Competition Commission
<b>BNM</b>	Bank Negara Malaysia	<b>NEP</b>	Net Earned Premium
<b>CG</b>	Corporate Governance	<b>NPS</b>	Net Promoter Score
<b>CoC</b>	Code of Conduct	<b>NWP</b>	Net Written Premium
<b>CSR</b>	Corporate Social Responsibility	<b>OR</b>	Operating Revenue
<b>D2C</b>	Direct-to-Consumer	<b>PA</b>	Personal Accident
<b>EES</b>	Economic, Environmental and Social	<b>PAT</b>	Profit After Tax
<b>EMEIA</b>	Europe, Middle East, India and Africa	<b>PAYD</b>	Pay-As-You-Drive
<b>ESG</b>	Environmental, Social and Governance	<b>RM</b>	Ringgit Malaysia
<b>ESOS</b>	Employees' Share Option Scheme	<b>RRPT</b>	Recurring Related Party Transactions
<b>FY</b>	Financial Year	<b>SME</b>	Small and Medium Enterprise
<b>GDP</b>	Gross Domestic Product	<b>TPA</b>	Travel Personal Accident
<b>GRI</b>	Global Reporting Initiative	<b>UAE</b>	United Arab Emirates
<b>GSSB</b>	Global Sustainability Standards Board	<b>UN SDG</b>	United Nations Sustainable Development Goal
<b>GWP</b>	Gross Written Premium	<b>y-o-y</b>	Year-on-year
<b>HRMS</b>	Human Resources Management System		
<b>JV</b>	Joint Venture		

# Reporting Framework

## Reporting Approach

In this Annual Report 2020 ("report"), we have commenced our integrated reporting journey to provide a more concise, connected and transparent reporting of our objectives, strategies and performance. We demonstrate how we create value for our stakeholders through efficient management of capitals and resources. For more information on our value creation model, refer to pages 16 to 17 of this report.

This report outlines our unique business model, strategic focus and material matters. It also covers our progress in the Economic, Environmental and Social sustainability pillars. We recognise that the process to fully integrate our report is both continuous and dynamic. Nevertheless, we aim to improve and move towards a fully integrated report in the near future.

## Reporting Scope and Boundary

This report includes the financial and non-financial performance of Tune Protect Group Berhad, its subsidiaries and Overseas Ventures.

The Sustainability Statement section of this report covers our operations in Malaysia, comprising Tune Protect Group, Tune Protect Malaysia, Tune Protect Re and White Label. Our associate and joint venture entities outside of Malaysia are excluded in this reporting scope.

## Reporting Period

1 January 2020 to 31 December 2020 (unless stated otherwise).

## References & Guidelines

This report was prepared with reference to the following frameworks and disclosure requirements:

- International Integrated Reporting Council's Integrated Reporting Framework
- Bursa Malaysia Securities Berhad's Main Market Listing Requirements
- Bursa Malaysia Securities Berhad's Sustainability Reporting Guide
- Securities Commission Malaysia's Malaysian Code on Corporate Governance 2017
- Companies Commission of Malaysia's Companies Act 2016
- Malaysian Accounting Standards Board's Malaysian Financial Reporting Standards
- International Accounting Standards Board's International Financial Reporting Standards

This report has been prepared in accordance with the Global Sustainability Standards Board's Global Reporting Initiative ("GRI") Standards: Core Option, based on the reporting principles of the GRI Standards, i.e. Stakeholder Inclusiveness, Sustainability Context, Materiality and Completeness.

## Memberships of Associations

The Group is a member of the following associations:

- General Insurance Association of Malaysia ("PIAM")
- Labuan International Insurance Association ("LIIA")

## Navigation

This report employs the use of icons to link our strategy and materiality matters to our activities and outcomes.



**Financial  
Capital**



**Intellectual  
Capital**



**Human  
Capital**



**Natural  
Capital**



**Social &  
Relationship Capital**

## Feedback

We welcome your feedback on our report. All feedback and enquiries can be directed to:

**Address** : Level 9, Wisma Tune,  
No. 19, Lorong Dungun,  
Damansara Heights,  
50490 Wilayah Persekutuan,  
Kuala Lumpur, Malaysia

**Tel** : +603 2056 6200

**Fax** : +603 2092 1029

**Email** : [ir@tuneprotect.com](mailto:ir@tuneprotect.com)



Refer to GRI Content Index on page 227 of this report.



We encourage you to go digital and paperless – opt for the digital version of this report that is available on our corporate website at [tuneprotect.com](http://tuneprotect.com).

## Who We Are



**Tune Protect Group Berhad (“Tune Protect Group” or “The Company”) is a financial holding company that provides underwriting and reinsurance services for non-life insurance products through its subsidiaries and Overseas Ventures.**

Incorporated in 2011, the Company was listed on the Main Market of Bursa Malaysia in 2013. With its tagline “Insurance Simplified”, Tune Protect offers an array of affordable protection plans to suit individual, Small and Medium Enterprise and corporate needs via its insurance, reinsurance and marketing arms in Malaysia, Thailand and the United Arab Emirates.

### Our Vision

To be the lifestyle insurer that everyone LOVES

### Our Mission

To simplify the consumer experience with best-in-class products and technology that complement the consumer’s lifestyle needs

### Core Values

#### Make It Simple

We make things easy and uncomplicated.



#### Be Customer Obsessed

We listen to customers’ needs and find a solution.



#### Better Together

We work to win as one cohesive team.



#### Be Curious & Bold

We continuously learn, test and explore. We know when to take risks and be empowered.

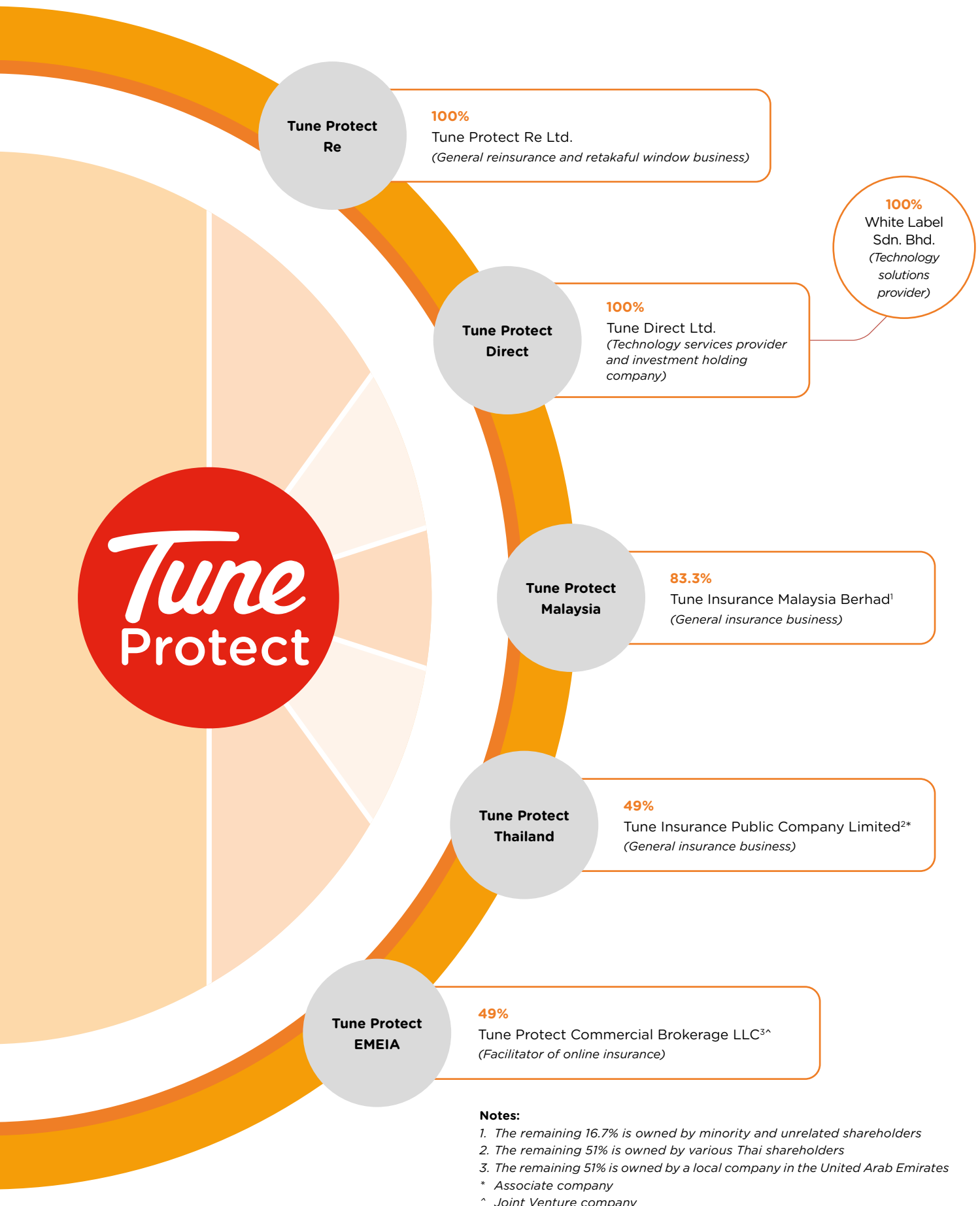


Please scan this QR code to find out more about the events and activities the Group and its Overseas Ventures organised and participated in during the year under review.





# Corporate Structure



# Corporate Information

## Board of Directors

### Ng Soon Lai @ Ng Siek Chuan

(Chairman, Independent Non-Executive Director)

### Tan Ming-Li

(Independent Non-Executive Director)

### Mohamed Rashdi bin Mohamed Ghazalli

(Senior Independent Non-Executive Director)

### Aireen Omar

(Non-Independent Non-Executive Director)

### Kelvin Desmond Malayapillay

(Independent Non-Executive Director)



## AUDIT COMMITTEE

Mohamed Rashdi bin Mohamed Ghazalli  
(Chairman)

Ng Soon Lai @ Ng Siek Chuan

Tan Ming-Li

Kelvin Desmond Malayapillay

## ESOS COMMITTEE

Aireen Omar (Chairman)

How Kim Lian

Yap Hsu Yi

## SENIOR INDEPENDENT DIRECTOR

Mohamed Rashdi bin Mohamed Ghazalli

## RISK MANAGEMENT COMMITTEE

Kelvin Desmond Malayapillay  
(Chairman)

Ng Soon Lai @ Ng Siek Chuan

Tan Ming-Li

Mohamed Rashdi bin Mohamed Ghazalli

## NOMINATION COMMITTEE

Tan Ming-Li (Chairman)

Ng Soon Lai @ Ng Siek Chuan

Mohamed Rashdi bin Mohamed Ghazalli

## REMUNERATION COMMITTEE

Tan Ming-Li (Chairman)

Ng Soon Lai @ Ng Siek Chuan

Mohamed Rashdi bin Mohamed Ghazalli

## INVESTMENT COMMITTEE

Aireen Omar (Chairman)

Ng Soon Lai @ Ng Siek Chuan

Mohamed Rashdi bin Mohamed Ghazalli

## COMPANY SECRETARY

Teh Peng Peng

(SSM Practising Certificate  
202008000736)  
(MAICSA 7021299)

## AUDITORS

Ernst & Young PLT

202006000003 (LLP0022760-LCA) &  
AF 0039

Chartered Accountants  
Level 23A, Menara Milenium,  
Jalan Damanlela,  
Pusat Bandar Damansara,  
50490 Kuala Lumpur,  
Wilayah Persekutuan, Malaysia

Tel : +603 7495 8000

Fax : +603 2095 5332

## REGISTERED OFFICE

Level 9, Wisma Tune,  
No. 19, Lorong Dungun,  
Damansara Heights,  
50490 Kuala Lumpur,  
Wilayah Persekutuan, Malaysia

Tel : +603 2056 6200

Fax : +603 2092 1029

Email : hello.my@tuneprotect.com

Website : tuneprotect.com

## SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.  
(Company No. 199601006647 (378993-D))

11<sup>th</sup> Floor, Menara Symphony,  
No. 5, Jalan Prof. Khoo Kay Kim,  
Seksyen 13, 46200 Petaling Jaya,  
Selangor, Malaysia

Tel : +603 7890 4700

Fax : +603 7890 4670

## PRINCIPAL BANKER

HSBC Bank Malaysia Berhad

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia  
Securities Berhad

Stock Code : 5230

Stock Name : TUNEPRO

(Listed since 20 February 2013)

## Investor Relations

Tune Protect Group Berhad (“The Company”) is committed to maintaining an open and transparent communication channel with our key stakeholders. The year 2020 was unprecedented, as the global capital markets contended with the repercussions of the COVID-19 pandemic. However, this did not derail our focus of constantly making sure our key stakeholders stayed well-informed about the Company’s latest developments. We adapted swiftly by leveraging virtual platforms to stay connected with investors and analysts amidst the challenges of not being able to engage with them face-to-face. During such trying times, the onus was on the Investor Relations function to assuage stakeholders by clearly and regularly communicating the impact of the pandemic on our operations and the mitigating actions taken by the Company to hasten our recovery. The Company was short-listed as a finalist under the ‘Best Crisis Management’ category in the IR Magazine Awards - South East Asia 2020.

Increasingly, our conversations with stakeholders have advanced beyond financials and operational performances. We proactively engage with our key stakeholders to understand their views on sustainability and how it influences their investment decisions. We do see a greater interest from stakeholders that seek a conversation pertaining to our Environment, Social and Governance initiatives. The global pandemic crisis has certainly played a part in emphasising the importance of sustainability and has accelerated its adoption.

In an effort to cushion the pandemic impact, Bank Negara Malaysia resorted to a series of interest rate cuts which led to retail investors seeking better investment returns via the equity market. The Company’s retail shareholders base made up 77.3% of the total shareholders at end-2020. Retail investors remain an important part of our outreach efforts and our Company’s retail shareholding mix has been growing in recent years. In addition to the AGM (“Annual General Meeting”), we address the concerns of retail investors through emails, telephone calls and conference meetings.

### Investor Relations Calendar

Date	Details	Venue	Type
28 February 2020	4Q2019 Analyst Briefing	Kuala Lumpur	Conference call
29 May 2020	1Q2020 Analyst Briefing	Kuala Lumpur	Conference call
30 July 2020	2Q2020 Analyst Briefing	Kuala Lumpur	Conference call
4 August 2020	Ninth Fully Virtual AGM	Kuala Lumpur	Live streaming
20 November 2020	3Q2020 Analyst Briefing	Kuala Lumpur	Conference call

### Annual General Meeting

The AGM is an important communication platform between our Board of Directors, Senior Management and the shareholders. Our Ninth AGM convened on 4 August 2020. Due to the COVID-19 Movement Control Order in Malaysia, the AGM was conducted on a fully virtual basis for the first time.

Our Senior Management addressed questions received from shareholders prior to the AGM and attended to live questions during the AGM.

All resolutions tabled at the AGM were duly passed and the results were announced on the Bursa Malaysia and our Investor Relations webpages on the same day. The minutes of the AGM and the responses to all questions received from shareholders were also subsequently published on our Investor Relations webpage.



Ninth Fully Virtual AGM



## Investor Relations

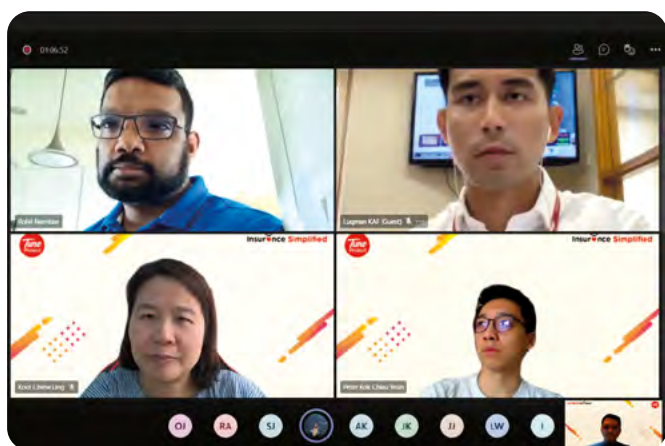
### Analyst Briefings

For each financial quarter end in 2020, an analyst briefing via teleconferencing was conducted immediately after the release of our quarterly financial results on the Bursa Malaysia website. In line with good corporate governance practice, our analyst briefings are held on the same day the Board of Directors approve the financial statements. These briefings provide a platform to share our quarterly performance and initiative updates, including addressing any queries from the analysts.

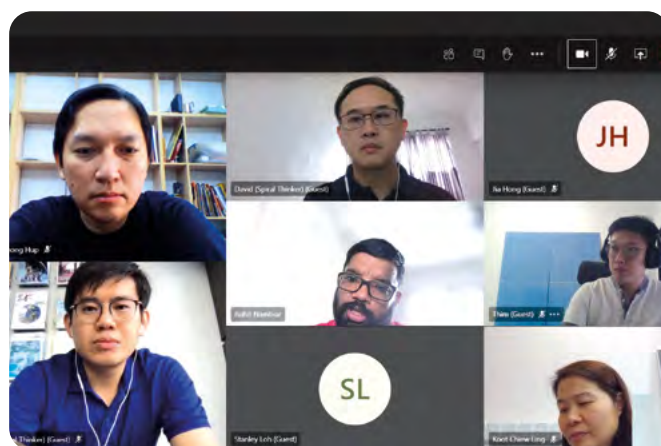
Briefing materials, which included the financial statements, analyst presentation and press release, were circulated to the analysts prior to our teleconference and made available immediately on our Investor Relations webpage.

### Investors and Analysts Meetings

Our engagement efforts with investors and analysts remained unaffected despite the challenges brought about by the COVID-19 pandemic. We leveraged digital conferencing platforms such as Microsoft Teams to conduct virtual meetings. There were a myriad of advantages when organising virtual meetings such as being able to conduct more meetings and extending our reach to overseas investors while saving time and cost in the process.



*Virtual meeting with KAF Equities*



*Virtual meeting with a group of retail investors*

### Enhanced Investor Relations Webpage

Our Investor Relations webpage underwent an enhancement in 2020 with the aim of improving the user-friendliness and providing more real-time information to investors. We engaged with key stakeholders, namely the buy and sell-side analysts, institutional and retail investors, seeking their respective feedback. In addition, we benchmarked ourselves against our peers and other award-winning Investor Relations webpages.

Some of the highlights of the new Investor Relations webpage include:

A new corporate calendar page which contains our historical and future corporate events such as the AGM, quarterly analyst briefings and investor roadshows.

An interactive stock chart with multiple features, including the ability for users to plot the date of important announcements such as quarterly results announcements.

Shareholders can subscribe to our mailing list via our Investor Relations webpage whereby they will receive our latest corporate announcements. Our Investor Relations webpage is kept up to date and any feedback and queries on investor-related matters can be directed to [ir@tuneprotect.com](mailto:ir@tuneprotect.com).

## Investor Relations

### Research Coverage

We are actively covered by the following research houses.

Research Houses	Analysts
AmInvestment Bank <sup>1</sup>	Kelvin Ong
CGS-CIMB Securities	Winson Ng
KAF Equities	Izzul Hakim Abdul Molob
TA Securities	Tony Chan Mun Chun

**Note:**

1. Ceased coverage on 1 April 2021

### Credit Ratings

We are rated by RAM Ratings and A.M. Best, providing an independent assessment of our financial position and capitalisation to our stakeholders.

Rating Agency	RAM Ratings
Rated Entities	Tune Protect Group
Rating Classifications	
Long-term Corporate Credit Rating	A <sub>2</sub>
Short-term Corporate Credit Rating	P1
Outlook	Negative
Date	19 June 2020

Rating Agency	A.M. Best
Rated Entities	Tune Protect Re
Rating Classifications	
Best's Financial Strength Rating	B++
Best's Issuer Credit Rating	bbb
Outlook	Negative
Date	8 October 2020

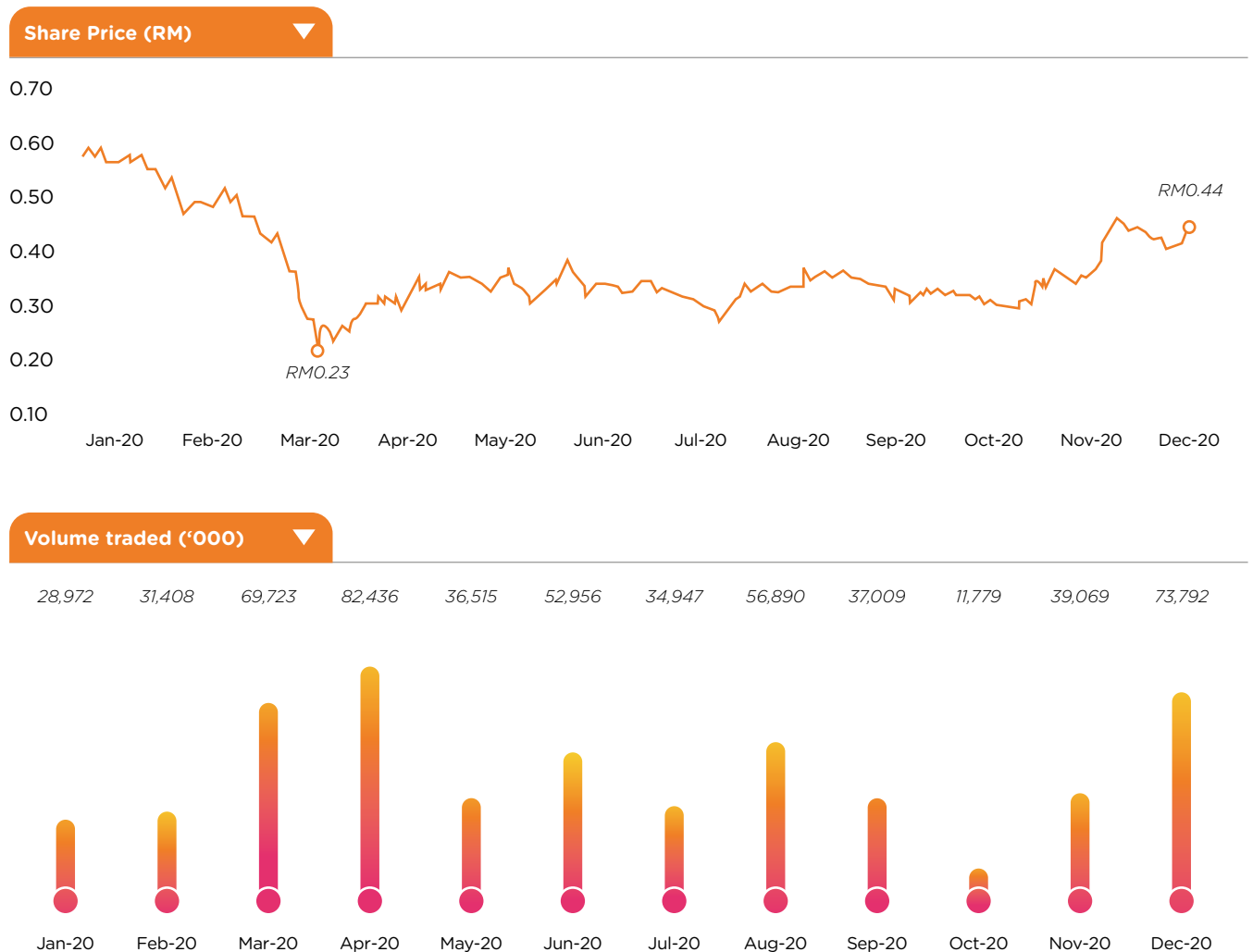
### Share Price and Volume Traded

The outbreak of COVID-19 exerted downward pressure on the global economy and financial markets in 2020. It also triggered a global equities sell-off in March 2020 when COVID-19 was declared a pandemic by the World Health Organization (WHO).

Our share price recovered from the lows experienced in March 2020 and closed at RM0.44 on 31 December 2020.

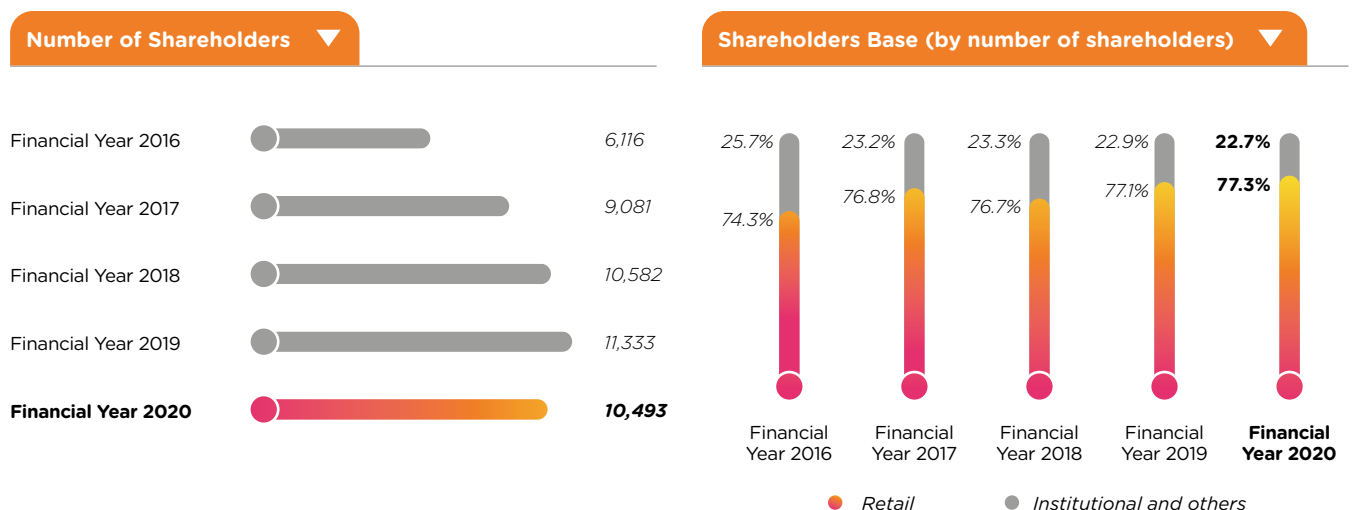
## Investor Relations

Our shares' average monthly traded volume for 2020 was 46.3 million, up 89.6% from 24.4 million shares in 2019.



## Number of Shareholders &amp; Shareholders Base

From 2016 to 2020, our number of shareholders recorded a compounded annual growth rate of 14.4% from 6,116 to 10,493.



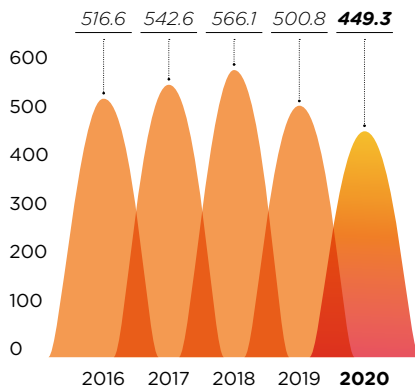
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Tune Protect Group Berhad

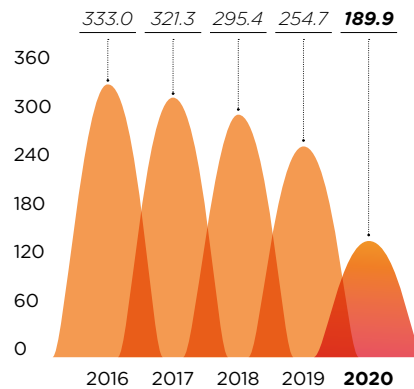
# Financial Highlights

## TUNE PROTECT GROUP ▼

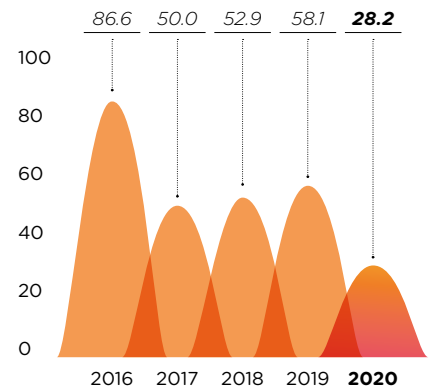
### Operating Revenue (RM mil)



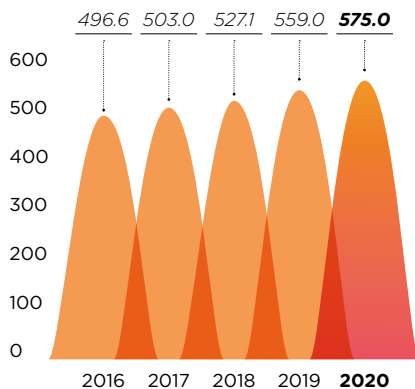
### Net Earned Premium (RM mil)



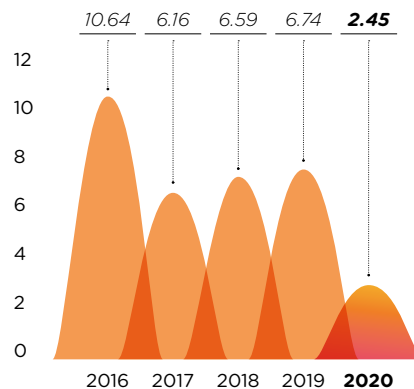
### Profit After Tax (RM mil)



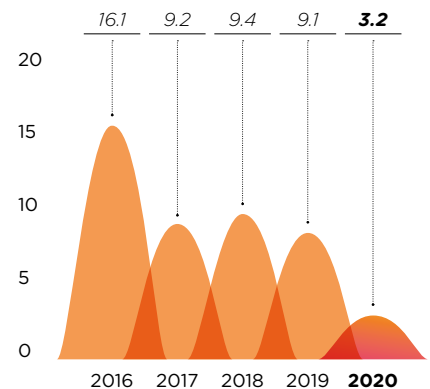
### Shareholders' Equity (RM mil)



### Earnings Per Share (sen)



### Return On Equity (%)



## TUNE PROTECT MALAYSIA ▼

### Gross Written Premium (RM mil)

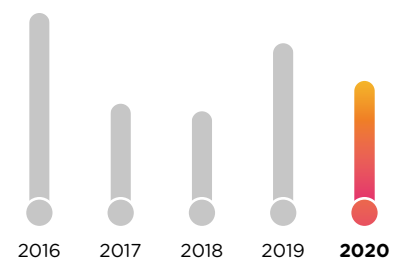
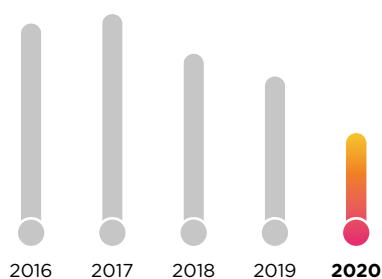
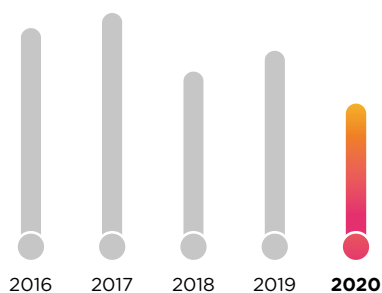
437.2 460.8 450.8 390.6 **322.6**

### Net Earned Premium (RM mil)

208.8 215.4 180.0 158.5 **130.5**

### Profit After Tax (RM mil)

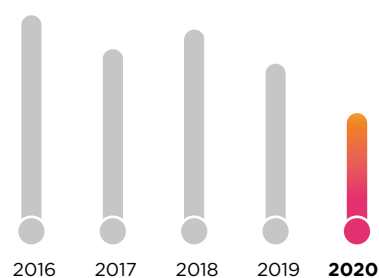
40.1 22.7 21.1 34.1 **25.8**



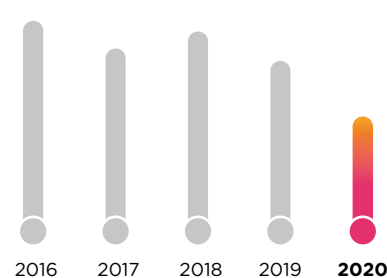
## Financial Highlights

## TUNE PROTECT RE ▼

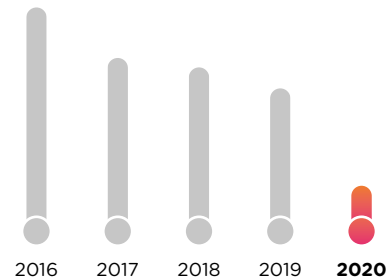
## Gross Written Premium (RM mil)

124.0 105.2 116.6 94.7 **57.2**

## Net Earned Premium (RM mil)

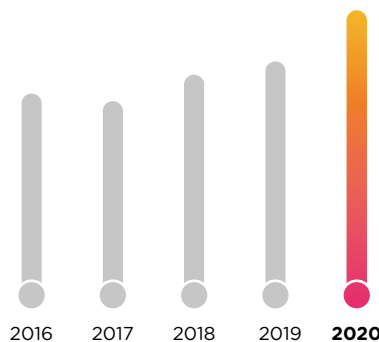
124.2 105.9 115.4 96.2 **59.4**

## Profit After Tax (RM mil)

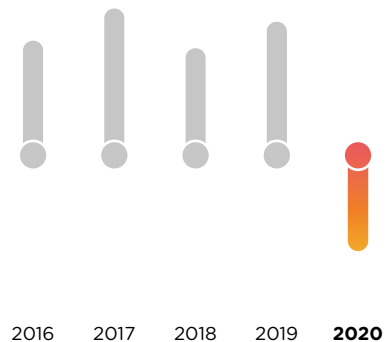
59.9 43.2 42.8 37.5 **11.7**

## TUNE PROTECT THAILAND ▼

## Gross Written Premium\* (RM mil)

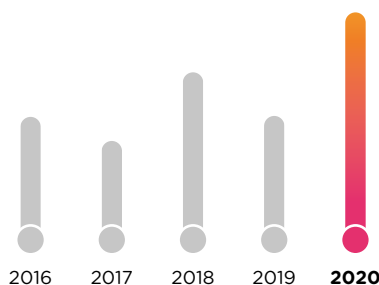
49.4 48.0 52.8 56.0 **74.2**

## Share of Results\* (49%) (RM mil)

2.8 3.5 2.6 3.2 **(1.9)**

## TUNE PROTECT EMEIA ▼

## Share of Results\* (49%) (RM mil)

1.2 1.0 2.3 1.2 **4.3**

Note:




\* Numbers have been converted to Ringgit Malaysia



# Stakeholder Engagement

Our stakeholders are those who influence or are influenced by our businesses. They are diverse and comprise employees, customers, shareholders, investors, regulators, government bodies, analysts, media, agents and intermediaries, business partners and local communities. We regularly engage with our stakeholders to understand what matters most to them and this in turn helps us shape our strategic priorities and align the evolving interests of our stakeholders with our business.

In 2020, we conducted our annual online stakeholder engagement survey to revalidate our material matters. A total of 3,387 internal and external stakeholders were invited to participate in the survey, with approximately 9.9% of them responding. The following table shows the list of our stakeholders, how we engage with them or how they reach us and their areas of interests, based on the outcomes of the stakeholder engagement survey conducted.

Stakeholder Group	Modes of Engagement	Frequency of Engagement	Key Areas of Interest
 Employees	<ul style="list-style-type: none"> <li>Code of Conduct Month activities</li> <li>Internal engagement activities (including town hall meetings, team building, newsfeeds on Workplace @ Facebook, workshops)</li> <li>Performance reviews</li> <li>Policies and procedures</li> <li>Online survey (annual sustainability survey)</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>Quarterly/Periodic</li> <li>Ongoing</li> <li>The Group's intranet</li> <li>Annually</li> </ul>	<ul style="list-style-type: none"> <li>Customer Satisfaction</li> <li>Customer Privacy</li> <li>Occupational Health &amp; Safety</li> <li>Employment</li> <li>Training and Education</li> </ul>
 Customers	<ul style="list-style-type: none"> <li>Customer Service Centre</li> <li>Customer satisfaction survey</li> <li>Print publications, i.e. newspapers, magazines, etc.</li> <li>Digital platforms, i.e. B2C and Business-to-Business-to-Consumer ("B2B2C")</li> <li>Social media platforms</li> <li>Email</li> <li>Online survey (annual sustainability survey)</li> </ul>	<ul style="list-style-type: none"> <li>Location and operating hours available on the corporate website</li> <li>Available immediately to customers who purchase insurance through the Business-to-Consumer ("B2C") platform and mobile app</li> <li>As and when</li> <li>24/7</li> <li>24/7</li> <li>Weekly</li> <li>Annually</li> </ul>	<ul style="list-style-type: none"> <li>Customer Privacy</li> <li>Customer Satisfaction</li> <li>Business Ethics &amp; Compliance</li> <li>Digitisation</li> <li>Occupational Health &amp; Safety</li> </ul>
 Shareholders, investors and analysts	<ul style="list-style-type: none"> <li>Annual General Meeting (Annual Reports, Shareholders' Circulars, Corporate Governance Report)</li> <li>Analyst briefings (analyst presentation slides, financial statements, press releases)</li> <li>Regular dialogues (one-on-one and group meetings, conferences, roadshows, Bursa announcements)</li> <li>Investor Relations webpage</li> <li>Online survey (annual sustainability survey)</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>Quarterly</li> <li>Ad hoc basis</li> <li>24/7</li> <li>Annually</li> </ul>	<ul style="list-style-type: none"> <li>Business Ethics &amp; Compliance</li> <li>Customer Satisfaction</li> <li>Customer Privacy</li> <li>Digitisation</li> <li>Economic Performance</li> </ul>

## Our Responses



**Business Ethics & Compliance  
(Including Anti-Corruption)**  
(page 34)



**Customer Satisfaction**  
(page 37)








**Digitisation**  
(page 39)



**Economic Performance**  
(page 40)

## Stakeholder Engagement

Stakeholder Group	Modes of Engagement	Frequency of Engagement	Key Areas of Interest
 Regulators and government bodies	<ul style="list-style-type: none"> <li>Regulatory reporting</li> <li>Correspondence and monitoring via letters, emails and calls</li> <li>Face-to-face meetings and review</li> <li>Online survey (annual sustainability survey)</li> </ul>	<ul style="list-style-type: none"> <li>Monthly/Quarterly/Annually</li> <li>As required</li> <li>Scheduled/Ad hoc</li> <li>Annually</li> </ul>	<ul style="list-style-type: none"> <li>Customer Satisfaction</li> <li>Business Ethics &amp; Compliance</li> <li>Digitisation</li> <li>Economic Performance</li> <li>Customer Privacy</li> </ul>
 Media	<ul style="list-style-type: none"> <li>Media engagements</li> <li>Media interviews and press releases</li> <li>Company/Corporate events</li> <li>Online survey (annual sustainability survey)</li> </ul>	<ul style="list-style-type: none"> <li>As required</li> <li>Twice per quarter</li> <li>Quarterly</li> <li>Annually</li> </ul>	<ul style="list-style-type: none"> <li>Business Ethics &amp; Compliance</li> <li>Product Innovation</li> <li>Digitisation</li> <li>Diversity &amp; Equal Opportunity</li> <li>Economic Performance</li> </ul>
 Agents and intermediaries	<ul style="list-style-type: none"> <li>Training and awareness</li> <li>Awards and recognition</li> <li>Annual conventions</li> <li>Online survey (annual sustainability survey)</li> </ul>	<ul style="list-style-type: none"> <li>Annually (20 hours)</li> <li>Monthly</li> <li>Annually</li> <li>Annually</li> </ul>	<ul style="list-style-type: none"> <li>Customer Satisfaction</li> <li>Customer Privacy</li> <li>Marketing &amp; Labelling</li> <li>Training &amp; Education</li> <li>Product Innovation</li> </ul>
 Business partners	<ul style="list-style-type: none"> <li>Conferences or roadshows</li> <li>Meetings (face-to-face and group briefing meetings)</li> <li>Credit Rating review (press release)</li> <li>Online survey (annual sustainability survey)</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>Annually</li> <li>Annually</li> <li>Annually</li> </ul>	<ul style="list-style-type: none"> <li>Customer Satisfaction</li> <li>Customer Privacy</li> <li>Business Ethics &amp; Compliance</li> <li>Occupational Health &amp; Safety</li> <li>Product Innovation</li> </ul>
 Local communities	<ul style="list-style-type: none"> <li>Community activities</li> <li>Community partnerships</li> <li>Online survey (annual sustainability survey)</li> </ul>	<ul style="list-style-type: none"> <li>Scheduled/Ad hoc</li> <li>Scheduled/Ad hoc</li> <li>Annually</li> </ul>	<ul style="list-style-type: none"> <li>Business Ethics &amp; Compliance</li> <li>Local Communities</li> <li>Customer Satisfaction</li> <li>Diversity &amp; Equal Opportunity</li> <li>Materials (Resource Consumption)</li> </ul>



**Product Innovation**  
(page 40)



**Materials (Resource Consumption)**  
(page 42)



**Diversity & Equal Opportunity**  
(page 44)



**Occupational Health & Safety**  
(page 45)

# Materiality Matters

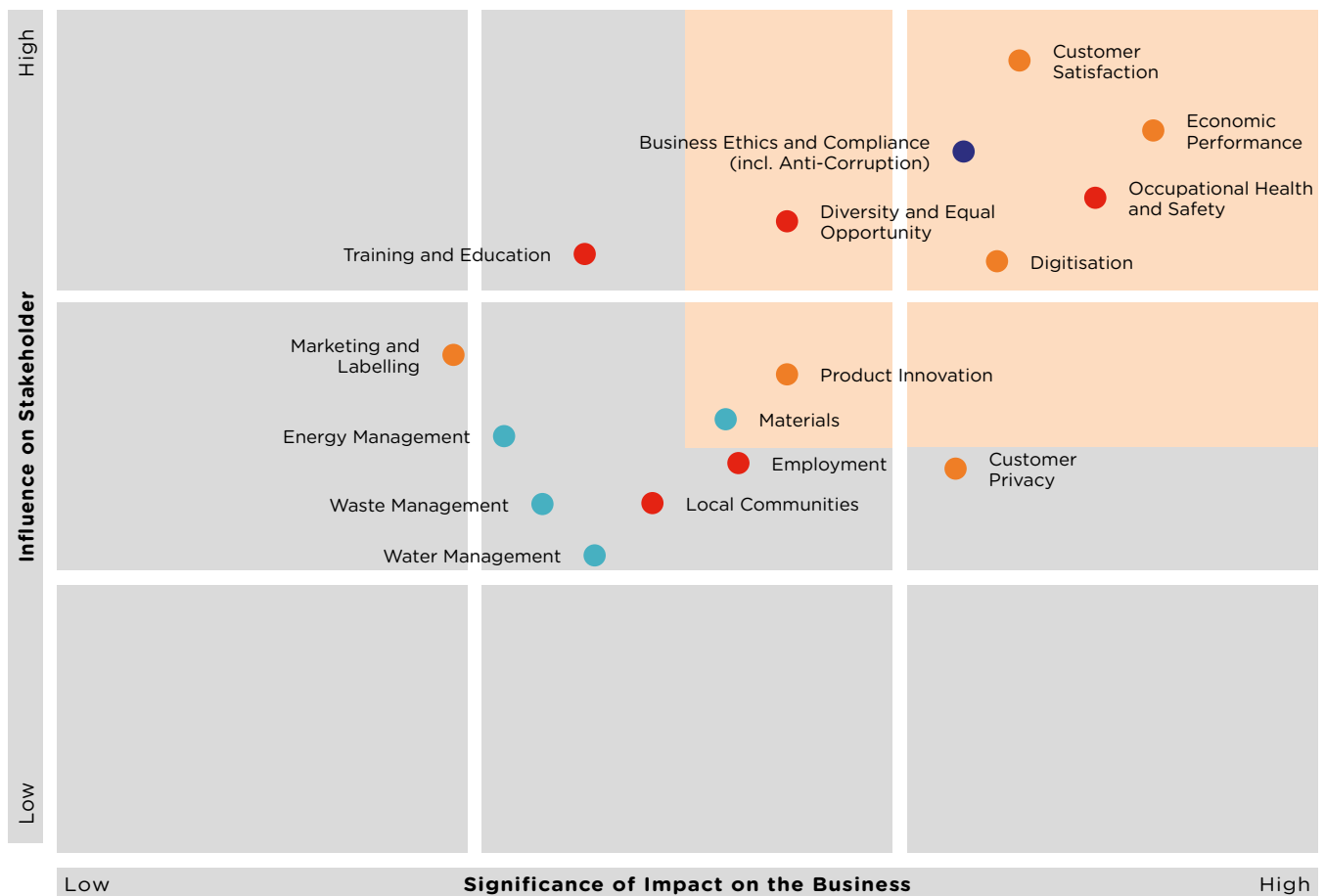
## Materiality Matters

Our materiality matters are defined as issues that can impact Tune Protect Group Berhad and its subsidiaries' (collectively known as "The Group") performance and ability to create long-term value for our stakeholders. We place significant emphasis on our materiality assessment process to ensure that the Group is kept abreast of and can act in a timely manner on the issues that can impact us the most.

As part of the materiality assessment process in 2020, the Sustainability Committee ("SuCom") reviewed the materiality matters to revalidate their level of influence on our stakeholders and the significance of their impact on our business. The review was conducted based on both internal and external stakeholders' feedback, especially concerning their safety, well-being, and the Group's overall performance amidst the global COVID-19 crisis. This largely influenced the upward shift of three material matters, namely *Economic Performance*, *Occupational Health and Safety*, and *Product Innovation*. The need for new and innovative products that meet the demands of the new normal also gained prominence.

In tandem, SuCom deliberated on the overall approach for *Local Communities* and agreed that due to several measures imposed by the Malaysian government to combat the spread of the COVID-19 virus such as enforcement of the Movement Control Order and social distancing, the execution of some of the corporate social responsibility activities was temporarily halted. This included Financial Literacy, Empowerment & Entrepreneurship ("FLEE"), our flagship programme for the Orang Asli community. The following figure illustrates the updated materiality matrix of the Group, which was subsequently endorsed by the Board of Directors in November 2020.

## Material Sustainability Topics Based on Focus Groups



## Appendix: Materiality Matrix

Legend:

● Governance ● Our Business ● Our Environment ● Our People and Community

Material Sustainability Topics  
Emerging Material Sustainability Topics

# Top Risks & How We Manage Them

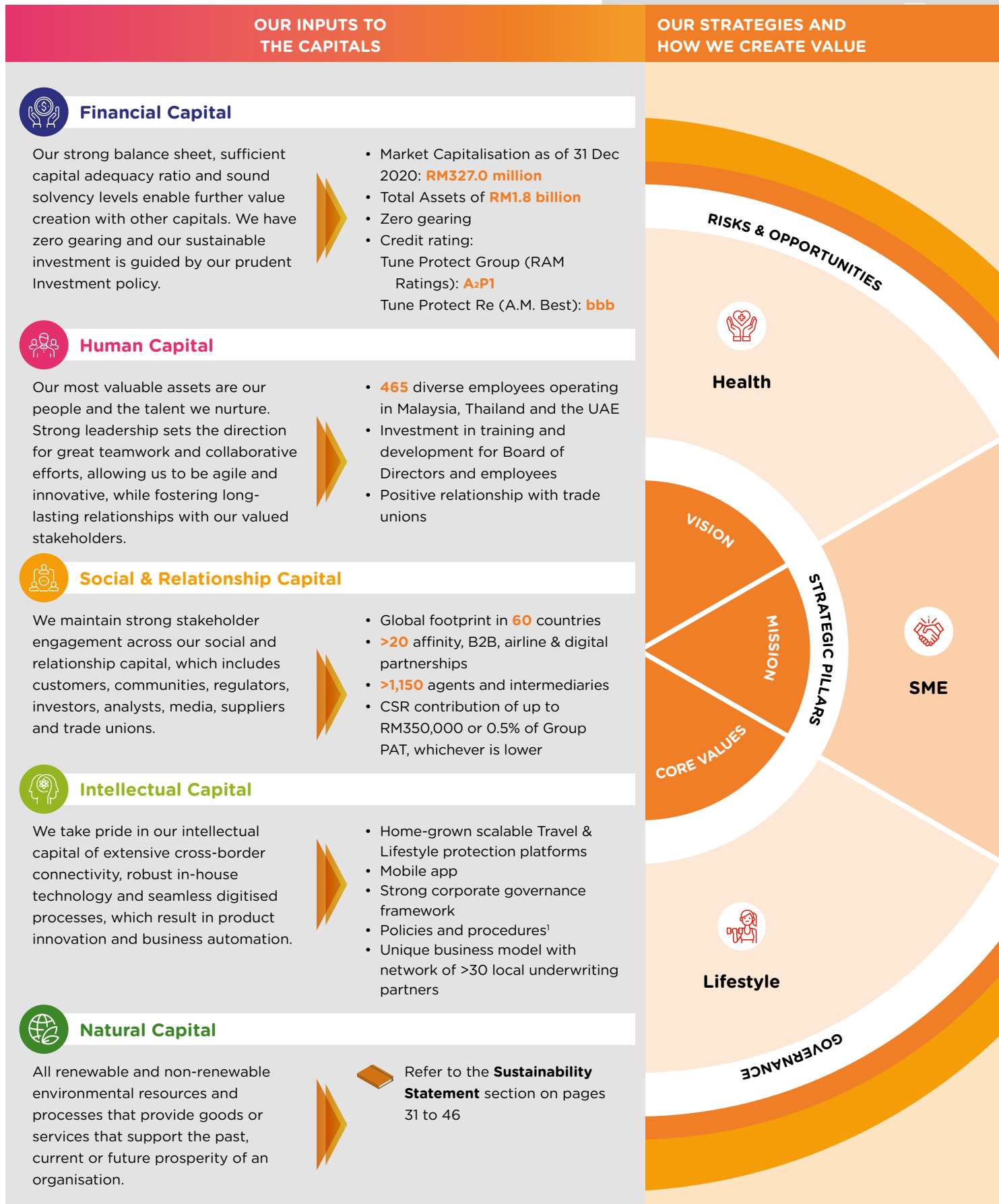
## Business Risks

Type of Risk	Causes and Consequences of the Risk	Control / Mitigation Plan
<b>Technology Risk</b> i. Cyber / cyber threats ii. Information iii. System	<ul style="list-style-type: none"> <li>Our business relies heavily on information systems that store confidential data, especially that of customers, employees and business partners. Any unauthorised, deliberate or accidental breaches of security in the systems may result in loss of data, data corruption and loss of confidentiality.</li> <li>In times of crisis or highly stressful conditions in which we may not be able to operate in our office premises, the ability of our systems to operate optimally could be affected.</li> </ul>	<ul style="list-style-type: none"> <li>The Group ensures that its systems are always updated, patched and firewalled, as well as taking appropriate mitigation actions to protect against distributed denial-of-service.</li> <li>Reviews of access to the systems are continually carried out.</li> <li>Establishing incident response and management to contain damage, eradicate the attacker's presence, and restore the integrity of the network and systems, in addition to ensuring there is an effective Disaster Recovery Policy and plan that is also tested annually.</li> </ul>
<b>Operational Risk</b> i. Business disruption due to power failures, civil unrest, pandemics or disasters ii. Changes in customer behaviour	<ul style="list-style-type: none"> <li>Malaysia imposed the Movement Control Order end-March 2020 to contain the spread of COVID-19 pandemic. Business was impacted during this period due to limited business activities that could be conducted.</li> <li>There are expectations of a rising trend and shift in customers' preference towards online financial services conducted via digital platforms.</li> </ul>	<ul style="list-style-type: none"> <li>A Business Continuity Plan was activated for the entire organisation with the majority of staff members working from home during this critical period, while SOPs were put in place to minimise impact and a business recovery plan was put into action.</li> <li>Improving the convenience of purchasing products through the Direct-to-Customer website and mobile application, and ensuring that products was developed using easy-to-understand language to ensure customers were aware of what they purchased.</li> </ul>
<b>Compliance</b>	We will be exposed to legal penalties, financial forfeiture and material loss should the Group fail to act in accordance with industry laws and regulations, internal policies or prescribed best practices.	<ul style="list-style-type: none"> <li>Ongoing awareness training sessions on compliance for all employees.</li> <li>Regular monitoring of adherence to regulatory requirements.</li> <li>Gap analysis on applicable regulatory requirements is conducted and action plans are developed to mitigate these gaps.</li> </ul>
<b>Financial</b>	We are exposed to financial risks such as concentration risk and credit risk.	<ul style="list-style-type: none"> <li>Diversifying our business portfolio to reduce reliance and dependency on a limited number of business partners.</li> <li>Maintaining capital above the regulatory requirement by establishing internal target levels that act as early warning indicators to ensure financial soundness.</li> </ul>

## New and Emerging Risk

Type of risk	Cause and Consequence of the Risk and Control / Mitigation Plan
<b>Climate Change</b>	As an insurer, the frequency and severity of natural disasters may cause higher claims and lower earnings. They may also lead to higher premium rates. To mitigate this, we constantly review underwriting guidelines to strike a balance between competitiveness and profitability. There is also due consideration given to the premium retention policy in selected classes of business. Riskier lines of business will require a higher percentage ceded to reinsurers as a risk-mitigating factor. We had also implemented on our portfolio restructuring strategy towards achieving a preferred and healthier portfolio mix.

# Our Value Creation Model





### Build an insurance company that everyone LOVES



### Leverage AirAsia ecosystem to increase revenues



### Build an ASEAN-based insurer



STRATEGIC DIRECTION

## OUTPUTS

- Strong financial position
  - ▶ Profit After Tax **RM28.2 mil**
  - ▶ Earnings Per Share **2.45 sen**
- Target premium retention of 70% and above in the preferred lines of business by 2023
- Widened & diversified geographical reach, distribution partners and product offerings (including COVID-19 coverage)
- 'Better together' culture, skilled and agile workforce
- Balanced workforce gender composition<sup>2</sup>
- Digitised and simplified insurance processes & experience
- Products & services built with customer-first value
- Increased customer acquisition from preferred segments
- Developed baseline Net Promoter Score ("NPS") for customers & employees
- Reduced accumulative electricity consumption since 2016 of **18.4%** or **89.6** tonnes of CO<sub>2</sub> emissions

## OUTCOMES

- Deliver long-term shareholder value
- Grow ASEAN presence
- Complete solutions in insurance, reinsurance and technology
- Be the most trusted and loved insurer, especially among millennials and zillennials
- Aspire to be a NPS leader in preferred market
- Sustain the livelihoods of the underserved and dependent communities

For more information, refer to:

<sup>1</sup> Internal Policies, Frameworks and Guidelines, page 78.

<sup>2</sup> Sustainability Statement, page 31.

## Dialogue with Our Group CEO

### Dear Valued Stakeholders,

It is my honour to present the Annual Report 2020 for the Group and its Overseas Ventures which discusses the strategic progress across the entire business and details our efforts and challenges throughout the year. Although we faced our fair share of difficulties in 2020 due to the effects of the COVID-19 pandemic, these obstacles also presented us with the opportunity to take stock of the business and accelerate new strategies that will strengthen the resilience and growth potential of the Group and its Overseas Ventures going forward.

**Rohit Chandrasekharan Nambiar**

Group Chief Executive Officer, Tune Protect Group

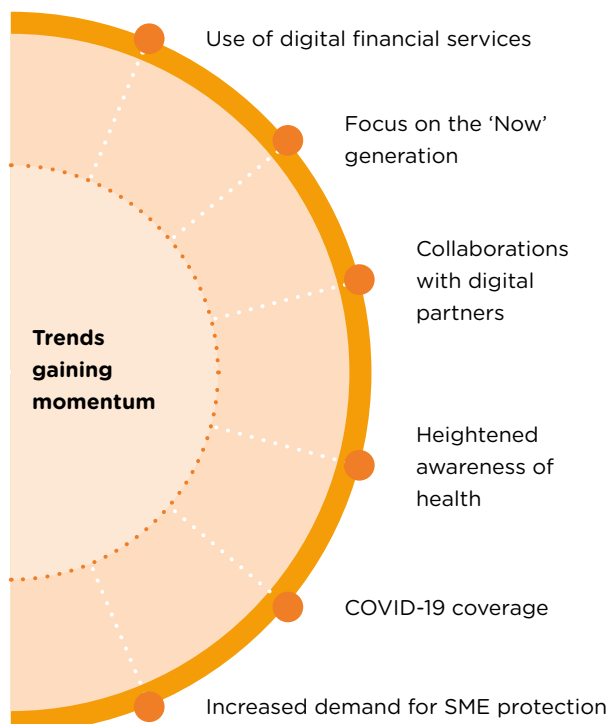
**Q1**

**What is your view of the market in 2020?**

2020 was an eventful year with the unprecedented COVID-19 pandemic taking centre stage and disrupting economic activities and burdening the healthcare system the world over, as countries implemented movement restrictions and lockdowns to contain the virus. Despite the setback, several new trends have emerged, creating new opportunities for various industries including insurance and re-shaping the landscape of the global economy.

#### *Trends Gaining Momentum*

According to a report by Google, Temasek and Bain Company<sup>1</sup>, there was a surge in the **use of digital services** such as e-commerce, food delivery and online transactions as consumers' purchasing habits evolved during the pandemic. Cashless financial services such as mobile wallets, account-to-account transfers and debit and credit cards gained momentum as more small-and-medium-sized businesses became receptive to transacting and accepting payments online. The pandemic and movement restrictions have accelerated digital adoption where people and businesses have been forced to adapt to the new normal, and this is expected to continue in the long run.



<sup>1</sup> <https://www.bain.com/insights/e-economy-sea-2020/>

## Dialogue with our Group CEO

“

The insurance industry is seen to be drawing on this generation, tapping on their lifestyle needs to offer products and propositions that will meet their basic needs leveraging on digital without breaking the bank.

”

**Millennials and zillennials**, also known as the ‘Now’ generation, lead the digital consumers of today. Numbering more than 56 million people in five major countries in ASEAN, they are a major driving force of the economy. For this young audience, there are three things that matter to them the most - their mobile phones, travelling, and staying healthy. Here is a generation that is less concerned about owning a house or a car, but more interested in planning their next travel adventure and staying fit and healthy. Organisations are adapting their product offerings, delivery mediums and communication styles to appeal to the millennials and zillennials where simplicity and lifestyle-focus are key. The insurance industry is seen to be drawing on this generation, tapping into their lifestyle needs to offer products and propositions that will meet their basic needs while leveraging digital channels without breaking the bank.

As the industry embraces this new trend of e-economy whereby insurance is made available across various digital platforms such as e-wallets, e-commerce, and mobile apps, establishing collaborations with such **digital partners** are becoming an apparent strategy in customer acquisition. Technology has been an enabler, and with the right technology alliances, the digital distribution landscape is gaining popularity as it has proven to rapidly increase an insurer’s capability in achieving speed-to-market and widening its distribution reach. More insurers are now working alongside insurtechs and digital partners to achieve these objectives.

One of the major trends of the year was the heightened **awareness of health** and the rise of healthcare demands at a global level. Health-awareness is not only

COVID-19-related, but also includes mental health and well-being, especially when the working norms have shifted to working from home and the implementation of social distancing measures has restricted social activities. To some extent, this has caused an elevated level of stress and anxiety among the population.

The global travel and tourism sectors were one of the hardest hit in the first half of the year before domestic and regional travel reopened in several countries towards the second half of 2020. In this respect, insurers have been seen to rapidly innovate their products and services, such as extending **coverage to include COVID-19** in response to the call by a growing number of countries that have made it mandatory for incoming travellers to have such protection.

Aside from travel, the SME segment was also largely impacted by the pandemic. Sales turnover and insurance premiums from this sector deteriorated, largely due to the effects of the pandemic, while some of the SMEs were unable to sustain their businesses and had to cease operations. On the upside, businesses that are resilient, have initiated SME insurance cover or **increased their demands for SME protection** as recent events have highlighted the importance of having adequate coverage for their businesses.

### General Insurance

On the global general insurance scene, the disruption of supply chains and the contraction in trade volume affected insurance classes such as property as well as credit and marine cargo. However, the motor insurance sector witnessed new trends in innovation such as the use of telematics, and improved claims performance due to fewer accidents as there were lesser cars on the road. Closer to home, while motor premiums continued to be the largest class of business at 48.7% in the general insurance industry in Malaysia, net claims ratio reduced to 52.9% compared to 58.2% in 2019, with most lines of business seeing a similar downward trend in claims. Although the industry experienced a slight contraction of 0.6% in Gross Written Premium (“GWP”) compared to 2019, this was cushioned by a rebound in motor premiums in the 2H2020 that was attributed to the government’s vehicle sales tax holiday commencing June 2020.

## Dialogue with our Group CEO

Q2

**How did the Group and its Overseas Ventures perform financially for the year?**

For Financial Year ("FY") 2020, the Group and its Overseas Ventures reported Profit After Tax ("PAT") of RM28.2 million, which was 51.4% lower compared to the year before. GWP and Net Earned Premium ("NEP") for the period stood at RM375.3 million and RM189.9 million, lower by 19.1% and 25.4% respectively year-on-year.

The decrease in PAT was attributed to the decline in underwriting performance in FY2020 due to the prolonged impact of the pandemic and the extension of the Movement Control Order ("MCO"). The fourth quarter of FY2020 was, however, encouraging for our business, especially in the Middle East as we captured the recovery in travel due to the reopening of borders in the region, which boosted revenue and GWP. Nevertheless, we remain committed to the acceleration of the diversification of our business, to be less reliant on the travel industry. We are now leveraging changing market trends, digitisation and our agility as a relatively small insurer to turn the tide in our favour.

Q3

**How did the events of 2020 impact the Group and its Overseas Ventures?**

The effect of the COVID-19 pandemic has been widespread, impacting almost every sector of the economy in one way or another as Malaysia's gross domestic product ("GDP") contracted by 5.6% in 2020, while the global GDP is expected to decline by 3.5%<sup>2</sup>.

Given the Group and its Overseas Ventures exposure to the travel industry, our operating environment was impacted by the border closures implemented in the earlier half of 2020 to contain the pandemic. However, there were encouraging signs of recovery in the travel sector with the resumption of air travel in some areas and regions around the world, while the heightened awareness of health insurance helped drive greater demand for protection.

<sup>2</sup> <https://www.imf.org/en/Publications/WEO/Issues/2021/01/26/2021-world-economic-outlook-update>

Q4

**How did the Group and its Overseas Ventures respond to the turmoil caused by the pandemic?**

“

**For the business, our recovery plan was aimed at cost containment and optimisation, reprioritising our lines of business and rolling out new products and solutions that matched market demand in the new normal, particularly in the consumer Health, Lifestyle and SME segments.**

”

With the fluid and unpredictable nature of the pandemic, it was crucial for us to be quick and agile in identifying opportunities and executing our plans. As the pandemic played out in the first quarter of 2020 and brought air travel to a halt, it was clear to us that we needed to implement a comprehensive response that would help mitigate the impact on the business and our stakeholders while enabling us to make a strong recovery going forward. To achieve this, the Group and its Overseas Ventures implemented a series

of measures that focused on business sustainability and the welfare of our customers and employees.

For the business, our recovery plan was aimed at cost containment and optimisation, reprioritising our lines of business and rolling out new products and solutions that matched market demand in the new normal, particularly in the consumer Health, Lifestyle and SME segments.

For our employees and customers, the Group extended various types of assistance that included enhanced coverage for existing products, a RM1 million pledge for pandemic-related payouts and our participation in the industry associations' Covid Test Fund, which subsidises the cost incurred by policyholders for COVID-19 screening. Moreover, the Group rolled out its own set of standard operating procedures and the relevant health and safety measures to safeguard employees and customers while implementing work-from-home and split operations arrangements.

In addition, we hosted the Ninth Annual General Meeting virtually for the first time ever to safeguard the health and well-being of our shareholders, in line with safety measures and guidance from regulators such as Bursa Malaysia and the Securities Commission Malaysia. Remote voting facilities were provided, and only essential individuals could be present at the broadcast venue.

## Dialogue with our Group CEO

Q5

## How are the Group and its Overseas Ventures improving their approach to governance and integrity?

We are fully committed to upholding good governance and integrity practices, a key sustainability pillar and a crucial factor in the success of our business operations. Throughout the year, improvements were made to our governance policies, initiatives, and disclosures to ensure transparency and compliance with the relevant laws and regulations. We strengthened our group governance structure whereby the Chief Governance Officer has oversight of control functions comprising Risk, Compliance and Internal Audit across Tune Protect.

In 2020, we enhanced the Group Anti-Bribery & Corruption policy, the Whistleblowing policy, and the Code of Conduct for staff and introduced the Code of Business Conduct for Third Parties. For greater transparency and visibility, we shared these policies on our corporate website and rolled out communications regarding these policies to existing and potential business partners to adopt the same principles when dealing with us.

From a regulatory standpoint, the Group welcomed the implementation of Section 17A of the Malaysian Anti-Corruption Commission (“MACC”) Act 2009 that came into effect on 1 June 2020. While we conducted awareness programmes for our employees and Board of Directors following this change, we also reviewed and updated the relevant policies and procedures. In addition, an independent review of our policies and procedures was conducted to ensure their adequacy and to highlight any gaps that existed, while putting in place a Group Anti-Bribery and Corruption system. All recommendations to enhance and update the existing policies and procedures have been duly considered and implemented by the Group.

Our consistent efforts in the area of improving governance have been recognised via two MSWG - ASEAN Corporate Governance Awards 2019 presented by the Minority Shareholders Watch Group (“MSWG”). Out of the six categories of awards, Tune Protect was ranked first in two, namely the ‘Excellence Award for CG Disclosure (Market Cap between RM300 million to RM1 billion)’ and ‘Merit Award for Most Improved CG Disclosure’. These awards are a clear indication of the Group’s commitment to upholding the highest standards of ethics, integrity, and corporate governance.



## Committing to Governance and Integrity



Strengthened group governance structure



Enhanced the Group Anti-Bribery &amp; Corruption policy, the Whistleblowing policy, and the Code of Conduct for staff



Introduced Code of Conduct for Third Parties



Conducted awareness programmes for Staff and Board of Directors on the implementation of Section 17A of the MACC Act 2009



Tune Protect Thailand implemented a full-scale Corporate Governance Framework



## Dialogue with our Group CEO

**Q6**
**What is the Group doing to address Economic, Environmental, and Social concerns?**

We continue to take proactive steps in our value creation journey, and a key factor to succeeding lies in how we manage the sustainability issues that are most relevant to our business. As evidenced by recent acknowledgements in the investing landscape, corporations that embed Economic, Environmental, and Social (“EES”) considerations perform better over time compared to corporations that do not invest resources in these areas.

**“**

**.....Corporations that embed Economic, Environmental, and Social (“EES”) considerations perform better over time compared to corporations that do not invest resources in this area.**

**”**

At the Group, our sustainability framework contains a fourth component, the economic pillar, ensuring comprehensive coverage of all that matters to us.

We continually pursue initiatives that help us positively impact each of these four pillars. For instance, we have clear diversity targets for the leadership team, a pledge to be a zero-paper organisation for in-control processes and a strong customer-centric mindset to ensure business sustainability. While we strive to ensure our various policies and initiatives are aligned to best practices, we are also looking to inculcate elements of sustainability in our key policies such as investment and underwriting policies.

The Group is also proud of the role it plays in being able to help the communities around us. While the pandemic prevented us from carrying out our full line-up of initiatives, we continued to help where we could by providing essential aid while safeguarding the health of our beneficiaries.

### Closing Remarks

In closing, I would like to express my sincere appreciation to all our customers, shareholders, investors and business partners for your continued support. To the Board of Directors, I thank you for your wisdom and insights in helping the Management navigate a particularly challenging period in our history. To our employees, I would like to convey my special thanks and appreciation for your dedication and commitment during these unprecedented times.

## Management Discussion & Analysis

The year 2020 has been a tumultuous time for the world with the COVID-19 pandemic disrupting businesses and the livelihoods of people and communities around us. For the Group and its Overseas Ventures, it was a particularly challenging year given our exposure to the travel industry which was brought to a halt as countries shut their borders to contain the pandemic. Nevertheless, the year ended on a positive note as international travel resumed in some ASEAN countries and the Middle East, leading to higher travel insurance take-up and an increased average premium size, further supported by the positive results from our strategic initiatives.

### Key Highlights

#### Gross Written Premium

**RM375.3 million**

#### Profit After Tax

**RM28.2 million**

#### Launched

**Tune Protect  
Mobile App**

#### Added

**COVID-19  
coverage**

to our travel products

Widened our  
distribution channels  
with

**>20 affinity,  
B2B, airline  
& digital  
partnerships**

### Performance Overview

During the year, we rapidly pushed ahead with a new strategic plan to diversify our business and widen distribution channels as we discovered opportunities to add COVID-19 coverage to our travel products. We also tapped into digital and affinity partnerships in the retail and lifestyle sectors to create unique propositions targeted at the 'Now' demographic, comprising millennials and zillennials. The Tune Protect Mobile App launched in September 2020 was a timely addition to our range of differentiated services, enabling customers to buy and manage policies, make claims, and communicate with our customer support anytime and anywhere.

### Financial Performance

The Group and its Overseas Ventures recorded Profit After Tax ("PAT") of RM28.2 million in FY2020, a decline of 51.4%, largely due to the effects of the pandemic on the economy. Both Gross Written Premium ("GWP") and Net Earned Premium ("NEP") contracted by 19.1% and 25.4% y-o-y respectively, due to the prolonged nature of the pandemic which impacted all lines of business. The decrease to the Group's 2020 bottom line was, however, cushioned by lower net fees and commissions of 42.9% y-o-y and lower net claims incurred of 25.6% y-o-y.

Tune Protect Re registered a GWP of RM57.2 million in 2020, lower by 39.5% y-o-y. This reduction was largely due to the decline in Travel performance. However, from 3Q2020, we witnessed an increase in GWP with Travel business steadily recovering as borders reopened in the Middle East. Likewise, we responded by enhancing the existing travel products to include a COVID-19 coverage, which the market was receptive to. Tune Protect Re's 4Q2020 GWP surpassed pre-COVID-19 levels by registering a y-o-y increase of 8.3% compared to the same period last year. The Travel recovery trend is expected to continue as governments around the world work towards ensuring that their populations are inoculated, thus accelerating the pace economies returning to normalcy. Tune Protect Re ended 2020 with a PAT of RM11.7 million.

Tune Protect Malaysia's PAT recorded RM25.8 million in 2020, a 24.4% y-o-y decrease. GWP, meanwhile, contracted by 17.4% y-o-y to RM322.6 million due to the impact of COVID-19 and extension of the Movement Control Order. The net claims incurred amount reduced by 27.3% y-o-y, as a result of favourable claims experience and an improvement in the motor portfolio.

## Management Discussion & Analysis

Our Overseas Ventures performed less favourably in 2020, recording a share of profits of RM2.4 million, a 45.4% reduction y-o-y. The lower share of profits was primarily attributed to Tune Protect Thailand's RM1.9 million share of losses, which mainly stemming from higher provision for impairment coupled with investment in talent to drive growth. This was partly mitigated by the RM4.3 million share of profits in Tune Protect EMEA, representing a growth in excess of 100% y-o-y. It was in tandem with the increase in travel premiums from the Middle East B2B segment market which saw an encouraging take-up of our COVID-19 Plus Extension products.

### Financial Position and Liquidity

Total assets for the Group and its Overseas Ventures topped RM1.8 billion for the year ended 31 December 2020. This constituted an asset accretion of 9.0% y-o-y amounting to RM144.8 million. The increase was primarily driven by higher investments and reinsurance assets, corresponding with the increase in insurance contract liabilities. Total liabilities increased by RM121.8 million or 13.4% y-o-y, due to an increase in insurance contract liabilities. The overall positive movement in our financial position elevated our net assets per ordinary share attributable to owners of the parent from RM0.74 in 2019, to RM0.76 for the financial year ended 31 December 2020. The Group's cash and cash equivalents at the end of 2020 was RM34.2 million, which was 13.3% lower y-o-y. With foreseeable economic challenges ahead, the Group and its Overseas Ventures will continue to exercise prudent fund management in order to maintain a sound financial position in relation to the needs of our ongoing strategic initiatives.

### Capital and Resources Management

The Group and its Overseas Ventures maintain a solid capital base through our effective and prudent capital management in order to achieve business sustainability. In complying with the capital adequacy and solvency requirements, both of our insurance and reinsurance subsidiaries have healthy levels of capital solvency, coupled with an adequate set of monitoring mechanisms and controls in place. There were no requirements for additional capital resources and our capital structure remained the same at year end.

### Dividend

The Company's operation is supported and financed by dividends upstreamed from its respective subsidiaries while the amount of dividend is highly dependent on the performance of the subsidiaries. During the onset of the pandemic, the travel

& tourism sectors were the hardest hit and the Group and its Overseas Ventures were not spared given their exposure to the travel industry. There was no dividend distributed in 2020 as the priority shifted towards funds conservation. In doing so, the Company was able to weather through the challenging period, and has sufficient reserves to invest in and strengthen its business.

### Opportunities in Lifestyle and Retail



**Tune Protect** **PA Shield**  
Malaysia

**A WORRY-FREE  
LIFE JUST GOT  
MORE REWARDING**

Enhanced comprehensive personal  
accident protection that rewards you

Perlindungan kemalangan diri  
komprehensif yang diperhebatkan untuk  
memberi ganjaran kepada anda

一份兼具周全保障与奖励的个人意外保障

Many opportunities in insurance remain undiscovered and unexplored in the areas of lifestyle and retail, and these numerous possibilities drive the Group and its Overseas Ventures. We continued to create novel and innovative products for our customers and, by extension, the customers of our digital and affinity partners. This enabled us to grow our customer base further, thereby generating even more opportunities for business expansion.

## Management Discussion & Analysis

In Malaysia, we introduced the PA Shield product in March 2020, which offers personal accident coverage and has a high Principal Sum Insured to ease the minds of policyholders. The product includes several unique features, such as covering the purchase of supplements used in the recovery process after an accident, loss of personal belongings due to snatch theft and injuries arising from amateur sports.

Meanwhile, in Thailand, we launched PA Choice, a product which offers cashless admission for hospitalisation due to accidents at more than 480 hospitals, and is distributed via agents, brokers, and through telemarketing and direct digital channels. The product comes in three affordable plans to suit different stages of life, PA Choice Care, PA Choice Kids and PA Choice Senior.

Additionally, the Group identified opportunities in the strata residence space and created an All-In-One Solution that offers strata management bodies a comprehensive insurance solution. The unique selling points of this product is that it provides coverage for libel and slander, emergency relief benefits due to fire or flood, and fire brigade expenses in the event of fire. We also carried out further rate revisions to our Fire+ product for preferred segments of the market. The rate revisions enable customers to benefit from lower premiums without compromising on the protection received.

### Partnerships

**Tapped on  
e-commerce  
opportunities with  
BOXKU**

**Partnered Teleport  
for logistics  
opportunities**

**Expanded presence  
in the property  
market through  
EcoWorld**

In terms of partnerships, we collaborated with property developer EcoWorld to offer insurance for domestic helpers, home content and smart device protection to the residents and owners of its properties. The insurance can be obtained through EcoWorld's own community app with an easy sign-up process that offers on-the-spot approvals.

To address the increasing importance of logistics and delivery partners, we started offering consignment insurance in collaboration with BOXKU for parcels bought on the TaoBao shopping platform. We also offer optional personal accident coverage for AirAsia's Teleport last-mile riders in Malaysia, and in Thailand, we are one of the insurance providers for Foodpanda riders, offering daily hospitalisation income protection.

### Diversifying within the Travel Sector

As the pandemic swept the world, we quickly refocused our approach in the travel space to include COVID-19 protection benefits. In all the main markets of Malaysia and Thailand, we added COVID-19 protection to our products, whereas in the Middle East, Tune Protect Re via its Insurance Partners offered COVID-19 travel insurance products across Airlines and B2B channels.

Furthermore, we focused on building new partnerships and expanding existing ones in the travel ecosystem, which have traditionally been our areas of strength. The Company also leveraged the expertise of Tune Protect Re to help further penetrate the emerging markets of Vietnam and Cambodia.

## Management Discussion & Analysis

### Adding COVID-19 Coverage to Our Products

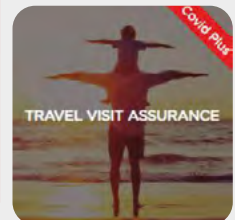
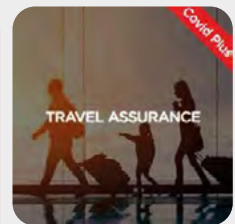
In Malaysia, we enhanced Tune Protect AirAsia Travel Protection in June 2020 by adding COVID-19 protection benefits in the event the policyholder contracts COVID-19. The improved features include a bereavement allowance in the event of the policyholder's untimely demise due to COVID-19, and improved Trip Cancellation, Daily Hospital Allowance and Compassionate Visit benefits.

Tune Protect  
Thailand -  
**Thailand's  
No. 1  
Travel  
Insurance Provider**

In Thailand, we introduced the Tune Protect iPass with COVID-19 coverage in July 2020 for foreigners applying for a visa to enter Thailand. The Tune iPass comes with multiple plans and coverage durations, offering health and travel benefits of USD100,000 for medical coverage while meeting the immigration insurance

requirements for entry into Thailand. It is also distributed by Luma Health, our new insurance broker partner. In addition, we began offering generic non-travel COVID-19 coverage that pays out a lump-sum amount upon detection. Our speed-to-market in introducing Tune iPass has risen our market share to being the No. 1 Travel Insurance Provider in Thailand in 2020, based on the latest market rankings report issued by the Insurance Premium Rating Bureau of Thailand (Thai General Insurance Association).

In the Middle East, COVID-19 coverage was provided via the COVID Plus Extension reinsurance product and was sold on B2B platforms belonging to our local insurance partners. We recorded strong uptake for this, as demonstrated by five consecutive months of growth in policies issued since April 2020 and four consecutive months of travel reinsurance premium growth since May 2020. This increase was due to the reopening of international borders in the Middle East, which led to a surge in demand for travel insurance as pandemic concerns lingered.



### Partnerships

Through Tune Protect EMEA, we enhanced our long-standing partnership with AMA Global Assistance with the launch of the eTravel Assistance App. This comprehensive app provides a multitude of services for travellers while also helping travellers determine whether they are in the best state of health to travel, with features such as COVID-19 digital assessments, symptom checkers and more.

Prior to the pandemic, Tune Protect EMEA facilitated through network of local insurers and supported by Tune Protect Re, offers the Travel Cancellation Assurance product to reimburse travel expenses incurred by travellers due to cancellations or trip interruptions. The product was subsequently improved with the addition of coverage for COVID-19-related cancellations.

We continued to build on our partnership with Bao Viet Insurance Corporation ("Bao Viet"), the largest general insurance company in Vietnam, through a collaboration with Bamboo Airways. Customers flying with Bamboo Airways can buy both flight tickets and insurance underwritten by Bao Viet. Tune Protect Re provides reinsurance support and technology required to power the booking platform with the joint collaboration.

In Cambodia, Tune Protect Re partnered with Ly Hour Insurance ("Ly Hour") to sell travel insurance via Ly Hour's B2B portal, distributed by travel agents. Tune Protect Re provides product development expertise and reinsurance support for this program. We believe it is an excellent opportunity for us to expand our ASEAN footprint as travel insurance remains a novel concept in Cambodia.

Enhanced  
long-standing  
partnership with  
AMA Global  
Assistance

Penetrated  
Cambodian  
market through  
Ly Hour

Established new  
airline partner -  
Bamboo Airways  
via Bao Viet

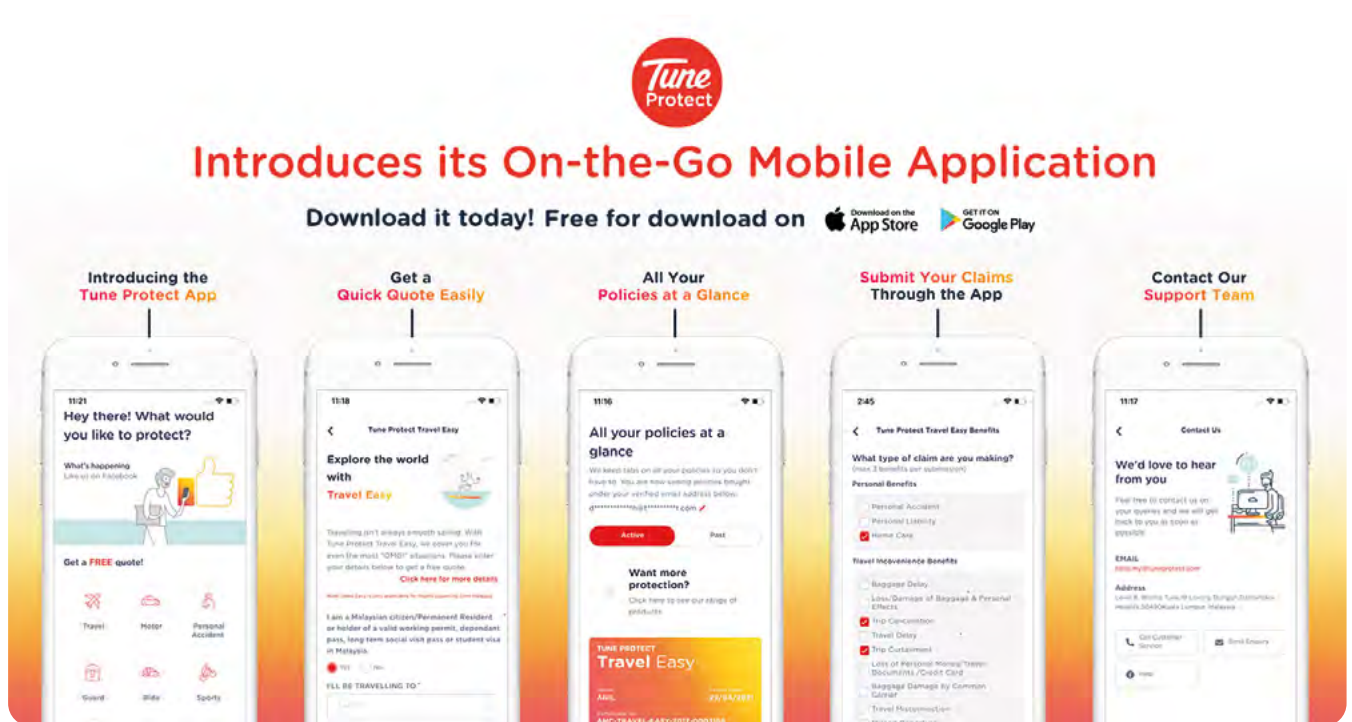


## Management Discussion & Analysis

### Tune Protect Mobile App

In September 2020, the Group launched its mobile app, the Tune Protect App (“the App”), achieving yet another milestone in our digital journey. The App is a one-stop go-to platform for customers, providing them with a seamless experience in self-managing their insurance needs anytime and anywhere. The App’s launch was timely, given the shift in consumer behaviour to online platforms due to the pandemic. The App also makes it easy and convenient for customers to perform insurance transactions and offers access to the whole range of lifestyle and on-demand products and services. Other features on the customer portal include the ability to track claim submissions and status, and contact customer support.

Furthermore, we have collaborated with BIG Rewards to offer five BIG Points for every RM1 of insurance premium purchased through our website or the mobile app. Accumulated points can be redeemed for rewards and this gives the Group another avenue to engage with our customers and increase sales through digital channels.



### Challenges during the Year

The main challenge to our business in the year under review was the COVID-19 pandemic. To ensure business continuity, we quickly adopted remote operations and split operational processes to ensure no customer service disruption. This was especially important for essential services like claims, underwriting and branch services. We also made it our top priority to safeguard our staff’s health with strict adherence to Standard Operating Procedures, timely communications on latest developments and reminders on safety protocols.

Another ongoing development that affected the entire general insurance industry was a decision made by the Malaysia Competition Commission (“MyCC”) in September 2020 regarding the pricing of parts and labour for motor vehicle repair works. In its decision, MyCC concluded that the General Insurance Association of Malaysia (“PIAM”) and its 22 members had infringed Section 4 of the Competition Act 2010. This decision imposed financial penalties on the Group and the 21 other members. The Group has since filed replies with MyCC, and an application for a stay of the financial penalty levied as we believe that alongside PIAM, we have acted in the best interests of the motoring public and policyholders, while PIAM has said it plans to appeal the decision.

## Management Discussion & Analysis

### Strategies Moving Forward

Our path to success lies in how quickly we can pivot the business beyond travel insurance, while capitalising on our strengths, considering the demographics and trends that are currently in play now and in the future. In charting this new path for the Group and its Overseas Ventures, we are confident that our focus on the three pillars of Health, Lifestyle and SME will help the organisation generate greater value.

The Group and its Overseas Ventures are in a good position given our expansive presence with over 20 strategic and affinity partners and a global footprint in 60 countries. The Group has maintained more than adequate capital requirements in addition to having access to a large customer base and analytics support.

The Group has also employed a new vision - to be the lifestyle insurer that everyone LOVES - which requires us to be a customer-centric organisation that is completely obsessed with understanding what a millennial or zillennial customer's needs or wants are. By fulfilling our customers' needs proactively, we will create positive experiences which will convert our customers into ambassadors of our products, allowing us to realise our new vision.

We have recognised a significant shift in demographic profiles over recent years. As a result, the Group is focusing on millennials and zillennials who now contribute significantly to the economy, are constantly on their smart devices and generally prioritise matters related to their lifestyle and health, while having a strong propensity to travel. Therefore, our task is to create relevant products that will be built around their preferences.

To take our value proposition one step further and simplify insurance for our customers, we distil our products into bite-sized components so that our customers only need to buy what they need, when they need it. This approach is what we believe will create greater customer satisfaction, leading to recommendations to other potential customers and a corresponding increase in net promoter scores. We also want to be able to nurture our customers over a longer time frame and seriously explore how we can introduce and cross-sell other relevant products.



### Health

With regards to Health, the Group sees huge potential in healthcare demand as populations age. We also see a gap in the market as products are often sold as a one-size-fits-all solution as opposed to providing only what the customer needs. In this context, our bite-sized products will enable customers to buy the coverage that they want, when they want and according to a premium they are comfortable paying. This will also enable our customers to scale up as and when their needs increase in tandem with changing priorities in different stages of their life.



### Lifestyle

We are forging new collaborations with strategic partners and Business-to-Business ("B2B") platforms to widen the distribution of our products, including those beyond travel, and specifically tapping into coverage for the products that millennials and zillennials are interested in such as smartphones and e-wallets.

While we focus on developing other lifestyle-related products, it is also incumbent upon us to play to our strengths. This is why we quickly introduced COVID-19 coverage that is bundled with travel insurance policies offered by our airline partners and is also distributed through our digital and affinity partners. Going forward, the Group will stand to benefit from the pent-up demand for travel once a majority of the population is inoculated, especially from the millennial demographic.



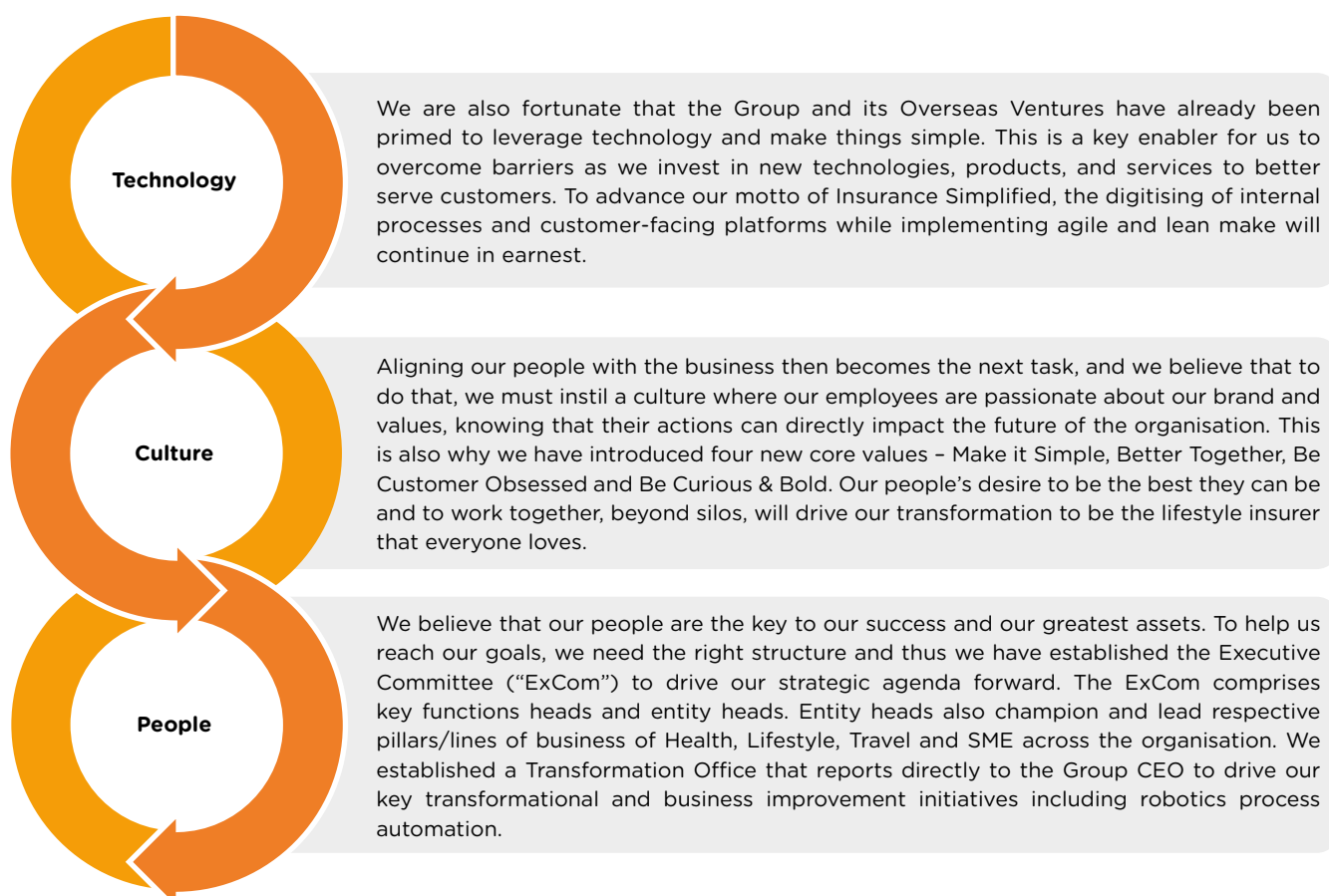
### SME

SMEs are the backbone of the economy and remain an underpenetrated segment, as these businesses either do not have insurance or have insurance but not enough. This is generally because they are given insurance plans tailored for larger corporates, and this is where we believe our propositions can help them. Our plans are basic to begin with, but the SMEs are given the choice to add on the protections they want depending on their requirements, which will be made available online or through intermediaries and with flexible payment options. Positive engagements with these SMEs can then also lead to potential engagements with the owners of these businesses for personal insurance needs they may have.

## Management Discussion & Analysis

### Getting to Our Goal

While we have laid out what needs to be done, it goes without saying that none of this will be possible unless the right enablers are in place, especially with regards to technology, the culture and the people who power this organisation.



### Outlook & Prospects

Malaysia's vaccination programme, which commenced on 24 February 2021, is a positive step towards returning the country's economy to normalcy. It is estimated that by 1Q2022, approximately 80% of Malaysia's population of 32.7 million people would have been inoculated. Likewise, other ASEAN countries such as Singapore, Indonesia, Thailand, and Vietnam have also initiated their respective COVID-19 vaccination programmes, with the frontliners rightly given first priority.

Looking ahead, the mass roll-out of the COVID-19 vaccines is expected to bring confidence back to the travel and tourism industry. The Middle East region was one of the earliest to reopen its borders in 2020. Dubai, for instance, began welcoming back international visitors as early as 7 July 2020 with strict testing and quarantine protocols put in place. This was emulated by other Middle East countries such as Lebanon, Egypt and Kuwait as they began to ease travel restrictions. Coupled with the increased awareness of travel and health protection and products that include COVID-19 coverage, our Middle East market contribution to the top line has exceeded pre-COVID-19 levels - a sustained trend that we continue to observe in 2021.

With frequent dialogues between nations as well as air carriers to harmonise new normal travel standards and entry requirements, we do expect a strong rebound in international travel starting especially within the confines of established travel bubbles or 'green' lanes. Moreover, we anticipate a wave of 'revenge travel' – aptly described as the pent-up desire of consumers who are eager to travel and look forward to the lifting of travel restrictions. Recovery will start with the short-haul domestic and regional travel segments, followed gradually by international travel. Our airline and other travel partners are therefore in a prime position to recover fast, which in turn will be beneficial for our business.

## Management Discussion & Analysis

Today's consumers are placing greater emphasis on their health and leading healthier lifestyles. Based on a study published by Our World in Data<sup>1</sup>, researchers have found that a healthy individual generally has a lower mortality risk from a COVID-19 infection as compared to individuals with an underlying medical condition. A heightened awareness of health has also led to an interest in health and wellness protection. In 2020, the medical and health premium GWP mix in Malaysia was only 6%, indicating ample room for future growth should we focus on the right segments with the right value propositions. With the average non-life insurance penetration rate in ASEAN at a low 1.13% in 2019, we can step in to bridge the gap, by providing bite-sized coverage which meets the customer's exact needs and price point.

The SME sector is the backbone of many economies across ASEAN. The Department of Statistics Malaysia has estimated that 98.5% of business establishments in Malaysia are SMEs. It was unfortunate that the challenges of 2020 affected insurance premium performance in this sector, as SMEs grappled to stay afloat, with several businesses having to cease operations. SMEs, like many industries, need to pivot and digitise their businesses to survive in the new era. We are looking at ways to not only provide SMEs with the right insurance solutions that meet their affordability and business type, but also to work alongside our partners to assist SMEs to thrive in this new normal, emphasising a digital approach in upscaling their businesses and processes.

The rate at which consumers embraced and accepted digital services in 2020 was undeniably fast, despite the fact that consumers did not have a choice but to leverage technology to go about their daily lives. Even when things return to normal, we expect that consumers will continue to use or rely on technology to go about their lives, post COVID-19. Consumers who switched from traditional services to digital services and have become familiar and comfortable with them during the pandemic will continue to use such digital services, which have become part and parcel of their daily lives. These include purchasing meals, groceries, and non-essential items, completing banking and insurance transactions and paying bills online. Consumers will demand and expect more mobile-first digital services that provide innovation and a seamless customer experience.

“

**While we are cognisant that there are still underlying risk and uncertainties surrounding the pandemic, our focus is on executing our three-year strategic transformation plans and make the most of the economic recovery which we are starting to observe.**

”

Our optimism is based on the potential success of the systematic vaccination programme roll-out and the various economic stimulus plans implemented not just in Malaysia but in the region as a whole, which will facilitate and expedite cross-border trade and international travel. Since the onset of the pandemic, ASEAN countries have approved stimulus packages ranging from 2% to 7% of their national GDP. With the exception of Bank Indonesia and the Bangko Sentral ng Pilipinas, the other ASEAN central banks have largely kept their interest rates unchanged in the 4Q2020 signalling that the economy is on the mend, supported by an increase in external demand and improved retail spending. While we realise that there are still underlying risks and uncertainties surrounding the pandemic, our focus is on executing our three-year strategic transformation plan and making the most of the economic recovery which we are starting to observe. Our business will continue to adapt and respond to our customers' evolving needs and by staying relevant, we can truly work towards becoming a lifestyle insurer that everyone loves.

<sup>1</sup> <https://ourworldindata.org/mortality-risk-covid>

# Sustainability Statement

## SUSTAINABILITY COMMITTEE'S CHAIRMAN MESSAGE

### Dear Valued Stakeholders,

Sustainability has been a critical component of our efforts to bring value to our stakeholders ever since we began our sustainability journey in 2017. Despite the global uncertainties caused by the COVID-19 pandemic, we have made good progress throughout 2020.

Through relentless efforts in the implementation of our sustainability strategies and initiatives, we have improved our FTSE4Good Bursa Malaysia Index score from 2.2 in June 2019 to 2.7 in June 2020. In addition, the Company was recognised with two key awards from the Minority Shareholder Watch Group ("MSWG") - ASEAN Corporate Governance Awards 2019, namely the 'Excellence Award for CG Disclosure (Market Cap RM300 million to RM1 billion)' and 'Merit Award for Most Improved CG Disclosure'. These attest to our achievements and commitment to the highest standards of ethics, integrity and corporate governance. During the year, the Group also kick-started a Group-wide initiative to embed sustainability principles across our policies and processes, starting with the Product Development Policy, which was endorsed by Tune Protect Malaysia's Board of Directors in December 2020.

In 2020, the Company also pledged its commitments to sustainability as announced by the Group Chief Executive Officer, Rohit Chandrasekharan Nambiar, as follows:

By 2023,  
**50% of our leadership team will be women**

By 2023,  
**50% of our critical roles will have successors identified from within**

We will be a  
**zero-paper organisation** for in-control processes by the end of 2021

We will  
**complete the review and embed sustainability elements in our policies and processes** by the end of 2021

In 2021, we will  
**adopt the Net Promoter Score ("NPS")**, for both customers and employees, as a measure of success

By 2021, for new products sold via our Direct-to-Consumer channels, we  
**pledge to contribute to charity**

### Key Highlights

Launched a **Mobile App** with purchase and claims functions

**Balanced gender composition** at the Director, Senior Management and workforce levels

**Embedded ESG considerations** into the **Product Development Policy**

Increased customer satisfaction score by **2.4 percentage points** since 2018

Supported the **inclusion of PWD** in our workforce - employed 1 PWD in head office

**100%** of employees completed the online Code of Conduct training

Promoted customer-centricity - **NPS in culture and values**

Reduction in electricity consumption since 2016 - **18.4% or 89.6 tonnes of CO<sub>2</sub> emissions**

**Promoted environmental consciousness** - proper disposal of 245 pieces of fluorescent bulbs/tubes & electronic equipment

We endeavour to be one of the FTSE4Good Bursa Malaysia Index's constituents in the foreseeable future. We believe the Management's drive and commitments to sustainability will deliver **long-term value for our shareholders**. With the right structure and systems in place, I am confident that the Group is poised to deliver our long-term aspirations and push our sustainability agenda forward. Your continuous support is invaluable to us on this exciting journey towards becoming a responsible corporate citizen for a sustainable future.

### How Kim Lian

Chairman, Sustainability Committee

## Sustainability Statement

### SUSTAINABILITY FRAMEWORK

In a time of unprecedented challenges, we believe that agility and responsiveness in the face of change is a responsibility we must fulfil as part of our commitment to sustainability. Moving into our fourth year of sustainability reporting, we recognise that it is our role as a responsible corporate citizen to continually honour our commitment to sustainability in a holistic manner, addressing the concerns of our stakeholders in tandem with business considerations and societal responsibilities. Our sustainability framework aligns with the overall business strategy as well as our long-term commitment to our customers, employees, partners and other stakeholders.

This framework consists of four main pillars, namely Governance, Our Business, Our Environment and Our People & Community. These pillars encompass our commitment to addressing and optimising topics that are not only material to us as an organisation but also to all our stakeholders. Our overarching sustainability approach is built on and run by a strong foundation of corporate governance, which serves as the backbone in supporting the implementation of the other three pillars. Each pillar is further subdivided into specific topics and disclosures that are aligned with the United Nations Sustainable Development Goals ("UN SDGs"), as illustrated in the infographic below.

### RESPONSIBLE ACTIONS, SUSTAINABLE FUTURE



#### Pillars and Material Topics



#### Governance

- ▶ Business Ethics and Compliance (including Anti-Corruption)



#### Our Business

- ▶ Customer Satisfaction
- ▶ Digitisation
- ▶ Economic Performance
- ▶ Product Innovation



#### Our Environment

- ▶ Materials (Resource Consumption)



#### Our People & Community

- ▶ Diversity & Equal Opportunity
- ▶ Occupational Health & Safety

#### Contribution to UN SDGs

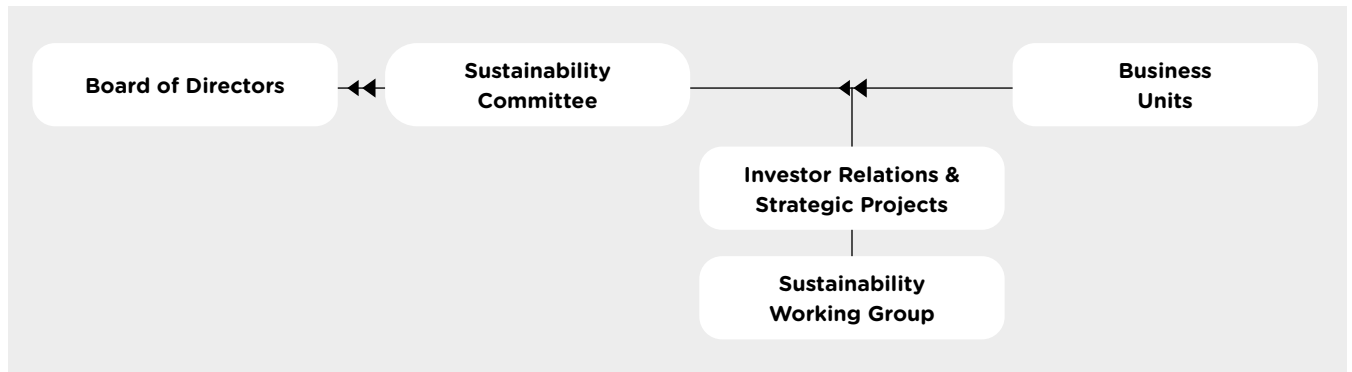




## Sustainability Statement

### SUSTAINABILITY GOVERNANCE

#### A Robust Governance Structure



Our sustainability strategy is overseen by our Board of Directors (“the Board”), supported by the Sustainability Committee (“SuCom”) and regular invitees from the Senior Management teams of our subsidiaries. The structure of our sustainability governance ensures that our sustainability initiatives are effectively integrated, implemented and monitored across the organisation.

The Board provides strategic guidance, oversees the management and upholds our responsibilities to our stakeholders. The Board is accountable for the Group’s sustainability strategy and reviews all major disclosures and key sustainability-related matters.

The SuCom was formally established in 2017 and is chaired by the Group Chief Financial Officer. Since its establishment, the SuCom is responsible for overseeing all sustainability matters and plays a vital role in providing regular feedback and recommendations to the Board, which is ultimately accountable to our stakeholders. As part of the SuCom’s mandate, the Company reviews its material sustainability matters on an annual basis and determines if there is a need to conduct a full materiality assessment process. This is to ensure robust management of sustainability matters that align with stakeholders’ priorities. The SuCom convenes once a month and reports sustainability progress to the Board on a quarterly basis.

The Investor Relations & Strategic Projects (“IR&SP”) Department serves as a secretariat for the SuCom, a gatekeeper and liaison between SuCom, Sustainability Working Group (“SWG”) and business units. The roles of the secretariat include:

- Managing the overall sustainability performance, including driving initiatives, monitoring deliverables and reporting;
- Being the central point of contact for external stakeholders such as analysts, investors and media who are keen on gaining more insights and understanding of the Company’s sustainability directions and initiatives; and
- Actively updating and providing proposals to the SuCom.

The SWG supports the IR&SP Department in driving and managing the performance of sustainability initiatives across the Group. Business units are responsible for data disclosed in our sustainability report and the implementation of sustainability-related initiatives.



Read more about our Group Sustainability Policy on our corporate website at [tuneprotect.com](https://www.tuneprotect.com)



## Sustainability Statement



### What Matters To Us

## GOVERNANCE

#### Aligning with the UN SDG



#### Mapping to Our Capitals



#### Sustainability Material Matters



Business Ethics & Compliance  
(Including Anti-Corruption)

#### Why It Matters

- Adhering to the Financial Services Act 2013 and all related laws, Bank Negara Malaysia's guidelines and Bursa Malaysia's Main Market Listing Requirements
- Focusing on doing business the right and ethical way, upholding transparency and integrity throughout our business relationships

### BUSINESS ETHICS & COMPLIANCE (INCLUDING ANTI-CORRUPTION)

#### Our Approach

##### Promote Ethical Business Practices

In today's global corporate environment, ethical management is no longer a choice; it is a necessity. At Tune Protect, we recognise the importance of ethical management and continuously strive to achieve corporate competitiveness premised upon a good ethical foundation.

We have a formal Code of Conduct ("CoC"), which covers the following aspects:

##### Respect in Our Workplace

that sets out interaction boundaries and hiring best practices at our workplace

##### Respect for Our Business Partners

that guides us on proper engagement with external parties

##### Respect for Our Shareholders

that summarises our commitment towards ensuring shareholder value

Besides this, we have put in place various Group-wide policies pertaining to conflict of interest, anti-harassment, equal opportunity and whistleblowing. These policies, which can be found on our corporate website, lay the foundations for long-term relationships of trust with our employees and business partners.

We believe that ethical business practices are more than just complying to the current regulations. We are committed to adhering to all applicable laws and regulations in every jurisdiction in which we operate.

##### Zero Tolerance for Bribery and Corruption

We have zero tolerance for bribery, corruption and violation of laws and regulations. The tone for adherence to compliance and regulation matters is set right from the top, at the Board level. To ensure full compliance with the corporate liability provision under Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act 2009, we have, among others, reviewed and updated the relevant policies and procedures. We developed the Group Anti-Bribery and Corruption Policy and the Code of Business Conduct for Third Parties for supplier, service providers, vendors, contractors, consultants and agents. We also enhanced our due diligence process for new hires.



Details on Section 17A of the MACC Act 2009 can be found in the Management Discussion & Analysis section on page 23 of this report.

##### Treat Customers Fairly

We believe that a company that is responsive to the needs of its customers and conducts its business in a way that builds trust and confidence is more likely to have higher customer satisfaction and retention, leading to a sustained business performance over the long term.



Read more about our policies, frameworks and guidelines on page 78 of this report.

## Sustainability Statement

In adhering to BNM's Policy Document on Fair Treatment of Financial Consumers ("FTFC"), which came into full effect in November 2020, we have published a Treat Customers Fairly Charter ("Charter") on our corporate website. The Charter specifies our commitment to practising the highest standards of professionalism and fairness when dealing with our customers.

### Build Strong Compliance & Risk Management Framework

The management of compliance is governed and supported by the Group Compliance Management Framework, which is a Board-approved framework that outlines the governance structure and key processes for the identification, assessment and monitoring of compliance risks, ensuring compliance with applicable laws and regulations as well as internal policies and procedures. To ensure the protection of our stakeholders, we are guided by, among others, the Personal Data Protection Act 2010 ("PDPA") and BNM's Policies on Management of Customer Information & Permitted Disclosures and Risk Management in Technology ("RMiT").

The Group has also put in place a Group Risk Management Framework, which is an overarching framework that provides direction for the management of all risk elements that the Group is exposed to.



Read more about our Statement on Risk Management and Internal Control on page 70 of this report.

### Our Progress in 2020

We make it our priority to ensure that our stand on Anti-Bribery & Corruption is disseminated to all levels of our organisation. As part of good governance, we conduct a credit check on our Management team on a yearly basis. We also conducted Group-wide training and recorded a 100% attendance or completion rate in communicating our CoC Manuals to all employees, including new hires, contract staff and interns. The following table illustrates the status of the CoC training conducted in 2020.

**Percentage of employees to whom anti-bribery & corruption training has been provided**  
**100%**

**Total training hours**  
**1,316 hours**

**Completion rate**  
**100%**



### Topics covered in CoC training

#### Respect in Our Workplace

- a. Diversity & Inclusion
- b. Anti-Harassment
- c. Anti-Discrimination
- d. Anti-Violence
- e. Safety & Health

#### Respect for Our Business Partners

- a. Conflict of Interest
- b. Anti-Bribery & Corruption
- c. Anti-Money Laundering
- d. Business Gifts & Entertainment

#### Respect for Our Shareholders

- a. Maintaining Accurate Business Records
- b. Confidential Information
- c. Insider Trading
- d. External Communication
- e. Intellectual Property
- f. Internet, Email & Information Systems

#### Administration and Reporting

- a. Investigation
- b. Disciplinary Action
- c. Annual Review of the effectiveness of the CoC

**List of Misconduct that outline the do's and don'ts**

## Sustainability Statement

### Our Key Achievements

Tune Protect Group was the proud recipient of two top awards at the MSWG – ASEAN Corporate Governance Awards 2019, namely the **Excellence Award for CG Disclosure (Market Cap RM300 million to RM1 billion)** and **Merit Award for Most Improved CG Disclosure**. This is an annual awards programme organised by the MSWG which recognises the achievements of Malaysian public-listed companies (“PLCs”) with regards to corporate governance (“CG”) where they are assessed using the ASEAN CG Scorecard Methodology.

A total of 866 Malaysian PLCs were assessed in 2019 and only 35 PLCs were recognised with awards, which placed us in the top 4%. In line with the United Nations Sustainable Development Goal 16: Peace, Justice and Strong Institutions, we believe that a strong corporate governance framework and culture translates to a strong company that delivers for all its stakeholders and we shall continue to adopt CG practices of the highest standard.



Appendix: Tune Protect won two awards at the MSWG – ASEAN Corporate Governance Awards 2019



### What Matters To Us

## OUR BUSINESS

### Aligning with the UN SDGs



### Mapping to Our Capitals



### Sustainability Material Matters



### Why It Matters

- Maintaining healthy working capital, assets, liabilities and cash flow to foster a solid financial state, stable business environment and long-term value for our shareholders
- Building an insurance company that everyone loves
- Contributing towards the growth of the industry

## Sustainability Statement

### CUSTOMER SATISFACTION

#### Our Approach

##### Building a Customer-Centric Organisation, Measured by NPS

At Tune Protect, we are obsessed with understanding our customers' needs at every stage of their journey with us. We aim to create positive experiences that will convert our customers into ambassadors of our products.

Moving forward, we will adopt the use of the NPS as a benchmark to evaluate and improve customer loyalty and experience. The NPS is commonly used to measure customer satisfaction by evaluating the likelihood of our customers recommending Tune Protect to friends or family on a scale of 0 to 10. We will sum up aggregate scores from various customer touchpoints to conclude the overall NPS score that will range from -100 to 100. Based on global standards, a score above 0 is considered 'good', above 50 is considered 'excellent' and above 70 is considered 'world class'.

At the heart of the NPS is having customers at the centre of what we do, listening to what they want so that we can deliver solutions that meet their needs. To drive the right behaviour, the NPS will be incorporated into employees' KPIs as a measure of customer happiness as we strive to be the leading NPS insurer in Malaysia.



Refer to the Management Discussion & Analysis section on page 23 for more information.

##### Provide Omnichannel Support

It is important for us to engage with our customers at every touchpoint. Our Customer Experience team serves as the main contact point in engaging and managing the relationships with our customers through our channels such as the customer service hotline (available on the corporate website), email, social media, Live Chat (applicable to Tune Protect Travel AirAsia's customers only) and Tune Protect branches.



Refer to the Tune Protect branches on page 214 for more information.

##### Systematic Approach in Managing Our Customers

We also have in place robust customer service procedures and charter, guiding us to achieve our aspiration of providing the convenience of a one-stop service centre and delivering an efficient customer experience. We track and monitor the time taken for every incoming query and ensure that all cases are resolved satisfactorily within the stipulated service level agreement of up to 14 days.

###### Standard Operating Procedures for Contact Centre

provide guidelines for our dedicated team to serve our customers and assist them with any requests or inquiries.

###### Complaint Handling Procedures

outline procedures on how to handle customer complaints and help to build insights into areas for improvement.

###### Internal Service Level Agreement

ensures proper elements and commitments are in place in order to provide consistent delivery of information to customers.

###### Customer Service Charter

outlines our level of commitment to providing quality services and gives our customers references by which our performance can be measured.



Refer to [www.tuneprotect.com/corporate/group/customer-service-charter/](http://www.tuneprotect.com/corporate/group/customer-service-charter/)

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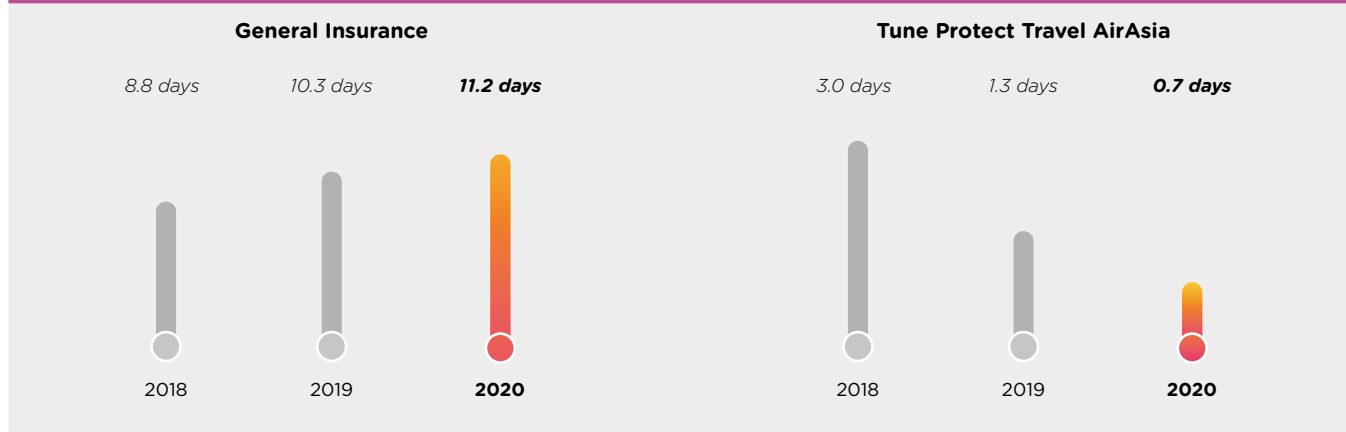
Tune Protect Group Berhad

## Sustainability Statement

### Our Progress in 2020

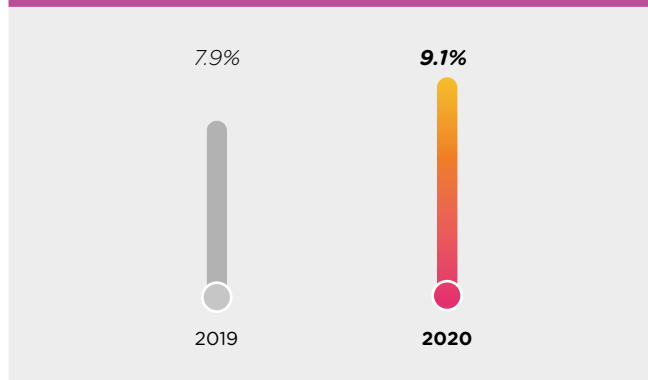
Our approach to managing complaints depends on their nature and complexity. In-depth investigation may be required for complex cases, including root cause analysis and establishing corrective action plans. Regardless of the nature and complexity, we are committed to ensuring that all cases are resolved within the 14-day industry standard upon receipt of all relevant documents/information.

#### Average Time Taken to Respond to and Resolve Complaints

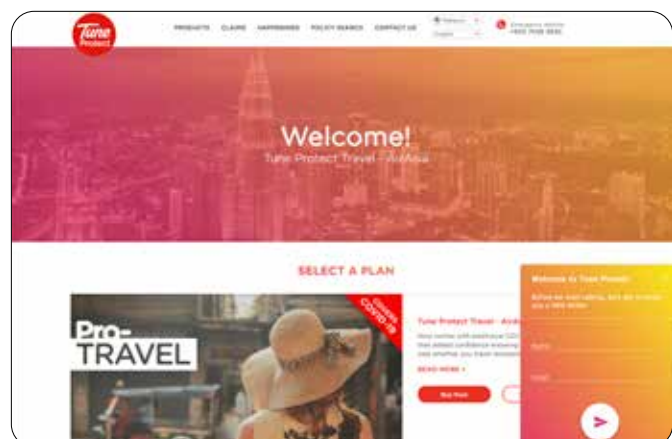


Live Chat allows us to offer real-time customer support and create the opportunity to address multiple queries at once, which is common in this digital age. Despite the small growth since it was launched in March 2019, we have seen an increase in interaction through Live Chat compared to the conventional method via email.

#### Number of Cases Received via Live Chat



Appendix: Percentage of cases received via Live Chat



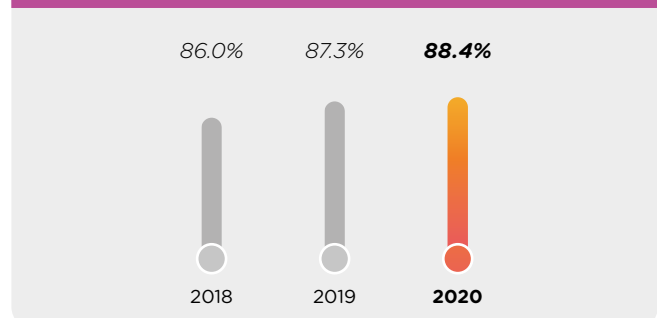
Appendix: Live Chat available for Tune Protect Travel AirAsia

### Customer Satisfaction Survey

We embedded a customer satisfaction survey at the end of the product purchase journey on our Business-to-Consumer website in 2018. Since then, our customer satisfaction score has increased by 2.4 percentage points, which shows that our customers are satisfied with our products and services.

At the end of 2020, we initiated a comprehensive assessment to baseline our current NPS, which will be used as a benchmark to improve customer satisfaction moving forward.

#### Customer Satisfaction Score





## Sustainability Statement

## DIGITISATION

## Our Approach

## Digitise Our Businesses

Digitisation has made communication faster, easier and opened up new channels of information. Our digitisation efforts allow us to expand into new markets, secure new partnerships, offer new products and appeal to customers.

With digitisation at the core of what we do, we will adopt new technologies such as machine learning, robotic process automation and data analytics to simplify and automate manual processes and improve operational efficiencies. This will allow us to achieve speed-to-market and improve customer experience with best-in-class products, services and technology that complement consumers' growing lifestyle needs.

## Transform Our Workplace

While COVID-19 has changed the way we live and work, it has also become a catalyst for innovation and fast-tracked digital transformation in the insurance industry. At Tune Protect, we have embarked on a workplace transformation journey since November 2020. This covers various plans from decluttering our workspace to activating flexible and hot-desking work arrangements and eventually establishing a digital workplace. Our goal is to allow Flexible Working Arrangements for the majority of our employees and empowering them to be an adaptive and agile workforce.

## Launch and Enhance Our Mobile App

We are moving towards a mobile-first approach to create the best experience for our customers. This is going beyond making our website responsive and optimising it for mobile devices so that it can be accessed digitally at one's convenience. It will eventually serve as a one-stop platform for our customers to gain fast, simple access to our products and at the same time take charge of their own insurance policies with just a few clicks on their mobile devices.

## Safeguard Our Data and Privacy

As our digital networks grow, we uphold the highest standards of confidentiality, security and integrity to build customers' trust and confidence. We set Group-wide security standards and conduct ongoing assessments that serve to identify and detect risks, build resilience and effectively respond to cyber-related events.

## Our Progress in 2020

During the height of the COVID-19 pandemic in 2020, we leveraged digital approaches to shift the majority of our staff to remote working and connect with clients and employees virtually.

We are also upgrading our Human Resources Management System ("HRMS") and have rolled out new modules such as online recruitment, e-leave management and centralised

employees data. With this HRMS in place, human resource and talent management processes will become more efficient, while providing a superior employee experience.

Recognising customers' increasing needs for easy access at their fingertips, we launched our inaugural **Tune Protect Mobile App** ("the App"), which is equipped with purchase and claims functions. Aligned with our customer-centric focus, the App was designed for customers on the go, providing them with a differentiated and seamless experience to self-manage their insurance needs digitally, anytime, anywhere.

Within a span of three months since the launch of the App in September 2020, we garnered more than 300 mobile users.

	Business-to- Consumer website (tuneprotect.com)	Tune Protect Mobile App*
Registered users	2,874	332
Total transactions made (count)	5,565	80
Total claims submitted (count)	223	12

\* since its launch in September 2020

Through our collaboration with BIG Rewards, customers can earn five Big Points for every RM1 spent on retail products sold on our website and mobile app.

With technology as a key component shaping into our future performance, we have put in place measures to mitigate cybersecurity, data privacy and security risks. They include, among others:

Enhanced data security systems and built security awareness on cyber security to combat attacks like phishing and malware

Established prevention plans to curb the leak of confidential information

Ongoing review and assessment of IT operations to ensure latest versions of software are being used enterprise-wide and compliance with regulatory requirements

Regular data back-up and storage to ensure its constant completeness, accuracy and accessibility



Refer to the Statement on Risk Management & Internal Control in this report on page 70 for more information.

## Sustainability Statement

### ECONOMIC PERFORMANCE

#### Our Approach

##### Implement a Comprehensive Recovery Plan

We implemented a comprehensive recovery plan by focusing on cost optimisation initiatives, business expansion and diversification plans to remain sustainable amidst the prolonged impact of the COVID-19 pandemic.

##### Diversify Our Business

The COVID-19 pandemic has presented us with opportunities to diversify away from our travel business. In line with the emerging trends, we have developed strategies to diversify into Health, Lifestyle and SME. We have created unique propositions targeting millennials and zillennials to address their growing concerns on health, safety and digital lifestyle solutions, together with adequate coverage for SME businesses. As for our diversification plans, we will expand our presence in ASEAN and establish more affinity and strategic partnerships to ease the impact of the pandemic on our general and reinsurance businesses.

##### Support the Growth of Local Businesses

We take pride in supporting local businesses and the economic advancement of the local communities where we operate. Our Group Procurement Policy states that where applicable, preference shall be given to local vendors and suppliers. By supporting these businesses, we indirectly contribute to the growth of the local economy and create a win-win situation for us and the businesses that we support.

The Group Procurement Policy also outlines the guidelines for the procurement of goods and services to ensure fair treatment during the selection and decision-making process. All registered suppliers are required to adhere to our Code of Conduct which sets out the standards of business conduct related to integrity, anti-bribery and corruption, disclosure of conflict of interest and confidentiality.

##### Prudent Investment Policy

We are guided by our Investment Policy that sets forth the objectives, guidelines and framework towards sustainable investments. An Investment Committee has also been established to assist the Board of Directors in discharging its duties and responsibilities in the management of investments.

#### Our Progress in 2020

In 2020, more than 80% of the supplies, products and/or services were procured from local providers, which are defined as suppliers and vendors operating in Malaysia.



Refer to the Governance section on page 34 to find out more about our Code of Business Conduct for Third Parties.

Meanwhile, recognising the greater focus from investors towards sustainable investments and in particular, the integration of Environmental, Social and Corporate Governance ("ESG") considerations into investment management processes, we have initiated steps to enhance our investment policy to incorporate ESG considerations in the belief that these factors will have an impact towards better long term financial performance.



For more information about our financial performance and the comprehensive recovery plans to address the impact of COVID-19, refer to the Management Discussion & Analysis section on page 23.

### PRODUCT INNOVATION

#### Our Approach

##### Encourage Innovation through Collaboration

In 2020, we took advantage of the shift from offline to online consumer spending behaviour by diversifying our distribution channels and platforms to reach a wider range of consumer groups. We established affinity and digital partnerships leveraging digital platforms such as community application, e-commerce, loyalty management, e-wallet, etc.

##### Expand Offerings and Solutions in line with Trends in the New Normal

We diversified our product offerings, focusing on Health, Lifestyle and SME, by offering simple, affordable, bite-sized and innovative product propositions to address the needs of consumers in the wake of the COVID-19 pandemic. As travel begins to regain traction, we have rolled out several products including COVID-19 coverage in the markets we operate in, such as Malaysia, Thailand and several business-to-business ("B2B") markets in the Middle East.

## Sustainability Statement

### Our Progress in 2020

Innovative products offered by Tune Protect are summarised below, among others:

#### On-demand protection plans embedded in the community app

Specifically tailored for residents and homeowners of EcoWorld, we offer three on-demand protection plans that provide coverage for smart home devices, maid protection and home burglary that can be purchased through EcoWorld's mobile application.

#### Consignment cover e-commerce shopping experience

With online shopping gaining increasing popularity, we leveraged the long-standing relationship with our airline partner, AirAsia, to cross-sell our insurance products. We offer personal accident coverage to the delivery partners of Teleport, AirAsia's logistics company. We also partnered with BOXKU to offer online shoppers the ease and convenience of purchasing consignment insurance on loss or non-delivery of their parcels via the BOXKU mobile app.

We have also introduced new and enhanced product offerings, summarised as per below:

#### Travel protection products

We were quick to respond to the pandemic situation by including COVID-19 coverage in our selected travel protection plans and replicating this across partners and regions.

#### Enhanced Pay-As-You-Drive ("PAYD")

We extended the eligibility criteria of PAYD to 65 years and age of vehicle to 10 years. PAYD is a unique opt-in feature of our motor insurance that rewards customers for driving less, therefore promoting environmentally responsible behaviour. PAYD also caters well to second-car owners, public transport or park & ride users and work-from-home employees.



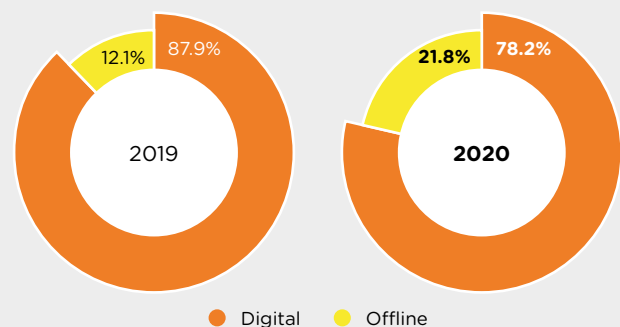
Read more at: <https://www.tuneprotect.com/covid-19/>

#### Comprehensive personal accident protection

We introduced PA Shield, a comprehensive Personal Accident ("PA") coverage for individuals that provides worry-free financial support in the event of unfortunate incidents. This coverage provides choice of protection up to RM1,000,000 with cumulative renewal bonus up to 150% of Capital Sum Insured.

The decrease in our digital policies issued compared to 2019 was mainly due to a gain in offline sales. However, we remain cautiously optimistic as travel recovery continues to show an upward trajectory in Middle East markets. This includes all sales derived from online platforms such as our Direct-to-Consumer platform at **tuneprotect.com**, AirAsia in-path booking platform, product bundling with AirAsia's value pack and via online B2B travel agents.

#### Policies Mix



Refer to the Management Discussion & Analysis section on page 23 for more details about our digital business.

#### Tune Protect advocates responsible actions for a sustainable future

In conjunction with Zero Emissions Day and World Car Free Day in September 2020, we took the lead in advocating environmentally responsible actions with our PAYD campaign with the tagline **Drive Less, Save More, Greener Earth**.

Through this special campaign in collaboration with Big Rewards, we encouraged customers to opt in to PAYD, a product that promotes environmentally responsible behaviour, and incentivised them with an extra five BIG points for every RM1 of insurance premium in addition to the first five BIG points for purchasing Motor Easy (comprehensive motor insurance) via **tuneprotect.com** or mobile application. This campaign was part of our effort to reduce the impact towards climate change in line with UN SDG 13.



## Sustainability Statement



### What Matters To Us

## OUR ENVIRONMENT

### Aligning with the UN SDGs



### Mapping to Our Capitals



### Sustainability Material Matters



Materials (Resource Consumption)

### Why It Matters

- Promoting the importance of operating our business in an environmentally friendly manner and creating awareness to enable social change

## MATERIALS (RESOURCE CONSUMPTION)

### Our Approach

#### Conserve the Environment

While the nature of our business has no major or direct impact on the environment, we have been promoting environmentally responsible behaviour and taking efforts to reduce our impact on the environment where we operate as spelt out in our Group Sustainability Policy.

In supporting our digital transformation strategy as detailed in the Digitisation section, we promote green thinking and a shared environmental consciousness to recycle paper, which is the largest material resource consumed in our day-to-day operations. While we digitise our processes, we carefully monitor and manage the resources we consume that may have an impact on our business, people and community.

#### Manage Climate Risk

In managing ESG risks, our Underwriting Policy specifically identifies against underwriting businesses that are deemed to have a negative impact on health and the environment. For instance, businesses that use hazardous materials or contribute to global warming are excluded. In addition, we do not underwrite any coal mining risk in our Fire portfolio.

### Our Progress in 2020

Our environmental initiatives serve to create awareness and promote social change on a wider scale. Where possible, we encourage meetings via electronic channels to reduce carbon footprint. With virtual meetings becoming the preferred mode

of engagement due to the pandemic, a reduction in face-to-face meetings, especially those requiring business travel out of the country, has resulted in a lower carbon footprint.

In advocating a 'climate-friendly' work environment, we have been encouraging responsible consumption of energy and paper, and proper waste management through various initiatives, including:

- Weekly Earth Hour Fridays from 12pm – 1pm;
- Floor lighting plan for switching off non-essential lights when no longer required to reduce electricity consumption;
- Weekly internal newsletters;
- Energy, water and paper conservation reminders stickers and signages;
- Regular recycling efforts with placement of recycling bins within the office premises for paper products, plastic, aluminium cans and items made from metal/steel. In total, 478kg were recycled in 2020;
- Collection of fluorescent bulbs/tubes and e-waste (electronic equipment) such as used batteries, old mobile phones and power banks by licensed collection centres biannually. A total of 139 fluorescent bulbs/tubes, and 106 pieces of e-waste were collected in 2020;
- Promoting recycling and the use of reusable containers, cups and utensils during events and for everyday use; and
- Printing on recycled paper, using single colour and duplex printing only. In 2020, we consumed 3.4 million sheets of paper for printing, a reduction of 27.8% compared to 2019.

## Sustainability Statement



Recycling fluorescent tubes and incandescent bulbs at IPC Recyclable Waste Drop off Station



Decluttering and recycling in our workplace

We have elevated our efforts to be Environmentally Protective with the successful completion of the first phase of our workplace transformation journey in December 2020. By decluttering our workspace, more than seven tonnes of paper and paper-based materials such as newspapers, cardboard boxes, magazines, etc were recycled.

#### Creating awareness on climate change in our business

Climate change has been identified as an emerging risk. With the objective of creating awareness on this topic, we conducted a 1.5-hour virtual workshop on Climate Change in Business in November 2020, which was attended by 22 participants across the Group and its Overseas Ventures. The key takeaways from the workshop were:

- Drivers and impacts of climate change;
- Climate-related risks and opportunities for businesses;
- Pressure and benefits of climate action;
- Best practices in the financial services industry.

#### Engaging with employees on environmental awareness with regular internal communication

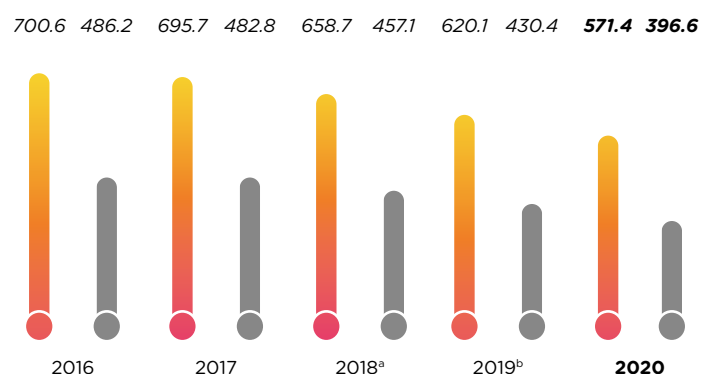
Leveraging our internal communication platform, we regularly communicate and engage with our employees on the importance of sustainable practices. One such initiative is a Workplace Green Screen weekly posts featuring our employees, in which they get to showcase an environmentally responsible act that they perform in their daily lives in support of a greener environment. Other initiatives include recycling, fortnightly sustainability posts and encouraging employees participation in social and environmental-related activities. In conjunction with Sustainability Day on 28 October 2020, we organised a challenge for our employees to share their day-to-day sustainable practices with us to promote behavioural shifts towards sustainability.

#### Energy Management

Whilst we move forward in our environmental-friendly initiatives, we will take the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations into consideration and gradually support the TCFD in our Group's sustainability journey.

In 2020, we realised a 7.9% reduction in electricity consumption across the Group to 48,700 kWh, which was equivalent to 33.8 tonnes of CO<sub>2</sub> emissions as compared to 2019. This resulted in a cumulative reduction of 89.6 tonnes of CO<sub>2</sub> emissions over the four years since 2016. The reduction in our electricity consumption last year was mainly due to the majority of our operations transitioning to working-from-home arrangement, coupled with ongoing measures to deepen our commitment in resource conservation and climate change such as the Weekly Earth Hour and switching off non-essential lights when not in use. The diagram shows our electricity consumption in our headquarters and branches.

#### Group Energy Performance (2016-2020)



● Electricity Consumption (Thousand kWh) ● Carbon Emissions (Tonnes)

#### Notes:

- a) Data for year 2018 and prior consists of 20 branches  
b) Data for year 2019 onwards consists of 18 branches



## Sustainability Statement



### What Matters To Us

## OUR PEOPLE & COMMUNITY

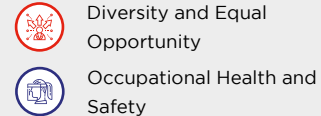
### Aligning with the UN SDGs



### Mapping to Our Capitals



### Sustainability Material Matters



### Why It Matters

- Building a diverse and inclusive workforce
- Fostering a positive workplace where the health, safety and well-being of our people are of utmost importance

## DIVERSITY & EQUAL OPPORTUNITY

### Our Approach

#### Promote a Diverse and Inclusive Workforce with an Agile Culture

To be an employer of choice, we cultivate a work environment that is diverse and inclusive where our employees feel empowered to learn and lead innovation within the organisation. We believe that diversity and inclusion can pave the way towards creativity, teamwork and improved productivity. Besides that, an agile culture with flexible working arrangements will allow us to attract future talents from a bigger and more diverse pool.

Our Group Recruitment & Selection Policy defines the principles of non-discrimination. The recruitment and selection process for new hires is carried out in compliance with all applicable employment laws and contributes to effective risk management, while advocating the underlying principles in our CoC. These include:

- Applicants will be selected based on merit.
- We support a diverse workforce. We believe that having a diverse workforce will give us a competitive edge in driving our future success. To this end, diversity in gender, age group, ethnicity and abilities is encouraged.
- Our processes are transparent, while balancing the need for confidentiality. In line with this, we have a whistleblowing policy in place for all parties, which is available on our corporate website, to enable grievances to be channelled anonymously.

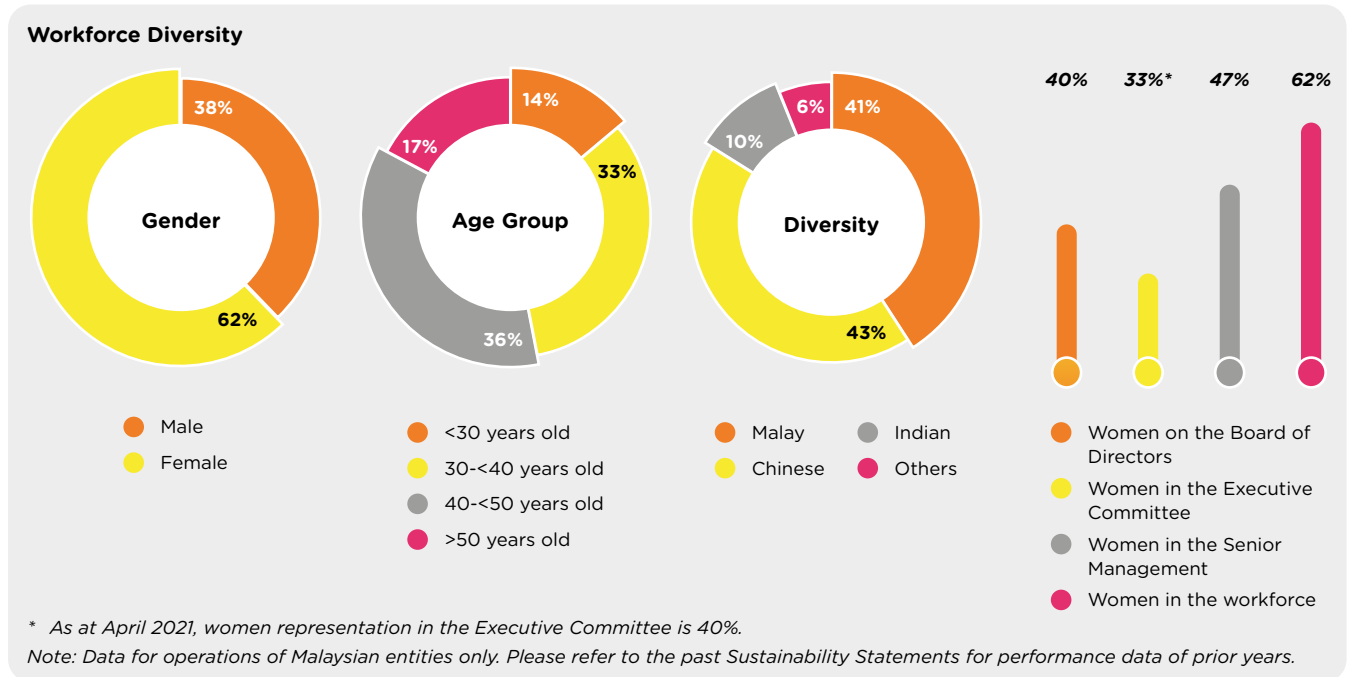
We are committed to empowering women in the workforce and achieving gender parity in leadership roles by 2023. In addition, 50% of our critical roles will have successors identified from within. In line with this approach, we are geared towards providing the best support and resources in developing competent and robust tiers of management to lead our succession planning.



## Sustainability Statement

### Our Progress in 2020

We have a diverse workforce of nearly 400 employees, as shown in the diagram below.



As at 2020, 72 or 18.6% of our employees are union members. In achieving a diverse and inclusive workforce, we hired an individual with a hearing disability who joined us in 2019. To assist in communication, we teamed this individual with a buddy, whenever necessary. With the help of this individual, we have also advocated the learning of sign language via a series of videos that were published in our internal communication platform. More than just bringing our employees better together, we have fair benefits in place to promote equal opportunities, as shown in the table below:

<b>Maternity Leave<sup>1</sup></b>	<b>Paternity Leave</b>	<b>Nursing Rooms</b>	<b>Marriage Leave<sup>2</sup></b>	<b>Birthday Leave</b>
Up to 60 calendar days (on full pay)	Up to 14 calendar days (on full pay)	Available at Level 8 & 9 of Wisma Tune	Up to 7 calendar days	1 working day
<b>Notes:</b> 1. Executive positions and below are entitled to up to 90 days for the first child; applicable to Tune Protect Malaysia only 2. Up to seven calendar days depending on the position				

## OCCUPATIONAL HEALTH & SAFETY

### Our Approach

#### Protecting Our Employees and Workplace

We have established an Occupational Safety and Health ("OSH") Committee which comprises employee representatives from the head office. The OSH Committee is responsible for leading and managing initiatives to ensure the health and well-being of all employees including those under collective bargain agreement and visitors as well as general safety in the workplace. These initiatives are of utmost importance as we continue to build on and promote practices with high standards of health and safety for our people and the communities we serve. As a responsible organisation, we regard our people as our most valuable assets in achieving a long-term sustainable performance.

## Sustainability Statement

Our Safety and Health Policy Statement sets out the responsibilities and commitments of the OSH members. It also summarises key health and safety measures that must be followed to ensure a safe and healthy environment for all employees and visitors to the office premises. The Group meets essential health and safety requirements such as regular engagement with the building management and fire safety authorities on safety inspections and systems. Among the fundamental health and safety laws and regulations that the Group advocate its compliance on include:

- The Occupational Safety and Health Act 1994 (OSHA)
- The Fire Services Act 1988

The OSH Committee convenes at least three times annually and carries out proactive approach with constant communication to identify, assess and control risk hazards in our workplace. In addition, we have established an Emergency Response Team within the Committee to assist with emergency evacuation and comprises a member who is equipped and trained with essential emergency first aid and cardiopulmonary resuscitation skills. The assessment of risks and hazards in our operations and business acknowledges our compliance with the relevant industry standards and best practices.

### Our Progress in 2020

We regularly engaged with our people through various internal communication platforms to keep them informed of the latest developments in relation to the COVID-19 pandemic. These included travel advisories, standard operating procedures and operational updates to minimise disruption to our business while safeguarding the health, safety and well-being of our employees and visitors. In addition to regular internal communication, health and safety measures implemented throughout the Group since the beginning of the pandemic include:

- Activating remote and/or split working arrangements to minimise risk of infection and ensure business continuity;
- Modifying the nationwide operations of our branches and service counters to partial capacity and specific operating hours to ensure uninterrupted service to our customers;
- Keeping our customers and/or business partners informed about COVID-19 business-related initiatives through website and social media;
- Placing hand sanitisers and social distancing markers in and around the workplace;
- Displaying posters reminding employees to practise social distancing and hygienic habits;
- Minimising the number of people in meeting rooms and common areas to avoid crowding;
- Screening of body temperature and MySejahtera QR code registration at all entry points; and
- Preparation of Isolation Room/Areas with Personal Protective Equipment (PPE) Kits.

In addition, in November 2020, we held an hour-long virtual knowledge-sharing session for a group of employees to raise awareness and communicate new developments related to COVID-19. We also shared health advisory article on Influenza with the employees during the reporting period.

During the year, two of our SuCom members, Koot Chiew Ling and Yap Hsu Yi shared the Tune Protect story and how we navigated challenges and led through the crisis on an episode of Culture Matters on the Engaging Leaders podcast. Hear more

from them here: The Tune Protect Journey: Leading Through Crisis: <https://www.youtube.com/watch?v=iNIEduoLXRO>

In line with our focus on health, we have embarked on an initiative to promote and improve mental health and well-being of our people in 2021, called the Naluri Community programme. This programme is a joint collaboration with Naluri, a digital health therapeutics company based in Malaysia, which offers our people the access to various mental and physical wellness resources made available on the Naluri Community mobile app.

### LOCAL COMMUNITIES

Our commitment to corporate social responsibility ("CSR") is an integral part of our corporate culture and we will inculcate environmental protection elements where possible. Besides our flagship Orang Asli Financial Literacy, Empowerment and Entrepreneurship ("FLEE") programme, we supported other dependent and underserved communities to sustain their livelihoods. During the year, an approximately total of RM44,600 was contributed to CSR initiatives. Through collaborations with local social enterprises, we reached out to the ill, the differently-abled and struggling single mothers in 2020.



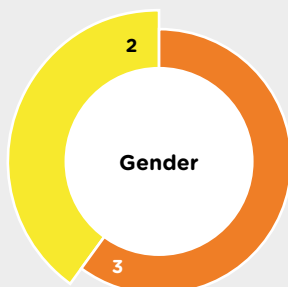
We sponsored one-year Personal Accident Plan coverage for a group of 10 differently-abled bakers employed by Bake with Dignity



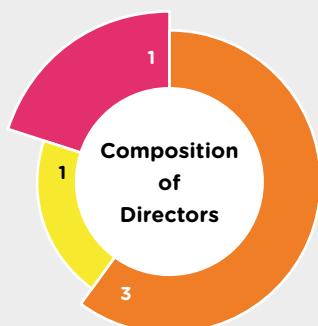
We held a donation drive for essential food items specially for 123 Orang Asli families in Negeri Sembilan, in collaboration with Majlis Belia Orang Asli and Majlis Belia Malaysia

## Profile of Directors

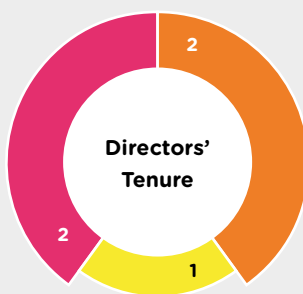
### Diversity



● Male ● Female



● Independent Non-Executive Director  
● Senior Independent Non-Executive Director  
● Non-Independent Non-Executive Director



● More than 1 year and up to 3 years  
● More than 3 years and up to 6 years  
● More than 6 years and up to 9 years

### Ng Soon Lai @ Ng Siek Chuan

Chairman, Independent Non-Executive Director



Age 67  
Gender Male  
Nationality Malaysian

Ng Soon Lai @ Ng Siek Chuan (“**Siek Chuan**”) joined the Board of Directors (“the Board”) of Tune Protect Group Berhad (“the Company”) as Independent Non-Executive Director on 5 October 2012. He was appointed as Chairman of the Company on 22 May 2017. He was re-designated from Senior Independent Non-Executive Director to Independent Non-Executive Director on 18 April 2019. During his tenure as a member of the Board, he was the Chairman of the Audit, Risk Management, Nomination and Remuneration Committees until 16 March 2017. He is currently a member of the Audit, Risk Management, Nomination, Remuneration and Investment Committees of the Company.

With close to four decades of experience in the financial services industry, he began his career in audit and accounting with Coopers & Lybrand in London and Kuala Lumpur. He then made a pivotal switch to the financial sector in 1980, where he charted his career at a leading local merchant bank and a financial institution. He joined Alliance Bank Malaysia Berhad in 1991 as General Manager of Credit and was later appointed Chief Executive Director in 1994. He became a Board member of Alliance Merchant Bank Berhad in 2002 before resigning as Chief Executive Director of Alliance Bank Malaysia Berhad in 2005.

Siek Chuan is a fellow of the Institute of Chartered Accountants in England and Wales.

He currently holds independent directorships in ELK-Desa Resources Berhad, China Construction Bank (Malaysia) Berhad and WCT Holdings Berhad.

#### Notes:

##### Family Relationships

None of the Directors has any family relationship with any other Director and/ or major shareholder of Tune Protect Group.

##### Conflict of Interest

None of the Directors has any conflict of interest with Tune Protect Group.

##### Conviction for Offences

None of the Directors has been convicted for any offences (excluding traffic offences) in the past 5 years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 31 December 2020.

##### Attendance at Board Meetings

The attendance of the Directors at Board of Directors' meetings for the financial year ended 31 December 2020 is disclosed in the Corporate Governance Overview Statement.

## Profile of Directors

### Tan Ming-Li

Independent Non-Executive Director



Age 52  
Gender Female  
Nationality Malaysian

Tan Ming-Li (“**Ming-Li**”) joined the Board of Tune Protect Group Berhad on 1 April 2014 as Independent Non-Executive Director. On 1 June 2017, she became the Chairman of the Nomination Committee and Remuneration Committee of the Company. She is also a member of the Audit and Risk Management Committees of the Company.

A partner in the legal firm, Chooi & Company + Cheang & Ariff, she has been in legal practice since 1994 specialising in corporate and securities law. She is principally involved in advising on capital market transactions, mergers and acquisitions, corporate restructuring as well as corporate finance related work.

Prior to joining her present firm in 1997, she practiced law in the firm of Allen & Gledhill specialising in the areas of corporate and commercial litigation, as well as intellectual property.

A graduate of the University of Melbourne, Australia, Ming-Li holds a double degree in Law (Hons) and Science and has been a member of the Malaysian Bar since 1994.

Ming-Li sits on the Board of Tune Insurance Malaysia Berhad, the general insurance subsidiary of the Company. She is also an Independent Non-Executive Director of BP Plastics Holding Bhd.

### Mohamed Rashdi bin Mohamed Ghazalli

Senior Independent Non-Executive Director



Age 64  
Gender Male  
Nationality Malaysian

Mohamed Rashdi bin Mohamed Ghazalli (“**Mohamed Rashdi**”) joined the Board of Tune Protect Group Berhad on 1 June 2017 as Independent Non-Executive Director. He was re-designated from Independent Non-Executive Director to Senior Independent Non-Executive Director on 18 April 2019. He is Chairman of the Audit Committee as well as member of the Nomination, Remuneration and Investment Committees of the Company. He relinquished from the position of Chairman of the Risk Management Committee on 1 June 2020 and remains a member thereof.

Mohamed Rashdi had a thriving career in IT and Management Consulting with Coopers & Lybrand, IBM Consulting and PricewaterhouseCoopers over a span of 20 years. During his career, Mohamed Rashdi worked with Telecoms Australia as well as Coopers & Lybrand in the United Kingdom. He was a Partner of PwC Consulting (East Asia) and IBM Consulting, as well as IT and Consulting Advisor at PwC Malaysia.

As a management and technology consultant, Mohamed Rashdi has personally led assignments in strategy and economics, business process improvement, information systems planning and IT project management. He has provided consultancy expertise across a range of industries such as government, telecommunications, oil & gas, transport and utilities with exposure in manufacturing and financial services.

Mohamed Rashdi graduated in 1979 with a Bachelor of Science (Honours) degree in Computation from the University of Manchester Institute of Science and Technology, United Kingdom.

He joined the Board of Tune Insurance Malaysia Berhad, the general insurance subsidiary of the Company on 19 February 2021 as Independent Non-Executive Director. He sits on the Board of Directors of BOS Wealth Management Malaysia Berhad and Great Eastern Takaful Berhad. He also sits on the Board of Trustees of Yayasan Siti Sapura Husin.



## Profile of Directors

### Aireen Omar

Non-Independent Non-Executive Director



Age 48  
Gender Female  
Nationality Malaysian

Aireen Omar (“**Aireen**”) joined the Board of Tune Protect Group Berhad as Non-Independent Non-Executive Director on 14 November 2019. She became the Chairman of the Investment Committee and Employees’ Share Option Scheme (ESOS) Committee of the Company on 28 February 2020.

Aireen is currently the President of AirAsia Group (AirAsia Digital) where she is responsible for AirAsia’s digital strategy, promoting innovation throughout the group and encouraging collaboration across AirAsia’s businesses and markets.

Since 2006, she has held several key management positions with AirAsia which included Executive Director and Chief Executive Officer of AirAsia Berhad and has been instrumental in shaping the development of AirAsia into one of the fastest growing and most highly acclaimed airlines globally. She resigned as the Chief Executive Officer of AirAsia Berhad on 9 January 2018.

Her illustrious career with AirAsia expanded quickly from Director of Corporate Finance and subsequently extended to Insurance, Treasury, Fuel Procurement and Investor Relations. One of her key achievements include securing competitive funding for AirAsia at the peak of the 2008 global credit crisis and putting AirAsia at the forefront of aircraft financing in the region.

Started her career in 1997 at Deutsche Bank Securities Inc., New York City, she subsequently moved on to CIMB Bank Berhad, Maybank Group and Bumiwerks Capital Management Sdn. Bhd. prior to joining AirAsia.

Aireen is an Economics graduate of the London School of Economics and Political Science and also holds a Master in Economics from New York University.

She currently holds directorships at the various subsidiaries of AirAsia Group Berhad, including AirAsia Berhad.

### Kelvin Desmond Malayapillay

Independent Non-Executive Director



Age 50  
Gender Male  
Nationality Malaysian

Kelvin Desmond Malayapillay (“**Kelvin**”) joined the Board of Tune Protect Group Berhad on 28 February 2020 as Independent Non-Executive Director. He became a member of the Audit and Risk Management Committees on 28 February 2020 and was appointed as Chairman of the Risk Management Committee on 1 June 2020.

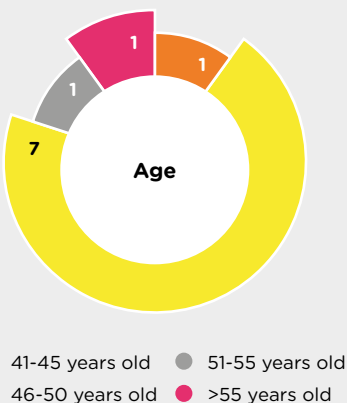
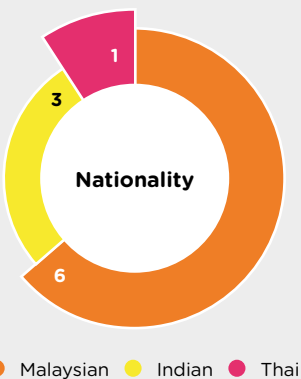
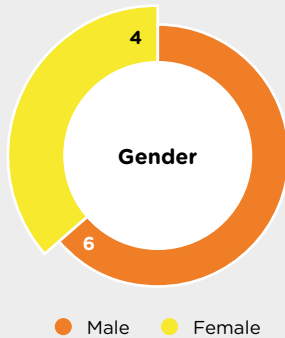
Currently developing a portfolio career, Kelvin has been supporting various corporate clients in consumer financial services and insurance as an independent strategy advisor while also advising and investing in a selection of fintech startups.

Kelvin has more than 20 years of experience across financial services and consulting. His extensive career commenced at Shell Malaysia before moving on to Boston Consulting Group in London and subsequently to Capital One Bank where he held roles in credit risk management and in managing the personal loan portfolio; Booz & Co. where he served clients in the United Kingdom and the Middle East; and Liverpool Victoria (LV=), a composite insurance firm where he held key management roles including Director of the Direct Life business, and Group Strategy Director. Following that, in 2016, he joined Lloyds Banking Group as the Strategy Director for the retail bank.

Kelvin holds an MBA from the London Business School, a Masters in Science in Engineering and Physical Science in Medicine and a Bachelor’s degree in Engineering (Hons.) majoring in Electrical & Electronic Engineering, both from the Imperial College, London. He is also a certified Executive Coach having completed the Professional Certificate in Coaching (PCiC) from Henley Business School.

## Profiles of the Executive Committee

### Diversity



### Rohit Chandrasekharan Nambiar

Group Chief Executive Officer



Age 41  
Gender Male  
Nationality Indian

Rohit Chandrasekharan Nambiar (“**Rohit**”) joined the Company on 14 October 2020. In his role as the Group Chief Executive Officer, Rohit is responsible for steering Tune Protect on its journey of digital transformation aimed at positioning the Group as the lifestyle insurer that everyone loves within ASEAN and the Middle East. Rohit is also a Director of Tune Protect Malaysia.

His focus will be on strengthening the company’s reach in the retail consumer space - driving innovation in product ideas and digital solutions, enhancing customer experience by focusing on ease and convenience, and growing the affinity, B2C and B2B2C distribution platforms leveraging big data and technology. All with the aim of making insurance easy and appealing for our preferred customer segments.

Rohit began his career as an Analyst with AXA in India. He has experience working across various departments and has held senior positions in both local and regional capacities within Malaysia, Singapore, Hong Kong, and India. With his track record of success spanning 18 years in the Insurance Industry, Rohit is passionate about fintech, innovation and making insurance simple. He has won numerous awards and accolades in his illustrious career including that of Young Leader of the Year 2019 in the 23<sup>rd</sup> Asia Insurance Industry Awards 2019. In his free time, Rohit enjoys blogging about everything insurance and a spectrum of other insightful topics such as economics, politics, social issues, and sports.

He is a graduate from the Bharathiar University, India with a Bachelor of Commerce, and a Fellow Member of the Malaysian Insurance Institute (FMII).

#### Notes:

##### Family Relationships

None of the Senior Management has any family relationship with any other Director and/or major shareholder of Tune Protect Group.

##### Conflict of Interest

None of the Senior Management has any conflict of interest with Tune Protect Group.

##### Conviction for Offences

None of the Senior Management has been convicted for any offences (excluding traffic offences) in the past 5 years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 31 December 2020.



## Profiles of the Executive Committee

### How Kim Lian

Group Chief Financial Officer



Age 48  
Gender Male  
Nationality Malaysian

### Prasanta Roy

Group Chief Technology Officer



Age 46  
Gender Male  
Nationality Indian

### Koot Chiew Ling

Chief –  
Investor Relations & Strategic Projects



Age 48  
Gender Female  
Nationality Malaysian

How Kim Lian (“**How**”) joined the Company on 4 May 2020 as the Group Chief Financial Officer with an expanded role to oversee Strategy & Insights, Legal and Corporate Secretarial portfolios. As the Group Chief Financial Officer, he is responsible to review and establish key financial strategies in aligning to the Company’s Corporate Strategy by evaluating financial operational trends, measurements and productivity levels, aside to looking at acquisition and expansion prospects, identifying areas for improvement and accumulating capital to fund expansion. How is also a Director in Tune Direct Ltd. and White Label.

He has over 20 years of senior management experience, including a decade of strategic development and execution planning in Finance Transformation, Programme Management, Enterprise Performance Management, and Investor Relations. Started his career in Arthur Andersen, he transitioned to PricewaterhouseCoopers and most recently as the Group Deputy Chief Financial Officer of AirAsia prior to joining the Company.

How is a Member of the Australian Society of CPAs (ASCPA), Malaysian Institute of Accountants (MIA), the Institute of Internal Auditors (IIA) and a Certified Internal Auditor (CIA).

Prasanta Roy (“**Prasanta**”) joined the Company on 29 April 2020 and he is currently the Group Chief Technology Officer. He is responsible to conceptualise and implement the digital vision and strategy with the aim of realising a winning business model and creating exceptional customer experience, while driving organisational growth, performance, and profitability for all lines of businesses across the Group.

He has over 20 years of experience in leveraging technology to drive organisational growth and expanding business impact in the era of digitisation, holding various leadership roles in Information Technology (“IT”) Strategy & Architecture and IT Transformation spanning across companies in Malaysia, Africa, India, North and Latin America. Prior to joining the Company, Prasanta was most recently attached to Axiata as the Vice President & Group Head IT Strategy and Architecture. His expansive experience included stints in Ericsson, Vodafone, Idea Cellular and Ushacomunications Technologies.

Prasanta is a graduate of the Manipal University, India with a Master’s in Business Administration in Information Technology.

Koot Chiew Ling (“**Chiew Ling**”) joined the Company on 10 February 2014 and she is currently the Chief – Investor Relations & Strategic Projects, overseeing three core areas – Investor Relations, Communications and Strategic Projects. She is primarily responsible for the engagement of analysts and investors, formulation and delivery of public relations and communications plan, execution of the Group’s key initiatives around market expansions and driving sustainability for the organisation. Chiew Ling is also a Director of Tune Protect Thailand.

With more than 20 years of experience in business development, product development, project management, corporate planning, investor relations, and communications, she had served in local and regional capacities in major financial services institutions such as AIG, Etiqa and CIMB. While in CIMB, she was part of the pioneer team instrumental in the setup of the bancassurance partnership in Indonesia.

Chiew Ling is a graduate of Curtin University of Technology, Australia with a bachelor’s degree in Commerce and is a certified Integrated Reporting Practitioner by the International Integrated Reporting Council.

## Profiles of the Executive Committee

### Yap Hsu Yi

Chief -  
People & Culture



Age 46  
Gender Female  
Nationality Malaysian

### Janet Chin Yoke Heng

Chief Partnership and  
eCommerce Officer



Age 49  
Gender Female  
Nationality Malaysian

### William Foo

Chief Executive Officer,  
Tune Protect Malaysia



Age 55  
Gender Male  
Nationality Malaysian

Yap Hsu Yi (“**Hsu Yi**”) joined the Company on 4 May 2016 and she is currently Chief - People and Culture where she is responsible for defining and leading the people strategy to create a distinctive culture that separates the Group from industry peers, while delivering high impact solutions for people and organisation.

An experienced Human Resource (“HR”) professional, Hsu Yi has over 20 years of experience collectively in consulting and operations, both in a local and regional capacity. Having started out specialising in corporate and personal tax, she advanced to various HR engagements in the areas of talent acquisition, compensation & benefits, performance management, change management, employee engagement, culture, and talent management. For her, HR is about People behind the Business and she is passionate about helping people thrive.

Prior to joining the Company, she has worked in various industries, including companies such as Arthur Andersen, PwC, Mercer Consulting, Telenor and PepsiCo.

Graduated from the Monash University, Australia with a bachelor’s degree in Commerce majoring in Accounting and Finance, she has won awards for outstanding achievements in human resources.

Janet Chin Yoke Heng (“**Janet**”) joined the Company on 1 March 2021. In her role as the Chief Partnership and eCommerce Officer, Janet is responsible to drive the growth of regional partnerships across the Group with a focus on lifestyle and digital. This includes identifying new partnership opportunities, managing key business accounts, brand & digital marketing, e-commerce, and corporate social responsibility (CSR) initiatives.

She has over 24 years of experience in various local and multinational financial services institutions that include Standard Chartered Bank, Kenanga Unit Trust Berhad, Great Eastern Life, and AXA AFFIN Life. Janet’s portfolio spans across key roles in branch banking, wealth management, group insurance, bancassurance, partnerships, telemarketing, and digital business. Prior to joining the Company, Janet most recently held the role as the Chief Partnership Officer of AXA AFFIN Life.

Janet is a graduate of Bachelor of Business from the University of Southern Queensland and a Master’s in Business Administration from the Charles Sturt University, Australia. She also holds various professional certifications in insurance, capital markets, credit, and unit trusts from local and international institutions.

William Foo (“**William**”) joined the Group as Chief Executive Officer of Tune Protect Malaysia, the Malaysia general insurance arm of the Group, on 8 May 2019. He is responsible to lead Tune Protect Malaysia to achieve profitable and sustainable business growth through sound strategy setting and execution. In alignment with the strategies of the Group, he will also lead SME insurance initiatives and development for the Group.

He has more than 25 years of experience under his belt and has served various roles in both local and multinational insurance companies prior to joining Tune Protect. His proven track record has led him to receive internal recognitions and awards.

William is a graduate of Universiti Sains Malaysia with a Bachelor of Management (Hons.). He is an Associate of the Malaysian Institute of Insurance (AMII), a Senior Associate CIP of the Australian and New Zealand Institute of Insurance and Finance (ANZIIF), and a member of the Malaysia Financial Planning Council (MFPC). He is also a Director of ISM Insurance Services Malaysia Berhad and a Director of Persatuan Insurans Am Malaysia (PIAM).

## Profiles of the Executive Committee

### Normah Baharom

Principal Officer,  
Tune Protect Re



Age 57  
Gender Female  
Nationality Malaysian

Normah Baharom (“**Normah**”) joined the Group as the Principal Officer of Tune Protect Re on 25 March 2020. She is responsible for the overall business and operations of the general reinsurance arm of the Group, involving the development of strategies and plans, product development, and working alongside key stakeholders including insurance partners globally, to drive the sales and revenue across retail health, travel and lifestyle businesses. Normah is also in charge of the Lifestyle solution developments across the Group.

With 25 years of experience in the insurance industry, Normah had served in local and international markets in multinational insurance companies such as American International Group (AIG) and Oman Insurance Company (OIC). Normah’s portfolio spans across key roles in Underwriting, Operations, Business Transformation, Audit, Risk Management, Portfolio Management and Analysis. She has worked in Malaysia and Dubai, the UAE.

She holds a Master of Business Administration and a Master of Finance, both from Saint Louis University, Missouri USA.

### Ben Assanasen

Chief Executive Officer,  
Tune Protect Thailand



Age 49  
Gender Male  
Nationality Thai

Ben Assanasen (“**Ben**”) joined Tune Protect Thailand in April 2020 as the Chief Executive Officer. Ben’s key focus is to drive growth in the retail business across existing as well as new affinity and digital-led distribution channels, taking Tune Protect Thailand to the next level. In his role in the Thai general insurance company, Ben drives process and operational improvement/automation aimed at increasing efficiency and enhancing the customer experience. Ben also leads the Health solutions development across the Group.

Ben brings with him a wealth of experience that spans over two decades - encompassing general management as well as hands-on operational roles covering a broad range of functions. He has an impressive track record in managing businesses in South East Asia and has deep knowledge of the Thai market.

Ben holds a Bachelor of Science degree majoring in Operational Research & Industrial Engineering and a Master’s in Engineering and Business Administration, both from the Cornell University in New York.

### Arijit Munshi

Chief Executive Officer,  
Tune Protect EMEA



Age 49  
Gender Male  
Nationality Indian

Arijit Munshi (“**Ori**”) joined Tune Protect EMEA on 1 May 2014. In his role as the Chief Executive Officer, Ori is responsible in identifying new areas of growth, revenue opportunities and customer acquisition within the Europe, Middle East, India & Africa (EMEA) region focusing in providing digital Travel solutions to the Travel and Aviation industry.

Ori and his team manage relationships in providing digital solution with regards to ancillary products across EMEA region. With his vast experience within travel, digital and hospitality sector, Ori is now responsible for leading the Travel segment as well as ancillary services related to travel across the Group.

He has over 20 years’ experience within the various pillars of the travel and aviation industry which include Air Travel, Travel Management, Travel Technology and Hospitality.

He holds a bachelor’s degree in Commerce from the University of Mumbai and has an MBA specialising in eCommerce.

## Corporate Governance Overview Statement

The Board of Directors (“the Board”) of Tune Protect Group Berhad (“Tune Protect Group” or “the Company”) is committed to continuous improvement in the implementation of the principles and best practices of Corporate Governance (“CG”), as provided in the Malaysian Code on Corporate Governance (“MCCG 2017”), the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad and Corporate Governance policy document (“CG Policy”) and other relevant policy documents of Bank Negara Malaysia (“BNM”).

The Company and its subsidiaries (collectively referred to as “the Group”) apply high standards of ethics, integrity and corporate governance in all its dealings. The Board had considered all the principles and best practices as set out in the MCCG 2017, Bursa Malaysia Corporate Governance Guide and BNM’s CG Policy throughout the financial year ended 31 December 2020.

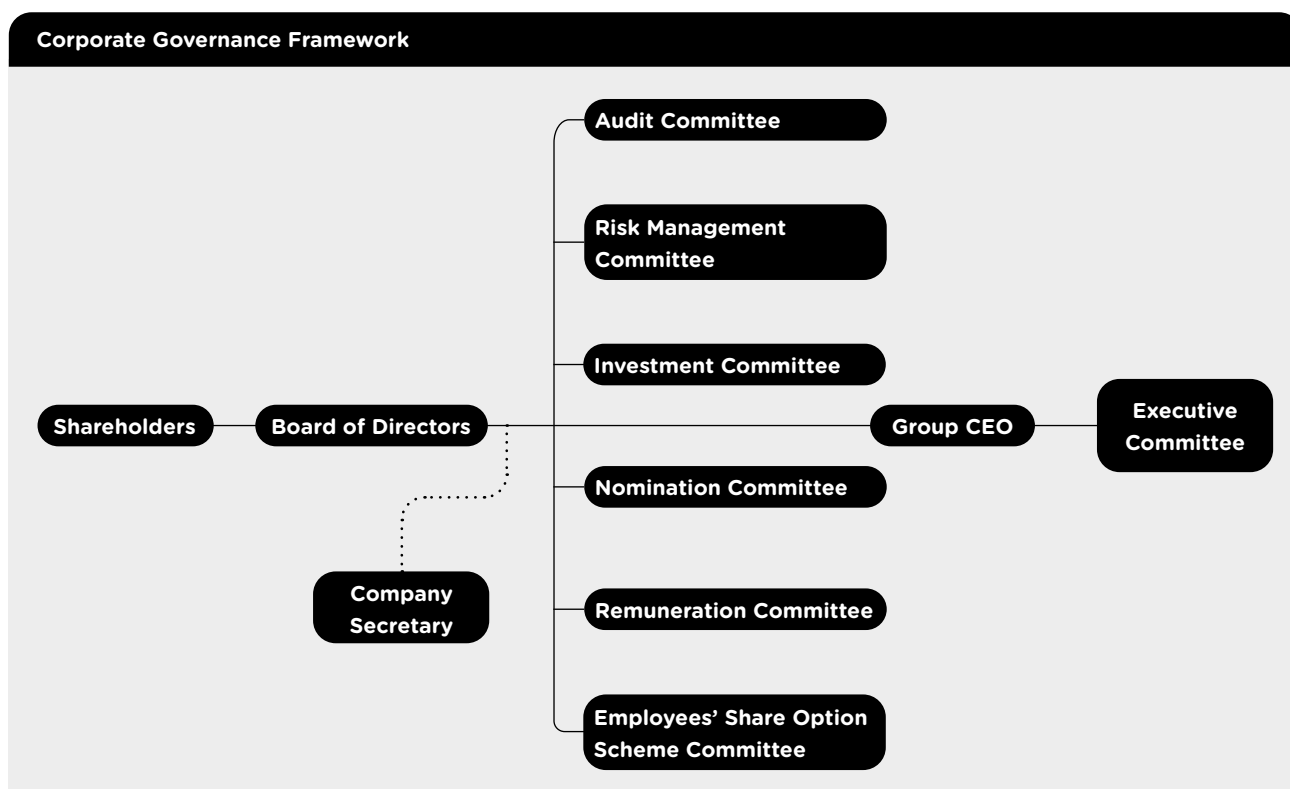
The Board presents this statement to provide an overview of the CG practices of the Company under the leadership of the Board during the financial year ended 31 December 2020. This statement is prepared in compliance with the MMLR of Bursa Malaysia Securities Berhad and takes guidance from the key CG principles as set out in the MCCG 2017. It is to be read together with the CG Report 2020 (“CG Report”) of the Company which is available on the Company’s corporate website at [tuneprotect.com](https://www.tuneprotect.com).

Section A of the CG Report provides the details on how the Company has applied each practice during the financial year ended 31 December 2020 as set out in the MCCG 2017 and Section B provides details on the adoption of CG practices as guided by BNM’s CG Policy.

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

#### I. BOARD RESPONSIBILITIES

The Board has in place a Corporate Governance Framework as depicted below where certain authorities are delegated to the relevant Board Committees and the Group Chief Executive Officer (“Group CEO”) to ensure that there is an orderly and effective discharge of the Board’s functions and responsibilities in day-to-day management and operations.



## Corporate Governance Overview Statement

### Roles and Responsibilities

The Board is accountable to the shareholders for achieving the Company's strategic objectives, delivering strong and sustainable performance, and ensuring that the business operates within its risk limits. The Board retains full and effective control over the Company's affairs and is the principal decision-making forum in providing stewardship and entrepreneurial leadership through its Board Committees.

The Board has set the authority limit granted to the Group CEO and Management team for the day-to-day management and operations of the business.

The Board has reserved matters which relates to:

- The Company's strategy, corporate objectives and plans;
- The Company's capital structure;
- Operating and capital budgets;
- Significant changes to accounting policies and practices;
- Financial results and reporting;
- Dividend policy and proposals for dividend payments;
- New ventures;
- Major acquisitions, disposals of undertaking and properties and other transactions outside delegated limits;
- The Group's overall risk appetite;
- Review of the Group's overall corporate governance arrangements;
- Maintenance and review of the systems of risk management and internal control;
- Changes to the structure, size and composition of the Board, including new appointments;
- Succession plans for the Board and senior management;
- Changes to the Management and control structure within the Company and its subsidiaries, including key policies, delegated authority limits; and
- Annual review of its own performance and that of its Board Committees.

The Chairman and Group CEO positions are held by different individuals. Further details of the roles and responsibilities of the Chairman and Board are set out in the Board Charter.

### Board Charter

The Board Charter was last reviewed, revised and approved on 20 November 2020 and is available on the corporate website at [tuneprotect.com](https://www.tuneprotect.com).

### Company Secretary

Ms Teh Peng Peng was appointed as Secretary of the Company on 17 January 2020. Peng Peng is qualified to act as Company Secretary under Section 235 of the Companies Act 2016. The Company Secretary provides advice and guidance to the Board on issues relating to compliances with listing requirements, relevant rules, regulations and laws, policies and procedures in relation to corporate secretarial, as well as applications of good corporate governance and best practices. All Directors have unrestricted access to the advice and services of the Company Secretary. During the year, all meetings of the Board and Board Committees were properly convened, and proper records of proceedings and resolutions passed were taken and maintained in the records of the Company.

## II. BOARD COMPOSITION

### Board Balance and Independence

The Company's diversified Board composition leverages the differences in skills, industry experience, background, gender and other attributes in its stewardship. The Board members have a wide range of experiences relevant to the Company namely in banking, accounting, law, economics, investment, technology and international business operations, to bear on the governance, strategies, resources and performance of the Company.

At the commencement of the financial year ended 31 December 2020, the Board comprised four (4) Directors, three (3) of whom were Independent Directors. The Board increased its number of members to five (5) Directors, by the addition of one (1) Independent Director on 28 February 2020. Since then, the Board comprised four (4) Independent Directors. The Board composition complied with Paragraph 15.02(1) of the MMLR which requires at least two (2) or one third (1/3) of the Board of the Company, whichever is the higher, to be Independent Directors.



## Corporate Governance Overview Statement

The members of the Board since the last CG Overview Statement in respect of the financial year ended 2019 were as follows:

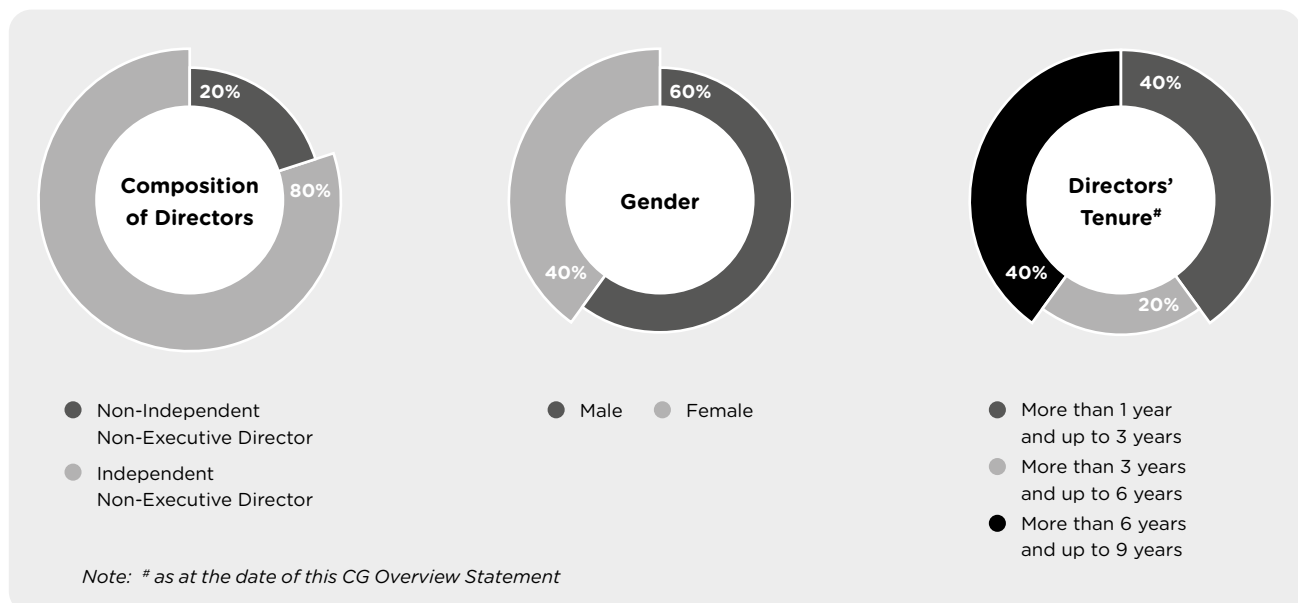
Name	Designation	Directorship	Attendance <sup>2</sup>
Ng Soon Lai @ Ng Siek Chuan	Chairman	Independent Non-Executive Director	10/10
Tan Ming-Li	Member	Independent Non-Executive Director	10/10
Mohamed Rashdi bin Mohamed Ghazalli	Member	Senior Independent Non-Executive Director	10/10
Aireen Omar	Member	Non-Independent Non-Executive Director	10/10
Kelvin Desmond Malayapillay	Member <sup>1</sup>	Independent Non-Executive Director	9/9

### Notes:

1. Appointed on 28 February 2020.
2. Number of meetings attended / Number of meetings held during his/her tenure for the financial year ended 31 December 2020, two (2) of which were adjourned meetings.

### Board Diversity

Board diversity at the end of the financial year under review were as follows:-



During the financial year ended 31 December 2020, none of the Independent Directors had served on the Board for more than nine (9) years. The profiles of the Directors are set out on pages 47 to 49 of this Annual Report.

### Meetings of the Board and Board Committees

The Directors' attendance at Board and Board Committee meetings are set out in the respective sections of the Board and Board Committees on pages 56 to 59, 64 and 67 of this Annual Report.

Meeting notices, agendas and papers are circulated to the Board with sufficient time for members to prepare for Board and Board Committee meetings. All Board and Board Committee meetings held during the year were conducted in an open atmosphere which allowed constructive challenge and debate, and all Directors were able to exert their independent judgement to bear on issues discussed. The Directors and Management continue to be in frequent contact between meetings.

The Board has unrestricted access to independent and expert advice at the Company's expense in performing its duties.



## Corporate Governance Overview Statement

The Board may invite the Group CEO, the Group Chief Financial Officer (“Group CFO”), any other personnel of the Company and any other external professionals to attend Board meetings.

### Professional Development

The Company recognises that continuous education is essential for the Directors to discharge their duties and responsibilities. There is a provision for training allowance provided to the Board to encourage their participation in training programmes.

The programmes and seminars attended by the Directors during the year are set out in Section B of the CG Report.

### Conflict of Interest

Board members have declared their directorships in companies other than in the Company and such directorships are within the limit of five (5) directorships in public listed companies. Directors have also declared their respective shareholdings in the Group and their interests in any contract with the Group. Directors abstain from any discussions and decision-making in a transaction or arrangement in which the Directors have an interest in.

### Board Committees

The Board has delegated its authority to the Audit Committee, Risk Management Committee, Nomination Committee, Remuneration Committee, Investment Committee and Employees’ Share Option Scheme (“ESOS”) Committee. Save for the Investment and ESOS Committees, the Board Committees are chaired by Independent Directors and comprise exclusively of Independent Directors.

#### (a) Nomination Committee

The Board through its Nomination Committee conducts an annual review of its size and composition, to determine if the Board has the right size, sufficient diversity and independence elements that fit the Company’s objectives and strategic goals. The Board also has in place a Group Corporate Governance Policy, which sets out the Board’s aim to achieve at least 30% of women directors on the Board. The Board comprised 40% women directors for the financial year under review. This policy is available on the Company’s corporate website at [tuneprotect.com](https://www.tuneprotect.com).

Throughout the financial year under review, the Nomination Committee comprised three (3) Directors, all of whom were Independent Non-Executive Directors and they were as follows:

Name	Designation	Directorship	Attendance <sup>1</sup>
Tan Ming-Li	Chairman	Independent Non-Executive Director	4/4
Ng Soon Lai @ Ng Siek Chuan	Member	Independent Non-Executive Director	4/4
Mohamed Rashdi bin Mohamed Ghazalli	Member	Senior Independent Non-Executive Director	4/4

#### Note:

1. Number of meetings attended/number of meetings held during his/her tenure for the financial year ended 31 December 2020.

Key matters deliberated during the four (4) Nomination Committee meetings held in the financial year ended 31 December 2020 were as follows:

- Reviewed and considered the re-appointment of Directors in the Company.
- Reviewed and considered the change of Company Secretaries.
- Reviewed the proposed revisions to the Terms of Reference of the Nomination Committee.
- Reviewed and deliberated on the bench chart for key roles in the management team.
- Reviewed and considered the composition of Board Committees following the proposed appointment of a new Director for the Company.
- Reviewed and recommended the inclusion of board gender diversity target of 30% women directors in the Group Corporate Governance Policy of the Company.

## Corporate Governance Overview Statement

- Considered and deliberated on the candidates to succeed the position of Group CFO.
- Reviewed the organisation structure of the Company.
- Conducted performance evaluation of the Board and Board Committees, including self-evaluation and review of the independence of Independent Directors.
- Considered the proposed appointment of Group Chief Executive Officer of the Company.

The Nomination Committee annually assesses the independence of Independent Directors, the effectiveness of the Board as a whole, its various Committees and each Director individually in the discharge of their duties and responsibilities.

The Board Assessment for the financial year under review was supported by completing the following forms:

- Board Performance Evaluation Form
- Each of the Board Committees' Performance Evaluation Form
- Individual Director's Self Evaluation Form
- Independence Self Declaration Checklist

In the evaluation of the Audit Committee, the term of office and performance of the Audit Committee and each of its members were reviewed by the Nomination Committee to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference and there was no major issue identified.

The annual assessment was conducted in a formal and transparent manner. The evaluation results were deliberated by the Nomination Committee, in particular, for improvement areas. The Nomination Committee Chairman conveyed the findings to the Board in the interest of improving its effectiveness.

The Board Chairman ensures that the Board's decisions are reached by consensus or failing this, by the will of the majority, and any concern or dissenting view expressed by any Director on any matter deliberated at meetings of the Board or any of its Committees will be addressed and the meeting's decisions duly recorded in the minutes of the meeting.

### Terms of Reference

The terms of reference of the Nomination Committee was last reviewed, revised and approved on 20 November 2020 and is available on the corporate website at [tuneprotect.com](http://tuneprotect.com).

### (b) Remuneration Committee

The Remuneration Committee comprised entirely of Non-Executive Directors, all three (3) of whom were Independent Directors, during the financial year ended 31 December 2020 and they were as follows:

Name	Designation	Directorship	Attendance <sup>1</sup>
Tan Ming-Li	Chairman	Independent Non-Executive Director	3/3
Ng Soon Lai @ Ng Siek Chuan	Member	Independent Non-Executive Director	3/3
Mohamed Rashdi bin Mohamed Ghazalli	Member	Senior Independent Non-Executive Director	3/3

#### Note:

1. Number of meetings attended/number of meetings held during his/her tenure for the financial year ended 31 December 2020, one (1) of which was an adjourned meeting.

Key matters deliberated during the three (3) Remuneration Committee meetings held in the financial year ended 31 December 2020 were as below:

- Reviewed the proposed 2019 performance bonus and the proposed 2020 annual increment for employees, Senior Management Team and Group CEO.
- Reviewed the Group CEO's Key Performance Indicators for 2020.
- Reviewed and recommended update to the Senior Key Management Remuneration Policy.
- Considered the compensation for overseas Directors.
- Considered the remuneration package for the Group CFO to be hired.
- Considered the remuneration package for the Group CEO to be hired.

## Corporate Governance Overview Statement

### Terms of Reference

The terms of reference of the Remuneration Committee was last reviewed, revised and approved on 20 November 2020 and is available on the corporate website at [tuneprotect.com](https://www.tuneprotect.com).

### (c) Investment Committee

The Investment Committee was established to assist the Board in discharging its duties and responsibilities in the management of investments, including drawing up policies and procedures for monitoring, assets allocation, dealing, recording and reporting. The members of the Investment Committee consist of the following:

Name	Designation	Directorship/Title	Attendance <sup>4</sup>
Aireen Omar	Chairman <sup>1</sup>	Non-Independent Non-Executive Director	3/3
Mohamed Rashdi bin Mohamed Ghazalli	Member <sup>2</sup>	Senior Independent Non-Executive Director	4/4
Ng Soon Lai @ Ng Siek Chuan	Member	Independent Non-Executive Director	4/4
Khoo Ai Lin	Member <sup>3</sup>	Former Group CEO	1/1

#### Note:

1. Appointed on 28 February 2020.
2. Relinquished as Chairman and remained as member with effect from 28 February 2020.
3. Resigned on 28 February 2020.
4. Number of meetings attended/number of meeting held during his/her tenure for the financial year ended 31 December 2020.

### Terms of Reference

The terms of reference of the Investment Committee was last reviewed, revised and approved on 20 November 2020 and 25 February 2021 and the latest version is available on the corporate website at [tuneprotect.com](https://www.tuneprotect.com).

### (d) Employees' Share Option Scheme Committee

The ESOS Committee was established to administer the ESOS of the Group in accordance with the objectives and regulations thereof, and to determine the participation eligibility, option offers, share allocations and any other related matters. The members of ESOS Committee during the financial year ended 31 December 2020 consist of the following:

Name	Designation	Directorship/Title
Aireen Omar	Chairman <sup>1</sup>	Non-Independent Non-Executive Director
Khoo Ai Lin	Member <sup>4</sup>	Former Group CEO
Chen Ooi Wai	Member <sup>2</sup>	Former Group CFO
How Kim Lian	Member <sup>3</sup>	Group CFO
Yap Hsu Yi	Member	Chief - People and Culture

#### Note:

1. Appointed on 28 February 2020.
2. Ceased office on 22 May 2020.
3. Appointed on 22 May 2020.
4. Ceased office on 31 July 2020.



Further details of the ESOS can be found on page 74 under Additional Compliance Information.

## Corporate Governance Overview Statement

### III. REMUNERATION

#### EMPLOYEE REMUNERATION PRACTICES

At Tune Protect Group, our remuneration policy is structured to create a competitive framework that will enable us to attract, reward, motivate and retain talent with the right mix of experience, skills and competencies to deliver our long-term goals.

##### Key Principles

Our Remuneration Policy is set by the following principles:

- Simple and transparent: our remuneration practices are simple and straightforward, with the intention to drive understanding and ownership among our talent.
- Market competitiveness: when setting remuneration practices, the Company considers external factors (such as market dynamics, regulatory environment, competition) and internal factors (such as organisational design and cost structure).
- Performance and growth: the Company's emphasis on a high-performance culture is executed via a strong link between performance & rewards. This is implemented in a manner to balance top line growth with quality earnings and cash flow management in order for us to deliver sustainable results for our stakeholders.

Our remuneration policy/principles are applied across all levels of the organisation, and covers all functions including internal control functions.

##### Components of Remuneration

Component	Purpose and application
<b>Fixed Pay</b>	
Base Salary	<ul style="list-style-type: none"> <li>• Our base salary is set to attract and retain key talent by providing competitive pay that is externally benchmarked against relevant peers and with internal equity maintained.</li> <li>• In setting base salary, differences in individual performance and achievements, skillsets, job scope as well as competency level are considered.</li> <li>• Salaries are reviewed and adjusted once a year and adjustments are made taking into consideration performance (merit increment), market/internal equity (equity increment) and upgrade into a bigger role (promotion increment).</li> <li>• The Company sets the company-wide salary increment pool taking into consideration market movement and projected performance for the upcoming financial year.</li> <li>• Increments implemented in the year 2020 were based on individual performance. Non-performing employees received minimal or no increment.</li> <li>• There is no guaranteed or contractual increase in base salary except for the increments mandated by the following Collective Agreements (CA) for the Clerical and Executive population:               <ul style="list-style-type: none"> <li>- Association of Insurance Employers and National Union of Commercial Workers</li> <li>- Tune Insurance Malaysia Berhad and Persatuan Pegawai-Pegawai Pentadbiran Industri Insuran Semenanjung Malaysia</li> </ul> </li> </ul>
Fixed Bonus	<ul style="list-style-type: none"> <li>• Other than employees falling under the scope of the CAs, no other employees received fixed or guaranteed bonuses</li> </ul>
Fixed Allowances	<ul style="list-style-type: none"> <li>• Role-based fixed cash allowances which are paid monthly to certain segments of our employee pool, dependant on employees' role.</li> <li>• Quantum of the allowances are reviewed and set in accordance with external market benchmarking and Company's priorities.</li> </ul>

## Corporate Governance Overview Statement

Component	Purpose and application
<b>Variable Pay</b>	
Performance bonus	<ul style="list-style-type: none"> <li>Performance bonus is a discretionary payment to employees to reward and recognise them for achievement of Company and individual goals.</li> <li>Performance bonus is paid once a year, subsequent to the annual performance review.</li> <li>The performance bonus pool is determined by the Board of Directors based on various factors including the Company's financial performance and market pull factors.</li> <li>Performance bonus quantum is determined based on the Company's financial performance and individual employee's performance. Employees are measured on both Financial and Strategic/Financial Key Performance Indicators ("KPIs").</li> <li>KPIs are set based on a cascading method. The Board of Directors sets KPIs for the Group Chief Executive Officer, who cascades the goals to the senior management team. The management team would set departmental-wide goals to support the overall goals of the Company. Each goal carries a weight that is commensurate with the key focus area of that department or particular role. As a general rule, employees carry corporate, departmental and individual KPIs, with different weightages, all with the aim of supporting overall corporate goals.</li> <li>Financial KPIs comprise targets on growth, profitability, cash flow and other key identified areas. Strategic KPIs may capture other quantitative aspects such as operational efficiency or qualitative aspects such as adherence to legal, regulatory and other ethical standards or self-development.</li> <li>Weighted scores fall into a structured performance matrix ranging from Outstanding Performance to Unsatisfactory Performance.</li> <li>The Company exercises discretion to not award non-performers, any performance bonuses.</li> <li>Performance and remuneration of Control Functions are measured and assessed independently from the business units they support to avoid any conflict of interest.</li> <li>All individual performance scores are calibrated organisation-wide. This is to allow for a consistent and objective evaluation of performance across the various departments functions as well as to ensure that the appropriate payouts are awarded in a fair manner. Final scores are signed off by employee and Line Manager. Performance summary of the organisation will be presented to the Board to support them in their discussion, deliberation and approval of the performance bonus pool.</li> </ul>
Long Term Incentive	<ul style="list-style-type: none"> <li>Awarded only to certain roles, with the approval of the Board of Directors and ESOS Committee. Any gains derived from share options will be dependent on the share price of the Company. The share options have a vesting period and to-date, there has been no exercise of share options.</li> </ul>

### Alignment between Risk and Rewards

Our Total Compensation, a mixture of fixed/variable cash compensation and benefits is designed to align with the long-term performance goals and objectives of the organisation. The compensation framework provides a balanced approach between fixed and variable components that change according to individual performance, business/corporate function performance, group performance outcome as well as individual's level and accountability.

The Company practices strong governance on performance and remuneration of control functions which are measured and assessed independently from the business units, with no commercial targets.

The Company participates and performs in annual market compensation reviews to benchmark against the market rate and internally to ensure we set our compensation levels appropriately.

Performance Management principles ensure KPIs continue to focus on outcomes delivered that are aligned to our business plans. Every employee in the Company carries a goal on Risk, Governance & Compliance in their individual scorecards. Being a responsible organisation, we continue to review and adjust our KPI setting to shape the organisational culture and actively drive risk and compliance agendas effectively, with inputs from control functions and Board committees.

Internal audits are carried out regularly on all departments on a rotating basis, to assess instances of non-compliance with risk and compliance procedures as well as expected behaviours. Non-compliance cases are reported and investigated, where required. Depending on the severity, the audit findings would impact the employee's performance ratings which would have a direct impact on their remuneration.

## Corporate Governance Overview Statement

The Company reviews the remuneration policy, principles and overall framework once every 2 years. As a responsible organisation, it is essential that local legislation and practices are observed. Should any clause of any policy conflict with the legislation, the latter will take precedence.

Performance and remuneration for Senior Key Officers and Other Material Risk Takers are reviewed on an annual basis and submitted to the Remuneration Committee for recommendation to the Board for approval.

### DIRECTORS' REMUNERATION

In remunerating its Directors, the Company is guided by the following principles:

- Salaries payable to Executive Directors shall not include a commission on or percentage of turnover;
- Fees payable to Non-Executive Directors shall be by a fixed sum, and not by commission on or percentage of profits or turnover;
- Bonuses to Executive Directors shall not be guaranteed, except in the context of sign-on bonuses;
- Share options, if granted to Directors, shall not vest immediately. The vesting period of share options shall reflect the time horizon of risks and take account of the potential for financial risks to crystallise over a longer period of time;
- The maxim "pay for performance" is adopted in remunerating Executive Directors to promote the long-term success of the Company. Performance is measured based on a holistic balanced scorecard approach comprising both financial and non-financial KPIs;
- The Directors may be paid all travelling, hotel and other expenses, properly incurred by them in attending and returning from meetings of the Directors or any Committee of Directors or general or other meetings of the Company or in connection with the business of the Company; and
- The Directors may grant special remuneration to any Director who (on request by the Directors) is willing to:-
  - render any special or extra services to the Company; or
  - go or reside outside his country of domicile or residence in connection with the conduct of any of the Company's affairs.

Such special remuneration may be paid to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be paid in a lump sum or by way of salary, or by a percentage of profits, or by all or any of such methods but shall not include (where such special remuneration is paid by way of salary) a commission on or a percentage of turnover.

For the purposes of this section, the term "Executive Directors" refers to directors who work on the day-to-day operations of the Company.

The Board's remuneration package currently comprises fees, meeting allowances and hospitalisation benefits. Annual fixed fees are paid either quarterly or monthly and meeting allowances are paid in the subsequent month when each meeting is held for the Board and Board Committees. The level of remuneration reflects the experience and level of responsibilities undertaken by the Directors concerned. The Board's remuneration aligns with market practice.

### Total Directors' Remuneration for 2020

The total Directors' remuneration received from the Company and the Group during the financial year ended 31 December 2020 are as follows:

	Remuneration received from the Company			Remuneration received from the Group		
	Directors' Fee	Meeting Allowance	Total	Directors' Fee	Meeting Allowance	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Executive Director</b>						
NIL	NIL	NIL	NIL	NIL	NIL	NIL



## Corporate Governance Overview Statement

	Remuneration received from the Company			Remuneration received from the Group		
	Directors' Fee RM'000	Meeting Allowance RM'000	Total RM'000	Directors' Fee RM'000	Meeting Allowance RM'000	Total RM'000
<b>Non-Executive Directors</b>						
Ng Soon Lai @ Ng Siek Chuan	202	80	282	274	93	367
Tan Ming-Li	146	70	216	259	124	383
Mohamed Rashdi bin Mohamed Ghazalli	187	80	267	187	80	267
Aireen Omar	116	35	151	116	35	151
Kelvin Desmond Malayapillay <sup>1</sup>	107	45	152	107	45	152
<b>Total</b>	<b>758</b>	<b>310</b>	<b>1,068</b>	<b>943</b>	<b>377</b>	<b>1,320</b>

**Note:**

1. Appointed on 28 February 2020.

The total remuneration of the Group CEO for the financial year ended 31 December 2020 is disclosed in Note 25(c) to the Audited Financial Statements and Section B of the CG Report.

The total remuneration of Senior Management for the financial year ended 31 December 2020 is disclosed in Section B of the CG Report.

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

The Audit and Risk Committee of the Tune Protect Group was established on 5 October 2012 and it was split into two separate committees namely, the Audit Committee and the Risk Management Committee on 16 March 2017. The Audit Committee assists the Board in overseeing the audit and corporate governance functions of the Group, while the Risk Management Committee assists the Board in overseeing the risk management and compliance functions of the Group, independent from Management.

**I. AUDIT COMMITTEE**

The Audit Committee comprised three (3) Independent Non-Executive Directors from January 2020 to February 2020. In strengthening the composition of the Audit Committee, Mr Kelvin Desmond Malayapillay, an Independent Non-Executive Director with experience in the financial services and consulting, was appointed as an additional member of the Audit Committee on 28 February 2020. The Audit Committee is chaired by Encik Mohamed Rashdi bin Mohamed Ghazalli, the Senior Independent Non-Executive Director. The Board through its Audit Committee evaluates and continuously improves the effectiveness of the internal audit function, financial and operational control, and governance processes of the Group.

The terms of reference of the Audit Committee sets out the roles and responsibilities of the Audit Committee, which included, inter alia, the review of the external and internal audit reports and audit plans, the effectiveness of the control measures of the Group, the review of related party transactions of the Group, the assessment on the suitability and independence of the external auditors as well as the adequacy of resources of the internal audit function.

The composition of the Audit Committee, their meeting attendance records and the summary of work performed by the Audit Committee during the financial year ended 31 December 2020 are available in the Audit Committee Report on pages 67 to 69.

## Corporate Governance Overview Statement

### II. RISK MANAGEMENT COMMITTEE

The Risk Management Committee comprised three (3) Independent Non-Executive Directors from January 2020 to February 2020. Similar with the Audit Committee, the composition of the Risk Management Committee has also been enhanced with the appointment of Mr Kelvin Desmond Malayapillay, an Independent Non-Executive Director whose financial services and consulting experience exposed him to credit risk management, and key management roles in insurance firm. The composition of the Risk Management Committee is as follows:

Name	Designation	Directorship	Attendance <sup>3</sup>
Kelvin Desmond Malayapillay	Chairman <sup>1</sup>	Independent Non-Executive Director	4/4
Mohamed Rashdi bin Mohamed Ghazalli	Member <sup>2</sup>	Senior Independent Non-Executive Director	5/5
Ng Soon Lai @ Ng Siek Chuan	Member	Independent Non-Executive Director	5/5
Tan Ming-Li	Member	Independent Non-Executive Director	5/5

**Note:**

1. Appointed as member on 28 February 2020 and as Chairman on 1 June 2020.
2. Relinquished as Chairman and remained as member with effect from 1 June 2020.
3. Number of meetings attended/number of meetings held during his/her tenure for the financial year ended 31 December 2020.

The Risk Management Committee's meeting calendar and agendas are linked to events in Tune Protect Group's financial calendar. The Group CEO and Chief Risk Officer are invited to attend the Risk Management Committee meetings held every quarter.

A summary of work performed during the financial year ended 31 December 2020 in the discharge of the Risk Management Committee's functions was as follows:

#### 1. Annual Report

- (a) Reviewed the Corporate Governance Overview Statement and Statement on Risk Management and Internal Control for recommendation to the Board for approval of inclusion in the 2019 Annual Report.
- (b) Reviewed the Corporate Governance Report 2019 for recommendation to the Board for approval of public release to Bursa Malaysia Securities Berhad.

#### 2. Risk and Compliance

- (a) Reviewed the Quarterly Risk Dashboard and the Summary of Risk Register of the Company and its subsidiaries with key risk indicators to identify the top key risks and deliberated on the same and the mitigating action plans.
- (b) Reviewed the proposed changes to the Risk Management Framework to be in line with BNM's policies and current practices of the Company and its subsidiaries and for consistencies.
- (c) Reviewed the risks highlights of the Company's subsidiaries namely Tune Insurance Malaysia Berhad and Tune Protect Re Ltd.
- (d) Reviewed and deliberated on the Risk Appetite Statement of the Company.
- (e) Reviewed the Personal Data, Customer Confidentiality and Information Asset Risk Management Policy.
- (f) Reviewed the Group Recruitment and Selection Policy.
- (g) Reviewed the Group Dawn Raid Policy.
- (h) Reviewed the Outsourcing Policy.
- (i) Reviewed the Group Counterparty Management Policy.
- (j) Reviewed the revised Group Identity and Access Management Policy.
- (k) Reviewed the proposed revisions to the Terms of Reference of the Risk Management Committee.
- (l) Reviewed the proposed Group Individual Target Capital Level of the Company for submission to BNM.
- (m) Reviewed the Risk Assessment Report on Section 17A of the Malaysian Anti-Corruption Commission Act 2009 and Updates on Anti-Bribery & Corruption System Implementation.

Further information on the roles and responsibilities of the Risk Management Committee can be found in its Terms of Reference, which is available on the corporate website at [tuneprotect.com](http://tuneprotect.com).

## Corporate Governance Overview Statement

### III. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board fulfils its responsibility in the risk governance and oversight functions through its Risk Management Committee, which reviews the effectiveness of the Group's systems of risk management and internal control in managing risks identified, and provides reasonable assurance that risks linked to business goals, strategies and objectives are managed within the risk appetite and risk limits approved by the Board.

Further information about the Risk Management and Internal Control of the Company can be found in the Statement on Risk Management and Internal Control on pages 70 to 73.

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

#### I. COMMUNICATION WITH STAKEHOLDERS

Communication with stakeholders is important and the Company has in place a Group Investor Relations Policy, which is available on the corporate website at **tuneprotect.com**. The Group CEO and Investor Relations team have the shared responsibility of communicating with its key stakeholders on the Company's strategy and plans in achieving its objectives. Regular dialogues ensure that the Company's strategy is understood, updates on the status of the Company in meeting its objectives is provided, and any issues arising are addressed in a constructive manner.

Reports issued by the analysts about the Group and its Overseas Ventures are circulated to the Directors and the Executive Committee. Shareholders can direct questions on their shareholdings to the Share Registrar or the Company Secretary.

Details on quarterly results and Investor Relations activities throughout the year can be found on pages 6 to 9 of this Annual Report.

#### *Annual Report*

The Company's Annual Report communicates the Group and its Overseas Ventures' activities, operations and both the financial as well as non-financial performance to shareholders.

#### *Tune Protect Corporate Website*

The Company's corporate website (**tuneprotect.com**) publishes information about the Company, including all the announcements made to Bursa Malaysia Securities Berhad, relevant press releases and official releases of important information to the market within a reasonable timeframe.

The approach to stakeholders' engagement can be found on pages 12 to 13 of this Annual Report.

### II. CONDUCT OF GENERAL MEETINGS

The Annual General Meeting ("AGM") and other general meetings of the Company are the primary forum for dialogue with its shareholders. All notices of general meetings and accompanying explanatory materials are published on the corporate website (**tuneprotect.com**), advertised in a nationwide daily newspaper and announced to Bursa Malaysia Securities Berhad. Shareholders may deposit their proxy forms for AGMs and other general meetings of the Company at the registered office of the Company.

The Management of the Company makes themselves available for meetings with key stakeholders at least once per quarter, in person, virtually or via teleconference. Further information can be found in the Investor Relations section of this Annual Report on pages 6 to 9.

The Company's Ninth AGM was held fully virtual in 2020. Voting at the AGM was conducted using Remote Participation and Voting (RPV) system. The Company continues to leverage technology to enhance shareholders' engagement and participation in the AGMs and general meetings of the Company.

### ACCOUNTABILITY AND AUDIT

#### *Directors' Responsibilities in Financial Reporting*

The Board is responsible for ensuring the proper maintenance of accounting records and that the financial statements of the Company and the Group are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 so as to give a true and fair view of the financial position of the Company and the Group as at 31 December 2020 and of their financial performance and cash flows for the financial year then ended. The Board is satisfied that in preparing the Company's financial statements for the financial year ended 31 December 2020, the Company has used appropriate accounting policies and applied them consistently and prudently, as well as made judgements and estimations, which are prudent and reasonable. The Board is of the opinion that the financial statements have been prepared in accordance with all relevant approved accounting standards.

## Corporate Governance Overview Statement

### ***Relationship with the External Auditors***

The Board, through the Audit Committee, has maintained an appropriate, formal and transparent relationship with the external auditors. As indicated in the Independent Auditors' Report, Ernst & Young PLT confirmed that they are, and have been, independent throughout the conduct of the audit engagement in accordance with relevant professional and regulatory requirements and in accordance with their internal policy. Ernst & Young PLT has also confirmed that they have reviewed the non-audit services provided to the Group during the year. The Audit Committee has conducted the independent assessment of the external auditors and has recommended to the Board the re-appointment of Ernst & Young PLT. The Board has in turn, recommended the same to the shareholders of the Company.

The Audit Committee meets with Ernst & Young PLT without the presence of the Management, as and when necessary, and at least once a year. Notwithstanding this, the Audit Committee met with Ernst & Young PLT without the presence of the Management twice for the financial year under review. Meetings are held to discuss the Group's audit plans, audit findings, financial statements as well as to seek their professional advice on related matters. From time to time, the external auditors inform and update the Audit Committee on matters that may require their attention.

The Company has engaged and re-appointed Messrs. Ernst & Young annually since 2011 (now converted to Ernst & Young PLT). In line with the requirement of the External Auditor policy document issued by BNM and Ernst & Young PLT's internal policy, a different engagement partner will be assigned to the Company every five years. The current engagement partner was assigned since the financial year ended 31 December 2016 and remained engaged for the financial year to-date. A new engagement partner has been identified for the financial year ending 31 December 2021.

### ***Going Concern***

The Board has reviewed the Group's financial projections for the next twelve months, including regulatory capital surpluses. Based on this review, the Directors are satisfied that the preparation of the financial statements on a going-concern basis is appropriate.

This CG Overview Statement was approved by the Board on 18 March 2021.

# Audit Committee Report

## MEMBERSHIP AND AUTHORITY

The Audit and Risk Committee of the Tune Protect Group Berhad (“Tune Protect Group” or “the Company”) was established on 5 October 2012 and it was split into two separate committees namely, the Audit Committee and the Risk Management Committee on 16 March 2017. The Audit Committee assists the Board of Directors (“the Board”) in overseeing the audit and corporate governance functions of the Group, independent of the Management.

The Audit Committee comprised three (3) Independent Non-Executive Directors from January 2020 to February 2020 and was enhanced with an additional Audit Committee member, Mr Kelvin Desmond Malayapillay, an Independent Non-Executive Director, on 28 February 2020. The Audit Committee was chaired by Encik Mohamed Rashdi bin Mohamad Ghazalli, the Senior Independent Non-Executive Director of the Company.

NAME	DESIGNATION	DIRECTORSHIP	Attendance <sup>2</sup>
Mohamed Rashdi bin Mohamed Ghazalli	Chairman	Senior Independent Non-Executive Director	6/6
Ng Soon Lai @ Ng Siek Chuan	Member	Independent Non-Executive Director	6/6
Tan Ming-Li	Member	Independent Non-Executive Director	6/6
Kelvin Desmond Malayapillay	Member <sup>1</sup>	Independent Non-Executive Director	5/5

### Notes:

1. Appointed as member on 28 February 2020.
2. Number of meetings attended/number of meetings held during his/her tenure for the financial year ended 31 December 2020, one (1) of which was an adjourned meeting.

The composition of the Audit Committee fulfilled the criteria for membership as prescribed by the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad and Bank Negara Malaysia where the audit committee must be composed of at least three (3) directors; all the audit committee members must be non-executive directors with a majority of independent directors; and alternate directors are not permitted to be appointed as a member of the audit committee. The Company’s Audit Committee also meets the requirement where the chairman must be an independent director, who is not the chairman of the board; and that one of the Audit Committee members is a member of the Malaysian Institute of Accountants. The Audit Committee consists of members with a broad spectrum of skills, professional knowledge and experience with high integrity.

In addition to financial matters, the Audit Committee provides active oversight on the Internal Audit and Corporate Governance functions and activities, to ensure appropriate independence, scope of work and resource requirements. The Internal Audit function collaborates with Management to support Tune Protect Group towards achieving its objectives by embedding a systematic, disciplined approach to evaluating and continuously improving the effectiveness of the internal audit, financial and operational controls, and governance processes. In this regard, the Internal Audit function reports directly to the Audit Committee to facilitate its oversight responsibilities for the Group and to ensure independence of the internal auditors.

The Audit Committee’s meeting calendar and agendas are linked to events in Tune Protect Group’s financial calendar. The Group Chief Executive Officer, Group Chief Financial Officer, Group Head of Internal Audit, Chief Risk Officer, Group Head of Risk Management, Group Head of Compliance, other Management and external auditors may be invited to attend the Audit Committee meetings whenever required.

## TERMS OF REFERENCE

The Terms of Reference of the Audit Committee was last reviewed, revised and approved on 20 November 2020 and is available on the corporate website at [tuneprotect.com](https://www.tuneprotect.com).

## Audit Committee Report

### SUMMARY OF WORK PERFORMED BY THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

During the year under review, the Audit Committee carried out the following work in the discharge of its functions and duties:

#### 1. FINANCIAL REPORTING

- (a) Reviewed the financial statements and reports pertaining thereto and made recommendations to the Board of Directors for approval of the same as follows:

DATE OF AC MEETING	REVIEW OF FINANCIAL STATEMENTS
27 February 2020	Fourth quarter and year-to-date financial results for the financial year ended 31 December 2019.
16 March 2020	Audited Financial Statements and reports thereon for the financial year ended 31 December 2019.
18 May 2020	First quarter and year-to-date financial results for the financial period ended 31 March 2020.
30 July 2020	Second quarter and year-to-date financial results for the financial period ended 30 June 2020.
17 November 2020	Third quarter and year-to-date financial results for the financial period ended 30 September 2020.

The above reviews were focused particularly on changes in or implementation of major accounting policies and practices, significant adjustment arising from the external audit, if any, significant matters highlighted including financial reporting issues, significant judgements made by Management, significant and unusual events, the going concern assumption, compliance with the relevant accounting standards and other legal requirements, to ensure that the financial statements present a true and fair view of the Company's financial performance.

- (b) Reviewed and discussed with the Management on the Group financial performance and Malaysian Financial Reporting Standards (MFRS) 17 implementation status, which included subsidiaries, joint venture and associate companies.

- (c) Reviewed and deliberated with the external auditors, Ernst & Young PLT, the audited financial statements for the financial year prior to submission to the Board for their consideration and approval, with particular attention to any changes in accounting policies, key audit matters, significant and unusual events and compliance with applicable accounting standards approved by the Malaysian Accounting Standards Board ("MASB") and other regulatory requirements.

#### 2. ANNUAL REPORT

Reviewed and recommended to the Board of Directors the approval of the Corporate Governance Overview Statement, Audit Committee Report and Additional Compliance Information for inclusion in the Annual Report, and Corporate Governance Report 2019.

#### 3. EXTERNAL AUDITORS

- (a) Reviewed and deliberated reports issued by the external auditors, Ernst & Young PLT, on the significant findings and remedial actions to be taken by the Management; and assessed their independence. The external auditors are required to report to the Audit Committee as necessary on all matters that might affect their independence.
- (b) Reviewed the suitability, expertise and performance of the external auditors and made recommendation to the Board on their re-appointment and remuneration.
- (c) Discussed with the external auditors on the approach, process and scope of the audit before commencement of the audit.
- (d) Reviewed the appointment of the external auditors for any non-audit services to assess their independence.
- (e) Conducted private sessions with the external auditors without the presence of the Management to discuss and address any issues of concern.

#### 4. INTERNAL AUDIT

- (a) Reviewed and approved the Company and its subsidiaries' Internal Audit - Annual Plan & Budget for 2021 to ensure adequate scope and comprehensive coverage over the activities of the Company and its subsidiaries and received updates to the plan as appropriate.
- (b) Reviewed the Internal Audit activities in addition to the review of internal audit reports covering the following areas:
- Recurring Related Party Transactions ("RRPT");
  - Compliance Department;
  - Finance Department;



## Audit Committee Report

- (iv) Customer Experience Department;
- (v) Anti-Money Laundering and Counter Financing of Terrorism;
- (vi) Gap Analyses on Key Observations on the Effectiveness of Internal Audit Function;
- (vii) Summary of internal audit reports of Tune Insurance Malaysia Berhad; and
- (viii) Summary of internal audit reports of Tune Insurance Public Company Limited, Thailand.

(c) Reviewed the proposed revisions to the Group Audit Charter.

(d) Reviewed implementation of audit recommendations to ensure that key risks and controls have been timely and completely addressed.

(e) Reviewed the scope and competency of the internal audit function, including the quality of the internal audit findings and recommendations to improve internal controls and operational efficiencies as well as considered a proposal on information technology audit function.

### 5. RELATED PARTY TRANSACTIONS

(a) Reviewed Related Party Transactions ("RPT") and RRPT of the Company and its subsidiaries for the financial year to ensure that the transactions are in the best interest of the Company; fair, reasonable and on normal commercial terms; and not detrimental to the interest of the minority shareholders;

(b) Reviewed and recommended to the Board for approval, the Circular to Shareholders in relation to the proposed renewal of shareholders' mandate for RRPT of a revenue or trading nature; and

(c) Reviewed the adequacy of controls and procedures to ensure compliance with the approved shareholders' mandate in respect of the RRPT of revenue or trading nature as tabled at the last Annual General Meeting of the Company.

### 6. OTHER ACTIVITIES

(a) Noted the relevant technical pronouncements and accounting standards issued by the MASB, the MMLR of Bursa Malaysia Securities Berhad, and other regulations governing the Company and its subsidiaries.

(b) Reviewed the introduction or changes to the systems, policies and guidelines in the Company's operations.

### SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The Internal Audit function reports directly to the Audit Committee of Tune Protect Group as well as the Audit Committee of Tune Insurance Malaysia Berhad, the major subsidiary of Tune Protect Group which is under the supervision of Bank Negara Malaysia. The Internal Audit function proactively assists the Audit Committees in discharging its duties and responsibilities. Tune Protect Group's Internal Audit function ensures the continued independence of the audit function and provides assurance on the adequacy and effectiveness of the risk management, internal controls and governance processes, in addition to providing value added audit services within the Group.

The Group Internal Audit's scope of work includes the review and evaluation of the adequacy and effectiveness of the internal control system to anticipate any potential risks, performance of root-cause analyses on audit findings and recommendations for improvements, where required. The Group Internal Audit function also assesses:

- Ethical and regulatory compliance;
- Accounting and Finance;
- Information, Communications and Technology asset management;
- Business Continuity;
- Special Projects; and
- Internal controls, risk management and compliance of the Group.

During the business audit planning cycle, high impact risk areas were assessed and incorporated into the Internal Audit Annual Plan. Risk profiling was carried out to examine the Group's risks and key governance issues facing Tune Protect Group's business activities. These assessments form the basis for Tune Protect Group's risk-based audit plan and strategy. Internal audit covers amongst others, the review of the adequacy of risk management, operations and financial controls, compliance with established procedures, guidelines, statutory requirements and business processes improvement.

The internal audit reports were discussed with the Management and relevant action plans were agreed and implemented. All internal audit findings were presented to the Audit Committee for review and deliberation.

In addition, the internal auditors also provide necessary assistance and manpower for any special assignments or investigations which the Management may request from time to time, with the approval of the Audit Committee.

# Statement on Risk Management and Internal Control

## INTRODUCTION

**The Board of Directors (“the Board”) and the Management of Tune Protect Group Berhad (“Tune Protect Group” or “the Company”) place great importance on high standards of corporate conduct and are committed to uphold the values of integrity, honesty and proper corporate governance in the business operations and dealings of the Company. The Board believes that maintaining high standards of corporate governance is key to the continuous delivery of stakeholders’ value.**

**Statement on Risk Management and Internal Control was prepared in accordance with the “Statement on Risk Management & Internal Control – Guidelines for Directors of Public Listed Issuers” issued by Bursa Malaysia Securities Berhad. It outlines the processes that have been implemented to ensure adequacy and integrity of the system of risk management and internal control of the Company during the financial year ended 31 December 2020.**

## RESPONSIBILITIES

### The Board

The Board acknowledges its overall responsibility in establishing a sound risk management and internal control system as well as reviewing its adequacy and effectiveness. Due to the inherent limitations arising from internal or external events, the Board recognises that the intention of such systems is not to eliminate all risks but to ensure the balance between growth, returns and risks.

In view of the above, the Board, through its Audit and Risk Management Committees, continues to review the established governance structure for ensuring adequate and effective oversight of risk and controls within the Group during a formal and regular schedule of meetings prefixed on an annual basis. The Board receives reports on regulatory developments, risk management, compliance and internal audit activities, and monitors Management’s effort to correct deficiencies identified.

### Management

The Management is responsible for recommending and implementing Board-approved internal controls established in written policies and procedures. New initiatives, strategies, financial performance, goal achievements, risks and other operational issues are discussed at Group Management meetings. Where deficiencies are identified, Management directs effort into identifying root causes and correcting situations that give rise to such deficiencies.

The Management has provided assurance that the Group’s risk management and internal control system are operating adequately and effectively and that necessary processes have been implemented.

Day-to-day risk management functions and responsibilities reside in the business and functional support units as the first line of defence. The Risk Management function serves as the second line of defence, which is a central support infrastructure that deals with more pervasive, entity-wide risks, whilst the Internal Audit Function, the third line of defence, provides independent assurance on the effectiveness of the risk management approach. This structure aims to place accountability and ownership as close as possible to where the risks arise while facilitating an appropriate level of independence and segregation of duties between the business, Risk Management, Compliance and Internal Audit functions. The Risk Management and Compliance function reports directly to the Risk Management Committee whilst the Internal Audit function reports directly to the Audit Committee.

## Statement on Risk Management and Internal Control

### RISK MANAGEMENT

The Group's risk management framework is designed to ensure that risks which could undermine the Group's strategies, business goals, objectives, reputation and long-term viability are identified in a timely manner, assessed and monitored within the risk appetite and risk tolerance limits approved by the Board. This is supported by a Group-wide risk management organisation structure that delineates the function of risk taking, risk oversight and policy making. The risk reporting lines, authorities, roles and responsibilities are clearly specified in the Risk Management Framework.

#### Risk Management Framework

Risk management has evolved into an important driver for strategic decisions in support of business strategies while balancing the appropriate level of risk taken to the desired level of rewards. The Group Risk Management Framework details the policies and processes for managing uncertainties in terms of risks and opportunities and building value for the Group's stakeholders. The framework is carved out from the Bank Negara Malaysia Risk Governance Policy Document on what should be the building blocks of a Risk Management Framework. The policy document can be found at [www.bnm.gov.my](http://www.bnm.gov.my).

The Policy Document on Risk Governance sets out a framework of principles for risk governance to guide the Board and Management in performing their risk oversight function. Risks are identified using business mapping, the likelihood rating table in the risk management framework and the impact of those risks based on likelihood rating table. Controls are then put in place and their effectiveness is measured using the Control Effectiveness Rating table. Any residual risks are managed with the implementation of risk mitigation strategies.

The Group has in place on-going processes for the identification, measurement, control, mitigation, monitoring and reporting of major strategic, business and operational risks within the Group, as described below:

<b>Risk Identification</b>	The risk process begins with the business strategies and objectives. Risks arising from these business strategies and objectives are pursued and identified. The risks identified are the internal and external risks that pose a threat to the Company.
<b>Measurement</b>	The measurement process involves determining the impact and likelihood of each of the identified risk and the quantification of the risk exposure. It also involves the continual reassessment and identification of emerging risks.
<b>Control &amp; Mitigation</b>	Quantitative and qualitative controls are developed to oversee risk exposure and deploy risk mitigation strategies. The controls and mitigation strategies are reviewed regularly to ascertain their effectiveness against the risk appetite statements and thresholds.
<b>Monitoring</b>	Accurate and timely monitoring mechanisms on the identified risks are established during the monitoring process. This process also involves prompt decision making and mitigation strategies.
<b>Reporting</b>	The risk profiles of the Group are tabled to the Risk Management Committee which is focused on risk mitigation strategies based on risk ratings and are reviewed on a quarterly basis.

The Risk Management Framework of the Group was last reviewed, revised and approved by the Board in November 2020.

#### Risk Appetite Statement

The establishment of the Group's risk appetite is a critical component of a robust risk management framework. Risk Appetite determines the amount and type of risk that the Group is willing to take in order to meet the strategic objectives. The risk appetite which is reflective of the strategy and business objectives of the Group would be driven through a top-down engagement of the Board as well as a bottom-up involvement of all levels of management.

The risk appetite provides the basis for establishing risk tolerance thresholds around specific risks, through qualitative and quantitative metrics. Through effective communication, the risks in the Group are appropriately managed and monitored by all business units.

## Statement on Risk Management and Internal Control

In the Group, the process involved in developing the risk appetite statements is as follows:

- a. A review of the risks in the Risk Register involving the various business units.
- b. Involvement of key stakeholders, including their expectations in the analysis of top key risks in relation to the strategy and business objectives of the Group.
- c. Establish the desired level of risk exposure that forms the basis of the risk appetite statements (with qualitative and quantitative limits).
- d. Define the range of acceptable volatility for each type of risks, including the acceptable risk tolerance levels.
- e. Reconcile the risk appetite, risk tolerances with the current level of risk exposure of action plan to bring the current risk exposures to be in line with the Group risk appetite.
- f. The formalised and documented risk appetite statement is communicated to all business units for implementation accordingly.

### Compliance Management Framework

This Board-approved framework outlines the structure and key processes, for identifying and ensuring compliance with applicable laws and regulations, and internal policies and procedures. It serves to promote the importance of regulatory and operational compliance, and the connection to corporate values, as well as to ensure compliance obligations are met by establishing monitoring and reporting mechanisms for instances of non-compliance and tracking remedial actions. Compliance obligations registers are consolidated for review and monitoring by the Risk Management Committee.

### INTERNAL AUDIT

The Group Internal Audit function is governed by the International Professional Practices Framework ("IPPF") that organises authoritative guidance promulgated by The Institute of Internal Auditors ("IIA"), a global, guidance setting body. The IIA provides internal audit professionals worldwide with authoritative guidance organised in the IPPF.

The Group's in-house Internal Audit function provides independent assurance on the adequacy and effectiveness of the systems of risk management and internal controls. High impact risk areas identified are periodically assessed and forms the basis of the risk-based internal audit plan and strategy. Internal Audit activities are approved by and are monitored quarterly by the Board, through the Audit Committee. Remedial actions by Management arising from internal audit findings are tracked by the Audit Committee until resolution. A summary of key activities performed by the Internal Audit function as well as Audit Committee oversight is available in the Audit Committee Report on pages 67 to 69.

The Group has an in-house Internal Audit department which is based in its subsidiary, Tune Insurance Malaysia Berhad. The Head of Group Internal Audit, Mr Suresh Maria Alexander, is a Certified Internal Auditor and a Chartered Fellow Member of IIA Malaysia. There were six (6) full time employees in the internal audit function as at 31 December 2020, including the Head of Group Internal Audit.

The Board confirmed that the internal audit personnel are free from any relationships or conflicts of interest which could impair their objectivity and independence, and the Internal Audit activities performed are in accordance with a recognised framework. The total costs incurred by the Group Internal Audit function performed in-house for the year ended 31 December 2020 was RM811,248.

### INTERNAL CONTROL

An effective internal control system provides reasonable assurance that the Group continues to pursue its goals in a manner that is effective and efficient, produces accurate and reliable reporting, and is always in compliance with applicable laws and regulations. All policies are reviewed and approved by the Board. Elements of the Group's internal control system include but not limited to the following:

#### Organisation Structure

The Board has established clear reporting lines, authorities, roles and responsibilities to support the internal control system. The Management assists the Board in their oversight on the day-to-day operations of the business.

#### Annual Business Plan and Budget

The annual business plan and budget are tabled to the Board for approval and the Group's performance against the budget is monitored by the Board quarterly.

#### Code of Conduct

The Code of Conduct governs how we interact with our stakeholders – with integrity and respect for our business partners, shareholders, and employees. The Code of Conduct can be found in the corporate website at [tuneprotect.com](https://www.tuneprotect.com).

#### Employee Handbook

This handbook is a compilation of the policies, procedures, working conditions and behavioural expectations that guide our employees' actions in the workplace. Established disciplinary procedures and steps for raising grievances are described within.

## Statement on Risk Management and Internal Control

### Anti-Bribery and Corruption Policy

The policy reinforces the Group's zero tolerance and commitment against fraud, bribery and corruption by promoting a culture of integrity within the Group. It sets out the responsibilities for development and operations of internal control and provides assurance that all irregularities or suspected irregularities involving employees, shareholders, consultants, vendors, external agencies and any other parties in a business relationship with the Group will be fully investigated.

### Whistleblowing Policy

The Whistleblowing Policy is applicable to all parties (Directors, employees and third parties). All reports under the Whistleblowing Policy are securely logged and confidentially channelled to the Chairman of the Risk Management Committee. This channel of reporting provides assurance that all disclosures will be appropriately investigated objectively and confidentially. This policy can be found in the corporate website at [tuneprotect.com](https://tuneprotect.com).

### Sustainability Policy

The Company has a Sustainability Policy that sets out some guidelines and its commitment to Economic, Environmental and Social (EES) aspects of the business. This Policy applies to directors, employees of the Group and operational activities of its associate and joint venture companies. This policy can be found in the corporate website at [tuneprotect.com](https://tuneprotect.com).



Refer to Sustainability Statement on pages 31 to 46 in this Annual Report, for further details.

### Underwriting and Claims

Underwriting Guidelines are established to manage and adequately assess risks being underwritten. Claims Guidelines detail the written operational controls surrounding claims handling and settlement processes.

### Information Technology ("IT")

The Company complies with BNM's Guidelines on the Risk Management in Technology (RMiT) by establishing reliable information security systems and standards to protect data confidentiality, security and integrity. The IT Steering Committee ("ITSC") is responsible for the deployment of IT strategies in line with the overall business objectives. The ITSC establishes effective IT plans, recommend to the Senior Management for approval on IT-related expenditures and monitor the execution of approved IT projects and initiatives.

### Operating Policies and Procedures

The Company has established a Group Policy and Procedure Framework for management of Policies and Procedures at the Company and its subsidiaries. The framework is applicable to employees who are responsible for the development and management of policy and procedure documents.

Departmental manuals and written operational controls such as financial authority limits, procurement policy, communication policy, payment procedures, are established and continuously updated to guide employees in their day-to-day execution of tasks.

### ASSURANCE FROM MANAGEMENT

The Board has received written assurance from the Group Chief Executive Officer and Group Chief Financial Officer that to the best of their knowledge, information and belief, the Group's systems of risk management and internal control are operating adequately and effectively, there is no breach of law/regulation, corruption and fraud, during the year under review. Based on the reports and the risk registers that were presented to the Board in 2020, the Board is satisfied that there is an effective and adequate risk management and internal control system in place, and there were no significant issues reported for the year ended 31 December 2020.

### REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Risk Management and Internal Control Statement. Their review was performed in accordance with the Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants. Based on their review, the external auditors 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 the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate. The external auditors are not required by AAPG 3 to consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk management and control procedures.

This Statement on Risk Management and Internal Control was approved by the Board on 18 March 2021.

## Additional Compliance Information

The information set out below is disclosed in compliance with the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad:-

### 1.0 Employees’ Share Option Scheme (“ESOS”)

The ESOS of the Company, which was approved by the shareholders on 2 January 2013 and came into effect on the date of listing of the shares of the Company on 20 February 2013, is the only employee share scheme of the Company. The Company’s ESOS for eligible Directors and employees of the Company and its subsidiaries, which are not dormant companies, has been offered to the employees since 18 March 2014. The ESOS has a tenure of 10 years.

Disclosure of ESOS information pursuant to Appendix 9C, Part A (27) of the MMLR of Bursa Malaysia Securities Berhad is as follows:-

(a) Brief details of the ESOS:

Options Movement	During the financial year ended 31 December 2020
Total options granted as at 1 January 2020	6,069,000
Total options granted / additional adjustment	1,879,400 <sup>(1)</sup>
Total options exercised	-
Total options forfeited	1,735,000
Total options outstanding as at 31 December 2020	6,213,400

**Note:**

(1) The grant of these options is subject to shareholders’ approval at the forthcoming Annual General Meeting of the Company.

(b) ESOS granted to Directors and Chief Executive:

Granted to the Group CEO of the Company	During the financial year ended 31 December 2020
Total options granted as at 1 January 2020	1,000,000
Total options granted / additional adjustment	1,879,400 <sup>(1)</sup>
Total options exercised	-
Total options forfeited	1,000,000
Total options outstanding as at 31 December 2020	1,879,400

**Note:**

(1) The grant of these options is subject to shareholders’ approval at the forthcoming Annual General Meeting of the Company.

Granted to the CEO of Tune Insurance Malaysia Berhad	During the financial year ended 31 December 2020
Total options granted as at 1 January 2020	500,000
Total options granted / additional adjustment	-
Total options exercised	-
Total options forfeited	-
Total options outstanding as at 31 December 2020	500,000



## Additional Compliance Information

There were no options granted to the Directors of the Company and its subsidiaries pursuant to the ESOS since 18 March 2014 save for the following:

- Shareholders' approval was obtained at the Annual General Meeting of the Company held on 28 May 2019 for the authority for Directors to allot up to additional 500,000 ordinary shares of the Company to Ms Khoo Ai Lin, the former Group CEO of the Company, pursuant to her exercise of options offered to her under the ESOS from time to time. She was appointed as Director of Tune Insurance Malaysia Berhad, a subsidiary of the Company, on 9 August 2019. She did not seek re-election as Director of Tune Insurance Malaysia Berhad at its Annual General Meeting held on 30 July 2020 and she resigned as the Group CEO of the Company on 31 July 2020.
- On 29 December 2020, the Company had granted Mr Rohit Chandrasekharan Nambiar, the current Group CEO of the Company, the option to subscribe for 1,879,400 ordinary shares of the Company under the ESOS of the Company. The grant is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting of the Company. Mr Rohit Nambiar was appointed as Director of Tune Insurance Malaysia Berhad on 19 February 2021.

The Company has not granted any options to the Non-Executive Directors pursuant to the ESOS. As such, the disclosure requirement for a breakdown of the options offered to and exercised by non-executive directors pursuant to an employee share option scheme under Appendix 9C, Part A (27) (d) of the MMLR of Bursa Malaysia Securities Berhad is not applicable to the Company.

### 2.0 Audit and Non-Audit Fees Paid to External Auditor

The amount of audit and non-audit fees incurred for services rendered to the Company and the Group by Ernst & Young PLT ("EY"), the external auditor of the Company, and/or a firm or corporation affiliated to EY, during the financial year ended 31 December 2020 were as follows:

For the financial year ended 31 December 2020	The Company (RM)	The Group (RM)
Audit Fees:-		
- Statutory Audits	95,000	671,000
- Regulatory related services	51,000	114,000
Non-Audit Fees	35,000	309,000

The audit and non-audit fees are also disclosed in Note 25 of the Audited Financial Statements.

### 3.0 Material Contracts involving the interests of the Directors and/or Chief Executive, who is not a Director and Major Shareholder

There were no material contracts entered into by the Company and its subsidiaries involving the interests of the Directors and/or Chief Executive, who is not a Director or Major Shareholder either still subsisting at the end of the financial year ended 31 December 2020 or if not then subsisting, entered into since the end of the previous financial year.

### 4.0 Utilisation of proceeds

There were no proceeds raised from corporate proposals, which were available during the financial year ended 31 December 2020.

## Additional Compliance Information

### 5.0 Recurrent Related Party Transactions of a Revenue or Trading Nature

At the AGM held on 4 August 2020, the Company had obtained a shareholders' mandate to allow the Company and/or its subsidiaries to enter into recurrent related party transactions ("RRPTs") of revenue or trading nature from 4 August 2020 to 17 June 2021.

Pursuant to Paragraph 10.09(2)(b) of the MMLR and Paragraph 3.1.5 of Practice Note 12 of the MMLR of Bursa Malaysia Securities Berhad, the details of the RRPTs entered into by the Group during the financial year ended 31 December 2020 are as follows:

	Transacting Parties	Nature of RRPTs	Class and relationship of the Related Parties	Actual value (RM'000)
1	AirAsia Berhad (Company No. 199301029930 (284669-W))	Provision of right to access AirAsia's customer database for the purposes of overall insurance business of AirAsia and the provision of management services by the Company to AirAsia Berhad's travel insurance business.	<b>Interested Major Shareholders</b> Tan Sri Anthony Francis Fernandes Datuk Kamarudin bin Meranun AirAsia Berhad <sup>(1)</sup> AirAsia Digital Sdn Bhd <sup>(2)</sup>	13
		Provision of travel insurance by Tune Insurance Malaysia Berhad to AirAsia Berhad's customers for flights originating from Malaysia resulting in underwriting commission received by AirAsia Berhad.		2,671
2	AirAsia X Berhad (Company No. 200601014410 (734161-K))	Provision of travel insurance by Tune Insurance Malaysia Berhad to Airasia X Berhad's customers for flights originating from Malaysia resulting in underwriting commission received by AirAsia X Berhad.	<b>Interested Major Shareholders</b> Tan Sri Anthony Francis Fernandes Datuk Kamarudin bin Meranun AirAsia Berhad <sup>(1)</sup> AirAsia Digital Sdn Bhd <sup>(2)</sup>	324
3	PT Indonesia AirAsia (Company No. 09.03.1.62.29927)	Provision of the right to the Company to market insurance products to the customers of PT Indonesia AirAsia via direct marketing initiatives pursuant to the Distribution Agreement entered into between PT Indonesia AirAsia and the Company.	<b>Interested Major Shareholders</b> Tan Sri Anthony Francis Fernandes Datuk Kamarudin bin Meranun AirAsia Berhad <sup>(1)</sup> AirAsia Digital Sdn Bhd <sup>(2)</sup>	2
		Provision of marketing services to Tune Insurance Malaysia Berhad in relation to the Travel Protection Plan originating in Malaysia to the passengers of PT Indonesia AirAsia pursuant to the Business Collaboration Agreement entered into between Tune Insurance Malaysia Berhad and PT Indonesia AirAsia.		0

## Additional Compliance Information

Transacting Parties	Nature of RRPTs	Class and relationship of the Related Parties	Actual value (RM'000)
4 Thai AirAsia Co. Ltd (Company No. 0105546113684)	Provision of the right to the Company to market insurance products to the customers of Thai AirAsia Co. Ltd via direct marketing initiatives pursuant to the Distribution Agreement entered into between Thai AirAsia Co. Ltd and the Company.	<b>Interested Major Shareholders</b> Tan Sri Anthony Francis Fernandes Datuk Kamarudin bin Meranun AirAsia Berhad <sup>(1)</sup> AirAsia Digital Sdn Bhd <sup>(2)</sup>	11
	Provision of marketing and administration services to Tune Insurance Malaysia Berhad in relation to the Travel Protection Plan originating in Malaysia to the passengers of Thai AirAsia Co. Ltd pursuant to the Business Collaboration Agreement entered into between Tune Insurance Malaysia Berhad and Thai AirAsia Co. Ltd.		0
5 Tune Group.com Limited (Company No. 59919) or its assignee Tune Group Sdn Bhd (Company No. 200701040836 (798868-P))	Provision of the license and right to the Company and subsidiaries to use the 'Tune Insurance' trademark by Tune Group.com Limited or its assignee Tune Group Sdn Bhd.	<b>Interested Major Shareholders</b> Tan Sri Anthony Francis Fernandes Datuk Kamarudin bin Meranun Tune Group Sdn Bhd	3,935
	Rental and utilities charges at Wisma Tune.		1,333
6 SP&G Gallagher Insurance Brokers Sdn Bhd (Company No. 197401002891 (20041-H))	Provision of insurance broking and consultancy services by SP&G Gallagher Insurance Brokers Sdn Bhd to Tune Insurance Malaysia Berhad pursuant to the broking arrangement between SP&G Gallagher Insurance Brokers Sdn Bhd and Tune Insurance Malaysia Berhad.	<b>Interested Major Shareholder</b> Datuk Kamarudin bin Meranun	625
	Provision of insurance broking and consultancy services by SP&G Gallagher Insurance Brokers Sdn Bhd to Tune Protect Re Ltd pursuant to the Personal Accident and Sickness Travel Facultative Reinsurance arrangement between SP&G Gallagher Insurance Brokers Sdn Bhd and Tune Protect Re Ltd.		254
7 Rokki Sdn Bhd (Company No. 201101006967 (935105-W))	Provision of advertising services in Rokki's portal to the Company.	<b>Interested Major Shareholders</b> Tan Sri Anthony Francis Fernandes Datuk Kamarudin bin Meranun AirAsia Berhad <sup>(1)</sup> AirAsia Digital Sdn Bhd <sup>(2)</sup>	0

**Notes:**

(1) AirAsia Berhad ceased as Major Shareholder of the Company on 3 December 2020.

(2) AirAsia Digital Sdn Bhd became Major Shareholder of the Company on 3 December 2020.

## Internal Policies, Frameworks & Guidelines

Policies are established to administer standard day-to-day operations and to manage the expected risks of Tune Protect. The Group's policies, frameworks and guidelines are formulated to incorporate current regulatory requirements as well as industry best practices.

The established policies have been endorsed by the Risk Management Committee and approved by our Board for implementation across the Group, where relevant. Approved policies, frameworks and guidelines are cascaded to the relevant stakeholders in a timely manner.

Our policies, frameworks and guidelines are reviewed periodically to keep abreast with the perpetual development of the industry profile on regulatory requirements, risks and internal control measures for mitigation and on new products and services. Some of the key policies, frameworks and guidelines of the Group are listed below:

No	Title	Description
1	Group Communication Policy	<p>This policy establishes guidelines for communications by the Company. It covers the release of information about the Company to the public, media, customers, authorities, investors, financial community and other stakeholders.</p> <p>The policy also clarifies the obligations employees have regarding their personal use of Digital Media where this is related to their work for Tune Protect.</p>
2	Group Investor Relations Policy	This policy sets out the manner which the Investor Relations programme will be executed, and the internal procedures related to its activities. The programme sets out to fairly and accurately represent the Company's operations, strategy and financial performance to enable its shareholders and the investment community to make informed investment decisions.
3	Group Sustainability Policy	The Group Sustainability Policy sets out some guidelines and its commitments to Economic, Environmental & Social (EES) aspects of the business, which are aligned with Bursa Malaysia's Sustainability Reporting Guide.
4	Group Credit Control Policy	This document provides a clear guidance on the guided principles of effective receivables management.
5	Group Dividend Policy	This document provides clear guidelines on proposing, determining, application, approval and payment of dividend to shareholders, to ensure consistency and transparency of the entire dividend declaration and payment process.
6	Group Financial Authority Limits	This document provides clear guidelines for the approval and authorisation of financial transactions during the ordinary course of business of the Company.
7	Group Property and Equipment / Fixed Assets & Intangible Assets Policy	This document provides clear guidelines for property and equipment (PE) to ensure proper and consistent recognition, i.e. acquisitions, disposals and transfer of assets. In addition, the policy includes guidelines for intangible assets, i.e. acquired computer software licenses are capitalised or expensed off.
8	Group Month End Closing & Financial Statement Policy	This document provides clear guidelines for the month-end closing and financial statement process of the Company to ensure all figures reported are reasonably correct and accurate.
9	Group Procurement Policy	This document provides clear guidelines for the procurement of goods and services for the Company to ensure best value for money, good management practices, legislative compliance and transparency.
10	Group Investment Policy	This document sets out to provide a framework for the management of the Company's investment assets and also set the objectives, goals and guidelines to guide the investment of the Company's assets to ensure funds are available to meet the liabilities of the businesses as they become due and payable by establishing acceptable levels of return, risks and liquidity.

## Internal Policies, Frameworks & Guidelines

No	Title	Description
11	Group Legal Manual & Framework	This manual sets out to provide guidance to the Company, in ensuring that the Legal Departments are managed effectively, efficiently and are consistent and aligned throughout the group.
12	Group Confidentiality Policy	This policy aims to protect the Personal Data and Confidential Information that may be collected during the Company's operations and business activities. This policy also outlines regulatory and best practice requirements expected of all persons when dealing with information and provides technical and organizational measures to safeguard from unlawful processing or disclosure, as well as accidental loss, misuse or modification.
13	Group Corporate Governance Policy	This policy aims to ensure that the Company is managed in a sound and prudent manner and effectively in accordance with the direction of the Board.
14	Group Fit & Proper Policy	The policy aims to ensure that the members of the Board and Senior Management possess the necessary qualities, competencies and experience to perform their duties and responsibilities in the most effective manner.
16	Group Related Party Transactions Policy	The policy aims to provide the framework for evaluating potential conflicts of interest, independence factors and disclosure obligations arising out of transactions, arrangements and relationships between the Company and its related persons.
16	Group Marketing Policy	This document outlines the brand and digital marketing policies for the Company to ensure the group achieves brand image consistency throughout all entities.
17	Code of Conduct	This document sets out to provide guidance to the Company on the 3 values that are upheld by the Company and its employees. This document encompasses diversity and inclusion, anti-harassment, anti-bribery, anti-violence, health & safety and so on.
18	Group Performance Management Policy	A performance management framework comprises systems, processes and structures established by management to identify, monitor, assess and respond to performance issues. Performance management allows action to be taken which will contribute significantly to the achievement of Company goals. It is an essential tool in the management of any organization.
19	Group Recruitment & Selection Policy	The purpose of the policy is to provide a standard for the recruitment and selection procedures of the Company. The policy is set up to cover all processes from the time a vacancy is open for recruitment to the date the position is filled.
20	Group Travel & Entertainment Policy	This policy provides guidelines to employees on the entitlement for Travel and Entertainment expenses and to outline the procedures for submitting related claims for reimbursement.
21	Group Learning & Development Policy	This guide serves as a basic help to ensure that there is standardisation in our learning & development process within the group.
22	Block Leave Policy	This policy provides general guidelines to the Company and its employees on the implementation and application of Block Leave. Applicable to Tune Protect Malaysia only.
23	Group Anti-Bribery & Corruption Policy	This policy outlines the Company's commitment and framework against fraud, bribery and corruption. It also sets out to promote a culture of integrity within the company by providing clear guidelines to Employees and Business partners, forbidding them from getting involved in any fraudulent activity as well as actions that they need to take if they become aware such activity.

## Internal Policies, Frameworks & Guidelines

No	Title	Description
24	Group Whistleblowing Policy & Procedures	This policy helps to encourage employees and third parties to report perceived unethical or illegal conduct of employees, management and other stakeholders across the Company in a confidential manner without any fear of harassment, intimidation or reprisal from anyone for raising concern(s) under this policy. It also helps promote and develop a culture of openness, accountability and integrity.
25	Audit Charter	This policy outlines the role of the Group Internal Audit's function in the governance and control aspects of the company. This includes the role, professionalism, authority, organisational independence, objectivity and responsibility of the audit function, and requirements related to annual audit plans, reporting, monitoring and quality assurance.
26	Group Business Continuity Management ("BCM") Framework	The purpose of this BCM Framework is to ensure that services that are critical to the Company's objectives continue despite the occurrence of a potentially disruptive event. It sets out to guide the Company to stabilise the effects of such events and return to normal operations with full recovery as soon as possible, and within acceptable timelines.
27	Group Risk Management Framework	The framework sets out to provide a systematic approach to the early identification and management of risks. It also provides consistent risk assessment criteria and makes available accurate and concise risk information that informs decision making which may include business direction. This framework also helps in the adoption of risk treatment strategies that are cost effective and efficient in reducing risk to an acceptable level.
28	Group Outsourcing Policy	This policy sets out to establish the requirements for identifying, justifying and implementing outsourcing arrangements for the Company's operational functions or activities.
29	Group Information Risk Management Policy	The policy provides guidance on the ownership, responsibility and effective management of information assets and its associated risks across the Company, guided by the information handling rules in accordance to the information lifecycle.
30	Backup and Restore Policy	This policy sets out the guideline for backup processes.
31	Group Data Management Policy	The purpose of this policy is to protect the electronic data and information belonging to the Company. It aims to provide a framework within which the roles and responsibilities of those who manage or use the data and information are defined. The intention of the policy is to enable access to data and information held by the Company, to the greatest extent possible, consistent with legislation and relevant to policies, whilst ensuring that electronic data is protected from unauthorised use, access and breaches of privacy.
32	Group Identity & Access Management Policy	The purpose of this policy is to establish processes to ensure that standardised user identity and access management is enforced throughout the Company.
33	Group Server & Desktop Management Policy	This policy sets out to establish processes to ensure that standardised management of computers is enforced throughout the Company.
34	Impairment Policy (Tune Protect Re)	This policy sets out to prescribe the procedures that the Company applies to assets, at each reporting date, whether there is objective evidence that receivables are impaired.
35	Operations & Reinsurance Policy (Tune Protect Re)	This document provides guidance on managing new or existing business partners, user acceptance testing, premium and claims reporting, billing & payments and customer experience.



## Internal Policies, Frameworks & Guidelines

No	Title	Description
36	Group Employee Handbook	This document is a compilation of the policies, procedures, working conditions, and behavioural expectations that will guide our employees' actions in our workplace.
37	Group Sexual Harassment Policy and Procedures	The purpose of this policy is to provide a safe environment for all its employees free from discrimination on any ground and from harassment at work including sexual harassment.
38	Group Annual Rating Review Policy	This document specifies the functions and procedures of the annual rating review of Tune Protect Group and its subsidiaries (if any), to effectively manage the review process in a consistent and just manner.
39	Group Internal Control Framework	This document details the minimum standards of Internal controls expected to be in operation at group level. It is the responsibility of the management teams to ensure that these standards are in place. Sound internal control is best achieved by a process that is firmly embedded within a business's day-to-day operations and forms part of its culture.
40	Group Policies and Procedures Framework	This document provides clear guidelines to all Tune Protect Group and its subsidiaries' staff who are responsible for the development and management of policy & procedure documents. This Framework should be read together with the 'Procedures for Implementing the Group Policy and Procedure Framework'.
41	Compliance Policy	This policy set out the governance structure and responsibilities to promote the safety and soundness of the Company as a financial institution by minimising financial, reputational and operational risks arising from legal and regulatory non-compliance. This policy also formalises the establishment of Compliance as an independent function and defines the fundamental principles, scope, roles, responsibilities, authority and ethical standards of the Compliance Department.
42	Personal Data, Customer Confidentiality and Information Asset Risk Management Policy	This policy aims to protect the Personal Data and Confidential Information that may be collected during Tune Protect Malaysia's operations and business activities; and to facilitate effective management of information assets and its associated risk across the organization guided by the information handling rules in accordance to the information lifecycle.
43	Claims Policy	This policy sets out the minimum standards for claims handling practices.
44	Product Development Policy (Tune Protect Malaysia)	This policy specifies the policies and procedures for the product development processes. It also outlines the roles and responsibilities of the Product Steering Committee (PSC) who oversees and sets the product strategy to ensure it aligns with overall business goals and strategic directions.
45	Motor & Fire Tariff Pricing Policy	This policy set out the policies and procedures for pricing and re-pricing exercises of the General Insurance businesses' Motor and Fire products.
46	IT Security Policy	This policy establishes standard of practice that complies with internal, statutory and regulatory requirements in managing technology operation and cyber risks.
47	Underwriting Guide/Manual	The documents provide guideline to the classes of Motor and Non Motor insurance businesses that the Company underwrites.

## Internal Policies, Frameworks & Guidelines

No	Title	Description
48	Business Continuity Management Policy	BCM is a holistic management process that provides a framework for building organisational resilience with the capability for an effective response that safeguards the interests of its key stakeholders, reputation, brand and value-creating activities.
49	BCM Plan	A company-wide Business Continuity Plan is established and approved at Risk Management Committee level taking into consideration of all departments. This plan is essential to ensure continuity and recovery of important services within acceptable timeframes.
50	ICAAP Framework	This framework sets out the processes and procedures undertaken by Tune Protect Malaysia to ensure that it has adequate capital to meet its capital requirements on an on-going basis as required by Bank Negara Malaysia.
51	Operational Risk Policy	The purpose of this policy is to set out the governance of operational risk across the Company and to act as a framework that strengthens the Company's operational risk, multiple activities and business lines within the Company.
52	Credit Risk Policy	The objective of this policy is to ensure that credit risk management practices of Tune Protect Malaysia remains effective moving forward, amid the increased size and diversity of product offerings by Tune Protect Malaysia, greater internationalisation of the financial system, as well as the growing role of domestic markets.
53	Technology Risk Management Framework	This framework sets out the guidance for carrying out each of the steps in the technology risk assessment process and the key areas of technology risk. This is to ensure an effective assessment and analysis for enterprise-wide risk are achieved.
54	Cyber Resilience Framework	This framework outlines the principles for Cyber Resilience and to manage potential cybersecurity incidents that includes several key components such as Identify, Protect, Detect, Respond and Recover which emphasises on identifying and describing the current security posture, developing improvement action plans for the gaps identified and ensuring business continuity.
55	Records Management and Retention Policy	This policy sets out the management, retention and disposal of records and electronic documents of the Company. Applicable to all employees and authorised parties who have access to the Company's records.
56	Group Senior Management Remuneration Policy	This document sets out the remuneration principles and guidelines for Senior Management and other employees of Tune Protect Group Berhad and subsidiaries.

# Financial Statements

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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 and other information of the subsidiaries are set out in Note 5 to the financial statements.

## Results

	Group 2020 RM'000	Company 2020 RM'000
Net profit for the year	<b>28,203</b>	25,187
Profit attributable to:		
Equity holders of the Company	<b>18,391</b>	25,187
Non-controlling interests	<b>9,812</b>	-
	<b>28,203</b>	25,187

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than as disclosed in Note 40 to the financial statements.

## Dividends

No dividend has been paid or declared by the Company since the end of the previous financial year.

The Directors do not recommend any dividend payment in respect of the current financial year.

## Directors' Report

## Directors

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

Name of Director	Directors of the entities				
	Holding Company	Subsidiaries			
	TPG*	TIMB*	TPR*	TDL*	WL*
Ng Soon Lai @ Ng Siek Chuan (Chairman of TPG)	✓	-	✓	-	-
Tan Ming-Li	✓	✓	-	-	-
Mohamed Rashdi Bin Mohamed Ghazalli	✓	Appointed on 19 February 2021	-	-	-
Aireen Omar	✓	-	-	-	-
Kelvin Desmond Malayapillay	Appointed on 28 February 2020	-	-	-	-
Mohd Yusof Bin Hussian	-	✓	-	-	-
Chee Siew Eng	-	✓	-	-	-
Lim Chong Beng	-	✓	-	-	-
Karen Chan Ka Yan	-	-	✓	-	-
Ch'ng Sok Heang	-	Appointed on 19 February 2021	-	-	-
Rohit Chandrasekharan Nambiar	-	Appointed on 19 February 2021	-	-	-
Khoo Ai Lin	-	Retired on 30 July 2020	Resigned on 31 July 2020	-	-
Mohd Yusof Hafiz Mohamad	-	-	-	✓	-
Dixon Wong Kit Seng	-	-	-	-	✓
How Kim Lian	-	-	-	Appointed on 22 May 2020	Appointed on 22 May 2020
Chen Ooi Wai	-	-	-	Resigned on 22 May 2020	Resigned on 22 May 2020

- \* TPG - Tune Protect Group Berhad  
 TIMB - Tune Insurance Malaysia Berhad  
 TPR - Tune Protect Re Ltd.  
 TDL - Tune Direct Ltd.  
 WL - White Label Sdn. Bhd.

## Directors' Report

### Directors' benefits

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangement to which the Company or its subsidiaries were 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 from the Company and related corporations, or the fixed salary of a full-time employee of the Company as shown in Notes 25 and 31(b) to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and the officers of the Group were RM30,000,000 and RM99,650 respectively.

### 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 or its related corporations during the financial year were as follows:

	Number of ordinary shares			As at 31.12.2020 '000
	As at 1.1.2020 '000	Acquired '000	Disposed '000	

#### Direct interests:

##### Directors of the Company:

Ng Soon Lai @ Ng Siek Chuan	100	50	-	150
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##### Directors of the subsidiaries:

Mohd Yusof Bin Hussian	70	30	-	100
Chee Siew Eng	10	-	-	10

Other than as disclosed above, none of the directors in office at the end of the financial year had any interest in shares of the Company or its related corporations during the financial year.

### Employees' share option scheme ("ESOS")

The Company has a ESOS in place which is effective for 10 years from the date of listing of TPG ordinary shares.

The members of the committee administering the ESOS are as follows:

Yap Hsu Yi  
Aireen Omar (Appointed on 28 February 2020)  
How Kim Lian (Appointed on 22 May 2020)  
Chen Ooi Wai (Resigned on 22 May 2020)  
Khoo Ai Lin (Resigned on 31 July 2020)

The salient features and other terms of the ESOS are disclosed in Note 26 to the financial statements.

On 29 December 2020, the Company offered 1,879,400 ESOS shares to the Group Chief Executive Officer at an exercise price of RM0.37. The ESOS is to be vested 2 years after the grant date and expires on 23 February 2023.



## Directors' Report

### Other statutory information

- (a) Before the statements of financial position and statements of comprehensive income 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 had been written off and that adequate allowance 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 of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing 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.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group and 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 in respect 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 liability 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 and of the Company to meet their obligations as and when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

For the purpose of paragraphs (e)(ii) and (f)(i) above, contingent or other liabilities do not include liabilities arising from insurance and reinsurance contracts underwritten in the ordinary course of business of the Group.

- (g) Before the statements of financial position and the statements of comprehensive income were made out, the directors took reasonable steps to ascertain that there was adequate provision for insurance contract liabilities in accordance with the valuation methods prescribed under Part D of the Risk-Based Capital ("RBC") Framework for Insurers issued by Bank Negara Malaysia ("BNM") and the valuation requirements stipulated in the Labuan Financial Services Authority's ("Labuan FSA") Guidelines on Valuation Basis for Liabilities of Labuan General Insurance Business.

## Directors' Report

### Significant events

The significant events during the financial year-end are disclosed in Note 40 to the financial statements.

### Auditors and auditors' remuneration

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

Auditors' remuneration is disclosed in Note 25 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 18 March 2021.



Ng Soon Lai @ Ng Siek Chuan

Kuala Lumpur, Malaysia



Mohamed Rashdi Bin Mohamed Ghazalli

## Statement by Directors

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

We, Ng Soon Lai @ Ng Siek Chuan and Mohamed Rashdi Bin Mohamed Ghazalli, being two of the directors of Tune Protect Group Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 94 to 210 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 18 March 2021.



Ng Soon Lai @ Ng Siek Chuan



Mohamed Rashdi Bin Mohamed Ghazalli

Kuala Lumpur, Malaysia

## Statutory Declaration

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

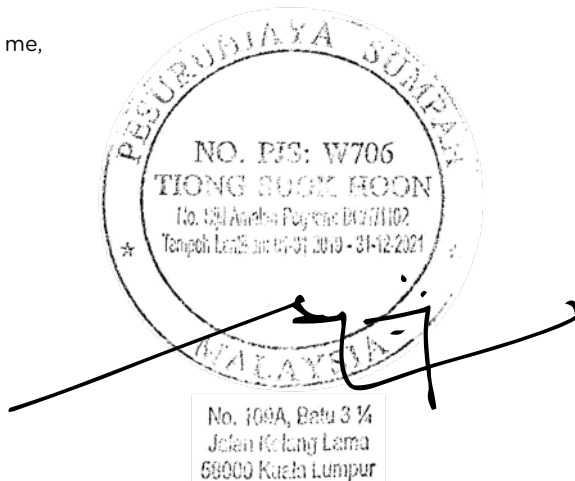
I, How Kim Lian (MIA Membership No. CA 16335), being the officer primarily responsible for the financial management of Tune Protect Group Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 94 to 210 are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by )  
the abovenamed How Kim Lian at )  
Kuala Lumpur in the Federal Territory )  
on 18 March 2021. )



How Kim Lian

Before me,



# Independent Auditors' Report

to the members of Tune Protect Group Berhad (Incorporated in Malaysia)

## Report on the audit of the financial statements

### *Opinion*

We have audited the financial statements of Tune Protect Group Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the 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 94 to 210.

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 this 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.

### *Valuation of general insurance contract liabilities of the Group*

The Group's insurance contract liabilities as at 31 December 2020 amounted to RM902.1 million or approximately 87.5% of its total liabilities. The insurance contract liabilities include the claims and premium liabilities of the insurance and reinsurance subsidiaries, Tune Insurance Malaysia Berhad and Tune Protect Re Ltd.

These liabilities have been estimated based on standard actuarial valuation methodologies and other estimation models as allowed under the Risk-Based Capital Framework issued by Bank Negara Malaysia and the guidelines issued by the Labuan Financial Services Authority, as well as the accounting policies described in Note 2.3(p)(ii), (iii) and (iv) for premium liabilities, claims liabilities and liability adequacy test respectively.

## Independent Auditors' Report

to the members of Tune Protect Group Berhad (Incorporated in Malaysia)

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

#### Valuation of general insurance contract liabilities of the Group (cont'd.)

The complexity of the actuarial valuation methodologies and other estimation models applied to derive the claims and premium liabilities may give rise to estimation errors as a result of inadequate or incomplete data, the design and application of the relevant valuation models by the management's expert (i.e. the Appointed Actuary) and the use of inappropriate or outdated assumptions. Significant professional judgement is applied by the Group in deriving the assumptions (as described in Note 2.6 to the financial statements) and any significant changes thereon may have a material effect on the insurance contract liabilities.

Estimates of claim liabilities have to be made for both the expected ultimate costs of claims already reported at the reporting date, and for the expected ultimate costs of claims incurred but not yet reported ("IBNR") as of the financial year end. The estimates of premium liabilities is based on the higher of the Unearned Premium Reserves ("UPR"), as estimated by management and the Unexpired Risk Reserve ("URR"), as estimated by the Appointed Actuary. The estimation of insurance contract liabilities are sensitive to various factors and uncertainties as discussed in Note 34(b). Significant management judgement is applied in setting these assumptions.

Our audit procedures were focused on the following key areas:

- Understanding and documenting the qualifications, objectivity and independence of the management's experts tasked with estimating the insurance contract liabilities of the Group;
- Reviewing the reports prepared by the management's experts in respect of the insurance contract liabilities of the Group;
- Assessing the design and testing the operating effectiveness of internal controls over the actuarial valuation process with respect to financial reporting;
- Testing the completeness and sufficiency of data used in the valuation of insurance contract liabilities. These tests also included control tests performed on a selected sample of claims reserves, claims paid and insurance policies issued by the Group to ascertain effectiveness of operating controls over quality and accuracy of the underlying data;
- Assessing the experience analyses of the insurance and reinsurance subsidiaries used during the setting of the key assumptions to derive the insurance contract liabilities and challenging the rationale applied by the management's experts and management in deriving those assumptions. In addition and where appropriate, comparisons have also been made against other industry constituents and the experience of the respective subsidiaries;
- Performing independent analyses and re-computation of the insurance contract liabilities for selected classes of business, focusing on the most significant business portfolio and those which may potentially result in significant deviations in estimates. We have also considered the impacts of the COVID-19 pandemic to the assumptions and methodologies applied by the Group in deriving the valuation of the insurance contract liabilities. We compared our independent analyses and re-computations to those performed by management to ascertain if the reserves were sufficient and within range of our independent analyses;
- Performing tests on the UPR calculations produced by management and thereafter, comparing the UPR against the URR valuations performed by the management's experts to ascertain if adequate reserves have been established;
- Reviewing management's estimation of the calculated reinsurance assets and thereon, their assessment of the credit quality and security of the underlying reinsurance counterparties; and
- Assessing the adequacy of disclosures made in respect of the insurance contract liabilities of the Group as disclosed in Note 14.

We have also engaged our Actuarial Services professionals in accordance with the requirements of International Standard on Auditing 620: *Reliance on the Work of an Auditors' Expert* to assist us in performing our audit procedures on the insurance contract liabilities of the Group.

## Independent Auditors' Report

to the members of Tune Protect Group Berhad (Incorporated in Malaysia)

### *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 Directors' Report and the information included in the Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

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

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



**Independent Auditors' Report**

to the members of Tune Protect Group Berhad (Incorporated in Malaysia)

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

- 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, actions taken to eliminate threats or safeguards applied.

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

**Report on other legal and regulatory requirements**

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 5 to the financial statements.

**Other matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



Ernst & Young PLT  
202006000003 (LLP0022760-LCA) & AF 0039  
Chartered Accountants

Kuala Lumpur, Malaysia  
18 March 2021



Brandon Bruce Sta Maria  
No. 02937/09/2021 J  
Chartered Accountant

# Statements of Financial Position

As at 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Assets</b>					
Property and equipment	3	3,903	4,282	891	832
Intangible assets	4	5,921	4,402	257	202
Right-of-use assets	18	5,951	2,247	3,689	229
Investments in subsidiaries	5	-	-	179,128	179,128
Investment in an associate	6	61,600	66,145	40,955	40,955
Investment in a joint venture company	7	7,443	3,263	433	433
Goodwill	8	24,165	24,165	-	-
Investments	9	823,588	786,207	66,219	40,213
Deferred tax assets	15	1,472	2,178	-	-
Reinsurance assets	10	625,420	483,927	-	-
Insurance receivables	11	104,659	130,654	-	-
Other receivables	12	54,725	58,712	6,070	6,512
Tax recoverable		26,412	29,012	71	71
Cash and bank balances		6,442	11,704	353	1,679
<b>Total assets</b>		<b>1,751,701</b>	<b>1,606,898</b>	<b>298,066</b>	<b>270,254</b>
<b>Equity</b>					
Share capital	13	248,519	248,519	248,519	248,519
Employee share option reserves		2,859	3,477	2,859	3,477
Foreign currency translation reserve		9,914	11,209	-	-
Other comprehensive income (“OCI”) reserve		(87)	499	-	-
Other reserve		195	55	-	-
Retained earnings		313,629	295,238	40,753	15,566
Equity attributable to owners of the parent		575,029	558,997	292,131	267,562
Non-controlling interests		146,004	139,038	-	-
<b>Total equity</b>		<b>721,033</b>	<b>698,035</b>	<b>292,131</b>	<b>267,562</b>
<b>Liabilities</b>					
Insurance contract liabilities	14	902,065	781,305	-	-
Lease liabilities	18	6,105	2,315	3,766	236
Deferred tax liabilities	15	135	572	-	-
Insurance payables	16	73,824	80,559	-	-
Other payables	17	48,539	44,112	2,169	2,456
<b>Total liabilities</b>		<b>1,030,668</b>	<b>908,863</b>	<b>5,935</b>	<b>2,692</b>
<b>Total equity and liabilities</b>		<b>1,751,701</b>	<b>1,606,898</b>	<b>298,066</b>	<b>270,254</b>

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

# Statements of Comprehensive Income

For the financial year ended 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Operating revenue</b>	19	<b>449,278</b>	500,801	<b>41,317</b>	22,627
Gross earned premiums	20(a)	<b>417,420</b>	469,281	-	-
Premiums ceded to reinsurers	20(b)	<b>(227,538)</b>	(214,601)	-	-
<b>Net earned premiums</b>	20	<b>189,882</b>	254,680	-	-
Investment income	21	<b>31,858</b>	31,520	<b>41,317</b>	22,627
Realised gains and losses	22	<b>14,781</b>	3,893	<b>72</b>	2,360
Fair value (losses)/gains		<b>(2,597)</b>	8,416	<b>856</b>	(2,029)
Fees and commission income		<b>28,617</b>	36,929	-	-
Other operating income	23	<b>4,424</b>	1,698	<b>5,174</b>	7,089
<b>Other revenue</b>		<b>77,083</b>	82,456	<b>47,419</b>	30,047
Gross claims paid	24	<b>(154,649)</b>	(307,153)	-	-
Claims ceded to reinsurers	24	<b>91,990</b>	211,010	-	-
Gross change to contract liabilities	24	<b>(162,897)</b>	(14,152)	-	-
Change in contract liabilities ceded to reinsurers	24	<b>164,319</b>	27,940	-	-
<b>Net claims</b>	24	<b>(61,237)</b>	(82,355)	-	-
Fees and commission expense		<b>(51,472)</b>	(76,924)	-	-
Management expenses	25	<b>(121,134)</b>	(119,750)	<b>(21,829)</b>	(25,729)
Other operating expenses	23	<b>(523)</b>	(625)	<b>(189)</b>	(30)
Finance costs	18	<b>(300)</b>	(195)	<b>(192)</b>	(57)
<b>Other expenses</b>		<b>(173,429)</b>	(197,494)	<b>(22,210)</b>	(25,816)
Share of results of an associate	6	<b>(1,889)</b>	3,184	-	-
Share of results of a joint venture company	7	<b>4,269</b>	1,177	-	-
<b>Profit before taxation</b>		<b>34,679</b>	61,648	<b>25,209</b>	4,231
Taxation	27	<b>(6,476)</b>	(3,597)	<b>(22)</b>	(73)
<b>Net profit for the year</b>		<b>28,203</b>	58,051	<b>25,187</b>	4,158

**Statements of Comprehensive Income**

For the financial year ended 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Net profit for the year</b>		<b>28,203</b>	58,051	<b>25,187</b>	4,158
<b>Other comprehensive income:</b>					
<u>Items that will not be subsequently reclassified to profit or loss:</u>					
Share of other comprehensive (loss)/income of an associate	6	<b>(446)</b>	275	-	-
Effect of post-acquisition foreign exchange translation reserve on investment in associate and joint venture company		<b>(1,295)</b>	4,052	-	-
Other comprehensive (loss)/ income for the year		<b>(1,741)</b>	4,327	-	-
<b>Total comprehensive income for the year</b>		<b>26,462</b>	62,378	<b>25,187</b>	4,158
<b>Profit attributable to:</b>					
Owners of the parent		<b>18,391</b>	50,677	<b>25,187</b>	4,158
Non-controlling interests		<b>9,812</b>	7,374	-	-
		<b>28,203</b>	58,051	<b>25,187</b>	4,158
<b>Other comprehensive income attributable to:</b>					
Owners of the parent		<b>(1,741)</b>	4,327	-	-
Non-controlling interests		-	-	-	-
		<b>(1,741)</b>	4,327	-	-
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		<b>16,650</b>	55,004	<b>25,187</b>	4,158
Non-controlling interests		<b>9,812</b>	7,374	-	-
		<b>26,462</b>	62,378	<b>25,187</b>	4,158
<b>Earnings per share attributable to owners of the parent (sen per share)</b>					
Basic and diluted	28	<b>2.45</b>	6.74		

# Statements of Changes in Equity

For the financial year ended 31 December 2020

	Attributable to the owners of the parent									
	Non distributable					Foreign				
	Share capital	OCI reserve	Other share reserve	Employee share option reserves	Foreign currency translation reserves	Distributable retained earnings	Total	Non-controlling interests	Total equity	
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2019</b>	248,519	155	124	4,006	7,157	267,114	527,075	47,614	574,689	
Net profit for the year	-	-	-	-	-	50,677	50,677	7,374	58,051	
Other comprehensive income for the year	-	344	(69)	-	4,052	-	4,327	-	4,327	
Total comprehensive income for the year	-	344	(69)	-	4,052	50,677	55,004	7,374	62,378	
Write-back of equity-settled share options to employees (Note 26)	-	-	-	(529)	-	-	(529)	-	(529)	
Increase in non-controlling interest arising from reduction of interest in subsidiary	-	-	-	-	-	-	-	85,723	85,723	
Dividends on ordinary shares (Note 29)	-	-	-	-	-	(22,553)	(22,553)	-	(22,553)	
Dividends paid to non-controlling interests (Note 5)	-	-	-	-	-	-	-	(1,673)	(1,673)	
<b>At 31 December 2019</b>	248,519	499	55	3,477	11,209	295,238	558,997	139,038	698,035	
<b>At 1 January 2020</b>	248,519	499	55	3,477	11,209	295,238	558,997	139,038	698,035	
Net profit for the year	-	-	-	-	-	18,391	18,391	9,812	28,203	
Other comprehensive loss for the year	-	(586)	140	-	(1,295)	-	(1,741)	-	(1,741)	
Total comprehensive income for the year	-	(586)	140	-	(1,295)	18,391	16,650	9,812	26,462	
Write-back of equity-settled share options to employees (Note 26)	-	-	-	(618)	-	-	(618)	-	(618)	
Dividends paid to non-controlling interests (Note 5)	-	-	-	-	-	-	-	(2,846)	(2,846)	
<b>At 31 December 2020</b>	248,519	(87)	195	2,859	9,914	313,629	575,029	146,004	721,033	

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

**Statements of Changes in Equity**

For the financial year ended 31 December 2020

Company	Share capital RM'000 (Note 13)	Non-distributable Employee share option reserves RM'000	Distributable Retained earnings RM'000	Total equity RM'000
<b>At 1 January 2019</b>	248,519	4,006	33,961	286,486
Total comprehensive income for the year	-	-	4,158	4,158
Dividends on ordinary shares (Note 29)	-	-	(22,553)	(22,553)
Write-back of equity-settled share options to employees (Note 26)	-	(529)	-	(529)
<b>At 31 December 2019</b>	248,519	3,477	15,566	267,562
<b>At 1 January 2020</b>	<b>248,519</b>	<b>3,477</b>	<b>15,566</b>	<b>267,562</b>
Total comprehensive income for the year	-	-	<b>25,187</b>	<b>25,187</b>
Write-back of equity-settled share options to employees (Note 26)	-	<b>(618)</b>	-	<b>(618)</b>
<b>At 31 December 2020</b>	<b>248,519</b>	<b>2,859</b>	<b>40,753</b>	<b>292,131</b>



# Statements of Cash Flows

For the financial year ended 31 December 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Operating activities					
Profit before taxation		34,679	61,648	25,209	4,231
Adjustments for:					
Investment income	21	(31,858)	(31,520)	(41,317)	(22,627)
Net unrealised losses on foreign exchange	23	303	170	31	9
Realised gain on disposal of fair value through profit or loss (“FVTPL”) investments	22	(14,790)	(4,288)	(72)	(2,360)
Fair value losses/(gains) of investments		2,597	(8,416)	(856)	2,029
Losses on disposal of property and equipment	22	9	395	-	-
Depreciation of property and equipment	25	1,587	1,630	270	234
Depreciation of right-of-use assets	25	2,237	2,261	1,475	1,379
Amortisation of intangible assets	25	1,830	1,544	96	178
Write-off of property and equipment	23	12	14	10	2
Write-off of intangible assets	23	-	14	-	10
Allowance for/(write-back of) impairment losses of reinsurance assets	25	2,277	(146)	-	-
Allowance for impairment losses of insurance receivables	25	11,875	1,051	-	-
Allowance for impairment losses of other receivables	23	-	355	-	-
Write-back of equity-settled share options to employees	25(a)	(618)	(529)	(145)	(154)
Income from subleasing right-of-use assets	23	-	-	(1,282)	(1,239)
Finance cost	18	300	195	192	57
COVID-19 related rent concessions	23	(186)	-	(186)	-
Share of results of an associate		1,889	(3,184)	-	-
Share of results of a joint venture company		(4,269)	(1,177)	-	-
Operating profit/(loss) before working capital changes					
		7,874	20,017	(16,575)	(18,251)

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Tune Protect Group Berhad

**Statements of Cash Flows**

For the financial year ended 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Operating activities (cont'd.)</b>					
Reinsurance assets		(143,771)	(31,842)	-	-
Insurance receivables		14,120	27,030	-	-
Other receivables		13,062	28,372	(760)	299
Insurance contract liabilities		120,760	8,750	-	-
Insurance payables		(6,735)	(31,322)	-	-
Other payables		5,228	(2,782)	(629)	(303)
<b>Cash generated from/(used in) operating activities</b>					
		10,538	18,223	(17,964)	(18,255)
Net interest received		16,832	13,815	17	17
Net dividend received		1,004	2,023	40,587	21,097
Net income from subleasing right-of-use assets	23	-	-	1,282	1,239
Rental received	21	-	15	-	-
Income tax paid		(4,407)	(3,829)	(22)	(73)
<b>Net cash generated from operating activities</b>		<b>23,967</b>	<b>30,247</b>	<b>23,900</b>	<b>4,025</b>
<b>Investing activities</b>					
Purchases of FVTPL financial assets		(871,186)	(326,030)	(78,308)	(19,500)
Proceeds from disposal of FVTPL financial assets		855,371	249,586	53,944	41,300
Movement in amortised cost financial assets		(3,633)	838	-	-
Proceeds from disposal of property and equipment		19	3,017	-	55
Purchase of property and equipment	3	(1,248)	(1,500)	(339)	(436)
Purchase of intangible assets	4	(3,349)	(2,122)	(151)	(36)
<b>Net cash (used in)/generated from investing activities</b>		<b>(24,026)</b>	<b>(76,211)</b>	<b>(24,854)</b>	<b>21,383</b>

**Statements of Cash Flows**

For the financial year ended 31 December 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Financing activities</b>					
Payment of principal portion of lease liabilities	18	(2,265)	(2,388)	(1,411)	(1,429)
Cash received from non-controlling interest for units created in subsidiary		-	85,723	-	-
Advances from/(to) subsidiaries		-	-	1,070	(1,545)
Dividends paid to equity holders of the parent		-	(22,553)	-	(22,553)
Dividends paid to non-controlling interests		(2,846)	(1,673)	-	-
<b>Net cash (used in)/generated from financing activities</b>		<b>(5,111)</b>	59,109	<b>(341)</b>	(25,527)
<b>Net (decrease)/increase in cash and cash equivalents</b>					
		<b>(5,170)</b>	13,145	<b>(1,295)</b>	(119)
<b>Effect of exchange rate changes on cash and cash equivalents</b>		<b>(74)</b>	(36)	<b>(31)</b>	(9)
<b>Cash and cash equivalents at beginning of year</b>		<b>39,414</b>	26,304	<b>1,679</b>	1,807
<b>Cash and cash equivalents at end of year</b>		<b>34,170</b>	39,414	<b>353</b>	1,679
<b>Cash and cash equivalents comprise:</b>					
Fixed and call deposits (with original maturities of less than three months) with licensed financial institutions	9(a)	27,728	27,710	-	-
Cash and bank balances		6,442	11,704	353	1,679
		<b>34,170</b>	39,414	<b>353</b>	1,679

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

# Notes to the Financial Statements

For the financial year ended 31 December 2020

## 1. Corporate information

Tune Protect Group 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 principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 5.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiaries during the financial year other than as disclosed in Note 5.

The address of the principal place of business and registered office of the Company is as follows:

Level 9, Wisma Tune  
No. 19, Lorong Dungun  
Damansara Heights  
50490 Kuala Lumpur

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 18 March 2021.

## 2. Significant accounting policies

### 2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) as issued by the Malaysian Accounting Standards Board (“MASB”), International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and the requirements of the Companies Act, 2016 in Malaysia.

At the beginning of the current financial year, the Group and the Company had fully adopted the amended MFRSs as described fully in Note 2.4.

The financial statements of the Group and the Company have been prepared under the historical cost convention, unless otherwise stated in the accounting policies.

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position, only when there is legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense will not be offset in the statements of comprehensive income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Group and of the Company.

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

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 2. Significant accounting policies (cont'd.)

#### 2.2 Basis of consolidation

##### (a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Company's voting rights and potential voting rights.

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

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

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

If the Company loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 2. Significant accounting policies (cont'd.)

#### 2.2 Basis of consolidation

##### (b) Business combinations and goodwill

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. This includes the separation of embedded derivatives from host contracts by the acquiree. No reclassification of insurance contracts is required as part of the accounting for the business combination.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument, and within the scope of MFRS 9 Financial Instruments ("MFRS 9"), is measured at fair value with changes in fair value recognised either in profit or loss or OCI. If the contingent consideration is not within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS. Contingent consideration that is classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

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

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

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



## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 2. Significant accounting policies (cont'd.)

#### 2.3 Summary of significant accounting policies

##### (a) Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of comprehensive income reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the Company and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

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

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss in profit or loss.

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

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 2. Significant accounting policies (cont'd.)

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

##### (b) Property and equipment

Property and equipment includes property occupied by the Group, renovation, furniture, fittings, office equipment, computers and motor vehicles. Property and equipment are stated at cost less accumulated depreciation and any impairment losses. Residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each reporting date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property and equipment. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(f).

The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition for its intended use. Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is charged to profit or loss in the period in which it is incurred. Subsequent costs are included in the asset's carrying amount, or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

Depreciation of property and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over its estimated useful life at the following annual rates:

Leasehold land	over the lease term of 99 years
Buildings	2%
Renovation	10%
Motor vehicles	20%
Furniture, fittings and office equipment	12% - 17%
Computers	25%

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Upon the disposal of an item of property and equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in profit or loss.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

##### (c) 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.

##### **The Group and the Company 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.

**Notes to the Financial Statements**

For the financial year ended 31 December 2020

**2. Significant accounting policies (cont'd.)****2.3 Summary of significant accounting policies (cont'd.)****(c) Leases (cont'd.)****The Group and the Company as lessee (cont'd.)****(i) Right-of-use assets**

The Group and the Company recognise right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets which is between 2 to 5 years for office premises.

If ownership of the leased asset transfers to the Group and the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment, as disclosed in Note 2.3(f).

**(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 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 lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group and the Company use the incremental borrowing rate at the lease commencement date. 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.

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

The Group and the Company apply the short-term lease recognition exemption to its short-term leases of computer and office equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Group and the Company also apply 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.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 2. Significant accounting policies (cont'd.)

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

##### (c) Leases (cont'd.)

##### **The Group and the Company as lessee (cont'd.)**

(iv) During the financial year, the Group and the Company elected to account for COVID-19-related rent concessions that meet all of the following conditions in the same way as they would if they were not lease modifications:

- 1) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- 2) Any reduction in lease payments affects only payments due on or before 30 June 2021; and
- 3) There is no substantive change to other terms and conditions of the lease.

The Group and the Company account for such COVID-19-related rent concessions as a variable lease payment in the period(s) in which the event or condition that triggers the reduced payment occurs.

Until 31 December 2019, the requirements under MFRS 16 stipulated that for a change in accounting of lease payments, other than those arising from a change in amounts expected to be payable under residual value guarantees or in an index or rate used to determine lease payments, depending on whether that change meets the definition of a lease modification.

If a rent concession results from a lease modification, the Group and the Company account for the rent concession as either a new lease or as a remeasurement of an existing lease liability, depending on the criteria set in MFRS 16.

If a rent concession does not result from a lease modification, the Group and the Company account for the rent concession as a variable lease payment in the period(s) in which the event or condition that triggers the reduced payment occurs.

##### **The Group as lessor**

Leases in which the Group and the Company do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statements of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 2. Significant accounting policies (cont'd.)

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

##### (d) Intangible assets

Intangible assets of the Group and the Company consist of digital assets development-in-progress, computer software, agency relationship, customer relationship and digital direct marketing platform. These intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The costs of generating other internally generated intangible assets are classified into whether they arise in a research phase or development phase. Research expenditure is charged to profit or loss in which the expense is incurred whilst development expenditure that meets specified criteria is capitalised at cost.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least once annually at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category that is consistent with the function of the intangible assets.

Digital assets development-in-progress are not amortised until such time that they are ready for their intended use. The acquired intangible assets are amortised using the straight-line method over the following estimated useful lives:

Computer software	4 years
Agency relationship	8 years
Customer relationship	5 years
Digital direct marketing platform	4 years

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss.

##### (e) Investments in subsidiaries

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

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 2. Significant accounting policies (cont'd.)

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

##### (f) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of loss.

For goodwill, the recoverable amount is estimated at each reporting date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs that is expected to benefit from the synergies of the combination.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU is 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 on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and 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. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

##### (g) Investments and financial assets

###### Initial recognition and measurement

Financial instruments are classified, at initial recognition, as financial assets at fair value through profit or loss ("FVTPL") and at amortised cost. Financial instruments are initially recognised at their fair value. Except for financial assets recorded at FVTPL, transaction costs are added to this amount.

The classification depends on the instrument's contractual cash flow terms and the entity's business model for managing the instruments.

Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Group commits to purchase or sell the asset.



## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 2. Significant accounting policies (cont'd.)

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

##### (g) Investments and financial assets (cont'd.)

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

##### Debt instruments measured at amortised cost

Debt instruments are held at amortised cost if both of the following conditions are met:

- (i) The instruments are held within a business model with the objective of holding the instrument to collect the contractual cash flows; and
- (ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The details of these conditions are outlined below.

##### (i) Business model assessment

The Group and the Company determine its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group and the Company hold financial assets to generate returns and provide a capital base to provide for settlement of claims as they arise. The Group and the Company consider the timing, amount and volatility of cash flow requirements to support insurance liability portfolios in determining the business model for the assets as well as the potential to maximise return for shareholders and future business development.

The Group and the Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios that is based on observable factors such as:

- (a) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group and the Company's key management personnel;
- (b) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- (c) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The expected frequency, value and timing of asset sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 2. Significant accounting policies (cont'd.)

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

##### (g) Investments and financial assets (cont'd.)

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

##### (ii) SPPI test

As a second step of its classification process, the Group assesses the contractual terms to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a debt arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

##### Financial assets measured at FVTPL

Financial assets in this category are those that are managed in a fair value business model, or that have been designated by management upon initial recognition, or are mandatorily required to be measured at fair value under MFRS 9. This category includes debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

##### **Subsequent measurement**

##### Debt instruments measured at amortised cost

After initial measurement, debt instruments are measured at amortised cost, using the effective interest rate ("EIR") method, less allowance for impairment. 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. Expected Credit Losses ("ECLs") are recognised in profit or loss when the investments are impaired.

##### Financial assets measured at FVTPL

Financial assets at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit or loss. Interest earned on assets measured at FVTPL is recorded using contractual interest rate. Dividend income from equity instruments measured at FVTPL is recorded in profit or loss when the right to the payment has been established.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 2. Significant accounting policies (cont'd.)

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

##### (g) Investments and financial assets (cont'd.)

###### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- (i) The rights to receive cash flows from the asset have expired; or
- (ii) The Group and the Company have transferred its right 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.

The Group and the Company consider control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group and the Company have neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group and the Company's continuing involvement, in which 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.

##### (h) Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the 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.

At each financial year end, the Group and the Company assess whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition.

In determining whether credit risk on a financial asset has increased significantly since initial recognition, the Group and the Company use external credit ratings and other supporting information to assess deterioration in credit quality of a financial asset. The Group and the Company assess whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For impairment assessment, financial assets are grouped on the basis of similar risk characteristics.

These are the main components to measure ECL which are Probability of Default ("PD"), Exposure at Default ("EAD") and the Loss Given Default ("LGD").

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 2. Significant accounting policies (cont'd.)

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

##### (h) Impairment of financial assets (cont'd.)

###### (i) PD

The Probability of Default is an estimate of the likelihood of default over a given time horizon. It is estimated with consideration of economic scenarios and forward-looking information.

###### (ii) EAD

The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date.

###### (iii) LGD

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive. It is usually expressed as a percentage of the EAD.

The Group and the Company consider past loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions, including any forecasts of future economic conditions, are reviewed regularly.

For insurance and other receivables, the Group and the Company apply the simplified approach in accordance with MFRS 9 Financial Instruments. MFRS 9 includes the requirement or policy choice to apply the simplified approach that does not require the Group and the Company to track changes in credit risk and a practical expedient to calculate ECLs using a provision matrix with the usage of forward looking information.

The carrying amount of a financial asset is reduced through the use of an allowance for impairment loss account and the amount of impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

##### **Write-off**

The gross carrying amount of a financial asset is written off when the Group and Company have no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group makes an assessment with respect to the timing and amount of write off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off.

##### (i) Financial liabilities

##### **Initial recognition and measurement**

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

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

All financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. All financial liabilities of the Group and the Company, comprising insurance payables and other payables except for those covered under MFRS 4 *Insurance Contracts* ("MFRS 4"), are classified as other financial liabilities.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 2. Significant accounting policies (cont'd.)

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

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

###### **Subsequent measurement**

Insurance payables and other payables are subsequently measured at amortised cost using the effective interest rate method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

###### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

##### (j) Insurance receivables

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using the effective interest rate method.

The Group recognises an allowance for ECL for insurance receivables and recognises that impairment loss in profit or loss. These processes are described in Note 2.3(h).

Insurance receivables are derecognised when the derecognition criteria for financial assets, as described in Note 2.3(g), have been met.

##### (k) Insurance payables

Insurance payables are recognised when due and measured on initial recognition at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method.

Insurance payables are derecognised when the obligation under the liability is settled, cancelled or expired.

##### (l) Equity instruments

###### **Ordinary share capital**

The Company has issued ordinary shares that are classified as equity. Incremental external costs that are directly attributable to the issuance of these shares are recognised in equity, net of tax.

###### **Dividends on ordinary share capital**

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders.

Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 2. Significant accounting policies (cont'd.)

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

##### (m) Fair value measurement

The Group and the Company measure certain financial instruments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible 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 interests.

The 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:

- Level 1      Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2      Valuation techniques for which all inputs that are significant to the fair value measurement are directly or indirectly observable
- Level 3      Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group 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.

For investments in unit trust funds and collective investment schemes, fair value is determined by reference to published net asset values.

The fair values of floating rate over-night deposits with financial institutions is their carrying value. The carrying value is the cost of the deposit/placements.

The fair values of Malaysian Government Securities, Cagamas Papers and unquoted corporate bonds are determined by reference to Bond Pricing Agency Malaysia.



## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 2. Significant accounting policies (cont'd.)

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

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions Note 37
- Quantitative disclosures of fair value measurement hierarchy Note 37
- Financial instruments (including those carried at amortised cost) Notes 9 & 37

##### (n) Product classification

The Group currently only issues contracts that transfer insurance risk.

Insurance contracts are those contracts that transfer significant insurance risk. An insurance contract is a contract under which the Group (the insurer/reinsurer) has accepted significant insurance risk from another party (the policyholders/cedants) by agreeing to compensate the policyholders/cedants if a specified uncertain future event (the insured event) adversely affects the policyholders/cedants. As a general guideline, the Group determines whether it has accepted significant insurance risk, by comparing claims paid with claims payable if the insured event did not occur.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during the period, unless all rights and obligations are extinguished or expired.

When insurance contracts contain both a financial risk component and a significant insurance risk component and the cash flows from the two components are distinct and can be measured reliably, the underlying amounts are unbundled. Any premiums relating to the insurance risk component are accounted for on the same bases as insurance contracts and the remaining element is accounted for as a deposit through the statements of financial position similar to investment contracts.

Investment contracts are those contracts that do not transfer significant insurance risk.

##### (o) Reinsurance

The Group assumes reinsurance risk in the normal course of business for non-life insurance contracts when applicable.

Premiums and claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 2. Significant accounting policies (cont'd.)

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

##### (o) Reinsurance (cont'd.)

The Group also cedes insurance risk in the normal course of business for all of its business. Reinsurance assets represent balances due from reinsurance companies in relation to unsettled insurance contract liabilities as at the reporting date. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision associated with the reinsurer's policies and are in accordance with the related reinsurance contracts.

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expired or when the contract is transferred to another party.

Reinsurance contracts that do not transfer significant insurance risk are accounted for directly through the statements of financial position. These are deposit assets or financial liabilities that are recognised based on the consideration paid or received less any explicit identified premiums or fees to be retained by the reinsured. Investment income on these contracts is accounted for using the effective interest rate method when accrued.

Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders. Premiums and claims are presented on gross basis for both ceded and assumed reinsurance.

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting period. Impairment is recognised when there is objective evidence as a result of an event that occurs after initial recognition of the reinsurance asset that the Group may not receive all outstanding amounts due under the terms of contract and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer. The impairment loss is recorded in profit or loss.

##### (p) General insurance/reinsurance underwriting results

The general insurance/reinsurance underwriting results are determined after taking into account premiums, movements in premium liabilities and claim liabilities and commissions.

##### (i) Gross premiums

Gross premiums are recognised as income in a financial period in respect of risks assumed during that particular financial period.

Inward facultative reinsurance premiums are recognised in the financial period in respect of the facultative risks assumed during that particular financial period, as in the case of direct policies, following the individual risks' inception dates.

In respect of inward treaty reinsurance premiums relating to proportional treaties, it is recognised on the basis of periodic advices received from the cedants, given that the periodic advices reflect the individual underlying risks being incepted and reinsured at various inception dates of these risks and are contractually accounted for, as such, to reinsurers under the terms of the proportional treaties.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 2. Significant accounting policies (cont'd.)

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

##### (p) General insurance/reinsurance underwriting results (cont'd.)

##### (ii) Premium liabilities

Premium liabilities represent the insurance/reinsurance subsidiaries' future obligations on insurance contracts as represented by premiums received for risks that have not yet expired. The movement in premium liabilities is released over the term of the insurance contracts and is recognised as premium income.

Premium liabilities are reported at the higher of the aggregate of the unearned premium reserves ("UPR") for all lines of business or the best estimate value of the insurance/reinsurance subsidiaries' unexpired risk reserves ("URR") at the end of the financial period and a Provision of Risk Margin for Adverse Deviation ("PRAD") calculated at a 75% confidence level.

##### (a) Unexpired risk reserves

The URR is a prospective estimate of the expected future payments arising from future events insured under policies in force as at the end of the financial year and also includes allowance for expenses, including overheads and cost of reinsurance, expected to be incurred during the unexpired period in administering these policies and settling the relevant claims, and expected future premium refunds.

URR is estimated via an actuarial valuation performed by a qualified actuary, using a mathematical method of estimation similar to Incurred But Not Reported ("IBNR") claims.

##### (b) Unearned premium reserves

UPR represent the portion of the net premiums of insurance policies written that relate to the unexpired periods of the policies at the end of the financial period.

In determining UPR at the reporting date, the method that most accurately reflects the actual unearned premium used is as follows:

- 25% method for marine, aviation cargo and transit business
- 1/24<sup>th</sup> method for all other classes of Malaysian policies reduced by the corresponding percentage of accounted gross direct business commissions and agency-related expenses not exceeding the limits specified by BNM as follows:

Motor	10%
Fire, engineering, aviation and marine hull	15%
Medical and health	
- Standalone individuals	15%
- Group of 3 or more	10%
Workmen's compensation and employers' liability	
- Foreign workers	10%
- Other workers	25%
- Employers' Liability	25%
Other classes	25%

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 2. Significant accounting policies (cont'd.)

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

##### (p) General insurance/reinsurance underwriting results (cont'd.)

##### (ii) Premium liabilities (cont'd.)

##### (b) Unearned premium reserves (cont'd.)

- 1/8<sup>th</sup> method for all other classes of overseas inward treaty business with a deduction of 20% for commission
- Non-annual policies are time apportioned over the period of the risks

The UPR for the travel insurance risk assumed by the insurance and reinsurance subsidiaries are computed using the 1/365<sup>th</sup> method that best reflects the actual liability at reporting date.

##### (iii) Claim liabilities

Claim liabilities are recognised as the obligation to make future payments in relation to all claims that have been incurred as at the end of the financial year. The value is the best estimate value of claim liabilities which includes provision for claims reported, claims incurred but not enough reserved ("IBNER"), IBNR claims and direct and indirect claim-related expenses as well as a PRAD at a 75% confidence level. These are based on an actuarial valuation by a qualified actuary, using a mathematical method of estimation based on, among others, actual claims development patterns.

##### (iv) Liability adequacy test

At each reporting date, the insurance/reinsurance subsidiaries review all insurance contract liabilities to ensure that the carrying amount of the liabilities is sufficient or adequate to cover the obligations of the Group, contractual or otherwise, with respect to insurance contracts issued. In performing this review, the Group compares all contractual cash flows against the carrying value of insurance contract liabilities. Any deficiency is recognised in profit or loss.

The estimation of claim and premium liabilities performed at reporting date is part of the liability adequacy tests performed by the insurance/reinsurance subsidiaries.

##### (v) Acquisition cost

The gross costs of acquiring and renewing insurance/reinsurance policies and income derived from ceding reinsurance premiums are recognised as incurred and properly allocated to the periods in which it is probable they give rise to income.

##### (q) Other revenue recognition

Other revenue is recognised when control of the goods or the services or performance obligations are transferred to the customer at an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

##### Rental income

Rental income is recognised on a straight line basis over the lease term in accordance with the substance of the relevant agreements.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 2. Significant accounting policies (cont'd.)

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

##### (q) Other revenue recognition (cont'd.)

###### Interest income

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

###### Dividend income

Dividend income is recognised on a declared basis when the shareholders' right to receive payment is established.

###### Realised gains and losses on investments

Realised gains and losses recorded in profit or loss include gains and losses on financial assets. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original, revalued or amortised cost and are recorded on occurrence of the sale transaction.

###### Fees and commission income

Fees and commission income derived from reinsurers in the course of cession of premiums to reinsurers are charged to profit or loss in the period in which they are earned.

###### Management fees income

Management fees income from subsidiaries are recognised when services are rendered, based on retainer fees and time cost on an accrual basis.

##### (r) Income tax

Income tax expense for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current income tax relating to items recognised directly in equity is recognised in equity and not in the profit or loss.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised as income or an expense and included in profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity.

Labuan income tax represents the amount payable in respect of the chargeable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 2. Significant accounting policies (cont'd.)

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

##### (s) Provisions

Provisions are recognised when the Group and the Company have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made of the obligation. When the Group and the Company expect some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when 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.

##### (t) Employee benefits

###### 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. 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.

###### Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in profit or loss as incurred. As required by law, the Group and the Company make such contributions to the Employees Provident Fund ("EPF").

###### Staff retirement benefits

Provision for retirement benefits is made for all eligible staff in the Group from the date of employment under an unfunded defined contribution plan. For eligible executive staff, gratuity is calculated based on the last drawn monthly salary of an employee multiplied by years of service up to a maximum of 15 years. For eligible clerical staff, an additional 3% over and above the Group's and the Company's monthly statutory EPF contribution is provided. The staff will be entitled to this gratuity upon completion of 5 years of service in the Group.

Other staff are entitled to additional EPF contribution between 1% to 5% over the Group's and the Company's monthly statutory EPF contribution rate after completion of 1 year of service. This benefit is charged to profit or loss as incurred.

**Notes to the Financial Statements**

For the financial year ended 31 December 2020

**2. Significant accounting policies (cont'd.)****2.3 Summary of significant accounting policies (cont'd.)****(t) Employee benefits (cont'd.)****Share-based compensation - Employee Share Option Scheme ("ESOS")**

The ESOS is an equity-settled share-based compensation plan that allows the Group's employees to acquire shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost or amounts due from subsidiaries, with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest.

The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each reporting date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in profit or loss and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve.

The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. The share option reserve is transferred to retained earnings upon expiry of the share options.

**(u) Foreign currencies****(i) Functional and presentation currency**

The financial statements of the Group and the Company are recorded using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

**(ii) Foreign currency transactions**

In preparing the financial statements of the Group and the Company, transactions in currencies other than the Group's and the Company's functional currencies 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.

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.

**(v) Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and deposits held at call with financial institutions with original maturities of three months or less.



## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 2. Significant accounting policies (cont'd.)

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

##### (w) Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separately from equity attributable to owners of the Company.

Changes in the ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

#### 2.4 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except with respect to the following Amendments to Standards which are mandatory for annual financial periods beginning on or after 1 January 2020 and which were adopted by the Group and the Company on 1 January 2020.

- Amendments to MFRS 3 *Definition of a Business*
- Amendments to MFRS 101 *Definition of Material* and Amendments to MFRS 108 *Definition of Material*
- Amendments to References to the Conceptual Framework in MFRS Standards
- Amendments to MFRS 9 and MFRS 7 *Interest Rate Benchmark Reform*

The adoption of the above pronouncements did not have any material impact on the financial statements of the Group or the Company.

The Group and the Company have early adopted the Amendments to MFRS 16 *Leases* (COVID-19-related rent concession) for the first time in its annual financial statements ended 31 December 2020, with the date of initial application of 1 January 2020.

In accordance with the transitional provisions provided in the Amendments to MFRS 16, the comparative information for 2019 was not restated and continued to be reported under the previous accounting policies in accordance with the lease modification principles under MFRS 16. The accounting policies on lessee accounting for rent concessions are disclosed in Note 2.3(c). The effects of the changes are disclosed in Note 18.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 2. Significant accounting policies (cont'd.)

#### 2.5 Standards issued but not yet effective

The following are Standards and Amendments to Standards issued by the Malaysian Accounting Standards Board ("MASB"), but not yet effective, up to the date of issuance of the Group's and the Company's financial statements. The Group and the Company intend to adopt these Standards and Amendments to Standards, if applicable, when they become effective:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 <i>Interest Rate Benchmark Reform</i>	1 January 2021
Annual Improvements to MFRS Standards 2018–2020	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment—Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts—Cost of Fulfilling a Contract)</i>	1 January 2022
Amendments to MFRS 3 <i>Business Combinations Reference to the Conceptual Framework</i>	1 January 2022
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 10 <i>Consolidated Financial Statements</i> and MFRS 128 <i>Investment in Associates and Joint Ventures</i>	To be announced by MASB

The directors expect that the adoption of the above pronouncements will have no material impact to the financial statements of the Group and the Company in the period of initial application except for that discussed below:

#### MFRS 17 *Insurance Contracts* and Amendments to MFRS 17

On 15 August 2017, MASB issued MFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, MFRS 17 will replace MFRS 4 *Insurance Contracts* that was issued in 2011. MFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of MFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in MFRS 4, which are largely based on grandfathering previous local accounting policies, MFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of MFRS 17 is the general model, supplemented by:

- (i) A specific adaptation for contracts with direct participation features (the variable fee approach) which is not applicable to the Group's insurance contracts; and
- (ii) A simplified approach (the premium allocation approach) mainly for short-duration contracts.

Based on the Amendments to MFRS 17, the standard is effective for reporting periods beginning on or after 1 January 2023, with the option to apply a full retrospective, modified retrospective or fair value approach on transition. Early application is permitted, as the Group and the Company have applied MFRS 9 and MFRS 15 before the date it first applies MFRS 17.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 2. Significant accounting policies (cont'd.)

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

The Group has completed the assessment of the operational impacts of adopting MFRS 17 and are in the midst of implementing the relevant systems solution, architecture and processes in the upcoming financial years.

#### 2.6 Significant accounting judgements, estimates and assumptions

##### (a) Critical judgements made in applying accounting policies

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. These are areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. The Group and the Company have not applied any significant judgements in preparing the financial statements.

##### (b) Key sources of estimation uncertainty and assumptions

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

##### Uncertainty in accounting estimates for general insurance/reinsurance business (Note 14)

The principal uncertainty in the insurance/reinsurance subsidiaries' general insurance/reinsurance business arises from the technical provisions which include the premium liabilities and claim liabilities. The premium liabilities comprise unearned premium reserves, unexpired risk reserves and provision for risk margin for adverse deviation while claim liabilities comprise provision for outstanding claims, IBNR and direct and indirect claim-related expenses as well as a PRAD at 75% confidence level.

Generally, premium and claim liabilities are determined based upon previous claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Particularly relevant is past experience with similar cases, historical claims development trends, legislative changes, judicial decisions and economic conditions. It is certain that actual future premium and claim liabilities will not exactly develop as projected and may vary from the Group's projections.

The estimates of premium and claim liabilities are therefore sensitive to various factors and uncertainties. The establishment of technical provisions is an inherently uncertain process and, as a consequence of this uncertainty, the eventual settlement of premiums and claims liabilities may vary from the initial estimates.

There may be significant reporting lags between the occurrence of an insured event and the time it is actually reported to the insurance/reinsurance subsidiaries. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude of the claim.

There are many factors that will determine the level of uncertainty such as inflation, inconsistent judicial interpretations, legislative changes and claims handling procedures.

At each reporting date, these estimates are reassessed for adequacy and changes will be reflected as adjustments to the liability.

Note 34(b) provides a sensitivity analysis on the effects of changes in key assumptions on the carrying value of insurance contract liabilities as well as the consequential impacts to profit or loss and equity.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

## 3. Property and equipment

Group	Property			Furniture, fittings, office equipment and computers		Total
	Leasehold land RM'000	Building on leasehold land RM'000	Renovation RM'000	Motor vehicles RM'000	RM'000	
<b>Cost</b>						
At 31 December 2018	1,237	2,210	2,205	472	9,579	15,703
Additions	-	-	193	648	659	1,500
Disposals	(1,237)	(2,210)	(2)	(441)	(411)	(4,301)
Written off	-	-	(12)	-	(319)	(331)
At 31 December 2019	-	-	2,384	679	9,508	12,571
Additions	-	-	67	-	1,181	1,248
Disposals	-	-	-	-	(53)	(53)
Written off	-	-	-	-	(72)	(72)
At 31 December 2020	-	-	2,451	679	10,564	13,694
<b>Accumulated depreciation</b>						
At 31 December 2018	90	177	870	212	6,516	7,865
Charge for the year (Note 25)	15	20	274	108	1,213	1,630
Disposals	(105)	(197)	-	(238)	(349)	(889)
Written off	-	-	(5)	-	(312)	(317)
At 31 December 2019	-	-	1,139	82	7,068	8,289
Charge for the year (Note 25)	-	-	282	248	1,057	1,587
Disposals	-	-	-	-	(25)	(25)
Written off	-	-	-	-	(60)	(60)
At 31 December 2020	-	-	1,421	330	8,040	9,791
<b>Net carrying amount</b>						
At 31 December 2019	-	-	1,245	597	2,440	4,282
At 31 December 2020	-	-	1,030	349	2,524	3,903

**Notes to the Financial Statements**

For the financial year ended 31 December 2020

**3. Property and equipment (cont'd.)**

	Motor vehicles RM'000	Renovation RM'000	Furniture, fittings, office equipment and computers RM'000	Total RM'000
<b>Company</b>				
<b>Cost</b>				
At 31 December 2018	-	452	2,012	2,464
Additions	305	15	116	436
Disposals	-	(2)	(128)	(130)
Written off	-	-	(10)	(10)
At 31 December 2019	305	465	1,990	2,760
Additions	-	-	339	339
Written off	-	-	(13)	(13)
At 31 December 2020	305	465	2,316	3,086
<b>Accumulated depreciation</b>				
At 31 December 2018	-	112	1,665	1,777
Charge for the year (Note 25)	59	44	131	234
Disposals	-	(2)	(73)	(75)
Written off	-	-	(8)	(8)
At 31 December 2019	59	154	1,715	1,928
Charge for the year (Note 25)	102	44	124	270
Written off	-	-	(3)	(3)
At 31 December 2020	161	198	1,836	2,195
<b>Net carrying amount</b>				
At 31 December 2019	246	311	275	832
At 31 December 2020	144	267	480	891

**Notes to the Financial Statements**

For the financial year ended 31 December 2020

**4. Intangible assets**

	Digital assets development- in-progress RM'000	Computer software RM'000	Agency relationship RM'000	Customer relationship RM'000	Digital direct marketing platform RM'000	Total RM'000
<b>Group</b>						
<b>Cost</b>						
At 31 December 2018	1,138	6,749	3,100	2,500	564	14,051
Additions	1,218	904	-	-	-	2,122
Written off	-	(118)	-	-	-	(118)
At 31 December 2019	2,356	7,535	3,100	2,500	564	16,055
Additions	824	2,525	-	-	-	3,349
Reclassification	(3,180)	3,180	-	-	-	-
At 31 December 2020	-	13,240	3,100	2,500	564	19,404
<b>Accumulated amortisation</b>						
At 31 December 2018	-	4,663	2,554	2,500	496	10,213
Amortisation for the year (Note 25)	-	1,088	388	-	68	1,544
Written off	-	(104)	-	-	-	(104)
At 31 December 2019	-	5,647	2,942	2,500	564	11,653
Amortisation for the year (Note 25)	-	1,672	158	-	-	1,830
At 31 December 2020	-	7,319	3,100	2,500	564	13,483
<b>Net carrying amount</b>						
At 31 December 2019	2,356	1,888	158	-	-	4,402
At 31 December 2020	-	5,921	-	-	-	5,921

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Tune Protect Group Berhad

**Notes to the Financial Statements**

For the financial year ended 31 December 2020

**4. Intangible assets**

	Computer software RM'000	Digital direct marketing platform RM'000	Total RM'000
<b>Company</b>			
<b>Cost</b>			
At 31 December 2018	852	564	1,416
Additions	36	-	36
Written off	(78)	-	(78)
At 31 December 2019	810	564	1,374
Additions	151	-	151
At 31 December 2020	961	564	1,525
<b>Accumulated amortisation</b>			
At 31 December 2018	566	496	1,062
Amortisation for the year (Note 25)	110	68	178
Written off	(68)	-	(68)
At 31 December 2019	608	564	1,172
Amortisation for the year (Note 25)	96	-	96
At 31 December 2020	704	564	1,268
<b>Net carrying amount</b>			
At 31 December 2019	202	-	202
At 31 December 2020	257	-	257

**5. Investments in subsidiaries**

	<b>Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares, at cost:		
At 1 January/ 31 December	<b>179,128</b>	179,128



## Notes to the Financial Statements

For the financial year ended 31 December 2020

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

All subsidiaries are incorporated/established in Malaysia/Federal Territory of Labuan. Details of the subsidiaries are as follows:

Name of Company/Fund	Principal activities	% of ownership interest held by the Group		% of ownership held by non-controlling interest	
		2020 %	2019 %	2020 %	2019 %
Held by the Company:					
Tune Protect Re Ltd (“TPR”)	Underwriting of general reinsurance and retakaful window	100.00	100.00	-	-
Tune Insurance Malaysia Berhad (“TIMB”)	Underwriting of general insurance business	83.26	83.26	16.74	16.74
Tune Direct Ltd (“TDL”)	Consultant, facilitator and provider of digital and technology services and investment holding company	100.00	100.00	-	-
Held through subsidiaries:					
TDL:					
White Label Sdn Bhd (“WL”)	Business of trading and providing services including, but not limited to, providing digital and technology solutions, consultancy and/or facilitation services	100.00	100.00	-	-
TIMB and TPR:					
Affin Hwang Income Fund I *	Investment in fixed income securities and money market placements	53.81	67.06	46.19	32.94

\* Audited by a firm of Chartered Accountants other than Ernst & Young PLT.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

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

#### Material partly-owned subsidiaries

Financial information of the subsidiaries that have material non-controlling interests are provided below:

Name of subsidiaries	Country of incorporation and operation	Proportion of equity interest held by non-controlling interests	
		2020 %	2019 %
Tune Insurance Malaysia Berhad	Malaysia	16.74	16.74
Affin Hwang Income Fund I	Malaysia	46.19	32.94

	2020 RM'000	2019 RM'000
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#### Accumulated balances of material non-controlling interests:

Tune Insurance Malaysia Berhad	52,703	51,232
Affin Hwang Income Fund I	93,293	87,780

#### Profit allocated to material non-controlling interests:

Tune Insurance Malaysia Berhad	4,317	5,711
Affin Hwang Income Fund I	5,516	2,056

The summarised financial information of the subsidiaries that have material non-controlling interests are provided below. These information are based on amounts before any eliminations between entities.

	Affin Hwang Income Fund I		Tune Insurance Malaysia Berhad	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000

#### Summarised statements of comprehensive income:

<b>Operating revenue</b>	<b>11,030</b>	9,591	<b>384,738</b>	419,033
Gross earned premiums	-	-	<b>362,376</b>	396,431
Premiums ceded to reinsurers	-	-	<b>(231,900)</b>	(237,921)
<b>Net earned premiums</b>	<b>-</b>	-	<b>130,476</b>	158,510
Investment income	<b>11,030</b>	9,591	<b>22,362</b>	22,602
Realised gains and losses	<b>5,054</b>	821	<b>14,608</b>	3,288
Fair value gains and losses	<b>1,485</b>	4,381	<b>(6,711)</b>	10,014
Fees and commission income	-	-	<b>29,814</b>	43,366
Other operating income	-	105	<b>2,948</b>	1,239
<b>Other revenue</b>	<b>17,569</b>	14,898	<b>63,021</b>	80,509

## Notes to the Financial Statements

For the financial year ended 31 December 2020

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

#### Material partly-owned subsidiaries (cont'd.)

The summarised financial information of the subsidiaries that have material non-controlling interests are provided below. These information are based on amounts before any eliminations between entities. (cont'd.)

	Affin Hwang Income Fund I		Tune Insurance Malaysia Berhad	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>Summarised statements of comprehensive income: (cont'd.)</b>				
Gross claims paid	-	-	(152,876)	(305,093)
Claims ceded to reinsurers	-	-	92,533	213,860
Gross change to contract liabilities	-	-	(165,450)	(14,119)
Change in contract liabilities ceded to reinsurers	-	-	170,116	28,760
<b>Net claims</b>	-	-	<b>(55,677)</b>	<b>(76,592)</b>
Fee and commission expense	-	-	(33,178)	(49,660)
Management expenses	(1,370)	(1,691)	(72,498)	(75,279)
Other operating expenses	-	-	(49)	(68)
Finance cost	-	-	(236)	(181)
<b>Other expenses</b>	<b>(1,370)</b>	<b>(1,691)</b>	<b>(105,961)</b>	<b>(125,188)</b>
<b>Profit before taxation</b>	<b>16,199</b>	<b>13,207</b>	<b>31,859</b>	<b>37,239</b>
Taxation	-	-	(6,072)	(3,122)
<b>Net profit for the year</b>	<b>16,199</b>	<b>13,207</b>	<b>25,787</b>	<b>34,117</b>
<b>Total comprehensive income</b>	<b>16,199</b>	<b>13,207</b>	<b>25,787</b>	<b>34,117</b>
Attributable to non-controlling interests	5,516	2,056	4,317	5,711
Dividends paid to non-controlling interests	-	-	2,846	1,673

## Notes to the Financial Statements

For the financial year ended 31 December 2020

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

#### Material partly-owned subsidiaries (cont'd.)

The summarised financial information of the subsidiaries that have material non-controlling interests are provided below. These information are based on amounts before any eliminations between entities. (cont'd.)

	Affin Hwang Income Fund I		Tune Insurance Malaysia Berhad	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>Summarised statements of financial position as at 31 December:</b>				
Property and equipment	-	-	2,721	3,239
Intangible assets	-	-	2,209	1,384
Rights-of-use assets	-	-	4,441	2,145
Investments	202,777	266,442	520,875	514,519
Reinsurance assets	-	-	627,107	482,564
Insurance receivables	-	-	78,238	96,824
Other receivables	-	-	51,315	54,796
Tax recoverable	-	-	26,341	28,941
Cash and bank balances	36	1,257	4,235	7,166
Deferred tax assets	-	-	1,337	1,644
Insurance contract liabilities	-	-	(895,201)	(769,558)
Insurance payables	-	-	(72,089)	(82,866)
Lease liabilities	-	-	(4,570)	(2,211)
Other payables	(826)	(1,269)	(32,091)	(32,502)
Net assets	201,987	266,430	314,868	306,085
Attributable to:				
Equity holders of the parent	108,694	178,650	262,165	254,853
Non-controlling interests	93,293	87,780	52,703	51,232
	201,987	266,430	314,868	306,085

#### Summarised cash flow information for the year ended 31 December:

Operating activities	80,412	(100,665)	17,121	5,426
Investing activities	-	-	(4,188)	19,427
Financing activities	(80,643)	92,990	(18,786)	(12,023)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(231)</b>	<b>(7,675)</b>	<b>(5,853)</b>	<b>12,830</b>

## Notes to the Financial Statements

For the financial year ended 31 December 2020

## 6. Investment in an associate

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	40,955	40,955	40,955	40,955
Share of post-acquisition reserves	10,629	13,968	-	-
	51,584	54,923	40,955	40,955
Exchange differences	10,016	11,222	-	-
	61,600	66,145	40,955	40,955

The associate is incorporated in Thailand. Other details are as follows:

Name of associate	Principal activities	% of ownership interest held by the Group	
		2020	2019
Tune Insurance Public Company Limited ("TIPCL")	Underwriting of general insurance	49.00	49.00

The financial statements of the associate as at financial year end are coterminous with those of the Group, and were audited by a firm of chartered accountants affiliated to Ernst & Young PLT, Malaysia.

The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	2020	2019
	RM'000	RM'000
<b>Summarised statement of comprehensive income:</b>		
Net earned premiums	14,131	19,755
Commissions and brokerages income	17,299	12,103
<b>Total underwriting income</b>	<b>31,430</b>	<b>31,858</b>
Underwriting expenses	(21,333)	(18,778)
Operating expenses	(16,491)	(10,949)
<b>Total underwriting expenses</b>	<b>(37,824)</b>	<b>(29,727)</b>
Investment income	991	2,498
Other income	681	2,731
<b>Total other revenue</b>	<b>1,672</b>	<b>5,229</b>
Other expenses	-	-
<b>(Loss)/profit before taxation</b>	<b>(4,722)</b>	<b>7,360</b>
Taxation	867	(862)
<b>Net (loss)/profit for the year</b>	<b>(3,855)</b>	<b>6,498</b>

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 6. Investment in an associate (cont'd.)

The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group, is as follows: (cont'd.)

	2020 RM'000	2019 RM'000
<b>Summarised statement of comprehensive income: (cont'd.)</b>		
<b>Net (loss)/profit for the year</b>	<b>(3,855)</b>	6,498
Group's share of (loss)/profit for the financial year	(1,889)	3,184
Group's share of other comprehensive income	140	(69)
Group's share of (loss)/gain on fair value changes of FVOCI investments	(586)	344
	(446)	275
<b>Group's share of total comprehensive (loss)/income for the financial year</b>	<b>(2,335)</b>	3,459
<b>Summarised statement of financial position as at 31 December:</b>		
<b>Assets</b>		
Property and equipment	1,812	2,156
Intangible assets	45	68
Right-of-use assets	869	1,928
Investments	123,190	113,702
Deferred tax assets	2,101	727
Reinsurance assets	50,262	20,201
Insurance receivables	13,803	10,936
Other receivables	4,019	4,366
Cash and bank balances	5,844	12,002
	201,945	166,086
<b>Liabilities</b>		
Insurance contract liabilities	63,725	28,506
Insurance payables	28,178	16,613
Lease liabilities	2,812	2,054
Other payables	11,701	13,721
Retirement benefits	1,293	1,678
	107,709	62,572
<b>Net assets of an associate</b>	<b>94,236</b>	103,514
Proportion of the Group's ownership interest in an associate	49%	49%
Share of net assets of the associate	46,176	50,721
Add: Goodwill	15,424	15,424
<b>Carrying amount of interest in an associate as at 31 December</b>	<b>61,600</b>	66,145

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 7. Investment in a joint venture company

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unquoted shares, at cost	433	433	433	433
Share of post-acquisition reserves	7,112	2,843	-	-
	7,545	3,276	433	433
Exchange differences	(102)	(13)	-	-
	7,443	3,263	433	433

The joint venture company is incorporated in Dubai, United Arab Emirates. Other details are as follows:

Name of joint venture company	Principal activities	% of ownership interest held by the Group	
		2020	2019
Tune Protect Commercial Brokerage LLC ("TPCBLLC")	Facilitator of online insurance	49.00	49.00

The financial statements of the above joint venture company is coterminous with those of the Group, and were audited by a firm of chartered accountants other than Ernst & Young PLT.

The summarised financial information of the joint venture, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	2020 RM'000	2019 RM'000
<b>Summarised statement of comprehensive income:</b>		
Fees and commission income	13,607	6,330
Management expenses	(4,894)	(3,927)
<b>Profit before taxation</b>	<b>8,713</b>	<b>2,403</b>
Taxation	-	-
<b>Net profit for the year</b>	<b>8,713</b>	<b>2,403</b>
<b>Group's share of profits for the financial year</b>	<b>4,269</b>	<b>1,177</b>



## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 7. Investment in a joint venture company (cont'd.)

The summarised financial information of the joint venture, not adjusted for the proportion of ownership interest held by the Group, is as follows: (cont'd.)

	2020 RM'000	2019 RM'000
<b>Summarised statement of financial position as at 31 December:</b>		
<b>Assets</b>		
Property and equipment	15	15
Trade and other receivables	12,982	4,363
Cash and bank balances	3,854	3,138
	<b>16,851</b>	<b>7,516</b>
<b>Liabilities</b>		
Trade payables	1,662	857
<b>Net assets of the joint venture</b>	<b>15,189</b>	<b>6,659</b>
Proportion of the Group's ownership interest in joint venture	49%	49%
<b>Carrying amount of interest in joint venture as at 31 December</b>	<b>7,443</b>	<b>3,263</b>

### 8. Goodwill

	Group 2020 RM'000	2019 RM'000
At 1 January/31 December	24,165	24,165

The goodwill arose from the acquisition of TIMB on 23 May 2012.

Goodwill is allocated to the Group's CGU which is expected to benefit from the synergies of the acquisition. The recoverable amount of the CGU is assessed based on its value-in-use and compared to the carrying value of the CGU to determine whether any impairment exists. Impairment is recognised in profit or loss if the carrying amount of the CGU exceeds its recoverable amount.

The value-in-use calculations are derived from discounted cash flow projections prepared and approved by management, covering a five-year period.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 8. Goodwill (cont'd.)

The key assumptions for the computation of value-in-use are as follows:

- (i) The growth in gross written premium is expected to be at an average of 11% per annum;
- (ii) The retention ratio and net claims incurred ratio are estimated to be approximately 41% - 58% and 45% - 50% per annum respectively;
- (iii) The discount rate applied is the internal weighted average cost of capital of TIMB at the time of the assessment, which is estimated to be 9.21% per annum (pre-tax discount rate of 12.12% per annum); and
- (iv) Terminal value cash flow growth rate is 3.0%, which is consistent with the Gross Domestic Product rate.

Management believes that reasonably possible changes in any of the above key assumptions would not cause the carrying value of the CGU to exceed its recoverable amount. Accordingly, there is no evidence of impairment of goodwill as at the financial year end.

### 9. Investments

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Debt securities	210,400	274,845	-	-
Equity securities	-	2,986	-	-
Unit trust funds	576,143	473,032	66,219	40,213
Loans receivable	157	168	-	-
Fixed and call deposits with licensed financial institutions	36,888	35,176	-	-
	<b>823,588</b>	<b>786,207</b>	<b>66,219</b>	<b>40,213</b>

The Group's and Company's financial investments are summarised by categories as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Amortised cost (Note 9 (a))	37,045	35,344	-	-
Financial assets at FVTPL (Note 9 (b))	786,543	750,863	66,219	40,213
	<b>823,588</b>	<b>786,207</b>	<b>66,219</b>	<b>40,213</b>

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 9. Investments (cont'd.)

The Group's and Company's financial investments are summarised by categories as follows: (cont'd.)

#### (a) Amortised cost

	Group	
	2020 RM'000	2019 RM'000
Fixed and call deposits with licensed financial institutions	36,888	35,176
Loans receivable:		
Staff mortgage loans	154	164
Other unsecured staff loans	3	4
	157	168
	<b>37,045</b>	<b>35,344</b>

Included in fixed and call deposits with licensed financial institutions of the Group are short term deposits with original maturity periods of less than 3 months amounting to RM27,728,000 (2019: RM27,710,000) which have been classified as cash and cash equivalents for the purpose of the statements of cash flows.

Included in deposits and placements of the Group is an amount of RM8,348,000 (2019: RM7,006,000) representing placements of deposits received from insureds as collateral for bond guarantees granted by the insurance subsidiary company to third parties.

The carrying value of the fixed and call deposits approximates fair value due to the relatively short term maturities.

The carrying value of the staff mortgage loans and other staff loans are reasonable approximations of fair value due to the insignificant impact of discounting.

#### (b) Financial assets at FVTPL

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>At fair value:</b>				
<b>Mandatorily measured</b>				
Unquoted debt securities in Malaysia	210,400	274,845	-	-
Quoted unit trust funds in Malaysia	576,143	473,032	66,219	40,213
Unquoted equity securities outside Malaysia (i)	-	2,986	-	-
	<b>786,543</b>	<b>750,863</b>	<b>66,219</b>	<b>40,213</b>

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 9. Investments (cont'd.)

The Group's and Company's financial investments are summarised by categories as follows: (cont'd.)

#### (b) Financial assets at FVTPL (cont'd.)

	Group	
	2020	2019
	RM'000	RM'000
<u>(i) Movement of unquoted equity securities</u>		
At beginning of the year	2,986	2,673
Disposal during the year	(2,986)	-
Fair value gains	-	313
At end of the year	-	2,986

On 9 January 2020, the Group via its wholly-owned subsidiary, Tune Direct Ltd had entered into a Share Purchase Agreement with third parties for the proposed disposal of TDL's entire equity interest in Laka Ltd for a cash consideration of British Pound 555,369.36 (approximately Ringgit Malaysia 3.0 million). The proposed disposal was successfully completed on 29 January 2020 and a loss on disposal of RM53,000 was recognised as disclosed in Note 22.

#### (c) Average effective interest rates

The average effective interest rates for each class of interest-bearing investment and placements with licensed financial institutions, at net carrying amounts are as below:

	Group	
	2020	2019
	%	%
Debt securities	4.68	4.64
Loans receivable	5.00	5.00
Deposits with financial institutions	1.91	3.47

### 10. Reinsurance assets

	Group	
	2020	2019
	RM'000	RM'000
Claim liabilities (Note 14)	555,000	390,680
Premium liabilities (Note 14)	73,670	94,219
	628,670	484,899
Less: Impairment loss	(3,250)	(972)
	625,420	483,927

Included in impairment losses for reinsurance assets at 31 December 2020 is an amount of RM3,229,000 (2019: RM776,000) related to outstanding claim recoveries due from a Reinsurer with whom the insurance subsidiary is currently in dispute, as further described in Note 40(c).

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 11. Insurance receivables

	Group	
	2020 RM'000	2019 RM'000
Due premiums including agents, brokers and co-insurers balances	53,928	75,821
Due from reinsurers and cedants	86,134	83,263
Deposits paid to reinsurers	174	877
	140,236	159,961
Allowance for impairment losses	(35,577)	(29,307)
	104,659	130,654

#### Offsetting of insurance receivables and insurance payables:

Gross amounts of recognised insurance receivables	167,464	195,698
Less: Gross amounts of recognised insurance payables offset in the statements of financial position	(27,228)	(35,737)
Net amounts of recognised insurance receivables, before allowance for impairment losses	140,236	159,961

Included in the amount due from reinsurers and cedants is an amount of RM51,000 (2019: RM156,000), RM121,000 (2020: RM73,000) and RM4,124,000 (2019: RM5,851,000) due from a joint venture company, Tune Protect Commercial Brokerage LLC, an associate company, Tune Insurance Public Company Limited and other related parties respectively. The amounts receivable are subject to settlement terms stipulated in the insurance and reinsurance contracts.

The carrying amount of insurance receivables above approximates fair values due to the relatively short-term maturity of this balance.

The movements in the allowance for impairment losses of insurance receivables are as follows:

	Individually impaired RM'000	Group Collectively impaired RM'000	Total RM'000
At 1 January 2019	5,371	23,975	29,346
Written off	-	(1,090)	(1,090)
Increase/(decrease) during the year (Note 25)	2,752	(1,701)	1,051
At 31 December 2019	8,123	21,184	29,307
At 1 January 2020	8,123	21,184	29,307
Written off	-	(5,605)	(5,605)
Increase during the year (Note 25)	7,712	4,163	11,875
At 31 December 2020	15,835	19,742	35,577

Included in impairment losses for insurance receivables at 31 December 2020 is an amount of RM10,477,000 (2019: RM4,036,000) related to outstanding claim recoveries due from a Reinsurer with whom the insurance subsidiary is currently in dispute, as further described in Note 40(c).

## Notes to the Financial Statements

For the financial year ended 31 December 2020

## 12. Other receivables

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>Financial assets:</b>				
Amounts due from subsidiaries	-	-	4,639	5,841
Income due and accrued	336	364	-	-
Amount due from a joint venture company	1,218	-	-	-
Other receivables	4,317	8,819	1,328	528
	<b>5,871</b>	<b>9,183</b>	<b>5,967</b>	<b>6,369</b>
<b>Non-financial assets:</b>				
Assets held under the Malaysian Motor Insurance Pool ("MMIP") *	47,881	48,761	-	-
Prepayments	973	768	103	143
	<b>48,854</b>	<b>49,529</b>	<b>103</b>	<b>143</b>
<b>Total</b>	<b>54,725</b>	<b>58,712</b>	<b>6,070</b>	<b>6,512</b>

\* As a participating member of MMIP, the Group shares a proportion of the Pool's net assets/liabilities. At each reporting date, the Group accounts for its proportionate share of the assets, liabilities and performance of the Pool. The net assets held under MMIP represents the Group's share of the Pool's net assets, before insurance contract liabilities. The Group's proportionate share of the Pool's insurance contract liabilities arising from its participation in the Pool is disclosed in Note 14.

The carrying amounts of financial assets included under other receivables approximate their respective fair values due to the relatively short-term maturity of these balances.

The amounts due from subsidiaries and a joint venture company are unsecured, interest free and are repayable in the short-term.

## 13. Share capital

	Group and Company		
	Share capital		
	(Issued and fully paid)		
	Number of	Amount	Total share
	ordinary shares	RM'000	capital
	'000		RM'000
At 31 December 2019/At 31 December 2020	751,760	248,519	248,519

The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company. The ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company's residual assets.

**Notes to the Financial Statements**

For the financial year ended 31 December 2020

**14. Insurance contract liabilities**

Group	2020		2019	
	Gross RM'000	Reinsurance RM'000	Net RM'000	Net RM'000
General insurance (Note 14(a))	895,201	(628,661)	266,540	284,703
General reinsurance (Note 14(b))	6,864	(9)	6,855	11,703
	902,065	(628,670)	273,395	296,406

**General insurance and reinsurance liabilities comprise the following:**

Provision for claims reported by policyholders/cedants	518,534	(380,026)	138,508	427,563	(276,628)	150,935
Provision for IBNR claims and PRAD	260,512	(174,974)	85,538	188,586	(114,052)	74,534
Claim liabilities	779,046	(555,000)	224,046	616,149	(390,680)	225,469
Premium liabilities	123,019	(73,670)	49,349	165,156	(94,219)	70,937
	902,065	(628,670)	273,395	781,305	(484,899)	296,406

**(a) General insurance**

Provision for claims reported by policyholders/cedants	517,465	(380,026)	137,439	421,966	(276,628)	145,338
Provision for IBNR claims and PRAD	255,797	(174,974)	80,823	185,847	(114,052)	71,795
Claim liabilities (i)	773,262	(555,000)	218,262	607,813	(390,680)	217,133
Premium liabilities (ii)	121,939	(73,661)	48,278	161,746	(94,176)	67,570
	895,201	(628,661)	266,540	769,559	(484,856)	284,703



## Notes to the Financial Statements

For the financial year ended 31 December 2020

## 14. Insurance contract liabilities (cont'd.)

Group	2020			2019		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
<b>(a) General insurance (cont'd.)</b>						
<b>(i) Claim liabilities</b>						
At 1 January	607,812	(390,680)	217,132	593,694	(362,740)	230,954
Claims incurred in the current accident year	274,566	(172,995)	101,567	413,644	(284,041)	129,603
Adjustment to claims incurred in prior accident years due to changes in assumptions	43,760	(83,311)	(39,551)	(94,432)	45,091	(49,341)
Claims paid during the year	(152,876)	91,990	(60,886)	(305,093)	211,010	(94,083)
At 31 December	773,262	(555,000)	218,262	607,813	(390,680)	217,133
<b>(ii) Premium liabilities</b>						
At 1 January	161,746	(94,176)	67,570	167,570	(90,257)	77,313
Premiums written during the year	322,569	(204,081)	118,488	390,607	(217,842)	172,765
Premiums earned during the year	(362,376)	224,596	(137,780)	(396,431)	213,923	(182,508)
At 31 December	121,939	(73,661)	48,278	161,746	(94,176)	67,570
<b>(b) General reinsurance</b>						
Provision for claims reported by policyholders/cedants	1,069	-	1,069	5,597	-	5,597
Provision for IBNR claims and PRAD	4,715	-	4,715	2,739	-	2,739
Claim liabilities (i)	5,784	-	5,784	8,336	-	8,336
Premium liabilities (ii)	1,080	(9)	1,071	3,410	(43)	3,367
	6,864	(9)	6,855	11,746	(43)	11,703

**Notes to the Financial Statements**

For the financial year ended 31 December 2020

**14. Insurance contract liabilities (cont'd.)**

Group	2020		2019	
	Gross RM'000	Reinsurance RM'000	Net RM'000	Net RM'000
<b>(b) General reinsurance (cont'd.)</b>				
<b>(i) Claim liabilities</b>				
At 1 January	8,336	-	8,336	8,303
Claims incurred in the current accident year	964	-	964	2,719
Movements in claims incurred in prior years	(1,743)	-	(1,743)	(626)
Claims paid during the year	(1,773)	-	(1,773)	(2,060)
At 31 December	5,784	-	5,784	8,336
<b>(ii) Premium liabilities</b>				
At 1 January	3,410	(43)	3,367	2,928
Premiums written during the year	52,714	(2,910)	49,804	72,611
Premiums earned during the year	(55,044)	2,944	(52,100)	(72,172)
At 31 December	1,080	(9)	1,071	3,367

As at 31 December 2020, the insurance contract liabilities above includes the Group's proportionate share of MMIP's claim and premium liabilities amounting to RM27,215,000 (2019: RM31,223,000) and RM1,614,000 (2020: RM2,324,000) respectively.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 15. Deferred tax (assets)/liabilities

	Group	
	2020	2019
	RM'000	RM'000
At 1 January	(1,606)	(482)
Recognised in:		
Profit or loss (Note 27)	269	(1,124)
At 31 December	(1,337)	(1,606)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

	Group	
	2020	2019
	RM'000	RM'000
Presented as follows:	135	572
Deferred tax liabilities	(1,472)	(2,178)
Deferred tax assets	(1,337)	(1,606)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Group	Fair value of financial assets RM'000	Accelerated capital allowance on property and equipment RM'000	Intangible assets RM'000	Total RM'000
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#### Deferred tax liabilities

At 31 December 2018	-	1,116	133	1,249
Recognised in profit or loss	81	(665)	(93)	(677)
At 31 December 2019	81	451	40	572
Recognised in profit or loss	54	(451)	(40)	(437)
At 31 December 2020	135	-	-	135

Group	Fair value of financial asset RM'000	Accelerated capital allowance on property and equipment RM'000	Premium liabilities RM'000	Others RM'000	Total RM'000
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#### Deferred tax assets

At 31 December 2018	14	-	120	(1,865)	(1,731)
Recognised in profit or loss	(14)	-	(121)	(312)	(447)
At 31 December 2019	-	-	(1)	(2,177)	(2,178)
Recognised in profit or loss	-	(151)	(7)	864	706
At 31 December 2020	-	(151)	(8)	(1,313)	(1,472)

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 15. Deferred tax (assets)/liabilities (cont'd.)

As at 31 December 2020, net deferred tax assets have not been recognised in respect of the following temporary differences of the Group:

	Group	
	2020	2019
	RM'000	RM'000
Unutilised tax losses	724	518
Provisions	358	219
Other deductible temporary differences	417	(24)
	<b>1,499</b>	713

The unutilised tax losses of the Group are available for offsetting against future taxable profits of the respective entities 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.

The Malaysia Finance Act gazetted on 27 December 2018 has imposed a time limitation to restrict the carry forward of the unutilised tax losses. The unutilised tax losses accumulated up to the year of assessment 2018 are allowed to be carried forward for 7 consecutive years of assessment (i.e. from year of assessment 2019 to 2025) and any balance of the unutilised losses thereafter shall be disregarded.

However, for any unutilised tax losses that originated from the year of assessment 2019 onwards, these are allowed to be carried forward for a maximum period of 7 consecutive years of assessment immediately following that originating year of assessment and any balance of the unutilised tax losses thereafter shall be disregarded.

### 16. Insurance payables

	Group	
	2020	2019
	RM'000	RM'000
Due to agents, brokers, co-insurers and insureds	21,014	31,254
Due to reinsurers and cedants	52,810	49,305
	<b>73,824</b>	80,559

#### Offsetting of insurance receivables and insurance payables:

Gross amounts of recognised insurance payables	101,052	116,296
Less: Gross amounts of recognised insurance receivables offset in the statements of financial position	(27,228)	(35,737)
Net amounts of recognised insurance payables	<b>73,824</b>	80,559

Included in insurance payables are amounts due to other related parties amounting to RM359,000 (2019: Nil). The amounts due to other related parties are unsecured, interest free and are repayable in the short-term.

The carrying amount of insurance payables approximates fair value due to its relatively short-term maturity.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

## 17. Other payables

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>Financial liabilities:</b>				
Amount due to a joint venture	12,401	3,463	-	-
Amounts due to subsidiaries	-	-	545	203
Retirement benefits	293	392	-	-
Claims payable	958	2,275	-	-
Reinsurance deposits	2,454	2,448	-	-
Collateral deposits	9,387	7,521	-	-
Accrued expenses	6,293	6,130	458	611
Other payables	16,402	20,729	1,166	1,642
	48,188	42,958	2,169	2,456
<b>Non-financial liabilities:</b>				
Provision for taxation	351	1,154	-	-
<b>Total</b>	<b>48,539</b>	<b>44,112</b>	<b>2,169</b>	<b>2,456</b>

The carrying amounts of the financial liabilities approximate fair value due to their relatively short-term maturities.

## 18. Leases

## (a) The Group and the Company as lessee

The Group and the Company have entered into lease agreements for rental of office premises. Leases of office premises generally have lease terms between 2 to 5 years and include extension and termination options.

The Group and the Company also have certain leases of office equipment with lease terms of 12 months or less and of low value. The Group and the Company apply the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>Office premises and buildings</b>				
As at 1 January	2,247	4,207	229	1,608
Additions	6,141	375	4,935	-
Depreciation expense (Note 25)	(2,237)	(2,261)	(1,475)	(1,379)
Modification to lease term	(200)	(74)	-	-
As at 31 December	5,951	2,247	3,689	229

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 18. Leases (cont'd.)

#### (a) The Group and the Company as lessee (cont'd.)

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Office premises and buildings</b>				
As at 1 January	2,315	4,207	236	1,608
Additions	6,141	375	4,935	-
Accretion of interest	300	195	192	57
Payments	(2,265)	(2,388)	(1,411)	(1,429)
COVID-19 related rent concessions (Note 23)	(186)	-	(186)	-
Modification to lease term	(200)	(74)	-	-
As at 31 December	6,105	2,315	3,766	236

#### COVID-19 Related Rent Concession

As a practical expedient, the Group and the Company have adopted the treatment under Paragraph 46A of the Amendments to MFRS 16, whereby they have not accounted for rent concessions which are direct consequences of the COVID-19 pandemic as lease modifications. Instead, the Group and the Company recognised these concessions in the statements of comprehensive income for the year ended 31 December 2020.

The practical expedient may be applied where the following conditions apply:

- The changed lease payments were substantially the same or less than the payments prior to the rent concession:
- The reductions only affect payments which fall due before 30 June 2021; and
- There has been no substantive change in the terms and conditions of the lease.

#### Extension options

The Group and the Company have several lease contracts of buildings which contain extension options exercisable by the Group and the Company. At the commencement of the lease, the Group and the Company assess whether it is reasonably certain to exercise such options. All of the extension options for buildings have been included in the lease liabilities because the Group and the Company is reasonably certain that the lease will be extended based on past practice and the existing economic incentive.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

## 18. Leases (cont'd.)

## (a) The Group and the Company as lessee (cont'd.)

Extension options (cont'd.)

The following are the amounts recognised in profit or loss:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>Income/(expense):</b>				
Income from subleasing right-of-use assets (Note 23)	-	-	1,282	1,239
COVID-19 related rent concessions (Note 23)	186	-	186	-
Depreciation expense of right-of-use assets (Note 25)	(2,237)	(2,261)	(1,475)	(1,379)
Interest expense on lease liabilities	(300)	(195)	(192)	(57)
Expenses relating to leases of low-value assets (Note 25)	(301)	(265)	-	-
Expenses relating to short term leases (Note 25)	(27)	(174)	(27)	(174)

The Group and the Company had total cash outflows for payment of lease liabilities of RM2,593,000 (2019: RM2,827,000) and RM1,438,000 (2019: RM1,603,000). The Group and the Company also had non-cash additions to right-of-use assets of RM6,141,000 (2019: RM375,000) and RM4,935,000 (2019: Nil) respectively.

## (b) The Company as lessor

The Company has entered into a cancellable operating sublease arrangement on its right-of-use asset. The sublease has a remaining cancellable lease term of less than three years.

The future minimum lease payments receivable under a cancellable operating sublease contracted for as at the reporting date but not recognised as receivables, are as follows:

	Company	
	2020	2019
	RM'000	RM'000
Receivable within one year	1,334	203
Receivable after one year but not more than five years	1,556	-
	<b>2,890</b>	<b>203</b>



## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 19. Operating revenue

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Gross earned premiums (Note 20(a))	417,420	469,281	-	-
Investment income (Note 21)	31,858	31,520	41,317	22,627
	449,278	500,801	41,317	22,627

### 20. Net earned premiums

	Group	
	2020 RM'000	2019 RM'000
<b>(a) Gross earned premiums</b>		
Gross written premiums	375,283	463,899
Change in premium liabilities	42,137	5,382
	417,420	469,281
<b>(b) Premiums ceded to reinsurers</b>		
Gross premiums ceded to reinsurers	206,989	218,523
Change in premium liabilities	20,549	(3,922)
	227,538	214,601
<b>Net earned premiums</b>	<b>189,882</b>	<b>254,680</b>

### 21. Investment income

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Rental income from property	-	15	-	-
Interest income:				
- AC financial assets	1,005	1,278	-	-
- FVTPL financial assets	11,869	4,886	-	-
- Bank balances	43	46	17	17
Share of investment income from MMIP	3,389	3,529	-	-
Dividend income:				
- FVTPL financial assets	16,074	22,179	713	1,513
- Subsidiaries	-	-	39,583	19,074
- An associate company	-	-	1,004	-
- A joint venture company	-	-	-	2,023
	32,380	31,933	41,317	22,627
Net amortisation of premium on investments	(522)	(413)	-	-
	31,858	31,520	41,317	22,627

## Notes to the Financial Statements

For the financial year ended 31 December 2020

## 22. Realised gains and losses

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>Property and equipment:</b>				
Realised loss on disposal of property and equipment	(9)	(395)	-	-
<b>FVTPL financial assets:</b>				
Realised gains/(loss):				
Quoted unit trust funds in Malaysia	9,789	3,467	72	2,360
Unquoted debt securities in Malaysia	5,054	821	-	-
Unquoted equities outside Malaysia	(53)	-	-	-
Net realised gains for FVTPL financial assets	14,790	4,288	72	2,360
Total net realised gains	14,781	3,893	72	2,360

## 23. Other operating income/(expenses)

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>Other operating income:</b>				
Foreign exchange gains:				
- realised	742	330	-	-
Tele-marketing commission income	26	41	26	41
Management fees income	-	-	3,477	5,608
Income from subleasing right-of-use assets	-	-	1,282	1,239
COVID-19 related rent concessions (Note 18)	186	-	186	-
Sundry income	3,470	1,327	203	201
	4,424	1,698	5,174	7,089

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>Other operating expenses:</b>				
Foreign exchange losses:				
- realised	(195)	(68)	(148)	(9)
- unrealised	(303)	(170)	(31)	(9)
Allowance for impairment losses on other receivables	-	(355)	-	-
Write-off of property and equipment	(12)	(14)	(10)	(2)
Write-off of intangible assets	-	(14)	-	(10)
Sundry expense	(13)	(4)	-	-
	(523)	(625)	(189)	(30)

Management fees income of the Company is recognised in respect of subsidiaries in Malaysia and recognised over time.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 24. Net claims

	Group	
	2020 RM'000	2019 RM'000
Gross claims paid	(154,649)	(307,153)
Claims ceded to reinsurers	91,990	211,010
Net claims paid (a)	(62,659)	(96,143)
Gross change in contract liabilities	(162,897)	(14,152)
Change in contract liabilities ceded to reinsurers	164,319	27,940
Net change in contract liabilities (b)	1,422	13,788
Net claims (a) + (b)	(61,237)	(82,355)

### 25. Management expenses

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Employee benefits expense (Note 25(a))	54,869	58,183	12,990	15,148
Directors' remuneration (Note 25(b))	2,064	1,991	1,068	906
Auditors' remuneration:				
- statutory audits	671	557	95	95
- regulatory related services	114	91	51	20
- other services	309	74	35	39
Audit fees to other audit firms	13	12	-	-
Depreciation of property and equipment (Note 3)	1,587	1,630	270	234
Amortisation of intangible assets (Note 4)	1,830	1,544	96	178
Depreciation of right-of-use assets (Note 18)	2,237	2,261	1,475	1,379
Allowance for/ (write back of) impairment losses on reinsurance assets	2,277	(146)	-	-
Allowance for impairment losses on insurance receivables (Note 11)	11,875	1,051	-	-
Bad debts written off	1	49	-	-
Expenses relating to leases of low-value assets (Note 18)	301	265	-	-
Expenses relating to short term leases (Note 18)	27	174	27	174
Management fees	546	467	1,046	455
Marketing expenses	2,985	10,249	77	776
Professional fees	17,081	11,672	352	1,008
Printing charges	3,009	4,111	93	183
Publicity expenses	5,289	8,075	87	541
Communication expenses	637	606	28	31
Computer expenses	3,008	3,051	121	227
Other administration and general expenses	10,404	13,771	3,918	4,335
	121,134	119,750	21,829	25,729

## Notes to the Financial Statements

For the financial year ended 31 December 2020

## 25. Management expenses (cont'd.)

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
(a) Employee benefits expense				
Wages and salaries	46,466	48,854	11,123	13,153
Social security contributions	289	294	36	43
Contributions to defined contribution plan	5,214	5,514	1,052	1,130
Share-based compensation (Note 26)	(618)	(529)	(145)	(154)
Other benefits	3,518	4,050	924	976
	54,869	58,183	12,990	15,148

Included in employee benefits expense of the Company is CEO's remuneration of RM2.9 million (2019: RM1.8 million) as further disclosed in Note 25(c).

## (b) Directors' remuneration

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000

## Directors of the Company:

Non-executive:

Fees	943	778	758	621
Allowances and other emoluments	377	363	310	285
	1,320	1,141	1,068	906

## Directors of the subsidiaries:

Executive:

Fees	66	70	-	-
Allowances and other emoluments	25	32	-	-
	91	102	-	-

Non-executive:

Fees	461	477	-	-
Allowances and other emoluments	192	271	-	-
	653	748	-	-
	744	850	-	-

<b>Total</b>	<b>2,064</b>	<b>1,991</b>	<b>1,068</b>	<b>906</b>
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**Notes to the Financial Statements**

For the financial year ended 31 December 2020

**25. Management expenses (cont'd.)****(b) Directors' remuneration (cont'd.)****Directors of the Company:**

<b>Group</b>	<b>Fees RM'000</b>	<b>Allowances and other emoluments RM'000</b>	<b>Total RM'000</b>
<b>2020:</b>			
<u>Non-executive:</u>			
Ng Soon Lai @ Ng Siek Chuan	274	93	367
Kelvin Desmond Malayapillay	107	45	152
Tan Ming-Li	259	124	383
Mohamed Rashdi Bin Mohamed Ghazalli	187	80	267
Aireen Omar	116	35	151
<b>Total</b>	<b>943</b>	<b>377</b>	<b>1,320</b>

**2019:**

<u>Non-executive:</u>			
Ng Soon Lai @ Ng Siek Chuan	246	100	346
Datuk Kamarudin Bin Meranun	61	15	76
Tan Ming-Li	259	152	411
Mohamed Rashdi Bin Mohamed Ghazalli	174	88	262
Aireen Omar	9	3	12
Tan Sri Dr. Anthony Francis Fernandes	29	5	34
<b>Total</b>	<b>778</b>	<b>363</b>	<b>1,141</b>

The number of directors whose total remuneration received and receivable from the Group during the year fell within the following bands is analysed below:

	<b>Number of directors</b>	
	<b>2020</b>	<b>2019</b>
<b>Directors of the Company:</b>		
Non-executive directors:		
RM1 - RM50,000	-	2
RM50,001 - RM100,000	-	1
RM100,001 - RM150,000	-	-
RM150,001 - RM200,000	2	-
RM200,001 - RM250,000	-	-
RM250,001 - RM300,000	1	1
RM300,001 - RM350,000	-	1
RM350,001 - RM400,000	2	-
RM400,001 - RM450,000	-	1

## Notes to the Financial Statements

For the financial year ended 31 December 2020

## 25. Management expenses (cont'd.)

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

## Directors of the Company (cont'd.):

Company	Fees RM'000	Allowances and other emoluments RM'000	Total RM'000
<b>2020:</b>			
<u>Non-executive:</u>			
Ng Soon Lai @ Ng Siek Chuan	202	80	282
Kelvin Desmond Malayapillay	107	45	152
Tan Ming-Li	146	70	216
Mohamed Rashdi Bin Mohamed Ghazalli	187	80	267
Aireen Omar	116	35	151
<b>Total</b>	<b>758</b>	<b>310</b>	<b>1,068</b>

**2019:**Non-executive:

Ng Soon Lai @ Ng Siek Chuan	202	92	294
Datuk Kamarudin Bin Meranun	61	15	76
Tan Ming-Li	146	82	228
Mohamed Rashdi Bin Mohamed Ghazalli	174	88	262
Aireen Omar	9	3	12
Tan Sri Dr. Anthony Francis Fernandes	29	5	34
<b>Total</b>	<b>621</b>	<b>285</b>	<b>906</b>

The number of directors whose total remuneration received and receivable from the Company during the year fell within the following bands is analysed below:

	Number of directors	
	2020	2019
<b>Directors of the Company:</b>		
Non-executive directors:		
RM1 - RM50,000	-	2
RM50,001 - RM100,000	-	1
RM100,001 - RM150,000	-	-
RM150,001 - RM200,000	2	-
RM200,001 - RM250,000	1	1
RM250,001 - RM300,000	2	2

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 25. Management expenses (cont'd.)

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

	Number of directors	
	2020	2019
<b>Directors of the subsidiaries:</b>		
Executive director:		
RM50,001 - RM100,000	1	-
RM100,001 - RM150,000	-	1
Non-executive directors:		
RM1 - RM50,000	-	1
RM50,001 - RM100,000	1	-
RM100,001 - RM150,000	-	1
RM150,001 - RM200,000	2	2
RM200,001 - RM250,000	1	1

#### (c) CEO's remuneration

The details of remuneration received by the CEO of the Company during the financial year are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Salaries and other emoluments	1,213	1,484	1,213	1,214
Bonus	156	1,025	156	335
Defined contribution plan	204	389	204	240
Other benefits and benefits-in-kind	1,297	25	1,297	18
Total remuneration	2,870	2,923	2,870	1,807
Share based compensation	-	108	-	108
Total remuneration (Note 31(b))	2,870	3,031	2,870	1,915

### 26. Employees' Share Option Scheme ("ESOS")

On 18 March 2014, the Company offered 15,715,000 ESOS shares to eligible employees of the Group. The offer period was from 18 March 2014 to 17 April 2014. The ESOS was to be vested over a period of 4 years in 4 tranches from the grant date.

On 17 November 2016, the Company offered 1,000,000 ESOS shares to the Group Chief Executive Officer ("Group CEO") then. The offer period was from 17 November 2016 to 16 December 2016. The ESOS was to be vested over a period of 4 years in 4 tranches from the grant date. This grant has been forfeited due to the departure of the then Group CEO.

On 21 November 2017, the Company offered 500,000 ESOS shares to the Chief Executive Officer of TIMB then. The offer period was from 21 November 2017 to 31 December 2017. The ESOS was to be vested over a period of 4 years in 4 tranches from the grant date. This grant has been forfeited due to the departure of the CEO of TIMB then.

On 23 April 2019, the Company offered 500,000 ESOS shares to the Group Chief Executive Officer then. The offer period was from 23 April 2019 to 23 May 2019. The ESOS was to be vested over a period of 4 years in 4 tranches from the grant date. This grant has been forfeited due to the departure of the Group CEO then.



## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 26. Employees' Share Option Scheme ("ESOS") (cont'd.)

On 13 September 2019, the Company offered 500,000 ESOS shares to the Chief Executive Officer ("CEO") of TIMB. The offer period was from 13 September 2019 to 12 October 2019. The ESOS is to be vested over a period of 4 years in 4 tranches from the grant date.

On 29 December 2020, the Company offered 1,879,400 ESOS shares to the Group Chief Executive Officer. The offer period was from 29 December 2020 to 28 January 2021. The ESOS is to be vested 2 years after a grant date.

All employees are entitled to a grant of options, under the ESOS, once they are employed by and on the payroll of the Group and whose employment has been confirmed in writing, as at the date of offer. The options granted under ESOS is exercisable only by the employees during their employment with the Group and before the expiry date. The exercise price of the options is the grant price which is a discounted price of 10% from the average weighted price for five days preceding the date of grant.

The write-back recognised by the Group and the Company in relation to resigned employees and employee services received during the year is as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Write-back arising from equity-settled share-based payment transactions (Note 25(a))	(618)	(529)	(145)	(154)

#### Movements during the year

The number and weighted average exercise prices ("WAEP") of, and movements in, ESOS during the current and previous years are as follow:

Grant date	Outstanding as at 1.1.2020 '000	Granted '000	Exercised '000	Forfeited '000	Outstanding as at 31.12.2020 '000	Vested '000	Exercise price of ESOS RM	Average remaining contractual life
18 March 2014	4,569	-	-	(735)	3,834	3,834	1.71	3 years
21 November 2017	500	-	-	(500)	-	-	0.99	3 years
23 April 2019	500	-	-	(500)	-	-	0.61	3 years
13 September 2019	500	-	-	-	500	125	0.56	3 years
29 December 2020	-	1,879	-	-	1,879	-	0.37	2 years
	6,069	1,879	-	(1,735)	6,213	3,959		
WAEP	1.47	0.37	-	1.19	1.21	1.67		

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 26. Employees' Share Option Scheme ("ESOS") (cont'd.)

#### Movements during the year (cont'd.)

The number and weighted average exercise prices ("WAEP") of, and movements in, ESOS during the current and previous years are as follow: (cont'd.)

Grant date	Outstanding as at 1.1.2019 '000	Granted '000	Exercised '000	Forfeited '000	Outstanding as at 31.12.2019 '000	Vested '000	Exercise price of ESOS RM	Average remaining contractual life
18 March 2014	4,994	-	-	(425)	4,569	4,569	1.71	4 years
17 November 2016	1,000	-	-	(1,000)	-	-	1.45	4 years
21 November 2017	500	-	-	-	500	250	0.99	4 years
23 April 2019	-	500	-	-	500	-	0.61	4 years
13 September 2019	-	500	-	-	500	-	0.56	4 years
	6,494	1,000	-	(1,425)	6,069	4,819		
WAEP	1.61	0.59	-	1.53	1.47	1.67		

#### Fair value of share options granted

The fair value of share options was estimated by an external valuer using the Binomial Model, taking into account the terms and conditions upon which the options were granted. The fair value of share options and the assumptions used were as follows:

	Grant dates					
	18 March 2014	17 November 2016	21 November 2017	23 April 2019	13 September 2019	29 December 2020
Fair value of share options:						
- Tranche 1 (RM)	0.728658	0.489987	0.304063	0.201437	0.160478	0.137601
- Tranche 2 (RM)	0.774476	0.511858	0.316020	0.207938	0.164468	-
- Tranche 3 (RM)	0.813938	0.527398	0.324220	0.210924	0.165787	-
- Tranche 4 (RM)	0.848903	0.537133	0.328428	0.210447	0.164096	-
Dividend yield (per annum)	1.98%	2.90%	2.90%	2.90%	2.90%	2.17%
Expected volatility (per annum)	33.00%	33.00%	33.00%	32.00%	32.00%	46.00%
Risk-free interest rate (per annum)	3.59%	4.20%	3.80%	3.60%	3.20%	1.80%

The expected life of the options was based on historical data and therefore is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility was indicative of future trends, which may also not necessarily be the actual outcome. No other features of the options granted were incorporated into the measurement of fair value.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

## 27. Taxation

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Labuan income tax:				
Current income tax	361	1,159	-	-
Under provision in prior years	62	-	-	-
	423	1,159	-	-
Malaysian income tax:				
Current income tax	5,455	3,625	98	98
Under/(over) provision in prior years	329	(63)	(76)	(25)
	5,784	3,562	22	73
Deferred tax (Note 15):				
Relating to origination and reversal of temporary differences	644	(1,163)	-	-
(Over)/under provision in prior years	(375)	39	-	-
	269	(1,124)	-	-
	6,476	3,597	22	73

With effect from Year of Assessment 2020, the election to be taxed at RM20,000 for a Labuan incorporated entity has been abolished. Following the issuance of the Federal Government Gazette P.U.(A) 392, a Labuan entity that meets the substantial activity requirements would be taxed at 3% of the net audited profits while Labuan entities that do not meet the substantial activity requirements would be subjected to a higher tax rate of 24% under LBATA.

The income tax for the Company and Malaysian incorporated subsidiaries are based on the corporate tax rate of 24% (2019: 24%) of the estimated assessable profit for the financial year.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expenses at the effective income tax rate is as follows:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	34,679	61,648	25,209	4,231
Taxation at Malaysian statutory tax rate of 24%	8,323	14,795	6,050	1,015
Effect of different tax rate in respect of Labuan subsidiary	(2,512)	(7,334)	-	-
Income not subject to tax	(5,878)	(7,591)	(9,957)	(5,426)
Expenses not deductible for tax purposes	6,910	4,403	4,005	4,509
Share of results of an associate	453	(764)	-	-
Share of results of a joint venture company	(1,024)	(282)	-	-
Effects of gains subject to RPGT	-	185	-	-
Deferred tax asset not recognised on deductible temporary differences and unutilised tax losses	188	209	-	-
Under/(over) provision of income tax in prior years	391	(63)	(76)	(25)
(Over)/under provision of deferred tax in prior years	(375)	39	-	-
Tax expense for the year	6,476	3,597	22	73

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 27. Taxation (cont'd.)

The Group had not recognised any provisions in respect of the disputed additional tax and penalties levied by the Lembaga Hasil Dalam Negeri ("LHDN") on its insurance subsidiary during the previous year, as further described in Note 40(b).

### 28. Earnings per share

Basic earnings per share is calculated by dividing the profit for the year, net of tax attributable to ordinary equity holder of the Company by the number of ordinary shares in issue.

Diluted earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the number of ordinary shares in issue plus the number of ordinary shares that would be issued under the Employees' Share Option Scheme.

The following shows the computation of basic and diluted earnings per share for the years ended 31 December 2020 and 2019:

	Group	
	2020	2019
Profit attributable to ordinary equity holders (RM'000)	18,391	50,677
Number of ordinary shares in issues ('000)	751,760	751,760
Effects of dilution - Employees' Share Option Scheme ('000)	-	-
	751,760	751,760
Basic and diluted earnings per share (sen)	2.45	6.74

The Group has no dilution in its earnings per ordinary share in the current and the preceding financial years as there are no dilutive potential ordinary shares.

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

### 29. Dividends

	Group and Company	
	2020	2019
	RM'000	RM'000

#### Recognised during the financial year:

Final single tier dividend of 3.0 sen per ordinary share on 751,759,980 ordinary shares,  
declared on 28 May 2019 and paid on 19 June 2019

- 22,553

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 30. Capital commitments

The commitments of the Group and of the Company as at the financial year end are as follows:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>Capital expenditure</b>				
Approved but not contracted for:				
Intangible assets	54,257	46,811	2,076	434
Property and equipment	3,777	963	2,232	108
	<b>58,034</b>	<b>47,774</b>	<b>4,308</b>	<b>542</b>

### 31. Related party disclosures

#### (a) Significant related party transactions

The Group and the Company had the following significant transactions with related parties during the financial year:

	Group		Company	
	2020	2019	2020	2019
Income/(expense):	RM'000	RM'000	RM'000	RM'000
<b>Transactions with subsidiaries:</b>				
<b>TPR</b>				
Dividend income	-	-	25,427	10,747
Management fee income	-	-	614	2,668
Reimbursement of expenses incurred	-	-	1,068	2,274
Income from subleasing right-of-use assets	-	-	94	108
<b>TIMB</b>				
Dividend income	-	-	14,156	8,327
Management fee income	-	-	2,065	1,836
Income from subleasing right-of-use assets	-	-	1,063	1,069
Management fee expense	-	-	(780)	(263)
<b>WL</b>				
Management fee income	-	-	798	1,104
Income from subleasing right-of-use assets	-	-	125	62
Management fee expense	-	-	(266)	(192)
Reimbursement of expenses incurred	-	-	1,592	1,814

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 31. Related party disclosures (cont'd.)

#### (a) Significant related party transactions (cont'd.)

The Group and the Company had the following significant transactions with related parties during the financial year: (cont'd.)

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>Income/(expense):</b>				
<b>Transactions with associate:</b>				
<b>TIPCL</b>				
Dividend income	-	-	1,004	-
Director fees	41	24	41	24
Reimbursement of expenses incurred	-	10	-	10
<b>Transactions with joint venture company:</b>				
<b>TPCBLLC</b>				
Dividend income	-	-	-	2,023
Facilitator fees	(13,234)	(5,774)	-	-
Sundry income	1,641	170	-	-
<b>Transactions with corporate shareholders of the Company:</b>				
<b>Tune Group Sdn Bhd</b>				
Royalty fee	(3,935)	(5,646)	(3,457)	(3,907)
Rental and utilities charges	(1,333)	(1,459)	(1,325)	(1,453)
<b>Transactions with related companies of a corporate shareholder of the Company, AirAsia Digital Sdn Bhd:</b>				
<b>AirAsia Berhad</b>				
Gross written premium	10,725	34,711	-	-
Fee and commission expense	(2,671)	(8,671)	-	-
Data management fee	(13)	(22)	(13)	(22)
<b>AirAsia X Berhad</b>				
Gross written premium	1,300	7,627	-	-
Fee and commission expense	(324)	(1,905)	-	-

## Notes to the Financial Statements

For the financial year ended 31 December 2020

## 31. Related party disclosures (cont'd.)

## (a) Significant related party transactions (cont'd.)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Income/(expense):</b>				
<b>Transactions with related companies of a corporate shareholder of the Company, AirAsia Digital Sdn Bhd: (cont'd.)</b>				
<b>PT Indonesia AirAsia</b>				
Gross written premium	376	2,053	-	-
Telemarketing commission expense	(2)	(6)	(2)	(6)
Fee and commission expense	-	(513)	-	-
<b>Thai AirAsia Co. Ltd</b>				
Gross written premium	83	1,151	-	-
Telemarketing commission expense	(11)	(13)	(11)	(13)
Fee and commission expense	-	(288)	-	-
<b>Philippines AirAsia Inc</b>				
Gross written premium	39	276	-	-
Fee and commission expense	-	(69)	-	-
<b>PT Indonesia AirAsia Extra</b>				
Gross written premium	9	2	-	-
Fee and commission expense	(2)	-	-	-
<b>Rokki Sdn Bhd</b>				
Provision of advertising services	-	(500)	-	-
<b>BigPay Malaysia Sdn Bhd</b>				
Gross written premium (net of rebate)	16	15	-	-
<b>BigLife Sdn Bhd</b>				
Gross written premium (net of rebate)	9	13	-	-
Management expenses	(10)	-	-	-



**Notes to the Financial Statements**

For the financial year ended 31 December 2020

**31. Related party disclosures (cont'd.)****(a) Significant related party transactions (cont'd.)**

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Income/(expense):</b>				
<b>Transactions with related companies of a corporate shareholder of the Company, Tune Group Sdn Bhd:</b>				
<b>Tune Talk Sdn Bhd</b>				
Gross written premium	19	84	-	-
Fee and commission expenses	-	(17)	-	-
<b>ECM Libra Financial Group Berhad</b>				
Gross written premium	8	4	-	-
<b>ECML Hotels Sdn Bhd</b>				
Gross written premium (net of rebate)	164	66	-	-
<b>Libra Invest Berhad</b>				
Gross written premium (net of rebate)	-	22	-	-
<b>SP&amp;G Insurance Brokers</b>				
Gross written premium	4,574	4,142	-	-
Brokerage fee	(879)	(1,149)	-	-
<b>Epsom College Malaysia</b>				
Gross written premium (net of rebate)	316	407	-	-

Details of balances with related parties at the end of the respective years are disclosed in Notes 11, 12, 16 and 17.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 31. Related party disclosures (cont'd.)

#### (b) Compensation of key management personnel

The remuneration of key management personnel during the year are as follows:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Executive director's remuneration: (Note 25(b))				
- directors of the subsidiaries	91	102	-	-
Non-executive directors' remuneration: (Note 25(b))				
- directors of the Company	1,320	1,141	1,068	906
- directors of the subsidiaries	653	748	-	-
	1,973	1,889	1,068	906
CEO's remuneration (Note 25(c))	2,870	3,031	2,870	1,915
	4,934	5,022	3,938	2,821

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The key management personnel of the Group includes the Directors and Chief Executive Officer of the Company.

### 32. Regulatory capital/working fund and solvency requirements of subsidiaries

#### (i) TPR

The Guidelines on Application for Licence - Insurance and Insurance Related Activities ("the Guidelines") were introduced as the capital adequacy, working fund and solvency requirements for all insurers licensed under the Labuan Financial Services and Securities Act 2010 ("LFSSA 2010") effective from 13 December 1997. It was imposed by the Labuan Financial Services Authority ("Labuan FSA"), pursuant to Section 109 of the LFSSA 2010 as a licensing condition for insurance companies.

TPR, as a Labuan reinsurer is required to maintain at all times, a minimum paid-up capital/net working funds of RM10.0 million each.

In addition, TPR is also required to have a minimum solvency margin of:

- (1) RM10.0 million; or
- (2) 20% of net premium income of the preceding year, whichever is greater for TPR.

As at 31 December 2020, the margin of solvency of TPR was a surplus of RM126,875,000 (2019: RM136,266,000) which complies with requirements of Section 109 of the LFSSA 2010.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 32. Regulatory capital/working fund and solvency requirements of subsidiaries (cont'd.)

#### (ii) TIMB

The insurance subsidiary, TIMB, is required to comply with the regulatory capital requirement prescribed in the RBC Framework which is imposed by the Ministry of Finance. Under the RBC Framework, insurance companies are required to satisfy a minimum capital adequacy ratio of 130%. As at year end, TIMB has a capital adequacy ratio in excess of the minimum requirement.

The capital structure of TIMB as at 31 December 2020 and the comparative, as prescribed under the RBC Framework, are provided below:

	2020 RM'000	2019 RM'000
<b>Eligible Tier 1 capital</b>		
Share capital (paid-up)	103,348	103,348
Reserves, including retained earnings	211,520	202,735
	<b>314,868</b>	306,083
Amount deducted from capital	(3,866)	(3,668)
<b>Total capital available</b>	<b>311,002</b>	302,415

### 33. Risk management framework

The Board of Directors of the insurance subsidiary, which has the ultimate responsibility for ensuring an adequate system of risk management, has established a Risk Management Committee ("RMC") of 4 independent Non-Executive Directors. The Committee is responsible for regularly identifying risks, ensuring that adequate risk management policies and procedures are in place, and monitoring compliance with policies and procedures.

The Committee has worked with the Management to develop these policies and both Management and the Board have agreed to adopt these policies to govern the running of the business.

#### Risk appetite

The subsidiaries' risk appetite statements together with the associated metrics, articulate the levels, boundaries and nature of risk that the Board is willing to bear and accept in pursuit of achieving strategic objectives. The statements, which are approved by the Board, comprise the following components:

- Capital adequacy risk policy;
- Business growth strategies;
- Underwriting performance;
- Liquidity;
- Investment strategy and income;
- Reinsurance and intermediaries counterparty risks;
- Compliance with regulatory guidelines;
- Reputational risks;
- Operational risks; and
- Credit settlement period.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 33. Risk management framework (cont'd.)

#### Overview of risk management policies

The Group and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group and the Company's business whilst managing the key risks faced by the Group and the Company.

#### A. Underwriting

##### i. Risk

Acceptance of poor insurance risks, risks with low profit margins and inadequate reinsurance arrangements contribute to low profitability and inadequate capital growth. Insurance risk is also the risk of outstanding insurance contract liabilities being greater than estimated.

##### ii. Policy

The following outlines the Group's policies to safeguard against these risks:

- (a) Underwrite only classes of risks which have been approved by the Board;
- (b) Accept risks within the approved classes only according to comprehensive underwriting guidelines and within limits of delegated authority;
- (c) Expand into new lines only where there is adequate experience within the Group and after management has obtained appropriate Board authority;
- (d) Price risks with sufficient margin to ensure ongoing viability of the business, and maintaining a professional approach to this function;
- (e) Retain risks according to guidelines on maximum risks to be retained;
- (f) Mitigate foreign currency risks on reinsurance by all significant reinsurance arrangements being entered into in Malaysian Ringgit;
- (g) Ensure compliance with treaty arrangements in accepting risks;
- (h) Maintain a balanced portfolio to yield a reasonable level of profits; and
- (i) Review on a regular basis the insurance contract liabilities.

#### B. Reinsurance

##### i. Risk

Reinsurance arrangement exposes the Group to residual insurance risks, legal risks, counterparty risks, liquidity risks and operational risks.

##### ii. Policy

The following outlines the Group's policies to safeguard against these risks:

- (a) Set retention limits in accordance to the Group's risk appetite and its risk tolerance level;

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 33. Risk management framework (cont'd.)

#### Overview of risk management policies (cont'd.)

#### B. Reinsurance (cont'd.)

##### ii. Policy (cont'd.)

- (b) Use of intermediaries such as reinsurance brokers to obtain an independent advice and to source for best pricing;
- (c) Determine the reinsurer selection process including selection criteria to ensure sufficient diversification of reinsurance sources as well as the financial position of the reinsurers; and
- (d) Regularly review the financial soundness of the reinsurers.

#### C. Claims

##### i. Risk

Exposure to unexpected or excessive losses, fraudulent claims and inadequate provisions for outstanding claims could affect the Group's profitability, financial position and reputation.

##### ii. Policy

The Group's policies to guard against these risks are:

- (a) Identify claims exposures and properly assess them, and routinely review them upon the receipt of further information and at least once a year;
- (b) Maintain good claims administration and settlement processes to ensure prudent claims estimation and appropriate loss adjustment;
- (c) Make adequate provisions for all claim liabilities, especially for long-tail liabilities and adverse foreign exchange movements on such liabilities;
- (d) Assess exposure to fraud periodically and employ measures to minimise potential losses through accepting claims outside contractual obligations for fraudulent reasons and for detecting fraudulent claims; and
- (e) Ensure that losses are mitigated and potential recovery action is followed up in a professional and timely fashion.

#### D. Investments

##### i. Risk

Investment risk is the risk of inadequate investment returns from poor investment strategies and adverse movements in the value of investments. Investment risk is derived from market risk, credit risk, investment concentration risk, liquidity risk, and asset/liability mismatch risk.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 33. Risk management framework (cont'd.)

#### Overview of risk management policies (cont'd.)

#### D. Investments (cont'd.)

##### ii. Policy

Returns from the investment of premium income are an important source of income to the Group and the Company and maintenance of the market value of the investments is essential for the financial stability of the Group and the Company. The absence of prudent investment strategies and investment decision framework could result in poor investment return which would affect the Group's and the Company's profitability and competitiveness and also result in the Group and the Company not being able to meet its obligations as they fall due. It is the Group's and the Company's policy to:

- (a) Implement an investment strategy to ensure appropriate asset allocation, concentration of investments and matching of asset and liability portfolios;
- (b) Ensure that investments are held in different classes within limits specified by the Investment Committee;
- (c) Undertake a thorough analysis before making an investment to minimise market risk and continuously monitor the performance and risk of the investment;
- (d) Manage disposal of investments to optimise the returns on realisation;
- (e) Limit exposure to interest rate risk by investing in term deposits, corporate bonds and government securities on a long and short-term basis at competitive rates;
- (f) Ensure liquidity by maintaining sufficient cash float at any time and regularly matching the expected duration of liabilities and investments and uncertainties arising from the timing and amount of cash flows;
- (g) Minimise credit risk and investment concentration risk by investing with institutions that have a minimum rating of "A" within specific overall limits for each institution; and
- (h) Monitor investment portfolio and performance weekly or at other shorter intervals and report investment exposure and performance to the Board monthly.

#### E. Credit quality

##### i. Risk

Credit quality risk is associated with credit exposure that increase the risk profile of the Group and the Company and can adversely affect the Group and the Company's viability. The risk arises mainly from default of reinsurers, due premiums and other large exposures.

##### ii. Policy

Policies to limit credit risks include the following:

- (a) Maintain credit control in accordance with appropriate policies and procedures which govern the extension of credit to the cedants and specifies guidelines for setting limits on credit as per the quota share agreement;
- (b) Limit exposure to single parties or groups of related entities to 30% of the Group and the Company's capital base. However, specific Board approval is required to sanction exposures including facultative reinsurance placements which exceed 30% of the Group and the Company's capital base as well as exposure from arrangements made in exception cases;

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 33. Risk management framework (cont'd.)

#### Overview of risk management policies (cont'd.)

##### E. Credit quality

###### ii. Policy (cont'd.)

- (c) Monitor compliance with established credit limits; and
- (d) Collect amounts due in accordance with agreed credit terms, enforce prompt collection of overdue amounts in the case of due premiums and consider the cancellation of insurance policies at the expiry of credit terms.

##### F. Operations

###### i. Risk

Non-financial or operational risks the Group and the Company face include technology risk, risk to reputation, fraud, compliance, legal risk, physical damage to property, poor outsourcing arrangements, threats to business continuity and key personnel risk.

###### ii. Policy

The policies to monitor and minimise these risks are as follows:

- (a) Undertake annual risk audits to identify material operational risks to which the Group are exposed;
- (b) Effect appropriate insurance cover for all identified operational risks which can be cost-effectively insured;
- (c) Closely monitor the external relationships;
- (d) Ensure at all times that compliance with regulatory requirements and fulfilment of material obligations under the legislative framework is maintained;
- (e) Maintain an ethics and personal conduct policy to ensure that the affairs of the Group and the Company are conducted in a manner that would avoid any action by the Group and the Company or its officers that would bring disrepute to the Group and the Company;
- (f) Implement adequate security procedures to prevent unauthorised access, damage, loss to assets and facilities and harm to employees;
- (g) Ensure that division of responsibility is clear and mutually understood where any part of the Group's and the Company's business is outsourced to third parties whilst ultimate control over the outsourced operations is retained by the Group and the Company; and
- (h) Identify the possible types of fraud the Group and the Company is exposed to and develop and maintain effective controls to prevent them and to take appropriate and prompt action if fraud occurs.

##### G. Regulatory compliance and corporate governance

The Management is responsible to follow a systematic approach to the business and effectively manage the risks. The key risks that have been identified are monitored and their status communicated as appropriate throughout all levels of the organisation and are also incorporated in the Group's and the Company's performance management reporting.

The Group maintains a register of risks and follows a project management approach toward mitigation of risk.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 33. Risk management framework (cont'd.)

#### Overview of risk management policies (cont'd.)

##### G. Regulatory compliance and corporate governance (cont'd.)

The Internal Audit Department, which reports independently to the Board, undertakes a wide-ranging programme of work designed to keep the Board fully informed on the compliance of the business with agreed risk management policies, controls and procedures.

Regular reports are submitted to the Board with Key Performance Indicators covering the Group's and the Company's performance and the key risks identified.

A Compliance Department is in place to ensure regulatory compliance. The department is under the responsibility of the Head of Compliance who shall monitor compliance to regulatory requirements.

The Head of Compliance shall take responsibility to ensure regulatory compliance is adhered to and any changes to policy and practices are communicated appropriately to all parties concerned.

##### H. Regulations of risk management

In accordance with these policies a framework for management of identified risks has been developed for the effective management of risk.

Effective and efficient operation of the organisation would be ensured through:

- (a) Providing a framework that enables the activities of the Group and the Company to be undertaken in a consistent and controlled manner;
- (b) A management structure that clearly identifies the roles and responsibilities of the staff;
- (c) Development of procedures to ensure that risk management strategies are implemented;
- (d) Retention of a level of well-qualified staff through appropriate recruitment, training and staff development systems and procedures;
- (e) Improving motivation of staff through a suitable communication, review, feedback and rewards system; and
- (f) Prompt and comprehensive management reporting systems to assess performance and progress of the business and the utilisation of its resources.

### 34. Insurance risk

The Group has in place comprehensive underwriting guidelines and limits of authority to ensure that risks are accepted in accordance with the authorised limits. The retention of risks is protected by proportional and non-proportional treaties with reputable reinsurers and brokers, and premised on the risk appetite of the Group.

The Group also underwrites treaty business on a proportional basis mainly in travel insurance business. Risks can arise from the adverse development of the loss ratio and catastrophic events. These risks vary significantly in relation to economic conditions and territories from which the risk originated.



## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 34. Insurance risk (cont'd.)

#### (a) Concentration of risks

##### (i) General reinsurance

The premium and claim liabilities of the general reinsurance business are primarily in respect of travel insurance risks.

The following table sets out the concentration of travel insurance risks by country/regions based on the geographical location of the primary insurers or reinsurers from which the gross premium are written.

Geographical diversification	Group	
	2020 RM'000	2019 RM'000
Australia	514	2,306
Bahrain	144	449
Brunei	32	192
Cambodia	112	572
China	3	1,394
Hong Kong, China	93	767
India	1,470	912
Indonesia	1,084	4,066
Japan	298	1,401
Kuwait	367	474
Macau, China	54	711
Morocco	4,122	4,851
Oman	2,336	902
Philippines	3,325	11,050
Qatar	504	1,395
Saudi Arabia	244	1,229
Singapore	742	4,442
Thailand	11,129	25,813
United Arab Emirates (UAE)	24,531	7,934
Vietnam	460	875
Other countries	1,150	1,557
	<b>52,714</b>	<b>73,292</b>

##### (ii) General insurance

The table below shows the concentration of gross written premium by class of business:

Class of business diversification	Group	
	2020 RM'000	2019 RM'000
Motor	103,552	148,472
Fire	60,879	54,426
Marine, aviation and transit	78,560	77,898
Others	79,578	109,811
	<b>322,569</b>	<b>390,607</b>

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 34. Insurance risk (cont'd.)

#### (a) Concentration of risks (cont'd.)

##### (ii) General insurance (cont'd.)

The table below shows the concentration of premium and claim liabilities by class of business at the reporting date:

	Gross RM'000	Group Reinsurance RM'000	Net RM'000
<b>Premium liabilities</b>			
<b>2020</b>			
Motor	53,362	(26,136)	27,226
Fire	16,811	(12,830)	3,981
Marine, aviation and transit	25,344	(23,958)	1,386
Others	26,422	(10,737)	15,685
	<b>121,939</b>	<b>(73,661)</b>	<b>48,278</b>
<b>2019</b>			
Motor	88,845	(46,113)	42,732
Fire	13,074	(8,939)	4,135
Marine, aviation and transit	31,896	(30,645)	1,251
Others	27,931	(8,479)	19,452
	<b>161,746</b>	<b>(94,176)</b>	<b>67,570</b>
<b>Claim liabilities</b>			
<b>2020</b>			
Motor	285,714	(130,569)	155,145
Fire	183,018	(171,731)	11,287
Marine, aviation and transit	128,662	(119,804)	8,858
Others	175,868	(132,896)	42,972
	<b>773,262</b>	<b>(555,000)</b>	<b>218,262</b>
<b>2019</b>			
Motor	278,951	(120,003)	158,948
Fire	113,828	(103,176)	10,652
Marine, aviation and transit	94,397	(87,207)	7,190
Others	120,637	(80,294)	40,343
	<b>607,813</b>	<b>(390,680)</b>	<b>217,133</b>

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 34. Insurance risk (cont'd.)

#### (b) Sensitivity analysis

##### Key assumptions

The principal assumptions underlying the estimation of liabilities is that the Group's future claims development will follow a similar pattern to past claims development experience. This includes key assumptions such as the adopted Ultimate Loss Ratios ("ULR"), risk margin percentages (i.e. PRAD) and expense ratios in respect of claims handling and other overhead expenses.

Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example, isolated occurrence, changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors such as policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

##### Sensitivities

The general reinsurance and general insurance claim liabilities are sensitive to the key assumptions shown below. It has not been possible to quantify the sensitivity of certain assumptions, such as, legislative changes or uncertainty in the estimation process.

The analysis below is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claim liabilities, but to demonstrate the impact due to changes in assumptions, assumptions are changed on an individual basis. It should be noted that movements in these assumptions are non-linear. The method used for deriving sensitivity information on loss ratio assumptions had not change from the previous year.

#### (i) General reinsurance

		Increase/(decrease)			
	Changes in variable	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on profit before taxation RM'000	* Impact on equity RM'000
<b>2020</b>					
Loss ratio	+1%	54	54	(54)	(52)
	-1%	(54)	(54)	54	52
<b>2019</b>					
Loss ratio	+1%	35	35	(35)	(34)
	-1%	(35)	(35)	35	34

\* Impact is net of tax of 3% (2019: 3%) for the general reinsurance business.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 34. Insurance risk (cont'd.)

#### (b) Sensitivity analysis (cont'd.)

##### Sensitivities (cont'd.)

##### (ii) General insurance

		Increase/(decrease)			
	Changes in variable	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on profit before taxation RM'000	* Impact on equity RM'000
<b>2020</b>					
Loss ratio	+10%	46,609	21,979	(21,979)	(16,704)
PRAD	+10%	9,497	1,936	(1,936)	(1,471)
Provision for expenses	+10%	1,386	1,386	(1,386)	(1,054)
Loss ratio	-10%	(36,397)	(18,359)	18,359	13,953
PRAD	-10%	(8,236)	(1,936)	1,936	1,471
Provision for expenses	-10%	(1,386)	(1,386)	1,386	1,054
<b>2019</b>					
Loss ratio	+10%	64,472	28,259	(28,259)	(21,477)
PRAD	+10%	8,503	2,738	(2,738)	(2,081)
Provision for expenses	+10%	1,500	1,500	(1,500)	(1,140)
Loss ratio	-10%	(52,188)	(25,814)	25,814	19,618
PRAD	-10%	(8,503)	(2,738)	2,738	2,081
Provision for expenses	-10%	(1,500)	(1,500)	1,500	1,140

\* Impact is net of tax of 24% (2019: 24%) for the general insurance business.

#### (c) Claims development table

The following tables show the estimate of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to-date.

In setting provisions for claims, the Group gives consideration to the probability and magnitude of future experience being more adverse than assumed and exercises a degree of caution in setting reserves when there is considerable uncertainty. In general, the uncertainty associated with the ultimate claims experience in an accident year is greatest when the accident year is at an early stage of development and the margin necessary to provide the confidence in adequacy of provision is relatively at its highest. As claims develop and the ultimate cost of claims becomes more certain, the relative level of margin maintained should decrease.

For the financial year ended 31 December 2020

**(i) General reinsurance**

**Gross general reinsurance contract liabilities for 2020:**

[illegible]

(i) **General reinsurance (cont'd.)**

**Net general reinsurance contract liabilities for 2020:**

[illegible]

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 34. Insurance risk (cont'd.)

(c) Claims development table (cont'd.)

**(i) General reinsurance**

**Gross general reinsurance contract liabilities for 2019:**

[illegible]

For the financial year ended 31 December 2020

(i) **General reinsurance (cont'd.)**

[illegible]



**Notes to the Financial Statements**

For the financial year ended 31 December 2020

**34. Insurance risk (cont'd.)****(c) Claims development table (cont'd.)****(ii) General insurance****Gross general insurance contract liabilities for 2020:**

Accident year	2013 & prior RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	Total RM'000
At end of accident year	211,969	246,130	256,297	229,818	332,338	419,111	413,644	274,566	
One year later	173,116	207,343	207,973	190,560	321,812	395,085	412,308		
Two years later	154,652	183,695	189,658	177,779	263,327	455,939			
Three years later	148,205	171,284	185,293	171,898	255,215				
Four years later	136,947	169,387	185,029	168,754					
Five years later	127,251	168,048	183,568						
Six years later	136,678	166,421							
Seven years later	135,264								
<b>Current estimate of cumulative claims incurred</b>	<b>135,264</b>	<b>166,421</b>	<b>183,568</b>	<b>168,754</b>	<b>255,215</b>	<b>455,939</b>	<b>412,308</b>	<b>274,566</b>	<b>2,052,035</b>
At end of accident year	(47,381)	(54,979)	(57,884)	(58,917)	(85,432)	(66,383)	(80,157)	(38,898)	
One year later	(91,862)	(120,315)	(125,894)	(118,303)	(174,301)	(238,424)	(151,759)		
Two years later	(104,766)	(144,298)	(150,069)	(138,351)	(204,177)	(265,904)			
Three years later	(112,583)	(153,854)	(164,360)	(148,596)	(214,375)				
Four years later	(114,124)	(157,531)	(172,133)	(150,154)					
Five years later	(119,878)	(158,839)	(174,019)						
Six years later	(123,571)	(159,424)							
Seven years later	(124,240)								
<b>Cumulative payments to-date</b>	<b>(124,240)</b>	<b>(159,424)</b>	<b>(174,019)</b>	<b>(150,154)</b>	<b>(214,375)</b>	<b>(265,904)</b>	<b>(151,759)</b>	<b>(38,898)</b>	<b>(1,278,773)</b>
<b>Gross general insurance contract liabilities per statements of financial position (Note14(a)(i))</b>	<b>11,024</b>	<b>6,997</b>	<b>9,549</b>	<b>18,600</b>	<b>40,840</b>	<b>190,035</b>	<b>260,549</b>	<b>235,668</b>	<b>773,262</b>

[illegible]

## Notes to the Financial Statements

For the financial year ended 31 December 2020

## 34. Insurance risk (cont'd.)

## (c) Claims development table (cont'd.)

## (ii) General insurance (cont'd.)

## Gross general insurance contract liabilities for 2019:

Accident year	2012 & prior RM'000	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	Total RM'000
At end of accident year	243,986	211,969	246,130	256,297	229,818	332,338	419,111	413,643	
One year later	247,486	173,116	207,343	207,973	190,560	321,811	395,087		
Two years later	224,094	154,652	183,695	189,658	177,779	263,327			
Three years later	208,847	148,205	171,284	185,293	171,898				
Four years later	208,027	136,947	169,387	185,029					
Five years later	205,044	127,251	168,048						
Six years later	214,036	126,287							
Seven years later	210,561								
<b>Current estimate of cumulative claims incurred</b>	210,561	126,287	168,048	185,029	171,898	263,327	395,087	413,643	1,933,880
At end of accident year									
One year later	(76,857)	(47,381)	(54,979)	(57,884)	(58,917)	(85,432)	(66,382)	(80,157)	
Two years later	(132,823)	(91,862)	(120,315)	(125,894)	(118,303)	(174,302)	(238,426)		
Three years later	(168,023)	(104,766)	(144,298)	(150,069)	(138,351)	(204,177)			
Four years later	(185,774)	(112,583)	(153,854)	(164,360)	(148,596)				
Five years later	(195,914)	(114,124)	(157,531)	(172,133)					
Six years later	(197,296)	(119,878)	(158,839)						
Seven years later	(200,170)	(121,718)							
<b>Cumulative payments to-date</b>	(202,021)	(211,718)	(158,839)	(172,133)	(148,596)	(204,177)	(238,426)	(80,157)	(1,326,067)
<b>Gross general insurance contract liabilities per statements of financial position (Note 14(a)(i))</b>	8,540	4,569	9,209	12,896	23,302	59,150	156,661	333,486	607,813

[illegible]

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 35. Financial instruments and insurance assets and liabilities

The following tables summarise the financial instruments (other than cash and bank balances) and insurance assets and liabilities of the Group and of the Company by categories:

Group	Amortised Cost RM'000	FVTPL RM'000	Assets under MFRS 4 RM'000	Total RM'000
<b>Assets</b>				
<b>2020</b>				
Investments	37,045	786,543	-	823,588
Reinsurance assets	-	-	625,420	625,420
Insurance receivables	104,659	-	-	104,659
Other receivables (net of prepayments and assets held under the MMIP)	5,871	-	-	5,871
<b>Total assets</b>	<b>147,575</b>	<b>786,543</b>	<b>625,420</b>	<b>1,559,538</b>

#### 2019

Investments	35,344	750,863	-	786,207
Reinsurance assets	-	-	483,927	483,927
Insurance receivables	130,654	-	-	130,654
Other receivables (net of prepayments and assets held under the MMIP)	9,183	-	-	9,183
<b>Total assets</b>	<b>175,181</b>	<b>750,863</b>	<b>483,927</b>	<b>1,409,971</b>

Group	Other financial liabilities RM'000	Liabilities under MFRS 4 RM'000	Total RM'000
-------	--	---------------------------------------	-----------------

#### Liabilities

#### 2020

Insurance contract liabilities	-	902,065	902,065
Lease liabilities	6,105	-	6,105
Insurance payables	73,824	-	73,824
Other payables (net of provision for taxation)	48,188	-	48,188
<b>Total liabilities</b>	<b>128,117</b>	<b>902,065</b>	<b>1,030,182</b>

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 35. Financial instruments and insurance assets and liabilities (cont'd.)

The following tables summarise the financial instruments (other than cash and bank balances) and insurance assets and liabilities of the Group and of the Company by categories: (cont'd.)

Group	Other financial liabilities RM'000	Liabilities under MFRS 4 RM'000	Total RM'000
<b>Liabilities</b>			
<b>2019</b>			
Insurance contract liabilities	-	781,305	781,305
Lease liabilities	2,315	-	2,315
Insurance payables	80,559	-	80,559
Other payables (net of provision for taxation)	42,958	-	42,958
<b>Total liabilities</b>	<b>125,832</b>	<b>781,305</b>	<b>907,137</b>

Company	Amortised Cost RM'000	FVTPL RM'000	Total RM'000
<b>Assets</b>			
<b>2020</b>			
Investments	-	66,219	66,219
Other receivables (net of prepayments)	5,967	-	5,967
	<b>5,967</b>	<b>66,219</b>	<b>72,186</b>

<b>2019</b>			
Investments	-	40,213	40,213
Other receivables (net of prepayments)	6,369	-	6,369
	<b>6,369</b>	<b>40,213</b>	<b>46,582</b>

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 35. Financial instruments and insurance assets and liabilities (cont'd.)

The following tables summarise the financial instruments (other than cash and bank balances) and insurance assets and liabilities of the Group and of the Company by categories: (cont'd.)

Company		Other financial liabilities RM'000
<b>Liabilities</b>		
<b>2020</b>		
Lease liabilities		3,766
Other payables		2,169
		<b>5,935</b>
<b>2019</b>		
Lease liabilities		236
Other payables		2,456
		<b>2,692</b>

### 36. Financial 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 and the Company are exposed to credit risk primarily from net insurance receivables, reinsurance assets, investment securities, trade receivables and other receivables which are financial assets, and cash and bank balances with licensed financial institutions.

The Group has established counterparty and credit management policies that govern the credit selection and review process, as well as the insurance and reinsurance receivables collection and impairment assessment processes. These processes are regularly reviewed and monitored by the Risk Management Committee of the insurance subsidiary. For reinsurance transactions, the Group will give due consideration to retrocessionaires with rating of A- and above, by either A.M. Best or Standard & Poor's.

The maximum exposure to credit risk is normally represented by the carrying amount of each financial asset in the statements of financial position, although in the case of reinsurance receivables, it is fairly common practice for accounts to be settled on a net basis. In such cases, the maximum exposure to credit risk is expected to be limited to the extent of the amount of financial assets that has not been fully offset by financial liabilities with the same counterparty. The maximum amount recoverable from each reinsurer/retrocessionaire at any time is also dependent on the claims recoverable from such reinsurers/retrocessionaires at that point in time.

#### Amounts arising from ECL

For insurance receivables, the Group applies the simplified approach in accordance with MFRS 9 *Financial Instruments* and measures the allowance for impairment loss based on a lifetime ECL from initial recognition.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 36. Financial risks (cont'd.)

#### (a) Credit risk (cont'd.)

##### Measurement of ECL - Explanation of inputs, assumptions and estimation techniques

The key inputs into the measurement of ECL are based on the following variables as described in Note 2.3(h):

- probability of default ('PD');
- loss given default ('LGD'); and
- exposure at default ('EAD').

The ECL is determined by projecting PD, LGD and EAD which are multiplied together and adjusted for forward-looking information.

These parameters are derived from internally developed statistical models as developed by the Group based on historical data. They are adjusted to reflect forward-looking information.

##### Definition of default

The Group considers a financial asset to be in default by assessing the following criteria:

##### Quantitative criteria

Insurance receivables are considered to be in default when the counterparty fails to make contractual payments within 12 months when they fall due, which is derived based on the Group's historical information.

##### Qualitative criteria

Default occurs when the counterparty is in bankruptcy or has indications of potentially significant financial difficulty such as lawsuits or similar actions that threaten the financial viability of the counterparty.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for credit risk management purposes. The default definition has been applied consistently to model the PD, LGD and EAD throughout the Group's expected loss calculations.

##### Incorporation of forward-looking information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The Group has performed historical analyses and identified key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the PD, LGD and EAD vary by financial instrument. Forecasts of these economic variables (the "base economic scenario") are obtained from publicly available economic databases and provide the best estimate view of the economy over the next four to five years. The impact of these economic variables on the PD, LGD and EAD has been determined by performing statistical regression analysis to understand the impact that changes in these variables have had historically on default rates and the components of LGD and EAD.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and the actual outcomes may be significantly different from those projected. The Group considers these forecasts to represent its best estimates of the possible outcomes and has analysed the non-linearities and asymmetries within the Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.



**Notes to the Financial Statements**

For the financial year ended 31 December 2020

**36. Financial risks (cont'd.)****(a) Credit risk (cont'd.)**

The sensitivity of the ECL to the economic variable assumptions affecting the calculation of ECL was not material to the Group for the years ended 31 December 2020 and 2019.

Set out below is the information about the credit risk exposure on the Group's insurance receivables using a provision matrix:

	Days past due					Total RM'000
	< 30 days	31 to 60 days	61 to 90 days	91 to 180 days	More than 180 days	
	RM'000	RM'000	RM'000	RM'000	RM'000	

**31 December 2020**

ECL rate	3%	6%	5%	4%	57%	25%
Gross carrying amount - insurance receivables	25,736	12,531	11,476	33,856	56,637	140,236
Allowance for ECL	816	804	517	1,327	32,113	35,577

**31 December 2019**

ECL rate	1%	9%	5%	8%	37%	18%
Gross carrying amount - insurance receivables	35,290	13,555	13,458	29,937	67,721	159,961
Allowance for ECL	401	1,220	633	2,268	24,785	29,307

The following table shows the movement in gross insurance receivables and the loss allowance recognised for not credit and credit impaired receivables:

	Not credit impaired RM'000	Credit impaired RM'000	Total RM'000
<b>Gross carrying amount</b>			
As at 1 January 2019	140,099	47,982	188,081
Decrease	(20,675)	(7,445)	(28,120)
As at 31 December 2019	119,424	40,537	159,961
Decrease	(17,624)	(2,101)	(19,725)
As at 31 December 2020	101,800	38,436	140,236
<b>Allowance for ECL</b>			
As at 1 January 2019	11,907	17,439	29,346
(Decrease)/increase	(2,045)	2,006	(39)
As at 31 December 2019	9,862	19,445	29,307
(Decrease)/increase	(1,035)	7,305	6,270
As at 31 December 2020	8,827	26,750	35,577

**Notes to the Financial Statements**

For the financial year ended 31 December 2020

**36. Financial risks (cont'd.)****(a) Credit risk (cont'd.)****Credit exposure**

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the maximum amount of each class of financial and reinsurance assets recognised in the statements of financial position as shown in the table below. The reinsurers' share of unearned premiums have been excluded from the analysis as they are not contractual obligations.

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Amortised cost:				
Fixed and call deposits with licensed financial institutions	36,888	35,176	-	-
Loans receivable:				
Staff mortgage loans	154	164	-	-
Other unsecured staff loans	3	4	-	-
FVTPL financial assets:				
Debt securities	210,400	274,845	-	-
Reinsurance assets	555,000	390,680	-	-
Insurance receivables	104,659	130,654	-	-
Other receivables (net of prepayments and assets held under the MMIP)	5,871	9,183	5,967	6,369
Cash and bank balances	6,442	11,704	353	1,679
	919,417	852,410	6,320	8,048

**Notes to the Financial Statements**

For the financial year ended 31 December 2020

**36. Financial risks (cont'd.)****(a) Credit risk (cont'd.)****Credit exposure by credit rating**

The table below provides information regarding the credit risk exposures of the Group and the Company by classifying financial and reinsurance assets subject to credit risk according to the credit ratings of counterparties.

Group	AAA RM'000	AA RM'000	A RM'000	BBB and lower RM'000	Not rated RM'000	Total RM'000
<b>2020</b>						
Amortised cost:						
Fixed and call deposits with licensed financial institutions	28,910	6,350	-	-	1,628	36,888
Loans receivable:						
Staff mortgage loans	-	-	-	-	154	154
Other unsecured staff loans	-	-	-	-	3	3
FVTPL financial assets:						
Debt securities*	35,838	146,241	9,523	-	18,798	210,400
Reinsurance assets ^	-	1,559	117,035	16,167	420,239	555,000
Insurance receivables^	-	3,964	9,557	15,249	75,889	104,659
Other receivables (net of prepayments and assets held under the MMIP)	222	131	-	-	5,518	5,871
Cash and bank balances	3,329	2,843	174	-	96	6,442
	<b>68,299</b>	<b>161,088</b>	<b>136,289</b>	<b>31,416</b>	<b>522,325</b>	<b>919,417</b>

\* Investments in sovereign debt securities are classified under the "not rated" category.

^ Reinsurance assets and insurance receivables from brokers/insurers/reinsurers licensed under the Financial Services Act 2013 and Labuan Financial Services Authority are classified under the "not rated" category.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

## 36. Financial risks (cont'd.)

## (a) Credit risk (cont'd.)

## Credit exposure by credit rating (cont'd.)

Group	AAA RM'000	AA RM'000	A RM'000	BBB and lower RM'000	Not rated RM'000	Total RM'000
<b>2019</b>						
Amortised cost:						
Fixed and call deposits with licensed financial institutions	27,482	6,106	-	-	1,588	35,176
Loans receivable:						
Staff mortgage loans	-	-	-	-	164	164
Other unsecured staff loans	-	-	-	-	4	4
FVTPL financial assets:						
Debt securities*	53,427	183,071	27,281	-	11,066	274,845
Reinsurance assets ^	-	1,501	78,046	-	311,133	390,680
Insurance receivables^	-	24,117	27,184	8,468	70,885	130,654
Other receivables (net of prepayments and assets held under the MMIP)	227	154	-	-	8,802	9,183
Cash and bank balances	6,659	4,728	226	-	91	11,704
	87,795	219,677	132,737	8,468	403,733	852,410

\* Investments in sovereign debt securities are classified under the "not rated" category.

^ Reinsurance assets and insurance receivables from brokers/insurers/reinsurers licensed under the Financial Services Act 2013 and Labuan Financial Services Authority are classified under the "not rated" category.

**Notes to the Financial Statements**

For the financial year ended 31 December 2020

**36. Financial risks (cont'd.)****(a) Credit risk (cont'd.)****Credit exposure by credit rating (cont'd.)**

The table below provides information regarding the credit risk exposures of the Group and the Company by classifying financial and reinsurance assets subject to credit risk according to the Group's credit ratings of counterparties. (cont'd.)

Company	AAA RM'000	Not rated RM'000	Total RM'000
<b>2020</b>			
Other receivables (net of prepayments)	-	5,967	5,967
Cash and bank balances	353	-	353
	<b>353</b>	<b>5,967</b>	<b>6,320</b>
<b>2019</b>			
Other receivables (net of prepayments)	-	6,369	6,369
Cash and bank balances	1,679	-	1,679
	<b>1,679</b>	<b>6,369</b>	<b>8,048</b>

**(b) Liquidity risk**

Liquidity risk is the risk that the Group and the Company is unable to meet its obligations in a timely manner at a reasonable cost at any time. The Group maintains a large tranche of liquid asset instruments, primarily bank deposits and unit trust funds, to ensure high liquidity.

**Maturity profiles**

The tables below summarise the maturity profile of the financial and insurance assets and financial and insurance contract liabilities of the Group and the Company based on the remaining undiscounted contractual obligations, including interest receivable.

For insurance contract liabilities and reinsurance assets, maturity profiles are determined based on the estimated timing of net cash outflows of recognised insurance liabilities. Unearned premiums and reinsurers' share of unearned premiums have been excluded from the analysis as they are not contractual obligations.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

## 36. Financial risks (cont'd.)

## (b) Liquidity risk (cont'd.)

## Maturity profiles (cont'd.)

Group	Carrying value RM'000	Less than 1 year RM'000	Over 1-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
<b>2020</b>						
Amortised cost:						
Fixed and call deposits with licensed financial institutions	36,888	36,986	-	-	-	36,986
Loans receivable:						
Staff mortgage loans	154	-	-	154	-	154
Other unsecured staff loans	3	3	-	-	-	3
FVTPL:						
Unit trust funds	576,143	-	-	-	576,143	576,143
Debt securities	210,400	21,826	80,216	113,038	-	215,080
Reinsurance assets	555,000	272,911	271,076	11,013	-	555,000
Insurance receivables	104,659	104,659	-	-	-	104,659
Other receivables (net of prepayments and assets held under the MMIP)	5,871	5,871	-	-	-	5,871
Cash and bank balances	6,442	6,442	-	-	-	6,442
Total financial and insurance assets	1,495,560	448,698	351,292	124,205	576,143	1,500,338
Insurance contract liabilities	779,046	395,103	369,241	14,702	-	779,046
Lease liabilities	6,105	589	5,250	498	-	6,337
Insurance payables	73,824	73,824	-	-	-	73,824
Other payables (net of provision for taxation)	48,188	47,895	-	293	-	48,188
Total financial and insurance liabilities	907,163	517,411	374,491	15,493	-	907,395
Liquidity surplus/(gap)	588,397	(68,713)	(23,199)	108,712	576,143	592,943

**Notes to the Financial Statements**

For the financial year ended 31 December 2020

**36. Financial risks (cont'd.)****(b) Liquidity risk (cont'd.)****Maturity profiles (cont'd.)**

Group	Carrying value RM'000	Less than 1 year RM'000	Over 1-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
<b>2019</b>						
Amortised cost:						
Fixed and call deposits with licensed financial institutions	35,176	35,308	-	-	-	35,308
Loans receivable:						
Staff mortgage loans	164	-	-	164	-	164
Other unsecured staff loans	4	4	-	-	-	4
FVTPL:						
Equity securities	2,986	-	-	-	2,986	2,986
Unit trust funds	473,032	-	-	-	473,032	473,032
Debt securities	274,845	9,956	154,324	182,474	-	346,754
Reinsurance assets	390,680	220,350	161,536	8,794	-	390,680
Insurance receivables	130,654	130,654	-	-	-	130,654
Other receivables (net of prepayments and assets held under the MMIP)	9,183	9,183	-	-	-	9,183
Cash and bank balances	11,704	11,704	-	-	-	11,704
Total financial and insurance assets	1,328,428	417,159	315,860	191,432	476,018	1,400,469
Insurance contract liabilities	616,149	342,850	259,192	14,107	-	616,149
Lease liabilities	2,315	350	2,027	201	-	2,578
Insurance payables	80,559	80,559	-	-	-	80,559
Other payables (net of provision for taxation)	42,958	42,566	104	288	-	42,958
Total financial and insurance liabilities	741,981	466,325	261,323	14,596	-	742,244
Liquidity surplus/(gap)	586,447	(49,166)	54,537	176,836	476,018	658,225

## Notes to the Financial Statements

For the financial year ended 31 December 2020

## 36. Financial risks (cont'd.)

## (b) Liquidity risk (cont'd.)

## Maturity profiles (cont'd.)

Company	Carrying value RM'000	Less than 1 year RM'000	Over 1-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
<b>2020</b>						
FVTPL:						
Unit trust funds	66,219	-	-	-	66,219	66,219
Other receivables (net of prepayments)	5,967	5,967	-	-	-	5,967
Cash and bank balances	353	353	-	-	-	353
Total financial assets	72,539	6,320	-	-	66,219	72,539
Lease liabilities	3,766	1,794	2,230	-	-	4,024
Other payables (net of provision for taxation)	2,169	2,169	-	-	-	2,169
Total financial liabilities	5,935	3,963	2,230	-	-	6,193
Liquidity surplus/(gap)	66,604	2,357	(2,230)	-	66,219	66,346
<b>2019</b>						
FVTPL:						
Unit trust funds	40,213	-	-	-	40,213	40,213
Other receivables (net of prepayments)	6,369	6,369	-	-	-	6,369
Cash and bank balances	1,679	1,679	-	-	-	1,679
Total financial assets	48,261	8,048	-	-	40,213	48,261
Lease liabilities	236	238	-	-	-	238
Other payables (net of provision for taxation)	2,456	2,456	-	-	-	2,456
Total financial liabilities	2,692	2,694	-	-	-	2,694
Liquidity surplus	45,569	5,354	-	-	40,213	45,567

## (c) Market risk

Market risk arises with changes in prices of unit trust funds and bond prices. This risk is mitigated through regular review on the performance of unit trust funds, proper initial and continuous credit evaluation of bonds, purchase of high grade shares and bonds, and constant watch on the investment portfolio for adverse changes and opportunities.

Fund managers' performance are monitored constantly and parameters are prescribed to fund managers according to the Group's risk appetite on investments in unit trust funds, collective investment schemes and bonds, by placing limits on categories of purchase.



## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 36. Financial risks (cont'd.)

#### (c) Market risk (cont'd.)

##### Price risk

Management's best estimate of the effect on the net profit for the year and equity due to a reasonably possible change in the Net Asset Value ("NAV") with all other variables held constant is indicated in the table below:

		Group Increase/(decrease)		Company Increase/(decrease)	
	Change in NAV %	* Effect on net profit for the year RM'000	* Effect on equity RM'000	* Effect on net profit for the year RM'000	* Effect on equity RM'000

#### 2020

Market indices:

NAV	+10	46,775	46,775	5,033	5,033
NAV	-10	(46,775)	(46,775)	(5,033)	(5,033)

#### 2019

Market indices:

NAV	+10	38,905	38,905	3,056	3,056
NAV	-10	(38,905)	(38,905)	(3,056)	(3,056)

\* Impact is net of tax rates enacted at reporting date.

##### Interest rate risk

The Group's exposure to interest rate risk arises primarily from investments in interest-bearing investments classified as FVTPL. The interest and capital value may be affected by changes in the interest yield curve. The Group has an investment policy that investments are made at competitive interest rates.

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit or loss and impact on equity. The correlation of variables will have a significant effect in determining the ultimate impact on interest rate yield risk but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear. During the current financial year, the method used for deriving sensitivity information did not change from the previous period but the assumptions have been increased to 200 bps to take into considerations the impact of the COVID-19 pandemic to the market.

**Notes to the Financial Statements**

For the financial year ended 31 December 2020

**36. Financial risks (cont'd.)****(c) Market risk (cont'd.)****Interest rate risk (cont'd.)**Sensitivity analysis:

		Group (Decrease)/Increase	
	Changes in basis points	* Effect on net profit for the year RM'000	* Effect on equity RM'000
<b>2020</b>			
Interest-bearing investments:			
FVTPL	+ 200 bps	(573)	(573)
FVTPL	- 200 bps	573	573
<b>2019</b>			
Interest-bearing investments:			
FVTPL	+ 100 bps	(459)	(459)
FVTPL	- 100 bps	459	459

\* Impact is net of tax of 24% (2019: 24%)

**Foreign currency risk**

The Group and the Company are exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

**Notes to the Financial Statements**

For the financial year ended 31 December 2020

**36. Financial risks (cont'd.)****(c) Market risk (cont'd.)****Foreign currency risk (cont'd.)**

The Group's and the Company's exposure to foreign currencies are as follows:

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Insurance receivables:		
Thai Baht	10,199	14,295
United States Dollar	18,957	9,379
Philippines Peso	4,127	5,849
Indonesian Rupiah	685	2,513
Singapore Dollar	1,019	2,034
China Yuen Renminbi	634	1,639
Indian Rupee	1,764	1,307
Australia Dollar	693	1,122
Japanese Yen	189	933
Hong Kong Dollar	93	520
Other currencies	501	856
	<b>38,861</b>	<b>40,447</b>
Cash and bank balances:		
United States Dollar	1,153	2,152
Thai Baht	76	53
Indonesian Rupiah	66	52
	<b>1,295</b>	<b>2,257</b>
Investments:		
United States Dollar	3,639	1,311
British Pound	-	2,986
	<b>3,639</b>	<b>4,297</b>
Other receivables:		
United States Dollar	1,218	-
Insurance contract liabilities:		
Thai Baht	(420)	(1,927)
Philippines Peso	(110)	(774)
United States Dollar	(1,514)	(761)
Australia Dollar	(9)	(424)
Japanese Yen	(12)	(275)
Singapore Dollar	(16)	(272)
Indonesian Rupiah	(33)	(264)
Other currencies	(35)	(279)
	<b>(2,149)</b>	<b>(4,976)</b>

## Notes to the Financial Statements

For the financial year ended 31 December 2020

## 36. Financial risks (cont'd.)

## (c) Market risk (cont'd.)

## Foreign currency risk (cont'd.)

	Group	
	2020 RM'000	2019 RM'000
Insurance payables:		
China Yuen Renminbi	(10)	(274)
Hong Kong Dollar	(140)	(140)
United States Dollar	(2,307)	(784)
Other currencies	8	(46)
	(2,449)	(1,244)

	Company	
	2020 RM'000	2019 RM'000
Cash and bank balances:		
United States Dollar	136	1,036
Indonesian Rupiah	29	28
	166	1,064

Sensitivity analysis:

A 5% strengthening/weakening of the Ringgit Malaysia against the foreign currencies as at the end of 31 December 2020 would have decreased/increased net profit of the Group and the Company by approximately RM2,021,000 and RM8,000 respectively (2019: RM2,039,000 and RM53,000 respectively). This assumes that all other variables remain constant.

## 37. Fair value measurement

MFRS 7 *Financial Instruments: Disclosures* ("MFRS 7") requires the classification of financial instruments measured at fair value according to a hierarchy that reflects the significance of inputs used in making the measurements, in particular, whether the inputs used are observable or unobservable. MFRS 13 *Fair Value Measurement* requires similar disclosure requirements as MFRS 7 but extends to include all assets and liabilities measured at fair value and/or for which fair values are disclosed.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

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**Notes to the Financial Statements**

For the financial year ended 31 December 2020

**37. Fair value measurement (cont'd.)**

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines 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 following table provides an analysis of assets measured and/or disclosed at fair value on a recurring basis in accordance with the fair value hierarchy:

Group	Date of valuation	Valuation technique using			Total RM'000
		Quoted market price (Level 1) RM'000	Observable inputs (Level 2) RM'000	Unobservable inputs (Level 3) RM'000	

**Assets measured at fair value:****2020****Financial assets at FVTPL:**

Unquoted debt securities in Malaysia	31 December 2020	-	210,400	-	210,400
Quoted unit trust funds in Malaysia	31 December 2020	576,143	-	-	576,143
		576,143	210,400	-	786,543

**2019****Financial assets at FVTPL:**

Unquoted debt securities in Malaysia	31 December 2019	-	274,845	-	274,845
Quoted unit trust funds in Malaysia	31 December 2019	473,032	-	-	473,032
Unquoted equity securities in the United Kingdom	31 December 2019	-	-	2,986	2,986
		473,032	274,845	2,986	750,863

## Notes to the Financial Statements

For the financial year ended 31 December 2020

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

The following table provides an analysis of assets measured and/or disclosed at fair value on a recurring basis in accordance with the fair value hierarchy: (cont'd.)

Group	Date of valuation	Valuation technique using			Total RM'000
		Quoted market price (Level 1) RM'000	Observable inputs (Level 2) RM'000	Unobservable inputs (Level 3) RM'000	

#### Assets measured at fair value:

#### 2020

##### Financial assets at FVTPL:

Quoted unit trust funds in Malaysia	31 December 2020	66,219	-	-	66,219
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#### 2019

##### Financial assets at FVTPL:

Quoted unit trust funds in Malaysia	31 December 2019	40,213	-	-	40,213
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There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the current and previous financial years. There were also no transfers in and out of Level 3 of the fair value hierarchy. The only movement involving financial assets classified at Level 3 of the fair value hierarchy relates to the unquoted equity securities which is disclosed in Note 9(b).

#### Determination of fair value and fair value hierarchy

The fair values of the Group's and the Company's assets which are carried at fair value or for which fair value is disclosed, are determined as follows:

- (i) The fair values of unquoted corporate bonds are determined by reference to Bond Pricing Agency Malaysia.
- (ii) The fair value of investment in unit trust funds is determined by reference to published net asset values.
- (iii) The fair value of the investment in unquoted equity securities at 31 December 2019 was determined using the transaction price on disposal of the investment, based on the Share Purchase Agreement dated 9 January 2020.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 38. Segmental information

The Group is organised into four major business segments, investment holding and others, funds managed through collective investment schemes, general reinsurance, and general insurance business. The Directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business based on negotiated and mutual terms.

	Investment holding and others RM'000	Collective investment schemes RM'000	General reinsurance business RM'000	General insurance business RM'000	Adjustments and eliminations RM'000	Consolidated RM'000
<b>For the year ended 31 December 2020</b>						
<b>Operating revenue</b>						
External	736	11,030	59,436	378,076	-	449,278
Inter-segment	40,587	-	7,632	6,662	(54,881)	-
	<b>41,323</b>	<b>11,030</b>	<b>67,068</b>	<b>384,738</b>	<b>(54,881)</b>	<b>449,278</b>
<b>Results</b>						
Gross earned premiums	-	-	62,349	362,376	(7,305)	417,420
Premiums ceded to reinsurers	-	-	(2,943)	(231,900)	7,305	(227,538)
<b>Net earned premiums</b>	-	-	<b>59,406</b>	<b>130,476</b>	-	<b>189,882</b>
Investment income	41,322	11,030	4,719	22,362	(47,575)	31,858
Realised gains and losses	25	5,054	(86)	14,608	(4,820)	14,781
Fair value gains and losses	852	1,485	652	(6,711)	1,125	(2,597)
Fees and commission income	-	-	137	29,814	(1,334)	28,617
Other operating income	9,692	-	1,188	2,948	(9,404)	4,424
<b>Other revenue</b>	<b>51,891</b>	<b>17,569</b>	<b>6,610</b>	<b>63,021</b>	<b>(62,008)</b>	<b>77,083</b>
Gross claims paid	-	-	(2,316)	(152,876)	543	(154,649)
Claims ceded to reinsurers	-	-	-	92,533	(543)	91,990
Gross changes to contract liabilities	-	-	(3,244)	(165,450)	5,797	(162,897)
Change in contract liabilities ceded to reinsurers	-	-	-	170,116	(5,797)	164,319
<b>Net claims</b>	-	-	<b>(5,560)</b>	<b>(55,677)</b>	-	<b>(61,237)</b>
Fee and commission expense	-	-	(19,628)	(33,178)	1,334	(51,472)
Management expenses	(27,179)	(1,370)	(28,484)	(72,498)	8,397	(121,134)
Other operating expenses	(189)	-	(285)	(49)	-	(523)
Finance costs	(208)	-	(13)	(236)	157	(300)
<b>Other expenses</b>	<b>(27,576)</b>	<b>(1,370)</b>	<b>(48,410)</b>	<b>(105,961)</b>	<b>9,888</b>	<b>(173,429)</b>
<b>Share of results of an associate</b>	-	-	-	-	(1,889)	(1,889)
<b>Share of results of a joint venture company</b>	-	-	-	-	4,269	4,269
<b>Profit before taxation</b>	<b>24,314</b>	<b>16,199</b>	<b>12,046</b>	<b>31,859</b>	<b>(49,739)</b>	<b>34,679</b>
Taxation	(82)	-	(361)	(6,072)	39	(6,476)
<b>Net profit for the year</b>	<b>24,232</b>	<b>16,199</b>	<b>11,685</b>	<b>25,787</b>	<b>(49,700)</b>	<b>28,203</b>

## Notes to the Financial Statements

For the financial year ended 31 December 2020

## 38. Segmental information (cont'd.)

	Investment holding and others RM'000	Collective investment schemes RM'000	General reinsurance business RM'000	General insurance business RM'000	Adjustments and eliminations RM'000	Consolidated RM'000
<b>For the year ended 31 December 2019</b>						
<b>Operating revenue</b>						
External	1,531	9,591	76,357	413,322	-	500,801
Inter-segment	21,096	-	24,018	5,712	(50,826)	-
	22,627	9,591	100,375	419,034	(50,826)	500,801
<b>Results</b>						
Gross earned premiums	-	-	96,868	396,431	(24,018)	469,281
Premiums ceded to reinsurers	-	-	(698)	(237,921)	24,018	(214,601)
<b>Net earned premiums</b>	-	-	96,170	158,510	-	254,680
Investment income	22,627	9,591	3,507	22,602	(26,807)	31,520
Realised gains and losses	2,360	821	137	3,288	(2,713)	3,893
Fair value gains and losses	(1,716)	4,381	1,177	10,014	(5,440)	8,416
Fees and commission income	-	-	-	43,366	(6,437)	36,929
Other operating income	8,100	105	508	1,239	(8,254)	1,698
<b>Other revenue</b>	31,371	14,898	5,329	80,509	(49,651)	82,456
Gross claims paid	-	-	(4,910)	(305,093)	2,850	(307,153)
Claims ceded to reinsurers	-	-	-	213,860	(2,850)	211,010
Gross changes to contract liabilities	-	-	(853)	(14,119)	820	(14,152)
Change in contract liabilities ceded to reinsurers	-	-	-	28,760	(820)	27,940
<b>Net claims</b>	-	-	(5,763)	(76,592)	-	(82,355)
Fee and commission expense	-	-	(33,701)	(49,660)	6,437	(76,924)
Management expenses	(27,653)	(1,691)	(23,228)	(74,924)	7,746	(119,750)
Other operating expenses	(30)	-	(169)	(424)	(2)	(625)
Finance costs	(59)	-	(5)	(181)	50	(195)
<b>Other expenses</b>	(27,742)	(1,691)	(57,103)	(125,189)	14,231	(197,494)
<b>Share of results of an associate</b>	-	-	-	-	3,184	3,184
<b>Share of results of a joint venture company</b>	-	-	-	-	1,177	1,177
<b>Profit before taxation</b>	3,629	13,207	38,633	37,238	(31,059)	61,648
Taxation	(73)	-	(1,166)	(3,123)	765	(3,597)
<b>Net profit for the year</b>	3,556	13,207	37,467	34,115	(30,294)	58,051



## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 38. Segmental information (cont'd.)

	Investment holding and others RM'000	Collective investment schemes RM'000	General reinsurance business RM'000	General insurance business RM'000	Adjustments and eliminations RM'000	Consolidated RM'000
<b>As at 31 December 2020</b>						
<b>Assets</b>						
Property and equipment	1,022	-	160	2,721	-	3,903
Intangible assets	3,080	-	1,306	2,209	(674)	5,921
Right-of-use assets	3,947	-	211	4,441	(2,648)	5,951
Investments in subsidiaries	183,908	-	-	-	(183,908)	-
Investment in an associate	40,955	-	-	-	20,645	61,600
Investment in a joint venture company	433	-	-	-	7,010	7,443
Goodwill	-	-	-	-	24,165	24,165
Investments	66,324	202,777	142,303	520,875	(108,691)	823,588
Deferred tax assets	-	-	-	1,472	-	1,472
Reinsurance assets	-	-	9	627,107	(1,696)	625,420
Insurance receivables	-	-	27,398	78,238	(977)	104,659
Other receivables	7,575	-	522	51,315	(4,687)	54,725
Tax recoverable	71	-	-	26,341	-	26,412
Cash and bank balances	747	36	1,424	4,235	-	6,442
<b>Total assets</b>	<b>308,062</b>	<b>202,813</b>	<b>173,333</b>	<b>1,318,954</b>	<b>(251,461)</b>	<b>1,751,701</b>
<b>Equity</b>						
Share capital	258,622	186,864	10,000	103,348	(310,315)	248,519
Employee share option reserves	2,859	-	-	-	-	2,859
Foreign currency translation reserve	-	-	-	-	9,914	9,914
OCI reserve	-	-	-	-	(87)	(87)
Other reserve	-	-	-	-	195	195
Retained earnings	38,447	15,123	135,677	211,520	(87,138)	313,629
Equity attributable to owners of the parent	299,928	201,987	145,677	314,868	(387,431)	575,029
Non-controlling interests	-	-	-	-	146,004	146,004
<b>Total equity</b>	<b>299,928</b>	<b>201,987</b>	<b>145,677</b>	<b>314,868</b>	<b>(241,427)</b>	<b>721,033</b>
<b>Liabilities</b>						
Insurance contract liabilities	-	-	8,560	895,201	(1,696)	902,065
Lease liabilities	4,030	-	216	4,570	(2,711)	6,105
Deferred tax liabilities	-	-	-	135	-	135
Insurance payables	-	-	2,712	72,089	(977)	73,824
Other payables	4,104	826	16,168	32,091	(4,650)	48,539
<b>Total liabilities</b>	<b>8,134</b>	<b>826</b>	<b>27,656</b>	<b>1,004,086</b>	<b>(10,034)</b>	<b>1,030,668</b>
<b>Total equity and liabilities</b>	<b>308,062</b>	<b>202,813</b>	<b>173,333</b>	<b>1,318,954</b>	<b>(251,461)</b>	<b>1,751,701</b>

## Notes to the Financial Statements

For the financial year ended 31 December 2020

## 38. Segmental information (cont'd.)

	Investment holding and others RM'000	Collective investment schemes RM'000	General reinsurance business RM'000	General insurance business RM'000	Adjustments and eliminations RM'000	Consolidated RM'000
<b>As at 31 December 2019</b>						
<b>Assets</b>						
Property and equipment	915	-	128	3,239	-	4,282
Intangible assets	2,558	-	355	1,384	105	4,402
Right-of-use assets	249	-	57	2,145	(204)	2,247
Investments in subsidiaries	180,908	-	-	-	(180,908)	-
Investment in an associate	40,955	-	-	-	25,190	66,145
Investment in a joint venture company	433	-	-	-	2,830	3,263
Goodwill	-	-	-	-	24,165	24,165
Investments	43,199	266,442	140,697	514,519	(178,650)	786,207
Deferred tax assets	-	-	-	1,725	453	2,178
Reinsurance assets	-	-	43	482,564	1,320	483,927
Insurance receivables	-	-	37,496	96,824	(3,666)	130,654
Other receivables	7,071	-	222	54,796	(3,377)	58,712
Tax recoverable	71	-	-	28,941	-	29,012
Cash and bank balances	2,082	1,257	1,199	7,166	-	11,704
<b>Total assets</b>	<b>278,441</b>	<b>267,699</b>	<b>180,197</b>	<b>1,193,303</b>	<b>(312,742)</b>	<b>1,606,898</b>
<b>Equity</b>						
Share capital	255,621	256,756	10,000	103,348	(377,206)	248,519
Employee share option reserves	3,477	-	-	-	-	3,477
Foreign currency translation reserve	-	-	-	-	11,209	11,209
OCI reserve	-	-	-	-	499	499
Other reserve	-	-	-	-	55	55
Retained earnings	14,210	9,674	149,419	202,737	(80,802)	295,238
Equity attributable to owners of the parent	273,308	266,430	159,419	306,085	(446,245)	558,997
Non-controlling interests	-	-	-	-	139,038	139,038
<b>Total equity</b>	<b>273,308</b>	<b>266,430</b>	<b>159,419</b>	<b>306,085</b>	<b>(307,207)</b>	<b>698,035</b>
<b>Liabilities</b>						
Insurance contract liabilities	-	-	10,425	769,558	1,322	781,305
Lease liabilities	256	-	57	2,211	(209)	2,315
Deferred tax liabilities	-	-	-	81	491	572
Insurance payables	-	-	1,359	82,866	(3,666)	80,559
Other payables	4,877	1,269	8,937	32,502	(3,473)	44,112
<b>Total liabilities</b>	<b>5,133</b>	<b>1,269</b>	<b>20,778</b>	<b>887,218</b>	<b>(5,535)</b>	<b>908,863</b>
<b>Total equity and liabilities</b>	<b>278,441</b>	<b>267,699</b>	<b>180,197</b>	<b>1,193,303</b>	<b>(312,742)</b>	<b>1,606,898</b>

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 39. Capital management

The Group's capital management objective is to ensure that the Group creates value for its shareholders while minimising the potential adverse effects on the performance of the Group.

The Group manages its capital structure, and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years 31 December 2020 and 2019.

The Company is not subject to any externally imposed capital requirements.

TPR is required to comply with the capital requirements stipulated under the Guidelines on application for License - Insurance and Insurance Related Activities ("the Guideline"), as issued by the Labuan Financial Services Authority. Similarly, TIMB is required to meet the minimum capital adequacy requirements as prescribed by the RBC Framework. The status of compliance of these subsidiaries with the Guideline and RBC Framework above are disclosed in Note 32.

### 40. Significant events

#### (a) Update to the Malaysian Competition Commission ("MyCC")'s Proposed Decision against PIAM and its 22 members

On 22 February 2017, the general insurance subsidiary, TIMB had received a notice from the Malaysia Competition Commission ("MyCC") concerning a proposed decision which found that TIMB and 21 other general insurance companies in Malaysia (who are all members of the General Insurance Association of Malaysia ("PIAM")) had infringed one of the prohibitions under the Competitions Act 2010 ("CA") in Malaysia, pursuant to its investigation outcome in respect of the agreement entered into between PIAM and the Federation of Automobile Workshop Owners' Association of Malaysia ("FAWOAM") concerning the cap on the parts trade discount rates and minimum agreed labour rates payable by the insurers to the PIAM Approved Repairer's Scheme workshops. These rates were subsequently approved and adopted by PIAM members including TIMB.

Subsequent to MyCC's issuance of its proposed decision, PIAM and its 22 members including TIMB, were given the opportunity to make written representations in their defence and TIMB had on 5 April 2017 filed in its written representations with MyCC. TIMB's oral representations were presented before the MyCC on 29 January 2018.

A fresh hearing was held following the appointment of a new Chairman of MyCC with the last of the parties' submission having been made on 18 June 2019.

Subsequently, TIMB had received a notice dated 25 September 2020 from MyCC informing TIMB of its decision dated 14 September 2020 wherein they have found that TIMB and 21 other members of PIAM had infringed Section 4 of the CA ("Decision").

The MyCC in its Decision had imposed a financial penalty of RM2,571,078 only on the part of TIMB and a consolidated amount of RM130,241,475 on all 22 members of PIAM, net of a 25% reduction granted on the final penalties after taking into consideration the economic impact arising from the COVID-19 pandemic. The MyCC had also granted the parties a moratorium period of six months up to 24 March 2021 to pay the financial penalty imposed. The MyCC had also allowed the parties, including TIMB, to pay the financial penalty imposed by way of up to six equal monthly instalments.

The MyCC had also directed TIMB to cease implementing the agreed parts trade discount and the hourly labour rates previously agreed upon with the workshops with immediate effect. All future parts trade discount rates and future hourly labour rates with the workshops would be negotiated independently.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 40. Significant events (cont'd.)

#### (a) Update to the Malaysian Competition Commission ("MyCC")'s Proposed Decision against PIAM and its 22 members (cont'd.)

TIMB in consultation with their legal counsel, is of the view that TIMB has not infringed Section 4 of the CA and has taken all necessary and appropriate actions to defend its position. Accordingly, as at the date of the financial statements, TIMB has not made any provision, and has continued to disclose the matter as an on-going litigation until further development.

TIMB had filed its Notice of Appeal with the CAT pursuant to Section 51 of the CA; and had filed an application for a stay of the financial penalty with the CAT pursuant to Section 53 of the CA on 13 October 2020 and 14 October 2020 respectively.

TIMB's application for a stay of the financial penalty was heard before the CAT on 25 February 2021 and the matter is fixed for decision on 23 March 2021. The case management for the appeal proper will be fixed after the stay application of all the appellants are disposed of.

As at the date of the financial statements, there have been no further developments on this matter.

#### (b) Tax dispute with the Lembaga Hasil Dalam Negeri ("LHDN")

On 20 December 2018, TIMB received Notice of Additional Assessment (Form JA) from the Lembaga Hasil Dalam Negeri ("LHDN") in respect of Years of Assessment ("YA") 2013 to 2015, wherein a sum of RM11.1 million of additional taxes and penalties was sought by the LHDN.

TIMB is of the view given legal advice received that out of the RM11.1 million of additional taxes and penalties levied by the LHDN, RM10.7 million, being the disputed additional tax and penalties, is open to challenge and has hence, engaged tax solicitors to assist in challenging the said disputed additional tax and penalties imposed by the LHDN.

On 11 January 2019, TIMB filed an Affidavit to the High Court of Malaya ("High Court") to apply for a judicial review against LHDN's assessments. On 23 May 2019, the High Court granted TIMB's application for judicial review with cost of RM5,000. The High Court ordered for the Notice of Assessment from LHDN be amended to allow the deduction of PRAD expenses and dismissed the penalty imposed in relation to this issue. The High Court also granted a stay of proceedings against the payment of taxes on the other additional taxes and penalties levied by LHDN until the determination of the appeal before the Special Commissioners of Income Tax ("SCIT").

On 11 June 2019, LHDN filed a Notice of Appeal against the decision of the High Court. The appeal was subsequently withdrawn and a consent order was entered at the Court of Appeal on 13 November 2020 stating:

- (a) The PRAD expenses are allowed for deduction for income tax purposes;
- (b) LHDN will issue the Notices of Reduced Assessment for the YA 2013, 2014 and 2015 within 90 days of the date of the order;
- (c) The consent order applies only to this case;
- (d) The High Court order dated 23 May 2019 is affirmed; and
- (e) No order as to cost.

TIMB's appeal against all other additional taxes and penalties levied by LHDN is fixed for Hearing on 4 to 5 May 2021 before the SCIT.

The insurance subsidiary and the Group had not recognised any liability in respect of the disputed additional tax and penalties in the financial statements, pending further developments of the appeal before the SCIT, as they believe that there are strong grounds to argue their case, based on legal advice received.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 40. Significant events (cont'd.)

#### (c) On-going litigation with a foreign reinsurer ("the Reinsurer")

TIMB is the reinsured under a Reinsurance Contract for an Extended Warranty Programme ("EWP") for various models of vehicles. The Reinsurer had failed to remit their share of payment for claims paid by TIMB under the EWP. Accordingly, TIMB ("Plaintiff") has commenced legal action to recover certain amounts owed by the Reinsurer ("Defendant") under the Reinsurance Contract through its appointed solicitors. As at 31 December 2020, the net amount owed by the Reinsurer and the outstanding claims recoveries amounted to RM13,706,000 (2019: RM12,269,626) of which full impairment have been provided for in the current financial year (2019: RM4,812,000).

On 29 January 2019, a writ of summons was filed with the High Court of Malaya, Kuala Lumpur ("High Court") to recover the non-disputed balances of RM2,822,000 from the Reinsurer. On 19 February 2019, the High Court granted leave to TIMB to proceed with the service of Notice of Writ to be served out of jurisdiction to the Reinsurer in Hong Kong.

The Court has fixed the matter for trial on 27 to 28 October 2021 and 1 to 3 November 2021. The matter is now fixed for case management on 3 May 2021.

As at the date of the financial statements, there have been no further developments on this matter, and the Group will continue to pursue recovery of the whole balance owed by the Reinsurer to its insurance subsidiary.

#### (d) COVID-19 pandemic

In March 2020, the World Health Organisation ("WHO") declared the outbreak of the Corona Virus Disease 2019 ("COVID-19") as a pandemic which continued to spread globally. The outbreak of COVID-19 has disrupted the global economies for most part of the year and resulted in various restrictions introduced on physical movements and operations of non-essential services in the country.

The Group was not spared from such measures and the impact from the pandemic. The Group recorded lower gross written premiums from motor and travel businesses during the year due to the introduction of movement controls in various countries globally. This has been cushioned by the improved claims performance and consequently to the valuation of insurance contract liabilities. At this juncture, it is not possible to estimate the full impact of the outbreak on the performance of the Group and the Company or the government's varying efforts to combat the outbreak and support businesses. Having said that, the Group will continue to monitor the situation of the outbreak and its financial impact to the Group, if any.

The Group and the Company are of the view that the pandemic will not fundamentally impact the going concern of its business operations and that it continues to remain resilient to weather through the current pandemic. Accordingly, the Group's financial statements for the financial year ended 31 December 2020 have been prepared on a going concern basis. This is further supported by the healthy levels of solvency and liquidity to sustain both the operational and financial requirements of the Group and the Company, amidst the current pandemic situation.

The management of the Group and the Company are of the view that there were no other matters, other than those described above, arising from the on-going pandemic that would have a significant impact on the carrying values of the Group's and the Company's assets and liabilities as at 31 December 2020.

# Analysis of Shareholdings

As at 31 March 2021

## SHARE CAPITAL

Number of issued shares : 751,759,980 ordinary shares  
 Issued share capital : RM248,518,780  
 Class of shares : Ordinary shares  
 Voting rights : One vote per ordinary share

## DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	Total Holdings	%
Less than 100 shares	127	1.18	1,677	0.00
100 - 1,000 shares	1,146	10.64	792,797	0.10
1,001 - 10,000 shares	5,164	47.96	29,590,913	3.94
10,001 - 100,000 shares	3,681	34.18	127,934,736	17.02
100,001 - to less than 5% of issued shares	646	6.00	305,142,800	40.59
5% and above of issued shares	4	0.04	288,297,057	38.35
<b>Total</b>	<b>10,768</b>	<b>100.0</b>	<b>751,759,980</b>	<b>100.0</b>

## DIRECTORS' AND GROUP CHIEF EXECUTIVE OFFICER'S ("CEO") INTERESTS

The interests of the Directors of Tune Protect Group Berhad ("the Company") in the ordinary shares and options over ordinary shares of the Company and its related corporation based on the Company's Register of Directors' Shareholdings as well as the interests of the Group CEO in the Company are as follows:-

No.	Name	Direct		Deemed		No. of unexercised ESOS options of the Company
		No. of ordinary shares held in the Company	%	No. of ordinary shares held in the Company	%	
<u>Directors</u>						
1.	Ng Soon Lai @ Ng Siek Chuan	150,000	0.02	-	-	-
2.	Tan Ming-Li	-	-	-	-	-
3.	Mohamed Rashdi bin Mohamed Ghazalli	-	-	-	-	-
4.	Aireen Omar	-	-	-	-	-
5.	Kelvin Desmond Malayapillay	-	-	-	-	-
<u>Group CEO</u>						
1.	Rohit Chandrasekharan Nambiar	121,500	0.02	-	-	1,879,400 <sup>(1)</sup>

### Note:

(1) The grant of these options is subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.

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Tune Protect Group Berhad

## Analysis of Shareholdings

As at 31 March 2021

## SUBSTANTIAL SHAREHOLDERS

No.	Name of shareholders	Direct		Deemed		Note
		No. of ordinary shares held	%	No. of ordinary shares held	%	
1.	AirAsia Digital Sdn Bhd (formerly known as RedBeat Ventures Sdn Bhd)	102,609,000	13.65	-	-	-
2.	Tune Group Sdn Bhd	118,563,150	15.77	-	-	-
3.	Tan Sri Anthony Francis Fernandes	100,000	0.01	221,172,150	29.42	(i)
4.	Datuk Kamarudin bin Meranun	81,900	0.01	221,172,150	29.42	(i)
5.	CIMB SI II Sdn Bhd	70,679,123	9.40	-	-	-
6.	CIMB Group Sdn Bhd	-	-	70,679,123	9.40	(ii)
7.	CIMB Group Holdings Berhad	-	-	70,679,123	9.40	(ii)

## Notes: -

- (i) Deemed interested by virtue of his interest in AirAsia Digital Sdn Bhd (formerly known as RedBeat Ventures Sdn Bhd) (102,609,000 shares) and Tune Group Sdn Bhd (118,563,150 shares) pursuant to Section 8 of the Companies Act 2016.
- (ii) Deemed interested by virtue of the shareholder's interest in CIMB SI II Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

## THIRTY LARGEST ORDINARY SHAREHOLDERS OF THE COMPANY

No.	Registered Holders	No. of ordinary shares	%
1.	AirAsia Digital Sdn Bhd (formerly known as RedBeat Ventures Sdn Bhd)	102,609,000	13.65
2.	RHB Capital Nominees (Tempatan) Sdn Bhd RHB Islamic Bank Berhad Pledged Securities Account for Tune Group Sdn Bhd	71,008,934	9.45
3.	CIMB SI II Sdn Bhd	70,679,123	9.40
4.	CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tune Group Sdn Bhd (GCM CBM-SKY X)	44,000,000	5.85
5.	Citigroup Nominees (Asing) Sdn Bhd Exempt An for Citibank New York (Norges Bank 19)	16,239,500	2.16
6.	DB (Malaysia) Nominee (Asing) Sdn Bhd BNYM SA/NV for Ramam World Recovery Fund	11,723,700	1.56
7.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Private Wealth Management for Lim Kian Onn (PW-M00543)(415941)	5,000,000	0.665
8.	Universal Trustee (Malaysia) Berhad KAF Tactical Fund	4,855,600	0.65
9.	Cartaban Nominees (Tempatan) Sdn Bhd RHB Trustees Berhad for KAF Vision Fund	4,715,200	0.63
10.	Anastasia Amanda Beh Gaik Sim	4,168,000	0.55
11.	HSBC Nominees (Asing) Sdn Bhd Exempt An for Bank Julius Baer & Co. Ltd. (Singapore BCH)	3,750,000	0.50
12.	Maybank Nominees (Tempatan) Sdn Bhd Etiqa Life Insurance Berhad (Growth)	3,632,000	0.48
13.	CIMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tune Group Sdn Bhd (EDG&GCM)	3,480,000	0.46

## Analysis of Shareholdings

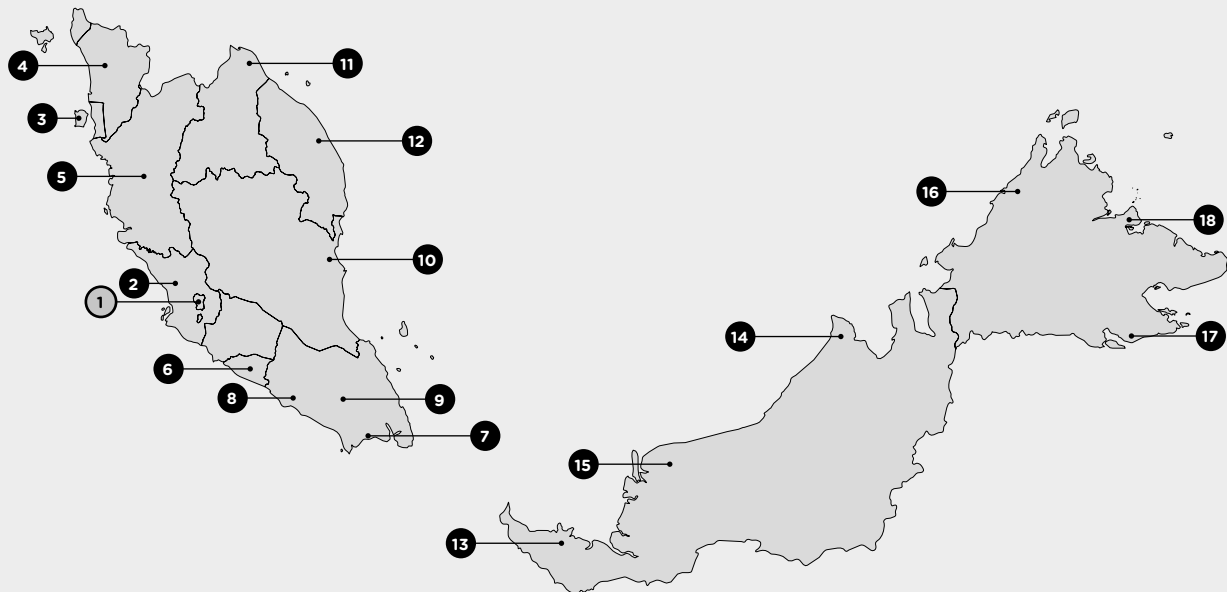
As at 31 March 2021

No. Registered Holders	No. of ordinary shares	%
14. Universal Trustee (Malaysia) Berhad KAF Core Income Fund	3,325,400	0.44
15. HSBC Nominees (Asing) Sdn Bhd TNTC for the Health Foundation	3,167,900	0.42
16. CIMB Group Nominees (Asing) Sdn Bhd Exempt An for DBS Bank Ltd (SFS)	3,150,000	0.42
17. Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Su Tiing Uh	3,126,000	0.42
18. Tan Seow Leng	2,993,000	0.40
19. Maybank Nominees (Tempatan) Sdn Bhd Etiqua Life Insurance Berhad (PREM Equity)	2,629,400	0.35
20. HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Loo Kee Seng	2,583,200	0.34
21. Maybank Nominees (Tempatan) Sdn Bhd Chua Eng Ho Wa'a @ Chua Eng Wah	2,285,000	0.30
22. Chai Hooi Teing	2,250,000	0.30
23. Toh Ean Hai	2,200,000	0.29
24. Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	2,001,800	0.27
25. Gan Tuan Boon	2,000,000	0.27
26. Kenanga Nominees (Tempatan) Sdn Bhd Lim Kok Khong (AA0039387)	2,000,000	0.27
27. Libra Capital Sdn Bhd	2,000,000	0.27
28. KAF Trustee Berhad KIFB for the Institute of Strategic and International Studies Malaysia	1,994,600	0.27
29. Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ten Soon Lee	1,950,000	0.26
30. KAF Trustee Berhad KIFB for Lagmuir Holdings Ltd	1,942,300	0.26



## List of Branches and Overseas Ventures

### TUNE PROTECT MALAYSIA'S BRANCHES



### Customer Service Centre

#### Address

Level 8, Wisma Tune,  
No. 19, Lorong Dungun,  
Damansara Heights,  
50490 Kuala Lumpur

#### Phone

**Customer Service Hotline**  
1 800 88 5753

#### Monday - Thursday

9AM - 5PM (GMT+8)

#### Friday

9AM - 4:30PM (GMT+8)

#### 24/7 Emergency Assistance

1 800 22 8863  
(Auto Emergency Assist)  
+603 7841 5788  
(Travel Emergency Assistance)

#### Email

hello.my@tuneprotect.com

enquiry@tuneprotect.com

(for AirAsia Travel Protection related enquiries only)

#### 1. Kuala Lumpur, Malaysia (Head Office)

Level 9, Wisma Tune,  
No. 19, Lorong Dungun,  
Damansara Heights,  
50490 Kuala Lumpur  
Toll-Free No.: 1 800 88 5753  
Phone : +603 2087 9000  
Fax : +603 2094 1366  
Email : hello.my@tuneprotect.com  
Website : www.tuneprotect.com/my

#### 2. Shah Alam

No. 57, Ground Floor & 1<sup>st</sup> Floor,  
Jalan Snuker 13/28, Seksyen 13,  
40100 Shah Alam,  
Selangor Darul Ehsan  
Phone : +603 5510 3667  
+603 5510 3730  
Fax : +603 5513 5801  
Mobile : +6016 220 9448

#### 3. Penang

No. 29-G, 29-1 & 29-2,  
Persiaran Bayan Indah,  
Bayan Bay,  
11900 Bayan Lepas, Penang  
Phone : +604 643 0288  
+604 641 2388  
Fax : +604 641 1588  
Mobile : +6019 655 2464

#### 4. Alor Setar

No. 216-A, Ground Floor,  
Jalan PSK 6,  
Pekan Simpang Kuala,  
05400 Alor Setar,  
Kedah Darul Aman  
Phone : +604 771 1988  
+604 771 9089  
Fax : +604 771 8191  
Mobile : +6019 889 9400

#### 5. Ipoh

Ground & 1<sup>st</sup> Floor,  
No. 52, Jalan Medan Istana,  
Bandar Ipoh Raya,  
30000 Ipoh,  
Perak Darul Ridzuan  
Phone : +605 254 3305  
+605 254 1239  
Fax : +605 254 6789  
Mobile : +6012 521 1197

#### 6. Melaka

No 529 & 530, Ground Floor,  
Taman Melaka Raya,  
75000 Melaka  
Phone : +606 284 2828  
+606 283 3109  
Fax : +606 283 5110  
Mobile : +6016 212 5113

## List of Branches and Overseas Ventures

**7. Johor Bahru**

Unit 22-02, Level 22, Menara Zurich,  
15 Jalan Dato Abdullah Tahir,  
80300 Johor Bahru,  
Johor Darul Takzim  
Phone : +607 333 1518  
+607 330 5603  
Fax : +607 336 5539  
Mobile : +6016 702 0268

**8. Batu Pahat**

No. 55A, 1<sup>st</sup> Floor,  
Jalan Cengal,  
Taman Batu Pahat,  
83000 Batu Pahat,  
Johor Darul Takzim  
Phone : +607 431 3591  
+607 431 3752  
Fax : +607 431 4779  
Mobile : +6012 775 9600

**9. Kluang**

No. 53, 1<sup>st</sup> & 2<sup>nd</sup> Floor,  
Jalan Rambutan,  
86000 Kluang,  
Johor Darul Takzim  
Phone : +607 776 5468  
Fax : +607 776 5473  
Mobile : +6016 772 0019

**10. Kuantan**

A109, Ground Floor,  
Sri Dagangan,  
Jalan Tun Ismail,  
25000 Kuantan,  
Pahang Darul Makmur  
Phone : +609 513 1914  
+609 514 5259  
Fax : +609 514 8970  
Mobile : +6016 950 3333

**11. Kota Bharu**

PT 389, Ground & 1<sup>st</sup> Floor,  
Rumah Kedai Lembah Sireh,  
15050 Kota Bharu,  
Kelantan Darul Naim  
Phone : +609 748 3986  
+609 748 4895  
Fax : +609 744 5414  
Mobile : +6013 975 7916

**12. Kuala Terengganu**

No. 888C, Lot 3886, Tingkat 1,  
Jalan Sultan Sulaiman,  
20200 Kuala Terengganu,  
Terengganu Darul Iman  
Phone : +609 622 9828  
+609 622 4828  
Fax : +609 622 3151  
Mobile : +6012 248 3766

**13. Kuching**

Lot 579, Ground Floor & 1<sup>st</sup> Floor,  
Section 10, Kuching Town Land District,  
Jalan Tun Ahmad Zaidi Adruce,  
93400 Kuching, Sarawak  
Phone : +6082 241 266  
+6082 417 343  
Fax : +6082 256 045  
Mobile : +6019 887 9967

**14. Miri**

Lot 788, 1<sup>st</sup> Floor,  
Jalan Bintang Jaya 4,  
Bintang Jaya Commercial Centre,  
98000 Miri, Sarawak  
Phone : +6085 424 243  
+6085 422 344  
Fax : +6085 438 904  
Mobile : +6013 564 4500

**15. Sibu**

No. 17C, 1<sup>st</sup> Floor,  
Jalan Wong Soon Kai,  
96000 Sibu, Sarawak  
Phone : +6084 353 033  
Fax : +6084 353 022  
Mobile : +6016 860 3296

**16. Kota Kinabalu**

Lot D-3A-01, Parcel No: D-01,  
Aeropod Commercial Square,  
Jalan Aeropod, Off Jalan Kepayan,  
88200 Kota Kinabalu, Sabah  
Phone : +6088 221 116  
+6088 221 117  
Fax : +6088 218 272  
Mobile : +6016 826 9175

**17. Tawau**

1<sup>st</sup> Floor, Lot A7,  
Pusat Komersil BDC (IArena),  
Jalan Chong Thien Vun,  
91000 Tawau, Sabah  
Phone : +6089 763 177  
+6089 763 178  
Fax : +6089 763 1779  
Mobile : +6012 810 7333

**18. Sandakan**

Ground Floor, Lot 3, Block 7,  
Bandar Indah,  
Mile 4, Jalan Utara,  
90000 Sandakan, Sabah  
Phone : +6089 224 770  
+6089 224 780  
Fax : +6089 224 790  
Mobile : +6012 819 8965

**OVERSEAS VENTURES****Thailand****Tune Protect Thailand**

(Tune Insurance Public Company Limited)

## Address:

3199 Maleenont Tower,  
14<sup>th</sup> Floor, RAMA IV Road,  
Khlong Tan,  
Khlong Toei,  
Bangkok 10110

Phone : +66(0)2 078 5656

Call Center : 1183

Fax : +66(0)2 078 5601 3

Website : www.tuneinsurance.co.th

**Europe, Middle East, India and Africa****Tune Protect EMEA**

(Tune Protect Commercial Brokerage LLC)

## Address:

Level 8 No. 807,  
Blue Bay Tower,  
Business Bay,  
Dubai, UAE  
P.O. Box 124177

Phone : +971 4 360 6872

Website : www.tuneprotect.com/emeia

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Tenth Annual General Meeting (“**AGM**”) of Tune Protect Group Berhad will be held fully virtual using the Remote Participation and Voting (“**RPV**”) facilities of TIIH Online at <https://tiih.online>, with the broadcast venue at Tricor Business Centre, Gemilang Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Thursday, 17 June 2021 at 2.30 p.m. for the following purposes:

## AGENDA

### AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon.

**Please refer to Explanatory Note A.**

2. To re-elect the following Directors who retire by rotation pursuant to Article 122 of the Company’s Constitution and who, being eligible, have offered themselves for re-election:-

- (a) Ng Soon Lai @ Ng Siek Chuan
- (b) Tan Ming-Li

**Resolution 1**

**Resolution 2**

3. To approve the payment of Directors’ fees of up to RM879,000.00 from the conclusion of the Tenth AGM until the conclusion of the next AGM of the Company.

**Please refer to Explanatory Note B.**

**Resolution 3**

4. To approve the payment of Directors’ benefits of up to RM505,000 being meeting attendance allowances and up to RM150,000 for each Director being the overall annual limit for self-insured hospitalisation & surgical, from the conclusion of the Tenth AGM until the conclusion of the next AGM of the Company.

**Please refer to Explanatory Note C.**

**Resolution 4**

5. To re-appoint Ernst & Young PLT as Auditor of the Company for the ensuing financial year ending 31 December 2021 and to authorise the Directors to fix their remuneration.

**Resolution 5**

### AS SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modifications, the following proposed resolutions:-

#### 6. ORDINARY RESOLUTION

#### PROPOSED AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

“**THAT** subject to the Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company’s Constitution and approval of the relevant governmental regulatory authorities, if required, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Companies Act 2016 to allot shares in the Company, grant rights to subscribe for shares in the Company, convert any security into shares in the Company, or allot shares under an agreement or option or offer at any time and from time to time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares allotted pursuant to this resolution during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so allotted on Bursa Malaysia Securities Berhad;

## Notice of Annual General Meeting

**AND THAT** such authority shall commence immediately upon the passing of this resolution and continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting of the Company at which time it will lapse, unless by an ordinary resolution passed at the next Annual General Meeting, the authority is renewed;
- (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held, unless permitted to be waived by the relevant authorities or prevailing law or regulations; or
- (iii) the authority is revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.”

**Please refer to Explanatory Note D.**

**Resolution 6**

### 7. ORDINARY RESOLUTION

#### **PROPOSED NEW SHAREHOLDERS’ MANDATE AND RENEWAL OF THE EXISTING SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE (“PROPOSED MANDATE”)**

“**THAT** approval be and is hereby given for the Company and/or its subsidiary companies to enter into any of the transactions falling within the types of recurrent related party transactions of revenue or trading nature (“**RRPTs**”) as set out in Section 2.4 of the Company’s Circular to Shareholders dated 30 April 2021 with parties as set out therein provided that such transactions are undertaken in the ordinary course of business, which are necessary for the day-to-day operations of the Company and/or its subsidiaries, on arm’s length basis, on normal commercial terms and on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

**THAT** such approval shall continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting of the Company at which time it will lapse, unless by an ordinary resolution passed at the next Annual General Meeting, the authority is renewed;
- (ii) the expiration of the period within which the next Annual General Meeting is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier;

**AND THAT** the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the RRPTs contemplated and/or authorised by this ordinary resolution with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed or permitted by the relevant regulatory authorities and/or deemed fit by the Directors in the best interest of the Company.”

**Please refer to Explanatory Note E.**

**Resolution 7**

## Notice of Annual General Meeting

### 8. ORDINARY RESOLUTION

#### **PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES IN THE COMPANY (“PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY”)**

“**THAT** subject to the provisions of the Companies Act 2016 (“**Act**”), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and all prevailing laws, rules, regulations, orders, guidelines and requirements for the time being in force, approval and authority be and are hereby given to the Directors of the Company, to the extent permitted by law, to purchase such number of ordinary shares of the Company as may be determined by the Directors from time to time through Bursa Securities in the best interest of the Company, provided that:

- (i) the aggregate number of shares purchased or held by the Company as treasury shares, shall not exceed 10% of the total number of issued shares in the Company at the time of purchase;
- (ii) the maximum amount of funds to be allocated for the Proposed Renewal of Share Buy-Back Authority shall not exceed the retained profits of the Company; and
- (iii) the authority conferred by this resolution shall be effective immediately after the passing of this resolution and shall continue to be in force until –
  - (a) the conclusion of the next Annual General Meeting (“**AGM**”) of the Company following this AGM at which this resolution was passed, at which time this authority will lapse unless by an ordinary resolution passed at the next AGM, the authority is renewed, either unconditionally or subject to conditions;
  - (b) the expiration of the period within which the next AGM of the Company is required by law to be held; or
  - (c) the authority is revoked or varied by an ordinary resolution passed by the shareholders in a general meeting,
 whichever is the earlier;

**THAT** the Directors of the Company be and are hereby authorised to deal with the shares purchased under the Proposed Renewal of Share Buy-Back Authority in their absolute discretion (“**Purchased Shares**”) in the following manner:-

- (i) cancel the Purchased Shares;
- (ii) retain the Purchased Shares as treasury shares; or
- (iii) retain part of the Purchased Shares as treasury shares and cancel the remainder;

**THAT** where such Purchased Shares are held as treasury shares, the Directors be and are hereby authorised to deal with the treasury shares in their absolute discretion in the following manner:

- (i) distribute the Purchased Shares as dividends to shareholders, such dividends to be known as “share dividends”;
- (ii) resell the Purchased Shares or any of the Purchased Shares in accordance with the relevant requirements of Bursa Securities;
- (iii) transfer the Purchased Shares or any of the Purchased Shares for the purpose of or under an employees’ share scheme;
- (iv) transfer the Purchased Shares or any of the Purchased Shares as purchase consideration;
- (v) cancel the Purchased Shares or any of the Purchased Shares;
- (vi) sell, transfer or otherwise use the Purchased Shares for such other purposes as the Minister charged with the responsibility for companies may by order prescribe; and/or
- (vii) in any other manner as may be prescribed by the Act or the rules, regulations and order made pursuant to the Act, the requirements of Bursa Securities and/or any other relevant authority for the time being in force;

## Notice of Annual General Meeting

**AND THAT** the Directors of the Company be and are hereby authorised and empowered to do all acts and things and to take all such steps as are necessary or expedient to implement and to give effect to the Proposed Renewal of Share Buy-Back Authority with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed or permitted by the relevant regulatory authorities and/or deemed fit by the Directors in the best interest of the Company.”

**Please refer to Explanatory Note F.**

**Resolution 8**

### 9. ORDINARY RESOLUTION

#### **PROPOSED ALLOCATION OF OPTIONS TO MR ROHIT CHANDRASEKHARAN NAMBIAR IN ACCORDANCE WITH THE COMPANY'S EMPLOYEES' SHARE OPTION SCHEME (“ESOS”)**

“**THAT** the Directors be and are hereby authorised to offer and grant to Mr Rohit Chandrasekharan Nambiar, the Group Chief Executive Officer of the Company, at any time and from time to time during the existence of the Company's ESOS, options to subscribe for new ordinary shares of up to 1% of the total number of issued shares of the Company provided that:

- not more than 10% of the total number of shares to be issued under the ESOS shall be allocated to any individual eligible Director or eligible employee who, either singly or collectively, through persons connected with the eligible Director or eligible employee, holds 20% or more of the total number of issued shares of the Company (excluding treasury shares, if any);

subject always to the provisions of the By-Laws of the ESOS and the prevailing requirements of relevant authorities as may be amended from time to time.”

**Please refer to Explanatory Note G.**

**Resolution 9**

### 10. SPECIAL RESOLUTION

#### **PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY**

“**THAT** the Constitution of the Company be amended in the manner as set out in Annexure A attached hereto, with immediate effect;

**AND THAT** the Directors and Secretary of the Company be and are hereby authorised to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the above proposed amendments to the Constitution of the Company with full powers to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities or as the Directors may deem fit in the best interest of the Company.”

**Please refer to Explanatory Note H.**

**Special Resolution 1**

11. To consider any other business for which due notice shall have been given.

By Order of the Board

TEH PENG PENG  
Company Secretary  
SSM Practising Certificate No. 202008000736  
MAICSA 7021299

Kuala Lumpur  
30 April 2021

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Tune Protect Group Berhad

**Notice of Annual General Meeting****Notes:**Remote participation and voting

- 1) The Tenth AGM of the Company will be conducted fully virtual, without a physical meeting venue, using the RPV facilities of TIIH Online at <https://tiih.online>. Please follow the procedures provided in the **Administrative Guide for Shareholders** in order to register, participate and vote remotely via the RPV facilities.
- 2) The only venue involved will be the broadcast venue where essential individuals will be physically present to organise and facilitate the conduct of the fully virtual AGM. The number of essential individuals will be in accordance with any prevailing order and/or guidance applicable then. The broadcast venue also serves the purpose of complying with Section 372(2) of the Companies Act 2016, which requires the Chairman of the meeting to be at the main venue of the AGM. No shareholders/proxies/corporate representatives from the public will be allowed to be physically present at the broadcast venue.
- 3) Members may submit questions in relation to the agenda items of the Tenth AGM prior to the meeting via TIIH Online website at <https://tiih.online> by selecting "e-Services" to login the corporate event of the Company from Friday, 30 April 2021 at 10:00 a.m. to Tuesday, 15 June 2021 at 2:30 p.m. Thereafter, any further questions may be posed in real time (in the form of typed text) during the AGM by using the "Query Box" of the RPV facilities. The Board of Directors or Management of the Company shall respond to the questions to their best endeavour during the Tenth AGM.

Appointment of proxy

- 4) A member of the Company entitled to attend and vote at the AGM is entitled to appoint up to two (2) proxies (or in the case of a corporation, to appoint a representative(s) in accordance with Section 333 of the Companies Act 2016) to attend and vote in his stead. Other than the proxy(ies) must be of full age, there shall be no other restriction as to the qualification of the proxy(ies).
- 5) The Proxy Form in the case of an individual shall be signed by the appointor or his attorney, and in the case of a corporation, either under its common seal or the hand of its attorney.
- 6) Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- 7) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- 8) The Proxy Form must be deposited at the Registered Office of the Company at Level 9, Wisma Tune, No. 19 Lorong Dungun, Damansara Heights, 50490 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time set for holding the AGM. **In accordance with Article 102 of the Company's Constitution, a photocopy of the signed instrument of proxy deposited in place of the original signed copy and an instrument of proxy transmitted by fax shall be invalid.**

Others

- 9) In respect of deposited securities, only a depositor whose name appears on the Record of Depositors as at Wednesday, 9 June 2021 shall be eligible to attend the AGM or appoint proxy(ies) to attend and/or vote in his/her stead. Any changes in the entries on the Record of Depositors after the abovementioned date and time shall be disregarded in determining the rights of any person to attend and vote at the AGM.
- 10) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all votings on the resolutions set out in this Notice will be by way of poll.

**EXPLANATORY NOTES:-****Note A - Agenda 1 on the Laying of Audited Financial Statements and Reports thereon**

In accordance with Section 340(1)(a) of the Companies Act 2016, the Company is required to lay the Audited Financial Statements together with the Reports of the Directors and Auditors thereon at the AGM of the Company. Hence, this Agenda 1 is not a business which requires a resolution to be put to vote by the shareholders. This agenda item is for discussion and receipt only.

## Notice of Annual General Meeting

### Note B – Proposed Ordinary Resolution 3 on Directors' Fees

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the Directors and any benefits payable to the Directors of the Company shall be approved at a general meeting. The details of the estimated total fees payable (no change of rate from the previous year) from the conclusion of the Tenth AGM until the conclusion of the next AGM are as follows:-

Directors Fees (for being members of the Board and Board Committee)	Chairman Fee	Member Fee	Targeted Number of Members (excluding Chairman)	Estimated Total Members Fees (excluding Chairman)	Estimated Total Directors Fees (including Chairman)
(per annum)	(a) RM	(b) RM	(c)	(b) * (c) = (d) RM	(a) + (d) RM
Board of Directors	101,000	78,000	5	390,000	491,000
Audit Committee	28,000	23,000	3	69,000	97,000
Risk Management Committee	28,000	23,000	3	69,000	97,000
Nomination Committee	11,000	9,000	3	27,000	38,000
Remuneration Committee	11,000	9,000	3	27,000	38,000
Investment Committee	44,000	37,000	2	74,000	118,000
<b>Total</b>					<b>879,000</b>

### Note C – Proposed Ordinary Resolution 4 on Directors' Benefits

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the Directors and any benefits payable to the Directors shall be approved at a general meeting. The details of the estimated total benefits payable from the conclusion of the Tenth AGM until the conclusion of the next AGM are as follows:-

#### (a) Meeting Allowance of RM2,500.00 per attendance of Board meetings, Board Committee meetings, general meetings and any adjournment thereof (no change of rate from the previous year)

Meeting Allowance	Targeted Number of Members	Estimated Number of Meetings	Meeting Allowance Per Attendance	Estimated Total Meeting Allowance
	(a)	(b)	RM	(a) * (b) * RM2,500
Board of Directors	6	11	2,500	165,000
Audit Committee	4	8	2,500	80,000
Risk Management Committee	4	8	2,500	80,000
Nomination Committee	4	6	2,500	60,000
Remuneration Committee	4	6	2,500	60,000
Investment Committee	3	6	2,500	45,000
AGM	6	1	2,500	15,000
<b>Total</b>				<b>505,000</b>

#### (b) Hospitalisation & Surgical ("H&S")

Overall annual limit for self-insured H&S benefit is up to RM150,000 for each Director whether in Malaysia or otherwise.

### Note D – Proposed Ordinary Resolution 6 on the Authority for Directors to Allot Shares

The proposed Ordinary Resolution 6, if passed, will renew the general mandate given to the Directors to allot shares, grant rights to subscribe for shares, convert any security into shares in the Company or to allot shares under an agreement or option or offer at their discretion from time to time without needing to convene another general meeting first, provided that the aggregate shares to be allotted, to be subscribed under any right granted, to be issued from conversion of any security or to be allotted under an agreement or option or offer pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being. In computing the aforesaid 10% limit, shares issued or agreed to be issued or subscribed pursuant to the approval of shareholders in a general meeting where precise terms and conditions are approved shall not be counted. The general mandate sought at this AGM, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held, unless permitted to be waived by the relevant authorities or prevailing law or regulations; or whichever is earlier.



## Notice of Annual General Meeting

As at the date of this Notice, no new shares of the Company were issued and allotted pursuant to the general mandate given to the Directors at the last AGM held on 4 August 2020, which will lapse at the conclusion of the Tenth AGM. The general mandate sought at the Tenth AGM will enable the Directors to respond expediently to business opportunities or other circumstances involving issuance and allotment of new shares, grant of rights to subscribe for shares, conversion of any security into shares, or allotment of shares under an agreement or option or offer, and to avoid delay and cost in convening general meetings to approve the same.

### **Note E - Proposed Ordinary Resolution 7 on the Recurrent Related Party Transactions of Revenue and Trading Nature**

The proposed Ordinary Resolution 7, if passed, will empower the Company and/or its subsidiaries to enter into recurrent related party transactions of revenue or trading nature, which are necessary for the Company's and/or its subsidiaries' day-to-day operations in the ordinary course of business on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders of the Company. Please refer to the Circular to Shareholders dated 30 April 2021 in relation to the Proposed New Shareholders' Mandate and Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of Revenue or Trading Nature, which is available on our corporate website at <https://www.tuneprotect.com/corporate/group/investor-relations/reports-presentations/>, for more information.

### **Note F - Proposed Ordinary Resolution 8 on the Proposed Renewal of Share Buy-Back Authority**

The proposed Ordinary Resolution 8, if passed, will empower the Company to purchase its own shares of up to 10% of the total number of issued shares of the Company. This authority unless revoked or varied by the Company at a general meeting, will expire at the next AGM. Please refer to the Share Buy-Back Statement dated 30 April 2021, which is despatched together with the Annual Report 2020, for further information.

### **Note G - Proposed Ordinary Resolution 9 on the Proposed Allocation of Options to Mr Rohit Chandrasekharan Nambiar in accordance with the Company's ESOS**

The proposed Ordinary Resolution 9 is to seek authority for the Directors to offer and grant options to subscribe for new ordinary shares of up to 1% of the total number of issued shares of the Company under the Company's ESOS to Mr Rohit Chandrasekharan Nambiar, the Group Chief Executive Officer of the Company. The ESOS, which came into effect on 20 February 2013, was established in conjunction with the Company's initial listing on the Main Market of Bursa Malaysia Securities Berhad on 20 February 2013. The ESOS was established for the grant of options to eligible employees of the Group to subscribe for new shares of the Company. The approval for the listing of and quotation for the new shares of the Company to be issued pursuant to the exercise of the options under the ESOS was obtained from Bursa Malaysia Securities Berhad on 8 January 2013.

### **Note H - Proposed Special Resolution 1 on the Proposed Amendments to the Constitution of the Company**

The proposed amendments to the existing Articles 74, 100 and 102 of the Constitution of the Company ("Proposed Amendments") are made mainly for the purpose of incorporating expressed constitutional provisions to allow remote participation at general meetings and any adjournment thereof, to allow the appointment of proxy via electronic means and to enhance administrative efficiency.

The shareholders' approval is being sought under a Special Resolution for the Company to incorporate the Proposed Amendments into its existing Constitution, in accordance with Section 36(1) of the Companies Act 2016. The Proposed Amendments as per Annexure A, which is circulated together with the Notice of the Tenth AGM dated 30 April 2021, shall take effect once the proposed Special Resolution is passed by a majority of not less than seventy-five per centum (75%) of the members who are entitled to vote and do vote in person or by proxy at the Tenth AGM.

### **PERSONAL DATA PRIVACY:-**

By executing and delivering to the Company the form of proxy to appoint a proxy(ies) and the relevant document(s) in respect of the appointment of a representative(s) for the AGM, a member of the Company:-

- (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for purposes incidental to the AGM;
- (ii) warrants that relevant prior consent of such proxy(ies) and/ or representative(s) has been obtained for the use of his/her/their personal data by the Company (or its agents); and
- (iii) agrees that the member will indemnify the Company in respect of any liabilities, demands, losses and damages as a result of the member's breach of warranty.

## Notice of Annual General Meeting

## PROPOSED AMENDMENTS TO THE CONSTITUTION OF TUNE PROTECT GROUP BERHAD ("THE COMPANY" OR "TPG")

This is the Annexure A referred to in Agenda 10 of the Notice convening the Tenth Annual General Meeting ("AGM") of the Company dated 30 April 2021 setting out the proposed amendments to the Constitution of the Company.

THAT the existing Constitution of the Company be amended by the deletions and additions as indicated by strikethroughs, in bold and underlined below:-

Article No.	Existing Article	Article No.	Proposed Amendment
74.	<p><b>General Meetings</b></p> <p>All general meetings other than annual general meetings shall be called extraordinary general meetings. All general meetings shall be held at such time and place as the Directors shall determine.</p>	74.	<p><b>General Meetings</b></p> <p>(a) All general meetings other than annual general meetings shall be called extraordinary general meetings. All general meetings shall be held at such time and place as the Directors shall determine.</p> <p><b>(b) The Company may hold general meetings by way of physical, fully virtual or hybrid (physical cum virtual) general meetings at more than one (1) venue using any electronic technology or method that enables the Members of the Company a reasonable opportunity to participate and vote at the meeting.</b></p> <p><b>(c) The main venue of the general meetings shall be in Malaysia. The Chairman of the meeting shall be present at the main venue of the meeting.</b></p>
100.	<p>An instrument appointing a proxy shall be in writing, executed by or on behalf of the appointor and shall be in the following form (or in a form as near to it as circumstances allow or in any other form which is usual or which the Directors may approve):</p> <p style="text-align: center;"><b>TUNE PROTECT GROUP BERHAD</b> <b>(Company No. 948454-K)</b></p> <p>I/We _____ of the above Company hereby appoint* the Chairman of the meeting or _____ of _____ failing him, _____ as my/our proxy(ies) to vote in my/our name and on my/our behalf at the annual/extraordinary general meeting of the Company to be held on [date], and at any adjournment of such meeting.</p> <p>Dated: _____</p> <p>[Signature]</p> <p>This form is to be used *in favour of the resolution. against</p> <p>* <i>Strike out whichever is not desired (Unless otherwise instructed, the proxy may vote as he thinks fit.)</i></p>	100.	<p>An instrument appointing a proxy shall be in writing, executed by or on behalf of the appointor and shall be in the following form <del>(or in a form as near to it as circumstances allow or in any other form which is usual or which the Directors may approve); or in any other form, including the electronic appointment of proxy, as may be approved by the Directors:</del></p> <p style="text-align: center;"><b>TUNE PROTECT GROUP BERHAD</b> <b>(Company No. 201101020320 (948454-K))</b></p> <p>I/We _____ of the above Company hereby appoint* the Chairman of the meeting or _____ of _____ failing him, _____ as my/our proxy(ies) to vote in my/our name and on my/our behalf at the annual/extraordinary general meeting of the Company to be held on [date], and at any adjournment of such meeting.</p> <p>Dated: _____</p> <p>[Signature]</p> <p>This form is to be used *in favour of the resolution. against</p> <p>* <i>Strike out whichever is not desired (Unless otherwise instructed, the proxy may vote as he thinks fit.)</i></p>

## Notice of Annual General Meeting

## PROPOSED AMENDMENTS TO THE CONSTITUTION OF TUNE PROTECT GROUP BERHAD ("THE COMPANY" OR "TPG") (Cont'd)

Article No.	Existing Article	Article No.	Proposed Amendment
102.	<p>Deposit or delivery of proxy etc.</p> <p>An instrument appointing a proxy or (in the case of a power of attorney appointing an attorney to (inter alia) attend and vote at meetings or polls) such power of attorney or a notarially certified copy of such power of attorney and (if required by any Director) any authority under which such proxy or power of attorney is executed or a copy of such authority certified notarially or in some other way approved by the Directors shall:</p> <p>(1) be deposited at the Office at least forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument or power of attorney proposes to vote; or</p> <p>(2) in the case of a poll taken more than twenty-four (24) hours after it is demanded, be deposited after the poll has been demanded and at least twenty-four (24) hours before the time appointed for the taking of the poll; or</p> <p>(3) where the poll is not taken forthwith but is taken not more than twenty-four (24) hours after it was demanded, be delivered at the meeting at which the poll was demanded to the Secretary or to any Director or to the Chairman.</p> <p>Such a power of attorney (or a notarially certified copy of such power of attorney) once deposited or delivered in a manner so permitted in relation to a meeting, adjourned meeting or poll shall be deemed deposited or delivered in a manner so permitted in relation to all future meetings, adjourned meetings and polls for which such power of attorney is by its terms valid. A photocopy of the signed instrument of proxy deposited in place of the original signed copy and an instrument of proxy transmitted by fax shall be invalid. Such instrument of proxy or power of attorney (or a notarially certified copy of such power of attorney) shall be deposited or delivered in a manner so permitted. A Member is not precluded from attending the meeting in person after lodging the instrument of appointing the proxy, however, such attendance shall automatically revoke the authority granted to that Member's proxy.</p>	102.	<p>Deposit or delivery of proxy etc.</p> <p><b>(a) The Directors or any agent of the Company so authorised by the Directors, may accept the request for appointment of proxy received via electronic means on such terms and subject to such conditions as they consider fit. For the purpose of this Article, the Directors may require such reasonable evidence that they consider necessary to determine and verify:</b></p> <p><b>(i) the identity of the Member and the proxy; and</b></p> <p><b>(ii) where the proxy is appointed by a person acting on behalf of the Member, the authority of that person to make such appointment.</b></p> <p><b>(b) Without prejudice to Article 102(a), the request for appointment of a proxy via electronic means must be received at the electronic address specified by the Company in any of the following sources and shall be subject to any terms, conditions or limitations specified therein:</b></p> <p><b>(i) The notice calling the meeting;</b></p> <p><b>(ii) The instrument appointing a proxy sent out by the Company in relation to the meeting; or</b></p> <p><b>(iii) The website maintained by or on behalf of the Company.</b></p> <p><b>(c) An instrument appointing a proxy or (in the case of a power of attorney appointing an attorney to (inter alia) attend and vote at meetings or polls) such power of attorney or a notarially certified copy of such power of attorney and (if required by any Director) any authority under which such proxy or power of attorney is executed or a copy of such authority certified notarially or in some other way approved by the Directors shall be deposited at the Office, or in the case of the appointment of a proxy via electronic means, at the electronic address specified by the Company pursuant to Article 102(b):</b></p> <p><b>(i) be deposited at the Office</b> at least forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument or power of attorney proposes to vote; or</p> <p><b>(ii) in the case of a poll taken more than twenty-four (24) hours after it is demanded, be deposited in the above manner</b> after the poll has been demanded and at least twenty-four (24) hours before the time appointed for the taking of the poll; or</p> <p><b>(iii) where the poll is not taken forthwith but is taken not more than twenty-four (24) hours after it was demanded, be deposited in the above manner</b> or be delivered at the meeting at which the poll was demanded, to the Secretary or to any Director or to the Chairman, <b>as may be directed by the Chairman of the meeting.</b></p> <p><b>(d) Such a power of attorney (or a notarially certified copy of such power of attorney) once deposited or delivered in a manner so permitted in relation to a meeting, adjourned meeting or poll shall be deemed deposited or delivered in a manner so permitted in relation to all future meetings, adjourned meetings and polls for which such power of attorney is by its terms valid. A photocopy of the signed instrument of proxy deposited in place of the original signed copy and an instrument of proxy transmitted by fax shall be invalid. Such instrument of proxy or power of attorney (or a notarially certified copy of such power of attorney) shall be deposited or delivered in a manner so permitted. A Member is not precluded from attending the meeting in person after lodging the instrument of appointing the proxy, however, such attendance shall automatically revoke the authority granted to that Member's proxy.</b></p>

# Proxy Form

**TUNE PROTECT GROUP BERHAD**  
(Company No. 201101020320 (948454-K))  
(Incorporated in Malaysia)

I/We:

Full name (in block capitals):	CDS account no.:	No. of shares held:
Address:	NRIC/Passport/Company no.:	Contact no.:

being a member of TUNE PROTECT GROUP BERHAD, do hereby appoint:

Full name (in block capitals):	NRIC/Passport no.:	Proportion of shareholdings	
		No. of shares	%
Address:			

AND/OR (please delete as appropriate)

Full name (in block capitals):	NRIC/Passport no.:	Proportion of shareholdings	
		No. of shares	%
Address:			

and/or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Tenth Annual General Meeting ("AGM") of the Company to be held fully virtual, with the broadcast venue at Tricor Business Centre, Gemilang Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Thursday, 17 June 2021 at 2:30 p.m. or any adjournment thereof.

NO.	RESOLUTIONS	FOR	AGAINST
-	To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon.	Not applicable	
Ordinary Resolution 1	To re-elect Mr Ng Soon Lai @ Ng Siek Chuan as Director.		
Ordinary Resolution 2	To re-elect Ms Tan Ming-Li as Director.		
Ordinary Resolution 3	To approve the payment of Directors' fees.		
Ordinary Resolution 4	To approve the Directors' benefits payable.		
Ordinary Resolution 5	To approve the re-appointment of Ernst & Young PLT as Auditor and to authorise the Directors to fix their remuneration.		
Ordinary Resolution 6	To authorise the Directors to allot shares of up to 10% of the total number of issued shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
Ordinary Resolution 7	To authorise the new shareholders' mandate and renewal of the existing shareholders' mandate for recurrent related party transactions of revenue and trading nature.		
Ordinary Resolution 8	To renew the authority to purchase the Company's own shares of up to 10% of the total number of issued shares in the Company.		
Ordinary Resolution 9	To authorise the allocation of options to Mr Rohit Chandrasekharan Nambiar.		
Special Resolution 1	To approve the proposed amendments to the Constitution of the Company.		

Please indicate with an "X" in the appropriate column to show how you wish your votes to be cast. In the absence of specific directions, your proxy will vote or abstain from voting at his/her discretion.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2021

\_\_\_\_\_  
Signature/Seal of Shareholder

**Notes:**Remote participation and voting

- 1) The Tenth AGM of the Company will be conducted fully virtual, without a physical meeting venue, using the RPV facilities of TIH Online at <https://tiih.online>. Please follow the procedures provided in the **Administrative Guide for Shareholders** in order to register, participate and vote remotely via the RPV facilities.
- 2) The only venue involved will be the broadcast venue where essential individuals will be physically present to organise and facilitate the conduct of the fully virtual AGM. The number of essential individuals will be in accordance with any prevailing order and/or guidance applicable then. The broadcast venue also serves the purpose of complying with Section 372(2) of the Companies Act 2016, which requires the Chairman of the meeting to be at the main venue of the AGM. No shareholders/proxies/corporate representatives from the public will be allowed to be physically present at the broadcast venue.
- 3) Members may submit questions in relation to the agenda items of the Tenth AGM prior to the meeting via TIH Online website at <https://tiih.online> by selecting "e-Services" to login the corporate event of the Company from Friday, 30 April 2021 at 10:00 a.m. to Tuesday, 15 June 2021 at 2:30 p.m. Thereafter, any further questions may be posed in real time (in the form of typed text) during the AGM by using the "Query Box" of the RPV facilities. The Board of Directors or Management of the Company shall respond to the questions to their best endeavour during the Tenth AGM.

Appointment of proxy

- 4) A member of the Company entitled to attend and vote at the AGM is entitled to appoint up to two (2) proxies (or in the case of a corporation, to appoint a representative(s) in accordance with Section 333 of the Companies Act 2016) to attend and vote in his stead. Other than the proxy(ies) must be of full age, there shall be no other restriction as to the qualification of the proxy(ies).

- 5) The Proxy Form in the case of an individual shall be signed by the appointor or his attorney, and in the case of a corporation, either under its common seal or the hand of its attorney.
- 6) Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- 7) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- 8) The Proxy Form must be deposited at the Registered Office of the Company at Level 9, Wisma Tune, No. 19 Lorong Dungun, Damansara Heights, 50490 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time set for holding the AGM. **In accordance with Article 102 of the Company's Constitution, a photocopy of the signed instrument of proxy deposited in place of the original signed copy and an instrument of proxy transmitted by fax shall be invalid.**

Others

- 9) In respect of deposited securities, only a depositor whose name appears on the Record of Depositors as at Wednesday, 9 June 2021 shall be eligible to attend the AGM or appoint proxy(ies) to attend and/or vote in his/her stead. Any changes in the entries on the Record of Depositors after the abovementioned date and time shall be disregarded in determining the rights of any person to attend and vote at the AGM.
- 10) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all votings on the resolutions set out in this Notice will be by way of poll.

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Stamp

The Company Secretary  
**TUNE PROTECT GROUP BERHAD**  
(Company No. 201101020320 (948454-K))  
Level 9 Wisma Tune  
No. 19 Lorong Dungun  
Damansara Heights  
50490 Kuala Lumpur  
Malaysia

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# GRI Content Index

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	102-2	Activities, brands, products, and services Who We Are (page 3)
	102-3	Location of the headquarters Kuala Lumpur, Malaysia or Corporate Information (page 5)
	102-4	Location of operations - Corporate Structure (page 4) - List of Branches and Overseas Ventures (pages 214-215)
	102-5	Ownership and legal form Corporate Structure (page 4)
	102-6	Markets served Corporate Structure (page 4)
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	102-9	Supply chain Sustainability Statement: Economic Performance (page 31)
	102-10	Significant changes to the organisation and its supply chain Not applicable. No significant changes during the year.
	102-11	Precautionary principle or approach Reporting Framework (page 2)
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	<b>STRATEGY</b>	
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	102-16	Values, principles, standards, and norms of behaviour Who We Are (page 3)
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	<b>GOVERNANCE</b>	
	102-18	Governance structure - Sustainability Statement: Sustainability Governance (page 33) - Corporate Governance Overview Statement: Corporate Governance Framework (page 54)
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## GRI Content Index

GRI Standards	Disclosures		References
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	102-21	Consulting stakeholders on economic, environmental, and social topics	<ul style="list-style-type: none"> <li>- Stakeholder Engagement (pages 12-13)</li> <li>- Materiality Matters (page 14)</li> </ul>
	102-22	Composition of the highest governance body and its committees	Profile of Directors (pages 47-49)
	102-23	Chair of the highest governance body	<ul style="list-style-type: none"> <li>- Sustainability Statement: Sustainability Governance (page 33)</li> <li>- Corporate Governance Overview Statement: Corporate Governance Framework (page 54)</li> </ul>
	102-24	Nominating and selecting the highest governance body	Corporate Governance Overview Statement: Nomination Committee (pages 57-58)
	102-25	Conflicts of interest	<ul style="list-style-type: none"> <li>- Profile of Directors (pages 47-49)</li> <li>- Profiles of the Executive Committee (pages 50-53)</li> <li>- Additional Compliance Information: Recurrent Related Party Transactions of Revenue or Trading Nature (page 74)</li> <li>- Analysis of Shareholdings (pages 211-213)</li> </ul>
	102-26	Role of highest governance body in setting purpose, values, and strategy	<ul style="list-style-type: none"> <li>- Corporate Governance Overview Statement (pages 54-66)</li> <li>- Sustainability Statement: Sustainability Governance (page 33)</li> </ul>
	102-27	Collective knowledge of highest governance body	Corporate Governance Overview Statement: Professional Development (page 57)
	102-28	Evaluating the highest governance body's performance	Corporate Governance Overview Statement: Nomination Committee (pages 57-58)
	102-29	Identifying and managing economic, environmental, and social impacts	Materiality Matters (page 14)
	102-30	Effectiveness of risk management processes	Statement on Risk Management and Internal Control (pages 70-73)
	102-31	Review of economic, environmental, and social topics	Sustainability Statement: Sustainability Governance (page 33)
	102-32	Highest governance body's role in sustainability reporting	Sustainability Statement: Sustainability Governance (page 33)
	102-35	Remuneration policies	Corporate Governance Overview Statement: Remuneration (pages 60-63)
	102-36	Process for determining remuneration	Corporate Governance Overview Statement: Remuneration (pages 60-63)

## GRI Content Index

GRI Standards	Disclosures		References
<b>GRI 102: GENERAL DISCLOSURES</b>	<b>STAKEHOLDER ENGAGEMENT</b>		
	102-40	List of stakeholder groups	Stakeholder Engagement (pages 12-13)
	102-41	Collective bargaining agreements	- Sustainability Statement: Diversity & Equal Opportunity (pages 44-45) - Corporate Governance Overview Statement (page 60)
	102-42	Identifying and selecting stakeholders	Stakeholder Engagement (pages 12-13)
	102-43	Approach to stakeholder engagement	Stakeholder Engagement (pages 12-13)
	102-44	Key topics and concerns raised	Stakeholder Engagement (pages 12-13)
	<b>REPORTING PRACTICE</b>		
	102-45	Entities included in the consolidated financial statements	- Reporting Framework (page 2) - Financial Statements (pages 83-210)
	102-46	Defining the report content	Reporting Framework (page 2)
	102-47	List of material topics	Reporting Framework (page 2)
	102-48	Restatements of information	Not applicable. No restatement during the year.
	102-49	Changes in reporting	- Reporting Framework (page 2) - Materiality Matters (page 14)
	102-50	Reporting period	Reporting Framework (page 2)
	102-51	Date of most recent report	Reporting Framework (page 2)
	102-52	Reporting cycle	Reporting Framework (page 2)
	102-53	Contact point for questions regarding the report	Reporting Framework (page 2)
	102-54	Claims of reporting in accordance with the GRI Standards	Reporting Framework (page 2) or GRI Content Index (pages 227-231)
	102-55a	GRI content index	GRI Content Index (pages 227-231)
	102-56	External assurance	Not applicable at this moment.
<b>TOPIC-SPECIFIC DISCLOSURES</b>			
<b>GRI 103: MANAGEMENT APPROACH</b>	103-1	Explanation of the material topic and its boundary	- Materiality Matters (page 14) - Sustainability Statement (pages 31-46)
	103-2	The management approach and its components	- Materiality Matters (page 14) - Sustainability Statement (pages 31-46)
	103-3	Evaluation of the management approach	- Materiality Matters (page 14) - Sustainability Statement (pages 31-46)
<b>ECONOMIC PERFORMANCE</b>			
<b>GRI 201: ECONOMIC PERFORMANCE</b>	201-1	Direct economic value generated and distributed	Sustainability Statement: Economic Performance (page 40)



## GRI Content Index

GRI Standards		Disclosures	References
INDIRECT ECONOMIC IMPACTS			
<b>GRI 203: INDIRECT ECONOMIC IMPACTS</b>	203-1	Infrastructure investments and services supported	<ul style="list-style-type: none"> <li>- Sustainability Statement: Economic Performance (page 40)</li> <li>- Sustainability Statement: Local Communities (page 46)</li> </ul>
PROCUREMENT PRACTICES			
<b>GRI 204: PROCUREMENT PRACTICES</b>	204-1	Proportion of spending on local suppliers	Sustainability Statement: Economic Performance (page 40)
ANTI-CORRUPTION			
<b>GRI 205: ANTI-CORRUPTION</b>	205-2	Communication and training about anti-corruption policies and procedures	Sustainability Statement: Business Ethics & Compliance (Including Anti-Corruption) (pages 34-36)
<b>Non-GRI</b>	Non-GRI	Code of Conduct	Sustainability Statement: Business Ethics & Compliance (Including Anti-Corruption) (pages 34-36)
MATERIALS (RESOURCE CONSUMPTION)			
<b>GRI 301: MATERIALS</b>	301-1	Materials used by weight or volume	Sustainability Statement: Materials (Resource Consumption) (pages 42-43)
ENERGY			
<b>GRI 302: ENERGY</b>	302-1	Energy consumption within the organisation	Sustainability Statement: Energy Management (page 43)
OCCUPATIONAL HEALTH & SAFETY			
<b>GRI 403: OCCUPATIONAL HEALTH &amp; SAFETY</b>	Management Approach 403-1	Occupational health and safety management system	Sustainability Statement: Occupational Health & Safety (pages 45-46)
	Management Approach 403-2	Hazard identification, risk assessment, and incident investigation	Sustainability Statement: Occupational Health & Safety (pages 45-46)
	Management Approach 403-3	Occupational health services	Sustainability Statement: Occupational Health & Safety (pages 45-46)
	Management Approach 403-4	Worker participation, consultation, and communication on occupational health and safety	Sustainability Statement: Occupational Health & Safety (pages 45-46)
	Management Approach 403-5	Worker training on occupational health and safety	Sustainability Statement: Occupational Health & Safety (pages 45-46)
	Management Approach 403-6	Promotion of worker health	Sustainability Statement: Occupational Health & Safety (pages 45-46)
	Management Approach 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Sustainability Statement: Occupational Health & Safety (pages 45-46)
	403-8	Workers covered by an occupational health and safety management system	Sustainability Statement: Occupational Health & Safety (pages 45-46)

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GRI Standards		Disclosures	References
DIVERSITY & EQUAL OPPORTUNITY			
<b>GRI 405: DIVERSITY &amp; EQUAL OPPORTUNITY</b>	405-1	Diversity of governance bodies and employees	<ul style="list-style-type: none"> <li>- Sustainability Statement: Diversity &amp; Equal Opportunity (pages 44-45)</li> <li>- Profile of Directors (pages 47-49)</li> <li>- Profiles of the Executive Committee (pages 50-53)</li> </ul>
LOCAL COMMUNITIES			
<b>GRI 413: LOCAL COMMUNITIES</b>	413-1	Operations with local community engagement, impact assessments, and development programs	Sustainability Statement: Local Communities (page 46)
CUSTOMER SATISFACTION			
<b>Non-GRI</b>	Non-GRI	Complaint management	Sustainability Statement: Customer Satisfaction (pages 37-38)
<b>Non-GRI</b>	Non-GRI	Turnaround time for complaint	Sustainability Statement: Customer Satisfaction (pages 37-38)
<b>Non-GRI</b>	Non-GRI	Customer satisfaction survey	Sustainability Statement: Customer Satisfaction (pages 37-38)
DIGITISATION			
<b>Non-GRI</b>	Non-GRI	Number of mobile users	Sustainability Statement: Digitisation (page 39)
<b>Non-GRI</b>	Non-GRI	Initiatives to strengthen data security	Sustainability Statement: Digitisation (page 39)
PRODUCT INNOVATION			
<b>Non-GRI</b>	Non-GRI	Number of innovative products offerings	Sustainability Statement: Product Innovation (pages 40-41)
<b>Non-GRI</b>	Non-GRI	Number of digital policies	Sustainability Statement: Product Innovation (pages 40-41)







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