

## **IGB Berhad**

(Incorporated in Malaysia)

### **Notes to the Financial Statements for the financial year ended 31 December 2020 (continued)**

#### **2 Summary of significant accounting policies (continued)**

##### **(m) Share capital**

###### **(i) Classification**

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument (see Note 2(p) on borrowings and borrowing costs and Note 2(x) on compound financial instruments).

###### **(ii) Dividend distribution**

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

Distributions to holders of an equity instrument is recognised directly in equity.

###### **(iii) Purchase of own shares**

Where any company within the Group purchases the Company's equity instruments as a result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs, net of tax, is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled, reissued or disposed. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity attributable to the owners of the Company.

##### **(n) Earnings per share**

###### **Basic earnings per share**

Basic earnings per share is calculated by dividing:

- (i) the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- (ii) by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year and excluding treasury shares.

###### **Diluted earnings per share**

Diluted earnings per share adjusts the figures in the determination of basic earnings per share to take into account:

- (i) the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- (ii) the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

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### **Notes to the Financial Statements for the financial year ended 31 December 2020 (continued)**

#### **2 Summary of significant accounting policies (continued)**

##### **(o) Trade payables**

Trade payables represent liabilities for goods or services provided to the Group prior to the end of financial year which are unpaid. Trade payables are classified as current liabilities unless payment is not due within 12 months after the reporting period. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

##### **(p) Borrowings and borrowing cost**

###### **(i) Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption value is recognised in the income statements over the period of the borrowings using the effective yield method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility of which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the income statement.

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

###### **(ii) Borrowing costs**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Qualifying assets of the Group includes inventories and investment properties that take a substantial period of time to get ready for their intended use or sale.

All other borrowing costs are recognised in the income statement in the financial year in which they are incurred.

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### **Notes to the Financial Statements for the financial year ended 31 December 2020 (continued)**

#### **2 Summary of significant accounting policies (continued)**

##### **(q) Current and deferred income tax**

Tax expense for the financial year comprises current and deferred income tax. The income tax expense or credit for the financial year is the tax payable on the current financial year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries, associates and joint ventures operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences to the extent that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference, the deferred income tax is not recognised.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax is recognised in the income statements, except when it arises from a transaction which is recognised directly in the equity or other comprehensive income, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill.

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### **Notes to the Financial Statements for the financial year ended 31 December 2020 (continued)**

#### **2 Summary of significant accounting policies (continued)**

##### **(q) Current and deferred income tax (continued)**

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Tax benefit from reinvestment allowance is recognised when the tax credit is utilised as a reduction of current tax and no deferred tax asset is recognised when the tax credit arises.

##### **(r) Employee benefits**

###### **(i) Short-term employee benefits**

Wages, salaries, bonuses, paid annual leave and sick leave and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the financial year in which the employees render the related service are recognised in respect of employees' services up to the end of the financial year and are measured at amounts expected to be paid when the liabilities are settled. The liabilities are presented as other payables in the statement of financial position.

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

###### **(ii) Defined contribution plans**

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The defined contribution plan of the Group relates to the contribution to the Group by various defined contribution plans in accordance with local conditions and practices in the countries in which it operates the national defined contribution plan.

The Group's contributions to defined contribution plans are charged to the income statements in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

###### **(iii) Termination benefits**

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after end of the reporting period are discounted to present value.

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### **Notes to the Financial Statements for the financial year ended 31 December 2020 (continued)**

#### **2 Summary of significant accounting policies (continued)**

##### **(s) Contingent assets and contingent liabilities**

The Group does not recognise contingent assets and liabilities but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

##### **(t) Revenue/income recognition**

###### **(i) Revenue from contracts with customers**

Revenue which represents income arising in the course of the Group's ordinary activities is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group transfers the control of the goods or services promised in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with customer, the control of the promised goods or services may transfer over time or at a point in time.

A contract with customer exists when the contract has commercial substance, the Group and its customer has approved the contract and intend to perform their respective obligations, the Group's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group will collect the consideration to which it will be entitled to in exchange of those goods or services.

When the Group has performed by transferring goods or services to a customer before the customer pays consideration or before payment is due, the contract is presented as a contract asset. The Group's obligation to transfer goods or services to a customer for which the Group has received consideration in advance from customer is presented as contract liability.

Specific revenue recognition criteria for each of the Group's activities are as described below:

###### **(i) Revenue from hotel room and sale of food and beverages**

Hotel room revenue is accrued over time on customer-occupied rooms and the sales of food and beverage is recognised when the customer receives, the food and beverage product. Hotel room and sale of food and beverages revenue are recorded based on the published rates, net of discounts and when the Group has the present right to payment.

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### **Notes to the Financial Statements for the financial year ended 31 December 2020 (continued)**

#### **2 Summary of significant accounting policies (continued)**

##### **(t) Revenue/income recognition (continued)**

##### **(i) Revenue from contracts with customers (continued)**

Specific revenue recognition criteria for each of the Group's activities are as described below (continued):

##### **(ii) Revenue from property development, comprising residential and commercial properties and construction contract**

Property development, comprising residential and commercial properties are specifically identified by its plot, lot or parcel number as set out in the sale and purchase agreement.

Property development contract with customers may include multiple performance obligations as the property development may not be highly integrated. Therefore, the transaction price will be allocated to each performance obligation based on the standalone selling price or based on the expected cost plus margin.

Revenue from property development, comprising residential and commercial properties are recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Revenue from property development is recognised over time when control of the asset is transferred over time when Group's performance:

- creates and enhances an asset that the customer controls as the property development is being performed; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Revenue from construction contracts, which are highly integrated, are recognised as a single performance obligation. Revenue is recognised progressively based on the progress towards complete satisfaction of the performance obligation based on the inputs to the satisfaction of the performance obligation.

##### **(iii) Rendering of services and management fees**

Service and management fees are recognised in the accounting period in which the services are rendered and the customer receives and consumes the benefits provided by the Group, and the Group has a present right to payment for, the services. Other rent related and car park income is recognised upon services being rendered.

##### **(iv) Revenue from service concession arrangement**

The revenue from rendering of waste water treatment services set out in the concession arrangement is recognised over the period in which the services are rendered and the customer receives and consumes the benefits provided by the Group and the Group has a present right to payment for the services.

The revenue from construction of the waste water treatment plant is recognised over the period of the construction as control of the asset transfers over time as the asset created has no alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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### **Notes to the Financial Statements for the financial year ended 31 December 2020 (continued)**

#### **2 Summary of significant accounting policies (continued)**

##### **(t) Revenue/income recognition (continued)**

###### **(i) Revenue from contracts with customers (continued)**

Specific revenue recognition criteria for each of the Group's activities are as described below (continued):

###### **(v) Car park revenue**

Car park income is recognised upon services being rendered.

###### **(vi) Utilities revenue**

Revenue from electricity sales are recognised upon supply and distribution of electricity to the customer and the customer receives and consumes the electrical energy.

###### **(vii) Service charges**

Service charge is recognised upon services being rendered to the tenants over the lease term.

###### **(viii) Others**

Other revenue comprises of revenue from gym subscription fees. Revenue from delivering services on a time basis or as a fixed-price contract, with contract term is recognised in the period the services are provided, using a straight-line basis over the term of the contract.

Revenue is allocated to each performance obligation is based upon the relative fair value of the various elements. The fair value of each element is determined based on the current market price of each of the elements when sold separately. The revenue relating to the goods is recognised when the customer accepts the goods which occurs on delivery.

###### **(ii) Lease income on operating leases**

See Note 2(i)(b) on Leases – Accounting by lessors.

###### **(iii) Interest income**

Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective rate over the period of maturity, unless collectability is in doubt, in which case it is recognised on a cash receipt basis.

###### **(iv) Dividend income**

Dividend income is recognised when the right to receive payment is established.

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### **Notes to the Financial Statements for the financial year ended 31 December 2020 (continued)**

#### **2 Summary of significant accounting policies (continued)**

##### **(u) Foreign currencies**

###### **(i) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

###### **(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. However, exchange differences are deferred in other comprehensive income when they arose from qualifying cash flow or net investment hedges or are attributable to items that form part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'other operating income or expense'.

Changes in the fair value of monetary securities denominated in foreign currency classified as fair value through OCI are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in the income statement, and other changes in the carrying amount are recognised in other comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as at fair value through other comprehensive income, are included in other comprehensive income.

###### **(iii) Group companies**

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement or separate income statement presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.



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### **Notes to the Financial Statements for the financial year ended 31 December 2020 (continued)**

#### **2 Summary of significant accounting policies (continued)**

##### **(u) Foreign currencies (continued)**

###### **(iii) Group companies (continued)**

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rates. Exchange differences arising are recognised in other comprehensive income.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences relating to that foreign operation recognised in other comprehensive income and accumulated in the separate component of equity are reclassified to the income statement, as part of the gain or loss on disposal. In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in the income statement. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to the income statement.

Intercompany loans, where settlement is neither planned nor likely to occur in the foreseeable future, are treated as part of the parent's net investment. Translation differences arising therefrom are recognised in other comprehensive income.

###### **(iv) Net investment hedge**

The Group is exposed to foreign currency fluctuation risks arising from transactions denominated in foreign currencies and as part of the Group's risk management strategy, the Group has entered into a net investment hedge on its investment in a foreign operation.

The Group documents at the inception of the transaction the relationship between the hedge instrument and hedged item, as well as its risk management objectives and strategy for undertaking the hedge transaction. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the hedge transaction is highly effective in offsetting changes in foreign currency fluctuations of the hedged item.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Gains and losses accumulated in other comprehensive income are included in the income statement when the foreign operation is disposed of or sold.

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### **Notes to the Financial Statements for the financial year ended 31 December 2020 (continued)**

#### **2 Summary of significant accounting policies (continued)**

##### **(v) Deferred lease income**

Deferred revenue represents leasing operations which will be recognised in the income statement upon expiry, utilisation or performance of services.

##### **(w) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Board of Directors that makes strategic decisions.

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risk and returns that are different from those of other business segments.

Segment revenue, expenses, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expenses, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process.

##### **(x) Compound financial instruments**

Compound financial instruments issued by the Group comprise convertible notes that can be converted to equity share capital at the option of the holder, and the number of equity shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity compound is recognised initially at the difference between the fair value of the compound financial instruments as a whole and the fair value of the liability component. Any directly attributable contribution costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method until extinguished on conversion or maturity of the compound instrument. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except when the compound instrument is redeemed or repurchased before maturity. The equity instrument component is subject to deferred tax liability which is charged directly to equity.

Upon conversion of the compound instrument into equity shares, the amount credited to ordinary share capital and share premium is the aggregate of the carrying amounts of the liability components classified within liability and equity component at the time of conversion. No gain or loss is recognised.

##### **(y) Contract assets and contract liabilities**

Contract assets is the right to consideration for goods or services transferred to the customers. In the context of property development activities and educational services, contract assets is the excess of cumulative revenue earned over the billings to date. Contract asset is stated at cost less accumulated impairment.

Contract liability is the obligation to transfer goods or services to the customers for which the Group has received the consideration or billed the customer. In the context of property development activities and educational services, contract liability is the excess of the billings to date over the cumulative revenue earned. Contract liabilities includes down payments received from customers and unearned revenue from school fees.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****3 Financial risk management objectives and policies**

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency exchange risk and cash flow interest rate risk), credit risk, price risk and liquidity and cash flow risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders. The Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Financial risk management is carried out through risk reviews, internal control systems, insurance programmes and adherence to Group financial risk management policies. The management regularly reviews these risks and approves the treasury policies, which covers the management of these risks.

**(a) Market risk****(i) Foreign currency exchange risk**

The Group and the Company are exposed to foreign currency risk as a result of amounts owing to subsidiaries, advances to associates, advances to joint ventures, deposits with licensed banks and borrowings denominated in Great Britain Pound ("GBP"), Australian Dollar ("AUD") and United States Dollar ("USD"). Management regularly monitors the foreign exchange currency fluctuations.

As defined by MFRS 7 'Financial Instruments: Disclosure', currency risks arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency.

As at 31 December 2020, the Group's and the Company's GBP, AUD and USD denominated net monetary assets/(liabilities) are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net monetary assets/(liabilities)				
denominated in:				
GBP	<b>85,396</b>	80,578	-	-
AUD	<b>28,879</b>	43,430	-	-
USD	<b>(27,948)</b>	28,193	<b>10,902</b>	146

The effects to the Group's and the Company's profit after tax, had these GBP, AUD and USD strengthened by 10% (2019: 10%) against RM are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Increase/(decrease) to profit after tax if the currency had strengthened by 10% (2019: 10%)				
GBP	<b>6,490</b>	6,124	-	-
AUD	<b>2,195</b>	3,301	-	-
USD	<b>(2,124)</b>	2,143	<b>829</b>	11

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****3 Financial risk management objectives and policies (continued)****(a) Market risk (continued)****(i) Foreign currency exchange risk (continued)**

A 10% (2019: 10%) weakening of the above currencies against RM as at 31 December 2020 would have an equal but opposite effect on the above currencies to the amount shown above, on the basis that all other variables remain constant.

Except as disclosed above, other foreign currency exchange risks exposures are not material and did not have any significant impact on the financial statements of the Group and of the Company at 31 December 2020, hence sensitivity analysis is not presented.

**(ii) Cash flow interest rate risk**

The Group's and Company's cash flow interest rate risk arises from floating rate term loans, Medium Term Notes and revolving credits.

The information on maturity dates and effective interest rates of these borrowings is disclosed in Note 29.

The Group's and Company's interest rate exposure is co-related with changes in cost of funds ("COF") of the lenders. The impact on the Group's and Company's profit after tax arising from changes in COF of the lenders by 25 (2019: 25) basis points arising from the Group's and Company's floating rate term loan, revolving credits and MTN with all other variables being held constant, would be as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Increase/(Decrease) to profit after tax if:				
COF increase by 25 (2019: 25) basis points	<b>(5,352)</b>	(4,992)	<b>(2,146)</b>	(1,874)
COF decrease by 25 (2019: 25) basis points	<b>5,352</b>	4,992	<b>2,146</b>	1,874

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### Notes to the Financial Statements for the financial year ended 31 December 2020 (continued)

#### 3 Financial risk management objectives and policies (continued)

##### (b) Credit risk

###### Credit risk arising from trade receivables, accrued billing and contract assets

Credit risk arises when sales are made on deferred credit terms. The Group and the Company control these risks by the application of credit approvals, limits and monitoring procedures.

Credit risks are minimised and monitored by strictly limiting the Group's and the Company's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via the Group's and the Company's management reporting procedures. The Group and the Company do not have any significant exposure to any individual customer or counterparty nor do they have any major concentration of credit risk related to any financial instrument.

- Credit risk arising from property development activities

The Group does not have any significant credit risk from their property development activities as their products are predominantly rendered and sold to a large number of property purchasers using financing from reputable end-financiers.

Credit risks with respect to trade receivables are limited as the legal title to the properties sold remain with the Group until the purchase consideration is fully paid.

- Credit risk arising from property investment – commercial and retail

Credit risk with respect to rental receivables is limited due to the nature of business which is predominantly rental receivables in advance. Furthermore, the tenants have placed security deposits in the form of cash or bank guarantees with the Group which acts as collateral if receivables due from the tenant are not settled or in case of breaches of contract. Due to these factors, no additional credit risk beyond amounts allowed for collection losses is inherent in the Group's and the Company's trade receivables.

The Group applies the simplified approach which requires expected lifetime losses to be recognised from initial recognition of trade receivables, accrued billing and contract assets. To measure the expected credit loss, the expected loss rates are based on the historical payment profiles of the receivables and the corresponding historical credit losses experienced, the impact assessment of the various Movement Control Orders ("MCO") implemented by the government arising from the Covid-19 pandemic and the targeted rental support given to eligible tenants of the retail malls and commercial office buildings, on a case-to case basis. The historical credit loss and default rates are adjusted to reflect current and forward-looking factors affecting the ability of the trade receivables to settle the receivables. The Group has identified the credit profile, cash flow sustainability, business outlook and performance of the tenants to be the most relevant forward-looking factors, especially during the prevailing economic uncertainties and challenging operating environment, and adjusted the historical credit loss and default rates based on expected changes in these factors.

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets:

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****3 Financial risk management objectives and policies (continued)****(b) Credit risk (continued)**Credit risk arising from trade receivables, accrued billing and contract assets (continued)

<u>Group</u>	<u>Credit impaired balances</u>				<u>Total RM'000</u>
	<u>Not due RM'000</u>	<u>1-90 days RM'000</u>	<u>91-120 days RM'000</u>	<u>&gt;121 days RM'000</u>	
<u>As at 31 December 2020</u>					
Trade receivables (gross)	39,939	51,447	18,623	8,093	118,102
Accrued billing (gross)	7,107	-	-	-	7,107
Total	47,046	51,447	18,623	8,093	125,209
Expected credit loss*	-	(17,747)	(9,645)	(7,091)	(34,483)
Total (net)	47,046	33,700	8,978	1,002	90,726
Expected loss rate	0%	34.5%	51.8%	87.6%	
<u>As at 31 December 2019</u>					
Trade receivables (gross)	89,880	24,237	3,998	2,122	120,237
Accrued billing (gross)	11,340	-	-	-	11,340
Total	101,220	24,237	3,998	2,122	131,577
Expected credit loss*	-	(1,038)	(2,918)	(2,007)	(5,963)
Total (net)	101,220	23,199	1,080	115	125,614
Expected loss rate	0%	4.3%	73.0%	94.6%	

\*The Group takes into account security deposits and other collaterals in determining the expected credit loss. As at financial year end, such collaterals amounted to RM57.1 million (2019: RM95.7 million).

Movement on the Group's provision for impairment of trade receivables was as follows:

	<u>Group</u>	
	<u>2020 RM'000</u>	<u>2019 RM'000</u>
<b>At 1 January</b>	<b>5,963</b>	5,057
Provision for impairment of receivables	34,779	3,442
Bad debts recovered	(135)	(87)
Uncollected receivables written off during the financial year	(177)	(184)
Reversal of impairment loss	(5,947)	(2,265)
<b>At 31 December</b>	<b>34,483</b>	5,963

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****3 Financial risk management objectives and policies (continued)****(b) Credit risk (continued)**Credit risk arising from trade receivables, accrued billing and contract assets (continued)

The increase in the loss allowance of RM28.5 million is due to significant increase in credit risk arising from lower receipt and recovery from the retail malls and commercial office building tenants impacted by the Covid-19 pandemic and resultant MCOs which caused temporary closure and disruption of business activities of the tenants.

The credit quality of trade receivables that are neither past due nor impaired are substantially amounts due from customers with good collection track record with the Group and the Company. Management will continuously monitor closely the trade receivables which are past due.

Credit risk arising from other receivables and deposits

The Group's other receivables are not past due except for a final payment receivable from the sale of MiCasa Yangon Hotel due from the purchaser amounted to RM 20.1 million (credit impaired) which remained outstanding as at 31 December 2020 and has been fully provided for due to the increase in credit risk during the financial year. The remaining other receivables are performing, and therefore the probability of default is low and ECL allowance is not material.

The Group's deposits mainly comprise deposits placed with utilities companies determined to have low credit risk, hence, the probability of default is low and ECL allowance is not material.

The movement on the Group's and Company's provision for impairment which has been identified for specific other receivables and deposits are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>At 1 January</b>	<b>1,825</b>	1,768	<b>150</b>	300
Provision for impairment	<b>20,085</b>	211	-	-
Bad debts recovered	-	(150)	-	-
Reversal of impairment loss	<b>(51)</b>	(4)	<b>(40)</b>	(150)
<b>At 31 December</b>	<b>21,859</b>	1,825	<b>110</b>	150

Credit risk arising from concession receivables

Concession receivables was recognised to the extent that the Group has an unconditional right to receive cash for the construction and operating service of the water waste treatment plant. Credit risks are assessed to be low as the concession receivables are receivables from the respective province's local authorities and historically payments are received within the expected periods. Hence, the ECL allowance is not material.

Credit risk arising from amounts owing from associates

Credit risk with respect to amounts owing from associates are assessed to be low as the significant amounts owing from associates are companies which have sufficient liquid assets to repay the amounts due if demanded. For other amounts owing from associates comprising hotel owners and operators and property investment companies, the recovery strategies indicate that the associates would be able to repay the outstanding balance. Hence, the impact of ECL is immaterial.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****3 Financial risk management objectives and policies (continued)****(b) Credit risk (continued)**Credit risk arising from amounts owing from joint ventures

Credit risk with respect to amounts owing from joint ventures are assessed to be low due to the nature of their property development and property investment activities, where the recovery strategies indicate that the joint ventures would be able to recover the outstanding balance through sale of its assets. Hence, the impact of ECL is immaterial.

Credit risk arising from deposits with licensed banks

Credit risk also arises from deposits with licensed banks and financial institutions. The deposits are placed with credit-worthy financial institutions with high credit rating. The Group and the Company consider the risk of material loss in the event of non-performance by a financial counterparty to be unlikely and hence, the ECL allowance is not material.

Credit risk arising from amounts owing from subsidiaries

The Company does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk except for amounts due from subsidiaries, which are repayable on demand. The Company has assessed that the subsidiaries has sufficient liquid assets to repay the loan if demanded. Therefore, there is no indication that the amounts are not collectible, hence the ECL allowance is not material.

Movement of the Company's provision for impairment of amounts owing from subsidiaries are as follows:

<b>Company</b>	<b>2020 RM'000</b>	<b>2019 RM'000</b>
At 1 January	<b>16,593</b>	16,663
Provision for impairment	<b>4,569</b>	-
Reversal of impairment	<b>(531)</b>	(70)
At 31 December	<b>20,631</b>	16,593

The Company is exposed to credit risk arising from financial guarantee contracts given to banks for subsidiaries' borrowings where the maximum credit risk exposure is the amount of borrowings utilised by the subsidiaries. Management is of the view that the financial guarantee contracts are unlikely to be called by the subsidiaries' banks. Balances as at financial year end are as follows:

<b>Company</b>	<b>2020 RM'000</b>	<b>2019 RM'000</b>
Corporate guarantees provided to banks on subsidiaries' facilities	<b>111,170</b>	40,930

Maximum exposure to credit risk

The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented in the statement of financial position other than trade receivables, whereby the information on collateral are disclosed above.



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### **Notes to the Financial Statements for the financial year ended 31 December 2020 (continued)**

#### **3 Financial risk management objectives and policies (continued)**

##### **(c) Price risk**

The Group and the Company is exposed to debt and equity securities price risk because of investments held by the Group and the Company and classified on the statement of financial position as fair value through other comprehensive income. To manage its price risk arising from investment in debt and equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group. Thus, the exposure of price risk of the Group and Company is minimal.

##### **(d) Liquidity and cash flow risks**

The Group and the Company actively manage its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group and the Company maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group and the Company strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group and the Company raises committed funding from both capital markets and financial institutions and prudently balances its portfolio with some short-term funding so as to achieve overall cost effectiveness.

As at 31 December 2020, the Group held cash and cash equivalents of RM741.4 million (2019: RM678.3 million) and undrawn credit facilities amounted to RM224.0 million (2019: RM410.5 million) that are expected to readily generate cash inflows for managing liquidity risk.

The Group is in a net current liabilities position of RM841.5 million as at 31 December 2020. This was primarily due to Southkey Megamall Sdn. Bhd.'s Medium Term Notes ("MTN") facility of RM998.5 million which will be maturing on 20 December 2021. The Group is seeking an extension of the MTN facility for a further 3 years and is currently discussing with the MTN's holders. Management is confident that it will be successful in obtaining a further extension of the MTN facility.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****3 Financial risk management objectives and policies (continued)****(d) Liquidity and cash flow risks (continued)**

The table below analyses the Group's and the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

<b>Group</b>	<b>Less than 1 year RM'000</b>	<b>Between 1 and 2 years RM'000</b>	<b>Between 2 and 3 years RM'000</b>	<b>Over 3 years RM'000</b>	<b>Total RM'000</b>
<b>2020</b>					
Payables and contract liabilities (excluding deferred lease income, lease liabilities and contract liabilities)	617,361	-	-	-	617,361
Lease liabilities	450	500	500	18,000	19,450
Interest bearing bank borrowings	1,808,126	1,295,822	38,326	1,179,332	4,321,606
Amounts owing to associates	8	-	-	-	8
Redeemable Convertible Cumulative Preference Shares ("RCCPS")	7,968	7,968	7,968	11,954	35,858
	<u>2,433,913</u>	<u>1,304,290</u>	<u>46,794</u>	<u>1,209,286</u>	<u>4,994,283</u>
<b>2019</b>					
Payables and contract liabilities (excluding deferred lease income, lease liabilities and contract liabilities)	766,727	-	-	-	766,727
Lease liabilities	450	450	500	18,500	19,900
Interest bearing bank borrowings	1,423,207	1,450,455	1,257,367	-	4,131,029
Amounts owing to associates	19	-	-	-	19
Redeemable Convertible Cumulative Preference Shares ("RCPS") and RCCPS	19,276	7,970	7,970	19,926	55,142
	<u>2,209,679</u>	<u>1,458,875</u>	<u>1,265,837</u>	<u>38,426</u>	<u>4,972,817</u>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****3 Financial risk management objectives and policies (continued)****(d) Liquidity and cash flow risks (continued)**

<b>Company</b>	<b>Less than 1 year RM'000</b>	<b>Between 1 and 2 years RM'000</b>	<b>Between 2 and 3 years RM'000</b>	<b>Over 3 years RM'000</b>	<b>Total RM'000</b>
<b>2020</b>					
Payables and contract liabilities (excluding deferred lease income, output tax and contract liabilities)	2,050	-	-	-	2,050
Interest bearing bank borrowings	36,564	36,564	36,564	1,179,332	1,289,024
Amounts owing to subsidiaries	369	-	-	-	369
Corporate guarantees provided to banks on subsidiaries' facilities	111,170	-	-	-	111,170
RCCPS	7,968	7,968	7,968	11,954	35,858
	<u>158,121</u>	<u>44,532</u>	<u>44,532</u>	<u>1,191,286</u>	<u>1,438,471</u>
<b>2019</b>					
Payables and contract liabilities (excluding deferred lease income, output tax and contract liabilities)	8,927	-	-	-	8,927
Interest bearing bank borrowings	681,777	344,399	-	-	1,026,176
Amounts owing to subsidiaries	92,440	-	-	-	92,440
Corporate guarantees provided to banks on subsidiaries' facilities	40,930	-	-	-	40,930
RCPS and RCCPS	19,276	7,970	7,970	19,926	55,142
	<u>843,350</u>	<u>352,369</u>	<u>7,970</u>	<u>19,926</u>	<u>1,223,615</u>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****3 Financial risk management objectives and policies (continued)****(e) Capital risk management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The debt to equity ratio is calculated as net debt divided by total equity. Net debt is calculated as total interest bearing bank borrowings and Redeemable Convertible Cumulative Preference Shares liabilities component less deposit, cash and bank balances. Total equity is as shown in the statement of financial position.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as interest bearing net debt divided by total equity. Interest bearing liabilities is calculated as total interest bearing bank borrowings (including short term and long term borrowings), RCPS and RCCPS as shown in the statement of financial position.

The gearing ratios were as follows:

<b>Group</b>	<b>2020 RM'000</b>	<b>2019 RM'000</b>
Interest bearing liabilities	<b>4,064,672</b>	3,892,350
Less: Deposits, cash and bank balances (including cash held under Housing Development Accounts)	<b>(802,675)</b>	(742,113)
Interest bearing net debts	<b>3,261,997</b>	3,150,237
Total equity	<b>3,673,807</b>	3,711,681
Gearing ratio	<b>0.89:1.00</b>	0.85:1.00
<b>Company</b>		
Interest bearing liabilities	<b>1,162,630</b>	1,037,749
Less: Deposits, cash and bank balances	<b>(176,276)</b>	(71,004)
Interest bearing net debts	<b>986,354</b>	966,745
Total equity	<b>5,511,118</b>	5,472,767
Gearing ratio	<b>0.18:1.00</b>	0.18:1.00

The Group is subject to certain externally imposed requirements in the form of loan covenants. The Group monitor the compliance with loan covenants based on the terms of the respective loan agreements. The Group has complied with loan covenants during and as at the financial year.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****3 Financial risk management objectives and policies (continued)****(f) Financial instruments by category**

<b>Group</b>	<b>Financial assets at fair value through other comprehensive income (Equity instruments) RM'000</b>	<b>Financial assets at amortised cost RM'000</b>	<b>Total RM'000</b>
<b>2020</b>			
<b>Assets as per statement of financial position</b>			
<b>Non-current</b>			
Financial assets at fair value through other comprehensive income	72,352	-	72,352
Concession receivables	-	117,608	117,608
<b>Current</b>			
Concession receivables	-	4,753	4,753
Amounts owing from associates and joint ventures		70	70
Trade and other receivables (excluding deferred lease incentives, prepayments and input tax)	-	132,585	132,585
Cash held under Housing Development Accounts	-	9,455	9,455
Deposits, cash and bank balances	-	793,220	793,220
Total	72,352	1,057,691	1,130,043
<b>Liabilities as per statement of financial position</b>			
<b>Non-current</b>			
Interest bearing bank borrowings		2,337,148	2,337,148
RCCPS		25,307	25,307
<b>Current</b>			
Trade and other payables (excluding deferred revenue, contract liabilities and lease liabilities)		617,361	617,361
Interest bearing bank borrowings		1,695,886	1,695,886
Amounts owing to associates		8	8
RCCPS		6,331	6,331
Total		4,682,041	4,682,041

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****3 Financial risk management objectives and policies (continued)****(f) Financial instruments by category (continued)**

Group	Financial assets at fair value through other comprehensive income (Equity instruments) RM'000	Financial assets at amortised cost RM'000	Total RM'000
Assets as per statement of financial position			
Non-current			
Financial assets at fair value through other comprehensive income	92,634	-	92,634
Concession receivables	-	129,468	129,468
Current			
Concession receivables	-	5,206	5,206
Amounts owing from associates and joint ventures		97,416	97,416
Trade and other receivables (excluding deferred lease incentives, prepayments and input tax)	-	197,101	197,101
Cash held under Housing Development Accounts	-	48,305	48,305
Deposits, cash and bank balances	-	693,808	693,808
Total	92,634	1,171,304	1,263,938
Group		Financial liabilities at amortised cost	Total
2019		RM'000	RM'000
Liabilities as per statement of financial position			
Non-current			
Interest bearing bank borrowings		2,533,501	2,533,501
RCPS and RCCPS		31,646	31,646
Current			
Trade and other payables (excluding deferred revenue, contract liabilities and lease liabilities)		766,727	766,727
Interest bearing bank borrowings		1,309,978	1,309,978
Amounts owing to associates		19	19
RCPS and RCCPS		17,225	17,225
Total		4,659,096	4,659,096

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****3 Financial risk management objectives and policies (continued)****(f) Financial instruments by category (continued)**

<b>Company</b>	<b>Financial assets at fair value through other comprehensive income (Equity instruments) RM'000</b>	<b>Financial assets at amortised cost RM'000</b>	<b>Total RM'000</b>
<b>2020</b>			
<b>Assets as per statement of financial position</b>			
<b>Non-current</b>			
Financial assets at fair value through other comprehensive income	72,352	-	72,352
<b>Current</b>			
Amounts owing from subsidiaries	-	56,863	56,863
Trade and other receivables (excluding prepayments and input tax)	-	1,716	1,716
Deposits, cash and bank balances	-	176,276	176,276
Total	<u>72,352</u>	<u>234,855</u>	<u>307,207</u>
<b>Company</b>		<b>Financial liabilities at amortised cost RM'000</b>	<b>Total RM'000</b>
<b>2020</b>			
<b>Liabilities as per statement of financial position</b>			
<b>Non-current</b>			
Interest bearing bank borrowings		1,129,700	1,129,700
RCCPS		25,307	25,307
<b>Current</b>			
Trade and other payables		2,050	2,050
Interest bearing bank borrowings		1,292	1,292
Amounts owing to subsidiaries		369	369
RCCPS		6,331	6,331
Total		<u>1,165,049</u>	<u>1,165,049</u>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****3 Financial risk management objectives and policies (continued)****(f) Financial instruments by category (continued)**

Company 2019	Financial assets at fair value through other comprehensive income (Equity instruments) RM'000	Financial assets at amortised cost RM'000	Total RM'000
Assets as per statement of financial position			
Non-current			
Financial assets at fair value through other comprehensive income	92,634	-	92,634
Current			
Amounts owing from subsidiaries	-	71,805	71,805
Trade and other receivables (excluding prepayments and input tax)	-	1,090	1,090
Deposits, cash and bank balances	-	71,004	71,004
Total	92,634	143,899	236,533
Company 2019		Financial liabilities at amortised cost RM'000	Total RM'000
Liabilities as per statement of financial position			
Non-current			
Interest bearing bank borrowings		330,200	330,200
RCPS and RCCPS		31,646	31,646
Current			
Trade and other payables		8,927	8,927
Interest bearing bank borrowings		658,678	658,678
Amounts owing to subsidiaries		92,440	92,440
RCPS and RCCPS		17,225	17,225
Total		1,139,116	1,139,116



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### Notes to the Financial Statements for the financial year ended 31 December 2020 (continued)

#### 3 Financial risk management objectives and policies (continued)

##### (g) Fair values

Except for concession receivables (as disclosed in Note 18), the carrying amounts of financial assets and liabilities such as deposits, cash and bank balances, current receivables and payables approximate their fair values due to the relatively short-term maturity of these financial instruments.

##### Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's and the Company's assets that are measured at fair value:

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Level 3</b>				
Financial assets at fair value through other comprehensive income:				
Equity securities	<u>72,352</u>	<u>92,634</u>	<u>72,352</u>	<u>92,634</u>

#### 4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Significant estimates and assumptions made by the Directors in preparing these financial statements are disclosed in the respective notes.

There are no critical estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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### **Notes to the Financial Statements for the financial year ended 31 December 2020 (continued)**

#### **5 Segment reporting**

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risk and returns that are different from those of other business segments.

Management has determined the operating segments based on the various reports prepared for the Board of Directors that are used to make strategic decisions.

The Group is organised into five main business segments:

- (a) Property investment – retail - rental income and service charge from retail
- (b) Property investment – commercial - rental income and service charge from office building
- (c) Property development – development and sale of condominiums, bungalows, linked houses, shoplots and office suites and project management services
- (d) Hotel - income from hotel operations
- (e) Construction - civil and building construction

Other operations of the Group mainly comprise investment holding, sale of utilities, education services, wastewater treatment services, information and communication technology and other operations; none of which are of a significant size to be reported separately.

The revenue from the respective operating segments (property investment – retail, property investment – commercial, property development, hotel and construction) includes incidental revenue generated within the respective segments that have been reclassified by their nature for presentation within the revenue note.

The amounts provided to the Board of Directors with respect to total assets and liabilities are measured in a manner consistent with that of the financial statements. These assets and liabilities are allocated based on the operations of the segment.

The allocated assets include all non-current and current assets except for tax recoverable, deferred tax assets and cash and bank balances held by the respective investment holding companies as they are managed centrally by the Group.

The allocated liabilities include all non-current and current liabilities except for provisions for tax and deferred tax liabilities and general borrowings as the Group manages these funds through a centralised function.

Segment revenue, expenses, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****5 Segment reporting (continued)****(a) Analysis by business segment**

<b>Group 2020</b>	<b>Property investment - retail RM'000</b>	<b>Property investment - commercial RM'000</b>	<b>Property development RM'000</b>	<b>Hotel RM'000</b>	<b>Construction RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
Segment revenue	627,051	197,927	60,645	75,604	175,537	393,136	1,529,900
Inter-segment revenue	(69,704)	(24,059)	-	(571)	(175,537)	(243,612)	(513,483)
Revenue from external customers	557,347	173,868	60,645	75,033	-	149,524	1,016,417
Segment results	309,641	77,642	35,867	(83,020)	(4,350)	37,678	373,458
Unallocated corporate expenses							(58,283)
Profit from operations							315,175
Finance income	9,430	922	4,183	1,448	48	10,255	26,286
Finance costs	(100,673)	(13,082)	(1,776)	(3,373)	-	(47,057)	(165,961)
Share of results of associates and joint ventures	-	278	1,757	(29,745)	-	(127)	(27,837)
Profit before taxation							147,663
Taxation	(11,246)	(18,717)	(8,267)	11,198	299	(22,135)	(48,868)
Profit for the financial year							98,795
The timing of revenue from contract with customers							
- Point in time	-	-	52,808	17,305	-	-	70,113
- Over time	157,006	61,516	4,027	57,705	-	138,278	418,532
	157,006	61,516	56,835	75,010	-	138,278	488,645

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### Notes to the Financial Statements for the financial year ended 31 December 2020 (continued)

#### 5 Segment reporting (continued)

##### (a) Analysis by business segment (continued)

Group 2020	Property investment - retail RM'000	Property investment - commercial RM'000	Property development RM'000	Hotel RM'000	Construction RM'000	Others RM'000	Total RM'000
<b>Other information</b>							
<b>Assets</b>							
Segment assets	2,713,062	2,050,917	810,025	1,295,532	30,684	511,513	7,411,733
Associates and joint ventures	-	55,031	221,972	607,852	-	22,149	907,004
Unallocated assets							8,318,737
<b>Total assets</b>							266,102
							8,584,839
<b>Liabilities</b>							
Segment liabilities	2,417,926	419,806	106,639	120,527	194,693	1,388,930	4,648,521
Unallocated liabilities							262,511
<b>Total liabilities</b>							4,911,032

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## Notes to the Financial Statements for the financial year ended 31 December 2020 (continued)

### 5 Segment reporting (continued)

#### (a) Analysis by business segment (continued)

Group 2020	Property investment - retail RM'000	Property investment - commercial RM'000	Property development RM'000	Hotel RM'000	Construction RM'000	Others RM'000	Total RM'000
Incurring for the financial year:							
- Property, plant and equipment	552	1,623	171	69,530	5	2,515	74,396
- Investment properties	3,167	81,567	-	-	-	4,046	88,780
Depreciation:							
- Property, plant and equipment	4,402	3,284	837	41,122	143	7,134	56,922
- Investment properties	57,271	30,088	-	-	-	1,034	88,393
Amortisation:							
- Intangible assets	-	-	-	-	240	-	240
Write-off of:							
- Property, plant and equipment	242	4,110	6	1,214	-	254	5,826

The segmental financial information by geographical segment is not presented as the Group's activities are mainly carried out in Malaysia.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****5 Segment reporting (continued)****(a) Analysis by business segment (continued)**

Group 2019	Property investment - retail RM'000	Property investment - commercial RM'000	Property development RM'000	Hotel RM'000	Construction RM'000	Others RM'000	Total RM'000
Segment revenue	740,432	205,260	150,956	278,951	326,679	240,199	1,942,477
Inter-segment revenue	(66,839)	(28,056)	-	(4,423)	(326,679)	(80,001)	(505,998)
Revenue from external customers	673,593	177,204	150,956	274,528	-	160,198	1,436,479
Segment results	470,520	84,210	75,541	70,638	2,563	(39,345)	664,127
Unallocated corporate expenses							(59,865)
Profit from operations							604,262
Finance income	9,651	690	6,289	8,011	387	1,742	26,770
Finance costs	(86,904)	(20,770)	(1,684)	(4,220)	-	(58,324)	(171,902)
Share of results of associates and joint ventures	-	1,015	2,523	(1,011)	-	1,442	3,969
Profit before taxation							463,099
Taxation	(58,888)	(15,514)	(8,996)	(13,405)	(1,736)	1,633	(96,906)
Profit for the financial year							366,193
The timing of revenue from contract with customers							
- Point in time	-	-	(298)	52,085	-	-	51,787
- Over time	167,423	62,888	147,380	222,422	-	159,852	759,965
	167,423	62,888	147,082	274,507	-	159,852	811,752

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### Notes to the Financial Statements for the financial year ended 31 December 2020 (continued)

#### 5 Segment reporting (continued)

##### (a) Analysis by business segment (continued)

Group 2019	Property investment - retail RM'000	Property investment - commercial RM'000	Property development RM'000	Hotel RM'000	Construction RM'000	Others RM'000	Total RM'000
Other information							
Assets	2,780,828	1,897,712	879,906	1,503,608	21,502	555,698	7,639,254
Segment assets							
Associates and joint ventures	-	56,753	234,894	538,406	-	22,275	852,328
Unallocated assets							8,491,582
Total assets							116,232
							8,607,814
Liabilities							
Segment liabilities	2,457,144	448,228	100,457	129,683	262,851	1,302,326	4,700,689
Unallocated liabilities							195,444
Total liabilities							4,896,133

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)**

5

**Segment reporting (continued)****(a) Analysis by business segment (continued)**

Group 2019	Property investment - retail RM'000	Property investment - commercial RM'000	Property development RM'000	Hotel RM'000	Construction RM'000	Others RM'000	Total RM'000
Incurring for the financial year:							
- Property, plant and equipment	10,592	2,207	281	68,311	30	4,659	86,080
- Investment properties	237,359	69,375	-	-	-	-	306,734
- Intangible assets	-	-	-	-	-	684	684
Depreciation:							
- Property, plant and equipment	3,536	1,399	922	46,716	168	7,565	60,306
- Investment properties	45,081	27,315	-	-	-	-	72,396
Amortisation:							
- Intangible assets	-	-	-	-	240	61	301
Impairment loss:							
- Intangible assets	-	-	-	11,638	-	-	11,638
Write-off of:							
- Property, plant and equipment	22	243	-	2,455	-	49	2,769
- Investment properties	-	466	-	-	-	-	466

The segmental financial information by geographical segment is not presented as the Group's activities are mainly carried out in Malaysia.



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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****6 Revenue**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Lease income:				
Retail malls	<b>371,450</b>	469,344	-	-
Commercial office buildings	<b>116,271</b>	118,275	-	-
Rent related	<b>28,943</b>	37,108	-	-
	<b>516,664</b>	624,727	-	-
Contract with customers:				
Hotel room revenue	<b>57,410</b>	221,784	-	-
Property development revenue				
Sale of properties	<b>52,399</b>	143,099	-	-
Sale of land	<b>409</b>	(298)	-	-
Sale of food and beverages	<b>17,305</b>	52,085	-	-
Rendering of services	<b>38,663</b>	42,293	-	-
Service concession arrangement	<b>58,365</b>	75,196	-	-
Car park	<b>39,645</b>	54,081	-	-
Utilities	<b>61,895</b>	68,524	-	-
Management services	-	-	<b>10,312</b>	10,499
Service charges	<b>160,569</b>	151,267	-	-
Others	<b>1,985</b>	3,721	-	-
	<b>488,645</b>	811,752	<b>10,312</b>	10,499
Dividend income (gross)	<b>11,108</b>	-	<b>173,827</b>	241,403
	<b>1,016,417</b>	1,436,479	<b>184,139</b>	251,902
Revenue from contracts with customers is recognised by:				
Point in time	<b>70,113</b>	51,787	-	-
Over time	<b>418,532</b>	759,965	<b>10,312</b>	10,499
	<b>488,645</b>	811,752	<b>10,312</b>	10,499

Rental income included variable lease payments related to sales generated by tenants which approximates to 9.4% (2019: 9.2%) of the total lease income. There are no other variable lease payments that depend on an index or rate.

Total rebates granted by the Group under the rental support programme offered to eligible tenants affected by the Covid-19 pandemic amounted to RM129.7 million, of which RM97.9 million was recognised as a reduction to lease income and service charge in the financial year ended 31 December 2020.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****7 Profit from operations****(a) Cost of sales**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Property development cost - inventories sold	<b>30,937</b>	75,697	-	-
Assessment and quit rent	<b>35,946</b>	35,677	-	-
Utilities	<b>119,141</b>	128,887	-	-
Repair and maintenance	<b>18,060</b>	20,641	-	-
Depreciation of investment properties	<b>88,393</b>	72,396	-	-
Depreciation of hotel properties	<b>40,427</b>	45,632	-	-
Depreciation of right-of-use asset	<b>588</b>	588	-	-
Property maintenance	<b>10,977</b>	20,357	-	-
Cleaning and security services	<b>20,123</b>	20,289	-	-
Food and beverages	<b>6,196</b>	22,652	-	-
Commission	<b>3,316</b>	11,263	-	-
Staff cost				
- salaries, wages and bonus	<b>78,810</b>	95,703	-	-
- defined contribution plan	<b>9,111</b>	10,418	-	-
- other staff related expenses	<b>9,827</b>	13,474	-	-
Chemical costs for water treatment	<b>35,183</b>	32,729	-	-
Service concession construction costs	<b>-</b>	22,123	-	-
Others	<b>32,932</b>	47,502	-	-
	<b>539,967</b>	<b>676,028</b>	<b>-</b>	<b>-</b>

**(b) Other operating income**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Unrealised foreign exchange gain	<b>6,118</b>	4	-	-
Realised foreign exchange gain	<b>3,376</b>	1,085	-	-
Bad debts recovered (Note 3(b))	<b>135</b>	237	-	-
Reversal of impairment loss			-	-
- trade and other receivables (Note 3(b))	<b>5,998</b>	2,269	<b>40</b>	150
- amounts owing from subsidiaries (Note 3(b))	<b>-</b>	-	<b>531</b>	70
- investment in subsidiaries	<b>-</b>	-	-	2,201
Gain on disposal of property, plant and equipment	<b>47</b>	1,531	-	-
Gain on disposal of subsidiary	<b>2,100</b>	-	<b>2,100</b>	-
Gain on disposal of assets classified as held-for-sale	<b>-</b>	1,700	-	-
Forfeited deposits	<b>5,559</b>	904	-	200
Compensation from government	<b>5,457</b>	-	-	-
Other miscellaneous income	<b>12,699</b>	33,489	<b>20</b>	21
	<b>41,489</b>	<b>41,219</b>	<b>2,691</b>	<b>2,642</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****7 Profit from operations (continued)****(c) Administrative expenses**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Depreciation of property, plant and equipment	<b>15,907</b>	14,086	<b>1,104</b>	765
Provision for impairment:				
- trade and other receivables (Note 3(b))	<b>54,864</b>	3,653	-	-
- intangible assets (Note 15)	<b>174</b>	11,638	-	-
- investment in associates (Note 17(a))	<b>216</b>	-	-	-
Bad debts written off	<b>177</b>	184	-	-
Staff costs				
- salaries, wages and bonus	<b>53,688</b>	66,332	<b>20,097</b>	25,451
- defined contribution plan	<b>6,965</b>	9,083	<b>2,105</b>	3,210
- other staff related expenses	<b>7,450</b>	12,792	<b>1,442</b>	1,750
Directors' remuneration (Note 8)	<b>14,695</b>	23,271	<b>6,802</b>	9,809
Auditors' remuneration (statutory audit fees):			-	-
- PricewaterhouseCoopers PLT Malaysia	<b>1,375</b>	1,440	<b>304</b>	249
- Firm other than member firm of PwC International Limited	<b>186</b>	200	-	-
Tax and other non-audit services:			-	-
- PricewaterhouseCoopers PLT Malaysia	<b>664</b>	176	<b>14</b>	53
- PricewaterhouseCoopers Taxation Services Sdn Bhd	<b>330</b>	405	-	-
Legal and other professional fee	<b>3,012</b>	2,499	-	-
Repair and maintenance	<b>6,420</b>	8,908	-	-
Selling and marketing expenses	<b>9,463</b>	21,024	-	-
Low value/short term leases			-	-
- plant and equipment	<b>219</b>	1,326	-	-
- building	<b>544</b>	863	<b>3,930</b>	3,453
Assessment and quit rent	<b>2,369</b>	1,758	-	-
Other administrative expenses	<b>19,941</b>	12,684	<b>5,420</b>	5,124
	<b>198,659</b>	<b>192,322</b>	<b>41,218</b>	<b>49,864</b>

**(d) Other operating expenses**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loss on disposal of property, plant and equipment	<b>1,440</b>	80	<b>1</b>	3
Unrealised foreign exchange loss	-	-	<b>368</b>	2
Realised foreign exchange loss	-	-	-	11
Provision for impairment:				
- amount owing from subsidiaries (Note 3(b))	-	-	<b>4,569</b>	-
- investment in subsidiaries (Note 16)	-	-	<b>10,727</b>	-
Other operating expenses	<b>2,665</b>	5,006	<b>24</b>	-
	<b>4,105</b>	<b>5,086</b>	<b>15,689</b>	<b>16</b>

\* Staff cost and defined contribution plan for the Group of RM3,924,451 (2019: RM3,927,339) and RM442,868 (2019: RM444,242) respectively were capitalised into inventory in progress and investment property in progress.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****8 Directors' remuneration**

The aggregate amount of emoluments received/receivable by the Directors of the Group and of the Company during the financial year are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Fees	<b>1,167</b>	887	<b>650</b>	437
Salaries, bonus and allowances	<b>12,139</b>	20,730	<b>5,509</b>	8,813
Defined contribution plan	<b>1,389</b>	1,654	<b>643</b>	559
	<b>14,695</b>	23,271	<b>6,802</b>	9,809
Benefits-in-kind	<b>135</b>	33	<b>95</b>	-
	<b>14,830</b>	23,304	<b>6,897</b>	9,809

**9 Finance income and costs**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Interest income on:				
Deposits with licensed banks	<b>16,472</b>	20,511	<b>3,162</b>	1,984
Concession receivables	<b>5,972</b>	4,750	-	-
Late payments from tenants	<b>3,261</b>	670	-	-
Amount owing from subsidiaries	-	-	<b>1,346</b>	725
Others	<b>581</b>	839	<b>20</b>	-
Total finance income	<b>26,286</b>	26,770	<b>4,528</b>	2,709
Interest expense on:				
Term loans, revolving credits and Medium Term Notes	<b>162,481</b>	167,367	<b>39,515</b>	48,171
Redeemable Convertible Cumulative Preference shares (Note 26)	<b>2,050</b>	3,441	<b>2,050</b>	3,441
Amounts owing to subsidiaries	-	-	<b>1,365</b>	1,496
Lease liabilities	<b>43</b>	44	-	-
Others	<b>1,387</b>	1,050	<b>303</b>	354
Total finance costs	<b>165,961</b>	171,902	<b>43,233</b>	53,462
Net finance costs	<b>139,675</b>	145,132	<b>38,705</b>	50,753

The capitalisation rate used to determine the amount of finance costs to be capitalised is the weighted average interest rate applicable to the Group's general borrowings during the financial year which is 3.33% (2019: 4.57%). The finance cost capitalised has been disclosed in Note 12, 13, and 14.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****10 Taxation**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current tax:				
Malaysian tax	<b>68,800</b>	92,405	<b>21,719</b>	33,315
Foreign tax	<b>(1,904)</b>	3,541	<b>-</b>	-
	<b>66,896</b>	95,946	<b>21,719</b>	33,315
Deferred tax	<b>(18,028)</b>	960	<b>(710)</b>	(1,058)
	<b>48,868</b>	96,906	<b>21,009</b>	32,257
Current tax:				
Current financial year	<b>65,988</b>	96,604	<b>23,326</b>	33,580
Under/(Over) accrual in prior financial year	<b>908</b>	(658)	<b>(1,607)</b>	(265)
	<b>66,896</b>	95,946	<b>21,719</b>	33,315
Deferred tax: (Note 19)				
Origination and reversal of temporary differences	<b>(17,161)</b>	960	<b>(710)</b>	(1,058)
Over accrual in prior financial year	<b>(867)</b>	-	<b>-</b>	-
Tax expense	<b>48,868</b>	96,906	<b>21,009</b>	32,257

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****10 Taxation (continued)**

The reconciliation between the effective tax rate and the Malaysian tax rate are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Malaysian tax rate	<b>24</b>	24	<b>24</b>	24
Tax effects of:				
Different tax rates	-*	-*	-	-
Share of results of associates and joint ventures	<b>5</b>	-*	-	-
Expenses not deductible for tax purposes	<b>33</b>	6	<b>17</b>	11
Income not subject to tax	<b>(29)</b>	(9)	<b>(16)</b>	(14)
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	<b>(1)</b>	(2)	-	-
Current year tax losses and deductible temporary differences not recognised	<b>1</b>	2	-	-
Under/(Over) accrual of tax in prior financial year	-*	-*	(2)	-*
Temporary differences arising from RCPS and RCCPS	-*	-*	-*	-*
Effective tax rate	<b>33</b>	21	<b>23</b>	21

\* The tax effects of these reconciling items are less than 1%

Pursuant to Section 61A of Malaysia Income Tax Act, 1967 ("Act"), income of IGB Real Estate Investment Trust ("IGB REIT") will be exempted from tax provided that at least 90% of its taxable income (as defined in the Act) is distributed to the investors in the basis period of IGB REIT for that year of assessment within two (2) months after the close of financial year. If the 90% distribution condition is not complied with or the 90% distribution is not made within two (2) months after the close of IGB REIT's financial year which forms the basis period for a year of assessment, then IGB REIT will be subject to income tax at the prevailing rate on its total income. Income which has been taxed at the IGB REIT level will have tax credits attached when subsequently distributed to unit holders.

As the distribution to IGB REIT's unitholders for the financial year ended 31 December 2020 is approximately 92.6% (2019: 95.0%) of the total distributable income, no provision for income taxation has been made by IGB REIT for the current and prior financial year.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****11 Earnings per share****(a) Basic earnings per share**

Basic earnings per share of the Group is calculated by dividing the profit attributable to equity holders of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year, excluding ordinary shares purchased by the Company and held as treasury shares (Note 25).

<b>Group</b>		<b>2020</b>	<b>2019</b> (Restated)
Profit attributable to equity holders of the Company	<b>RM'000</b>	<b>9,250</b>	208,665
Weighted average number of ordinary shares in issue	<b>'000</b>	<b>848,197</b>	687,242
Basic earnings per share	<b>sen</b>	<b>1.09</b>	30.36

The comparative earnings per share has been restated pursuant to distribution of treasury shares as dividend-in-specie during the financial year.

**(b) Diluted earnings per share**

For diluted earnings per share of the Group, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group has dilutive potential ordinary shares from maximum conversion of RCPS and RCCPS.

<b>Group</b>		<b>2020</b>	<b>2019</b> (Restated)
Profit attributable to equity holders of the Company	<b>RM'000</b>	<b>9,250</b>	208,665
Add: Interest on RCPS and RCCPS saved as a result of conversion	<b>RM'000</b>	<b>2,050</b>	3,441
Less: Tax relief thereon	<b>RM'000</b>	<b>(461)</b>	(784)
Adjusted earnings	<b>RM'000</b>	<b>10,839</b>	211,322
Weighted average number of ordinary shares in issue	<b>'000</b>	<b>848,197</b>	687,242
Adjustments for potential dilutive ordinary shares on conversion of RCPS and RCCPS	<b>'000</b>	<b>56,498</b>	254,849
Weighted average number of ordinary shares for diluted earnings per share	<b>'000</b>	<b>904,695</b>	942,091
Diluted earnings per share	<b>sen</b>	<b>1.09*</b>	22.43

*\*The diluted earnings per share for the current financial year is anti-dilutive. Accordingly, the diluted earnings per share for the current financial year is presented as equal to basic earnings per share.*

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****12 Property, plant and equipment****Group**

	Freehold land RM'000	ROU asset - Leasehold land (Note 12(d)) RM'000	Hotel properties (Note 12 (a)) RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture, fixtures, fittings and equipment RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Cost</b>									
At 1 January 2020	59,478	22,633	1,548,226	209,153	73,105	107,671	8,403	151,088	2,179,757
Additions	-	-	32,977	441	301	4,124	-	36,553	74,396
Written off	-	-	(1,490)	(425)	-	(12,884)	(208)	(5,237)	(20,244)
Disposals	-	-	(398)	(1,239)	(10)	(1,862)	(356)	-	(3,865)
Reclassification	-	-	-	-	-	5,936	-	(5,936)	-
Currency translation differences	-	18	19,370	-	(20)	-	8	-	19,376
At 31 December 2020	59,478	22,651	1,598,685	207,930	73,376	102,985	7,847	176,468	2,249,420
<b>Accumulated depreciation</b>									
At 1 January 2020	-	1,611	480,860	37,144	65,446	81,659	6,562	-	673,282
Charge for the financial year	-	588	40,427	3,963	1,491	9,895	558	-	56,922
Written off	-	-	(1,471)	-	-	(12,739)	(208)	-	(14,418)
Disposals	-	-	(386)	(112)	(1)	(792)	(356)	-	(1,647)
Currency translation differences	-	20	3,704	-	-	5	7	-	3,736
At 31 December 2020	-	2,219	523,134	40,995	66,936	78,028	6,563	-	717,875
<b>Net book value</b>									
At 31 December 2020	59,478	20,432	1,075,551	166,935	6,440	24,957	1,284	176,468	1,531,545

Included in the Group's property, plant and equipment's additions during the financial year were interest expense capitalised amounting to RM0.7 million (2019: RM1.4 million).



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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****12 Property, plant and equipment (continued)****Group (continued)**

	Freehold land RM'000	Leasehold land RM'000	ROU asset - Leasehold land (Note 12(d)) RM'000	Hotel properties (Note 12 (a)) RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture, fixtures, fittings and equipment RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Cost</b>										
At 1 January 2019	113,009	-	22,651	1,584,287	318,047	32,286	150,832	7,890	84,464	2,313,466
Additions	-	-	-	4,208	2,090	1,257	10,527	656	67,342	86,080
Written off	-	-	-	(4,712)	-	(1,174)	(4,023)	-	(248)	(10,157)
Disposals	(130)	-	-	(971)	-	(59)	(1,375)	(138)	(56)	(2,729)
Transfer (Note 14)										
- from investment properties	-	-	-	-	110,233	47,109	-	-	-	157,342
- to investment properties	(53,401)	-	-	(29,946)	(221,233)	(6,314)	(48,662)	-	-	(359,556)
Reclassification	-	-	-	-	16	-	398	-	(414)	-
Currency translation differences	-	-	(18)	(4,640)	-	-	(26)	(5)	-	(4,689)
At 31 December 2019	59,478	-	22,633	1,548,226	209,153	73,105	107,671	8,403	151,088	2,179,757
<b>Accumulated depreciation</b>										
At 1 January 2019	-	-	1,032	457,389	47,320	22,364	125,298	6,132	-	659,535
Charge for the financial year	-	-	588	45,632	2,046	1,681	9,824	535	-	60,306
Written off	-	-	-	(2,335)	-	(1,158)	(3,895)	-	-	(7,388)
Disposals	-	-	-	(914)	-	(17)	(949)	(100)	-	(1,980)
Transfer (Note 14)										
- from investment properties	-	-	-	-	26,167	47,024	-	-	-	73,191
- to investment properties	-	-	-	(18,287)	(38,389)	(4,448)	(48,616)	-	-	(109,740)
Currency translation differences	-	-	(9)	(625)	-	-	(3)	(5)	-	(642)
At 31 December 2019	-	-	1,611	480,860	37,144	65,446	81,659	6,562	-	673,282
<b>Net book value</b>										
At 31 December 2019	59,478	-	21,022	1,067,366	172,009	7,659	26,012	1,841	151,088	1,506,475

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****12 Property, plant and equipment (continued)****Group (continued)****(a) Hotel properties**

<b>Group</b>	<b>Freehold land RM'000</b>	<b>Hotel buildings RM'000</b>	<b>Plant and machinery RM'000</b>	<b>Furniture fittings and equipment RM'000</b>	<b>Total RM'000</b>
<b>At cost</b>					
<b>At 1 January 2020</b>	152,846	1,005,697	129,376	260,307	1,548,226
Additions	-	96	158	32,723	32,977
Written off	-	(1,250)	(5)	(235)	(1,490)
Disposals	-	-	(30)	(368)	(398)
Currency translation differences	4,107	13,212	1,577	474	19,370
<b>At 31 December 2020</b>	<b>156,953</b>	<b>1,017,755</b>	<b>131,076</b>	<b>292,901</b>	<b>1,598,685</b>
<b>Accumulated depreciation</b>					
<b>At 1 January 2020</b>	-	141,585	104,323	234,952	480,860
Charge for the financial year	-	20,570	11,693	8,164	40,427
Written off	-	(1,250)	(5)	(216)	(1,471)
Disposals	-	-	(25)	(361)	(386)
Currency translation differences	-	2,789	608	307	3,704
<b>At 31 December 2020</b>	<b>-</b>	<b>163,694</b>	<b>116,594</b>	<b>242,846</b>	<b>523,134</b>
Net book value					
<b>At 31 December 2020</b>	<b>156,953</b>	<b>854,061</b>	<b>14,482</b>	<b>50,055</b>	<b>1,075,551</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****12 Property, plant and equipment (continued)****Group (continued)****(a) Hotel properties (continued)**

Group	Freehold land RM'000	Hotel buildings RM'000	Plant and machinery RM'000	Furniture fittings and equipment RM'000	Total RM'000
At cost					
At 1 January 2019	153,837	1,030,405	125,278	274,767	1,584,287
Additions	-	559	389	3,260	4,208
Written off	-	(2,943)	-	(1,769)	(4,712)
Disposals	-	-	(26)	(945)	(971)
Transfer to investment properties	-	(14,216)	(830)	(14,900)	(29,946)
Reclassification	-	(4,946)	4,946	-	-
Currency translation differences	(991)	(3,162)	(381)	(106)	(4,640)
At 31 December 2019	152,846	1,005,697	129,376	260,307	1,548,226
Accumulated depreciation					
At 1 January 2019	-	124,189	89,507	243,693	457,389
Charge for the financial year	-	21,001	15,767	8,864	45,632
Written off	-	(592)	-	(1,743)	(2,335)
Disposals	-	-	(21)	(893)	(914)
Transfer to investment properties	-	(2,558)	(830)	(14,899)	(18,287)
Currency translation differences	-	(455)	(100)	(70)	(625)
At 31 December 2019	-	141,585	104,323	234,952	480,860
Net book value					
At 31 December 2019	152,846	864,112	25,053	25,355	1,067,366

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****12 Property, plant and equipment (continued)****Group (continued)****(b) Impairment assessment of hotel properties**

The Group owns and operates hotel properties in Malaysia and overseas. During the financial year, the financial performance for the hotel segment of the Group has declined as compared to the previous financial year due to the travel restrictions imposed by various government authorities in response to the Covid-19 pandemic. This gave rise to impairment indicators which required the Group to perform impairment assessments on the carrying amounts of the loss-making hotels properties. In assessing for impairments, each loss-making hotel is regarded as a separate cash-generating-unit (CGU).

**(i) Valuation by independent external valuer**

For the material hotel properties in Malaysia, the Directors and management have engaged an independent external valuer to determine their respective recoverable amounts. The fair values of the hotel properties are determined based on income approach using Level 3 inputs in the fair value hierarchy of MFRS 13 'Fair Value Measurement'.

The key assumptions used by the valuer are as follows:

<b>Assumptions</b>	<b>Descriptions</b>
Covid-19 recovery period (Year 1 and Year 2)	Occupancy rate and average room rate ("ARR") expected to gradually recover over the next two years before the business activity is estimated to resume to normalised level in the third year. Year 1 - Occupancy rate (15% to 49%) ARR (RM145 to RM361) Year 2 - Occupancy rate (23% to 51%) ARR (RM149 to RM392)
Growth rate (Year 3 to Year 7 or 8)	
- Average room rate	2.0% to 4.0% per annum
- Occupancy rate	2.0% to 3.0% per annum
Inflationary adjustments on other operating cost (Year 1 to Year 7 or 8)	0.5% to 2.0% per annum
Capitalisation rates on terminal value	6.0% to 7.0%
Discount rates	8.0% to 9.0%
Terminal year	Year 7 or 8

**(ii) Management's value-in-use ("VIU") assessments**

For the remaining hotels, the Directors and management have assessed the recoverable amounts of the hotel properties using the discounted cash flows projections based on the VIU method. Cash flows are projected based on developments in the market and the expected future performance, taking the Covid-19 pandemic into consideration. In carrying out the impairment assessment, two probability-weighted scenarios analysis are considered: primary and secondary case scenarios.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****12 Property, plant and equipment (continued)****Group (continued)****(b) Impairment assessment of hotel properties (continued)****(ii) Management's VIU assessments (continued)**

The following are the key assumptions used in determining the recoverable amounts of these hotel properties:

Assumptions	Primary scenario	Secondary scenario
	Descriptions	
Weightage	50%	50%
Covid-19 recovery period (Year 1 and Year 2)	Occupancy rate and ARR are expected to gradually recover over the next two years before the business activity is estimated to resume to normalised level in the third year. Year 1 - Occupancy rate (34% to 37%) ARR (RM100 to RM503) Year 2 - Occupancy rate (50% to 51%) ARR (RM115 to RM507)	
Growth rate (Year 3 to Year 6) - Average room rate - Occupancy rate	2.0% per annum Nil to 1.5% per annum	Assumed no growth Assumed no growth
Inflationary adjustments on other operating cost (Year 1 to Year 6)	1% to 2.0% per annum	
Capitalisation rates on terminal value	7.0%	
Discount rates	9.0% to 10.0%	
Terminal year	Year 6	

Based on the above impairment assessments, no impairment loss has been identified.

Additionally, management has performed a sensitivity analysis on the significant assumptions made being the discount rate and capitalisation rate. An increase in 0.5% to the discount rate and capitalisation rate will not result in any impairment loss.

**(c) Impairment assessment of capital work-in-progress ("CWIP")**

The Group has CWIP consisting of two office buildings and one hotel tower with a total carrying amount of RM 396.3 million as at 31 December 2020, of which RM 244.4 million and RM151.9 million are classified as investment properties (Note 14) and property, plant and equipment respectively. The CWIP are scheduled to be completed in the financial year 2021 amid the on-going Covid-19 pandemic. The increase in the cumulative supply of premium office spaces and hotels where the CWIP are located coupled with the effects of prolonged movements and travel restriction imposed by the government in response to the Covid-19 pandemic will potentially have an adverse impact on the demand of spaces and its revenue. This give rise to impairment indicators which required the Group to perform impairment assessment on the carrying amounts of the CWIP. In assessing for impairments, each CWIP is regarded as a separate cash-generating-unit ("CGU").

The recoverable amounts are determined using the management's discounted cash flow projections based on the VIU method which factored expected cash flows to complete the CWIP. Two probability-weighted scenarios analysis are considered: primary and secondary case scenarios.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****12 Property, plant and equipment (continued)****Group (continued)****(c) Impairment assessment of CWIP (continued)**

The key assumptions used by the management are as follows:

Assumptions	Primary scenario	Secondary scenario
	Descriptions	
Weightage	50%	50%
<b>Property, plant and equipment CWIP</b>		
- Occupancy rates	Year 1 (10%) to Year 10 (70%)	Year 1 (20%) to Year 10 (80%)
- Average room rates	Year 1 (RM200) to Year 10 (RM250)	Year 1 (RM175) to Year 10 (RM225)
Terminal year	Year 11 <sup>th</sup>	Year 11 <sup>th</sup>
Discount rate	9%	9%
Capitalisation rate	7%	7%
<b>Investment properties CWIP</b>		
- Occupancy rates	Year 1 (20%) to Year 10 (85%)	Year 1 (30%) to Year 10 (95%)
- Average rental rate (psf)	Year 1 (RM4.50) to Year 10 (RM5.00)	Year 1 (RM3.80) to Year 10 (RM4.40)
Capitalisation rate	6%	6%

Based on the above impairment assessments, no impairment loss has been identified for the respective CWIP.

**(d) Right-of-use asset – leasehold land****(i) The Group's leasing activities and how it is accounted for**

The Group leases land for its business operations. The lease primarily comprises of a land used for hotel business operations for a period of 25 years, which consist of extension and termination option as described in Note 12(d)(ii) below.

Other leasehold lands for the purpose of the Group's water treatment operations and other activities were leased for a period of 99 years. There are no lease liabilities associated with these leasehold lands as the payment were prepaid at inception.

**(ii) Extension and termination option**

Extension and termination options are included in the lease. These are used to maximise operational flexibility in terms of managing the asset.

Upon expiration of the initial 25 years term, the Group shall have the option to renew the lease for a further 25 years at an annual rent to be mutually agreed with the lessor, and the option is exercisable only by the Group. In the event that the lease is terminated before the expiration of the tenure, the Group shall be liable to pay the lessor a sum equal to the annual rent for the remaining unexpired period.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****12 Property, plant and equipment (continued)****Group (continued)****(d) Right-of-use asset – leasehold land (continued)****(iii) Lease liabilities (included in payables and contract liabilities)**

<b>Group</b>	<b>2020 RM'000</b>	<b>2019 RM'000</b>
At 1 January	19,143	19,549
Add: Interest expense on discounting	43	44
Less: Lease payments	(450)	(450)
At 31 December	<u>18,736</u>	<u>19,143</u>
<u>Represented by:</u>		
Current	450	450
Non-current	<u>18,286</u>	<u>18,693</u>
At 31 December	<u>18,736</u>	<u>19,143</u>

**(iv) Amounts recognised in income statement**

<b>Group</b>	<b>2020 RM'000</b>	<b>2019 RM'000</b>
Depreciation charge of right-of-use assets	588	588
Interest expense (including in finance cost)	43	44
Low value/short term leases (Note 7)	<u>763</u>	<u>2,189</u>

**(v) Amounts recognised in statements of cash flows**

<b>Group</b>	<b>2020 RM'000</b>	<b>2019 RM'000</b>
Cash used in financing activities		
- Repayment of lease	407	406
- Interest paid	<u>43</u>	<u>44</u>

In addition to the impairment assessments of the Group's hotel properties and CWIP, the management has also performed impairment assessments on certain other property, plant and equipment that have impairment indicators during the financial year. No impairment loss has been identified.

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## Notes to the Financial Statements for the financial year ended 31 December 2020 (continued)

### 12 Property, plant and equipment (continued)

Company	Furniture, fixtures, fittings and equipment	
	2020 RM'000	2019 RM'000
<b>Cost</b>		
At 1 January	3,624	909
Additions	1,291	2,727
Disposals	(1)	(12)
<b>At 31 December</b>	<b>4,914</b>	<b>3,624</b>
<b>Accumulated depreciation</b>		
At 1 January	1,446	689
Charge for the financial year	1,104	765
Disposals	-	(8)
<b>At 31 December</b>	<b>2,550</b>	<b>1,446</b>
<b>Net book value</b>		
<b>At 31 December</b>	<b>2,364</b>	<b>2,178</b>



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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****13 Inventories**

<b>Group</b>	<b>Note</b>	<b>2020 RM'000</b>	<b>2019 RM'000</b>
<b>Non-current</b>			
Land held for property development	(a)	<u>442,858</u>	<u>442,200</u>
<b>Current</b>			
At cost:			
Property development costs	(b)	228,892	187,280
At cost:			
Completed properties	(c)	280,710	311,647
Hotel operating supplies and raw materials		890	1,741
At net realisable value:			
Finished goods		<u>659</u>	<u>161</u>
		<u><b>511,151</b></u>	<u><b>500,829</b></u>

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

<b>Group</b>	<b>Note</b>	<b>At cost RM'000</b>	<b>At net realisable value RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2020</b>				
Land and development costs		268,878	173,322	442,200
Costs incurred during the financial year: Development costs		<u>658</u>	<u>-</u>	<u>658</u>
		<u>658</u>	<u>-</u>	<u>658</u>
<b>At 31 December 2020</b>		<u><b>269,536</b></u>	<u><b>173,322</b></u>	<u><b>442,858</b></u>
<b>At 1 January 2019</b>				
Land and development costs		262,220	173,322	435,542
Costs incurred during the financial year: Development costs		<u>6,658</u>	<u>-</u>	<u>6,658</u>
		<u>6,658</u>	<u>-</u>	<u>6,658</u>
<b>At 31 December 2019</b>		<u><b>268,878</b></u>	<u><b>173,322</b></u>	<u><b>442,200</b></u>

Land held for property development at cost of RM74.3 million (2019: RM74.0 million) have been charged as security for interest bearing bank borrowings as disclosed in Note 29.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****13 Inventories (continued)****(b) Property development costs**

<b>Group</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
<b>At cost</b>		<b>RM'000</b>	<b>RM'000</b>
<b>At 1 January</b>			
Land and development costs		<b>187,280</b>	448,011
Accumulated costs charged to income statements		-	(99,551)
		<b>187,280</b>	348,460
Less completed development properties:			
Land and development costs		-	(1,260)
Accumulated costs charged to income statements		-	1,260
Add land and development costs:			
Costs incurred during the financial year		<b>41,612</b>	114,354
Costs recognised to income statement in current financial year		-	(73,367)
Transfer to inventories - completed properties	13(c)	-	(202,167)
<b>At 31 December</b>		<b>228,892</b>	187,280

Property development costs are analysed as follows:

Land and development costs		<b>228,892</b>	358,943
Accumulated costs charged to income statements		-	(171,663)
		<b>228,892</b>	187,280
Land and development costs charged as security for borrowings	29	<b>10,542</b>	9,483
Interest costs capitalised as property development costs		<b>91</b>	3,210
Costs to obtain or fulfil contract recognised as an expense in the income statements in current financial year		-	2,395

**(c) Completed properties**

<b>At cost</b>			
<b>At 1 January</b>		<b>311,647</b>	111,695
Sales cancellation		-	115
Transfer from property development costs	13(b)	-	202,167
Disposals during the financial year		<b>(30,937)</b>	(2,330)
<b>At 31 December</b>		<b>280,710</b>	311,647

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****14 Investment properties**

<b>Group</b>	<b>Right -of-use assets RM'000</b>	<b>Property investment -retail RM'000</b>	<b>Property investment -commercial RM'000</b>	<b>Capital work-in- progress RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>					
At 1 January 2020	158,127	2,857,342	1,624,145	208,095	4,847,709
Additions	5,004	2,970	22,219	58,587	88,780
<b>At 31 December 2020</b>	<b>163,131</b>	<b>2,860,312</b>	<b>1,646,364</b>	<b>266,682</b>	<b>4,936,489</b>
<b>Accumulated depreciation</b>					
At 1 January 2020	-	581,351	344,716	-	926,067
Charge for the financial year	1,778	56,956	29,659	-	88,393
<b>At 31 December 2020</b>	<b>1,778</b>	<b>638,307</b>	<b>374,375</b>	<b>-</b>	<b>1,014,460</b>
<b>Net book value</b>					
<b>At 31 December 2020</b>	<b>161,353</b>	<b>2,222,005</b>	<b>1,271,989</b>	<b>266,682</b>	<b>3,922,029</b>

The management has performed impairment assessments on certain investment properties capital work-in-progress that have impairment indicator during the financial year. The information on the impairment assessments are included in Note 12(d)(ii).

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****14 Investment properties (continued)**

Group	Right -of-use assets RM'000	Property investment -retail RM'000	Property investment -commercial RM'000	Capital work-in- progress RM'000	Total RM'000
Cost					
At 1 January 2019	158,593	1,402,379	1,421,719	1,356,536	4,339,227
Additions	-	-	212	306,522	306,734
Reclassification	-	1,454,963	-	(1,454,963)	-
Transfer (Note 12)					
- from property, plant and equipment	-	-	359,556	-	359,556
- to property, plant and equipment	-	-	(157,342)	-	(157,342)
Written off	(466)	-	-	-	(466)
At 31 December 2019	<u>158,127</u>	<u>2,857,342</u>	<u>1,624,145</u>	<u>208,095</u>	<u>4,847,709</u>
Accumulated depreciation					
At 1 January 2019	-	536,270	280,852	-	817,122
Charge for the financial year	-	45,081	27,315	-	72,396
Transfer (Note 12)					
- from property, plant and equipment	-	-	109,740	-	109,740
- to property, plant and equipment	-	-	(73,191)	-	(73,191)
At 31 December 2019	<u>-</u>	<u>581,351</u>	<u>344,716</u>	<u>-</u>	<u>926,067</u>
Net book value					
At 31 December 2019	<u>158,127</u>	<u>2,275,991</u>	<u>1,279,429</u>	<u>208,095</u>	<u>3,921,642</u>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****14 Investment properties (continued)**

Direct operating expenses from investment properties that generated rental income for the Group during the financial year were as follows:

<b>Group</b>	<b>2020 RM'000</b>	<b>2019 RM'000</b>
Depreciation of investment properties	<b>88,393</b>	72,396
Assessment and quit rent	<b>29,461</b>	26,405
Repair and maintenance	<b>24,169</b>	35,413
Staff costs	<b>91,821</b>	100,774
Utilities	<b>66,645</b>	74,984
Others	<b>56,098</b>	52,299
	<b><u>356,587</u></b>	<b><u>362,271</u></b>

<b>Group</b>	<b>Fair value</b>		<b>Level</b>	<b>Valuation technique</b>
	<b>2020 RM'000</b>	<b>2019 RM'000</b>		
Right-of-use assets	<b>161,353</b>	158,127	<b>3</b>	Market approach
Retail malls	<b>6,410,903</b>	6,420,000	<b>3</b>	Income approach
Commercial properties	<b>2,654,371</b>	2,715,816	<b>3</b>	Income approach
Capital work-in-progress	<b>257,663</b>	-	<b>3</b>	Income approach
Total	<b><u>9,464,290</u></b>	<b><u>9,293,943</u></b>		

The fair values of the investment properties above were estimated based on either valuation by independent qualified valuers or management's estimates.

The fair values of the investment properties above exclude investment properties that are under construction in the early stages as the fair values of these properties are not expected to be reliably measurable until construction completes.

The fair values of the investment properties are determined based on income approach and market approach using Level 3 inputs in the fair value hierarchy of MFRS 13 'Fair Value Measurement'. The fair values of investment properties based on income approach are derived from an estimate of the market rental which the investment properties can reasonably be let for. Outgoings are deducted from the annual rental income and thereafter, the net annual rental income is capitalised at an appropriate current market yield to arrive at its fair value. The fair values of investment properties based on market approach are derived from market evidences of transacted prices per square foot for similar properties in which the values have been adjusted for key attributes such as property size, location and date of transaction.

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### Notes to the Financial Statements for the financial year ended 31 December 2020 (continued)

#### 14 Investment properties (continued)

The Level 3 inputs (unobservable inputs) include:

##### Income approach

- |                                |   |   |
|--------------------------------|---|---|
| Term rental                    | - | the expected rental that the investment properties are expected to achieve and is derived from the current passing rental, including revision upon renewal of tenancies during the year;                              |
| Reversionary rental            | - | the expected rental that the investment properties are expected to achieve upon expiry of term rental;  |
| Car park income                | - | refers to rental on car park bays;  |
| Other income                   | - | comprising percentage rent, advertising income, utilities charges and others;   |
| Outgoings                      | - | comprising assessment and quit rent, utilities costs, reimbursable manpower costs, repair and maintenance, insurance premium, asset enhancement expenses and other general expenses;                                  |
| Capitalisation rate            | - | based on actual location, size and condition of the investment properties and taking into account market data at the valuation date based on the valuers' knowledge of the factors specific to investment properties; |
| Allowance for void             | - | refers to allowance provided for vacancy periods, marketing and rent free periods; estimated price psf for which a property should exchange on the date of valuation  |
| Interruption period adjustment | - | the expected loss of income due to rental rebate, reduce negotiation rental and higher vacancy rate due to Covid-19 uncertainties.  |

##### Market approach

- |                               |   |   |
|-------------------------------|---|---|
| Price per square foot ("psf") | - | between a willing buyer and a willing seller. |
|-------------------------------|---|---|

Investment property with net book value of RM1.99 billion (2019: RM2.03 billion) has been charged as security for borrowings as disclosed in Note 29.

Included in the Group's investment properties' additions during the financial year were interest expense capitalised amounting to RM2.7 million (2019: RM18.7 million).

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****15 Intangible assets**

<b>Group</b>	<b>Building software development cost RM'000</b>	<b>License RM'000</b>	<b>Goodwill RM'000</b>	<b>Total RM'000</b>
<b>2020</b>				
<b>Cost</b>				
At 1 January	2,215	6,100	14,238	22,553
Written off	(1,231)	-	(14,238)	(15,469)
At 31 December	984	6,100	-	7,084
<b>Accumulated amortisation</b>				
At 1 January	1,400	580	-	1,980
Charge for the financial year	-	240	-	240
Written off	(1,231)	-	-	(1,231)
At 31 December	169	820	-	989
<b>Accumulated impairment losses</b>				
At 1 January	-	-	14,238	14,238
Charge for the financial year	174	-	-	174
Written off	-	-	(14,238)	(14,238)
At 31 December	174	-	-	174
<b>Net book value</b>				
At 31 December	641	5,280	-	5,921

During the financial year, the goodwill amounting to RM14.2 million was written-off following the closure of a subsidiary hotel operator and food and beverage operator.

During the financial year, an amount of RM1.2 million was written off by a subsidiary in respect of the provision of a business solutions software which was no longer required.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****15 Intangible assets (continued)**

Group (continued)	Building software development cost RM'000	License RM'000	Goodwill RM'000	Total RM'000
2019				
Cost				
At 1 January	1,531	6,100	14,238	21,869
Additions	684	-	-	684
At 31 December	2,215	6,100	14,238	22,553
Accumulated amortisation				
At 1 January	1,339	340	-	1,679
Charge for the financial year	61	240	-	301
At 31 December	1,400	580	-	1,980
Accumulated impairment losses				
At 1 January	-	-	2,600	2,600
Charge for the financial year	-	-	11,638	11,638
At 31 December	-	-	14,238	14,238
Net book value				
At 31 December	815	5,520	-	6,335

**16 Subsidiaries**

Company	2020 RM'000	2019 RM'000
Investment in subsidiaries, at cost		
Quoted ordinary shares	2,791,124	2,791,124
Unquoted ordinary shares	3,610,524	3,607,254
Less: Accumulated impairment losses	(18,733)	(8,006)
	6,382,915	6,390,372
Advances to subsidiaries	212	14
Total	6,383,127	6,390,386

During the financial year, investment in subsidiaries amounting to RM10.7 million were impaired following the closure of a subsidiary hotel and food and beverage operator.

The market value of the quoted ordinary shares is RM2.98 billion (2019: RM3.28 billion) which consist of shares in IGB Real Estate Investment Trust (IGB REIT).

Ordinary shares of subsidiaries with a carrying value of RM2.06 billion (2019: RM4.55 billion) have been charged as security for borrowings as detailed in Note 29(a).

During the financial year, the Group's interest in IGB REIT increased from 53.05% to 53.22% due to the receipt of IGB REIT units by IGB REIT Management Sdn. Bhd., as consideration for property management services rendered during the financial year. As a result, the Group recognised additional non-controlling interests of RM10.1 million (FY2019: RM 12.8 million) in respect of IGB REIT.



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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****16 Subsidiaries (continued)**

Set out below are the summarised financial information of Cipta Klasik (M) Sdn. Bhd. ("CKSB"), Southkey Megamall Sdn Bhd ("SKM") and IGB Real Estate Investment Trust ("IGB REIT"), three subsidiaries that have material non-controlling interests and are based on amounts before intercompany eliminations with the Company.

	<b>CKSB 2020 RM'000</b>	<b>SKM 2020 RM'000</b>	<b>IGB REIT 2020 RM'000</b>
Proportion of ordinary shares and voting rights held by non-controlling interests (%)	<b>30.00</b>	<b>30.00</b>	<b>46.78</b>
<b>(a) Summarised statement of comprehensive income:</b>			
Net profit/(loss) for the financial year	<b>13,128</b>	<b>(28,127)</b>	<b>214,261</b>
Total comprehensive income/(loss) for the financial year	<b>13,128</b>	<b>(28,127)</b>	<b>214,261</b>
Net profit/(loss) attributable to non-controlling interests	<b>3,938</b>	<b>(8,438)</b>	<b>100,231</b>
Dividends paid to non-controlling interests	<b>-</b>	<b>-</b>	<b>112,545</b>
<b>(b) Summarised statement of financial position:</b>			
Current assets	<b>230,894</b>	<b>150,859</b>	<b>257,324</b>
Current liabilities	<b>(42,574)</b>	<b>(1,183,792)</b>	<b>(220,612)</b>
Net current assets/(liabilities)	<b>188,320</b>	<b>(1,032,933)</b>	<b>36,712</b>
Non-current assets	<b>12,340</b>	<b>1,403,498</b>	<b>856,900</b>
Non-current liabilities	<b>-</b>	<b>(7,295)</b>	<b>(1,199,545)</b>
Net non-current assets/(liabilities)	<b>12,340</b>	<b>1,396,203</b>	<b>(342,645)</b>
Net assets/(liabilities)	<b>200,660</b>	<b>363,270</b>	<b>(305,933)</b>
Attributable to:			
Owners of the parent	<b>140,462</b>	<b>254,289</b>	<b>(162,818)</b>
Non-controlling interests	<b>60,198</b>	<b>108,981</b>	<b>(143,115)</b>
	<b>200,660</b>	<b>363,270</b>	<b>(305,933)</b>
<b>(c) Summarised statement of cash flows:</b>			
Net cash flows generated from operating activities	<b>57,228</b>	<b>59,508</b>	<b>287,070</b>
Net cash flows generated from/(used in) investing activities	<b>1,142</b>	<b>(50,329)</b>	<b>5,630</b>
Net cash flows used in financing activities	<b>(79,242)</b>	<b>(47)</b>	<b>(297,024)</b>
Net (decrease)/increase in cash and cash equivalents during the financial year	<b>(20,872)</b>	<b>9,132</b>	<b>(4,324)</b>
Cash and cash equivalents at 1 January	<b>59,664</b>	<b>53,716</b>	<b>197,088</b>
Cash and cash equivalents at 31 December	<b>38,792</b>	<b>62,848</b>	<b>192,764</b>

The non-controlling interests of the other subsidiaries totalling to RM36.0 million (2019: RM67.8 million) were individually immaterial.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****16 Subsidiaries (continued)**

	CKSB 2019 RM'000	SKM 2019 RM'000	IGB REIT 2019 RM'000
Proportion of ordinary shares and voting rights held by non-controlling interests (%)	<u>30.00</u>	<u>30.00</u>	<u>46.95</u>
<b>(a) Summarised statement of comprehensive income:</b>			
Net profit for the financial year	<u>47,914</u>	<u>5,766</u>	<u>293,870</u>
Total comprehensive income for the financial year	<u>47,914</u>	<u>5,766</u>	<u>293,870</u>
Net profit attributable to non-controlling interests	<u>14,374</u>	<u>1,730</u>	<u>137,972</u>
Dividends paid to non-controlling interests	<u>-</u>	<u>-</u>	<u>152,490</u>
<b>(b) Summarised statement of financial position:</b>			
Current assets	314,304	144,031	255,675
Current liabilities	<u>(106,179)</u>	<u>(234,738)</u>	<u>(238,082)</u>
Net current assets/(liabilities)	<u>208,125</u>	<u>(90,707)</u>	<u>17,593</u>
Non-current assets	13,528	1,440,351	881,485
Non-current liabilities	<u>-</u>	<u>(1,003,246)</u>	<u>(1,199,285)</u>
Net non-current assets/(liabilities)	<u>13,528</u>	<u>437,105</u>	<u>(317,800)</u>
Net assets/(liabilities)	<u>221,653</u>	<u>346,398</u>	<u>(300,207)</u>
Attributable to:			
Owners of the parent	155,157	242,479	(159,260)
Non-controlling interests	<u>66,496</u>	<u>103,919</u>	<u>(140,947)</u>
	<u>221,653</u>	<u>346,398</u>	<u>(300,207)</u>
<b>(c) Summarised statement of cash flows:</b>			
Net cash flows generated from operating activities	32,801	47,178	392,541
Net cash flows generated from/(used in) investing activities	<u>1,237</u>	<u>(168,189)</u>	<u>5,568</u>
Net cash flows (used in)/from financing activities	<u>(27,151)</u>	<u>69,992</u>	<u>(380,653)</u>
Net increase/(decrease) in cash and cash equivalents during the financial year	<u>6,887</u>	<u>(51,019)</u>	<u>17,456</u>
Cash and cash equivalents at 1 January	<u>52,777</u>	<u>104,735</u>	<u>179,632</u>
Cash and cash equivalents at 31 December	<u>59,664</u>	<u>53,716</u>	<u>197,088</u>

**IGB Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****16 Subsidiaries (continued)**

Details of the subsidiaries are as follows:

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)	
			2020	2019
Elements Integrative Health Sdn. Bhd.	Integrated healthcare and wellness	Malaysia	100.00	100.00
GoldChina Sdn. Bhd.	Investment holding	Malaysia	100.00	100.00
Goldis Capital Sdn. Bhd.	Dormant	Malaysia	100.00	100.00
Goldis Water Sdn. Bhd.	Investment holding	Malaysia	100.00	100.00
Goldis Yu Sdn. Bhd.	Provision of money lending services to related companies	Malaysia	100.00	100.00
GTower Sdn. Bhd.	Property investment holding	Malaysia	80.00	80.00
G Fish (Asia) Sdn. Bhd. <sup>1</sup>	Aquaculture operations	Malaysia	96.67	96.67
IGB Corporation Berhad	Investment holding and property development	Malaysia	100.00	100.00
* IGB Digital Sdn. Bhd. (formerly known as AFMS Solutions Sdn. Bhd.)	Research and development of automated facilities management solution system	Malaysia	100.00	100.00
IGB Real Estate Investment Trust <sup>2</sup>	Real estate investment trust	Malaysia	53.22	53.05
Lautan Bumimas Sdn. Bhd.	Dormant	Malaysia	51.00	51.00
Macro Lynx Sdn. Bhd. (Disposed on 1 October 2020)	Provision of broadband internet access services, web enabling services, supply and service of computer and related products	Malaysia	-	100.00
Multistock Sdn. Bhd. (Under members' voluntary winding-up)	Investment trading and investment holding	Malaysia	100.00	100.00
Silver Sanctuary Sdn. Bhd. (Under members' voluntary winding-up)	Property investment holding	Malaysia	100.00	100.00
Steady Paramount Sdn. Bhd.	Property investment holding	Malaysia	100.00	100.00
Triple Hallmark Sdn. Bhd.	Investment holding	Malaysia	100.00	100.00
<u>Held by Elements Integrative Health Sdn. Bhd.</u>				
Elements Wellness Sdn. Bhd.	Wellness consultation and health services	Malaysia	100.00	100.00
Elements Medical Fitness Sdn. Bhd.	Dormant	Malaysia	100.00	100.00
<u>Held by GoldChina Sdn. Bhd.</u>				
* Crest Spring Pte. Ltd.	Investment holding	Singapore	100.00	100.00
<u>Held by Crest Spring Pte. Ltd.</u>				
* Crest Spring (Shanghai) Co. Ltd.	Provision of engineering services for pure water and wastewater treatment plants and related services	The People's Republic of China	100.00	100.00
* New Water Co. Ltd.	Concession for management, operations and maintenance of wastewater treatment plant	The People's Republic of China	100.00	100.00

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****16 Subsidiaries (continued)**

			Group's effective interest	
			(%)	
Name of company	Principal activities	Country of incorporation	2020	2019
<u>Held by Crest Spring (Shanghai) Co. Ltd.</u>				
* Jiang Su Crest Spring Co. Ltd.	Investment holding and consultancy services in water treatment	The People's Republic of China	100.00	100.00
* Lianyungang Ganyu Xin Cheng Sewage Treatment Co. Ltd.	Concession for management, operations and maintenance of wastewater treatment plant (Note 18)	The People's Republic of China	100.00	100.00
* Yantai Xin Cheng Wastewater Treatment Co. Ltd.	Concession for management, operations and maintenance of wastewater treatment plant	The People's Republic of China	100.00	100.00
<u>Held by Goldis Water Sdn. Bhd.</u>				
* Goldis Water Pte. Ltd.	Investment holding	Singapore	100.00	100.00
<u>Held by Goldis Water Pte. Ltd.</u>				
* ZouCheng XinCheng Waste Water Co. Ltd.	Concession for management, operations and maintenance of wastewater treatment plant	The People's Republic of China	100.00	100.00
<u>Held by G Fish (Asia) Sdn. Bhd.</u>				
OM3 Fish (Asia) Sdn. Bhd.	Dormant	Malaysia	96.67	96.67
OM3 Fish Development Sdn. Bhd.	Dormant	Malaysia	96.67	96.67
OM3 Fish Services Sdn. Bhd.	Dormant	Malaysia	96.67	96.67
<u>Held by Triple Hallmark Sdn. Bhd.</u>				
G City Club Hotel Sdn. Bhd.	Hotel operations	Malaysia	100.00	100.00
Sonata Vision Sdn. Bhd.	Food and beverage operations	Malaysia	100.00	100.00

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****16 Subsidiaries (continued)**

Name of company	Principal activities	Country of incorporation	Group's effective interest	
			2020	2019
<u>Held by IGB Corporation Berhad and its subsidiaries</u>				
Amandamai Dua Sdn. Bhd. <sup>3</sup> (Under members' voluntary winding-up)	Property development	Malaysia	100.00	100.00
Angkasa Gagah Sdn. Bhd. <sup>3</sup>	Property development	Malaysia	100.00	100.00
Arabayu Sepakat Sdn. Bhd. <sup>3</sup>	Property investment and property development	Malaysia	100.00	100.00
* Asian Equity Limited <sup>4</sup>	Investment holding	British Virgin Islands	55.00	55.00
Astana Sierramas Sdn. Bhd.	Property investment	Malaysia	100.00	-
Atar Deras Sdn. Bhd. <sup>3</sup>	Property development	Malaysia	100.00	100.00
* Auspicious Prospects Ltd. <sup>5</sup>	Investment holding	Liberia	100.00	100.00
Belimbing Hills Sdn. Bhd. <sup>3</sup>	Property development	Malaysia	100.00	100.00
* Beswell Limited <sup>6</sup>	Investment holding	Hong Kong	100.00	100.00
Bintang Buana Sdn. Bhd. <sup>3</sup>	Property development	Malaysia	90.00	90.00
Central Review (M) Sdn. Bhd. <sup>3</sup>	Property investment	Malaysia	100.00	100.00
Cipta Klasik (M) Sdn. Bhd. <sup>3</sup>	Property development	Malaysia	70.00	70.00
Cititel Hotel Management Sdn. Bhd.	Hotel management services	Malaysia	60.00	60.00
Corpoo Holdings Sdn. Bhd.	Investment holding	Malaysia	100.00	100.00
Danau Bidara (M) Sdn. Bhd. <sup>3</sup>	Property investment	Malaysia	100.00	100.00
Detik Harapan Sdn. Bhd.	Educational institution	Malaysia	60.00	60.00
Dimensi Magnitud Sdn. Bhd.	Property investment	Malaysia	70.00	70.00
Distinctive Ace Sdn. Bhd. <sup>7</sup>	Property investment and property development	Malaysia	50.00 + 1 share	50.00 + 1 share
Earning Edge Sdn. Bhd. <sup>8</sup>	Investment holding	Malaysia	65.00	65.00
Eastwind Alliance Sdn. Bhd. <sup>3</sup>	Property investment and property development	Malaysia	100.00	100.00
Ensignia Construction Sdn. Bhd.	Building construction	Malaysia	100.00	100.00
Ensignia Southkey City Sdn. Bhd. <sup>9</sup>	Building construction	Malaysia	70.00	70.00
Future Pinnacle Sdn. Bhd. <sup>10</sup>	Property development	Malaysia	100.00	100.00
* Grapevine Investments Pte. Ltd.	Investment holding	Singapore	100.00	100.00
Great Union Properties Sdn. Bhd.	Dormant	Malaysia	100.00	100.00
Harta Villa Sdn. Bhd. <sup>3</sup>	Property development	Malaysia	100.00	100.00
Hyperleap Sdn. Bhd. <sup>3</sup>	Property Investment	Malaysia	100.00	100.00
ICDC Holdings Sdn. Bhd.	Investment holding	Malaysia	100.00	100.00
Idaman Spektra Sdn. Bhd.	Property investment	Malaysia	100.00	100.00
IGB Development Management Services Sdn. Bhd.	Project management services	Malaysia	100.00	100.00
IGB International School Sdn. Bhd.	Property investment	Malaysia	100.00	100.00
IGB International Ventures Sdn. Bhd.	Investment holding	Malaysia	100.00	100.00

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****16 Subsidiaries (continued)**

			Group's effective interest	
			(%)	
Name of company	Principal activities	Country of incorporation	2020	2019
<u>Held by IGB Corporation Berhad and its subsidiaries (continued)</u>				
IGB Project Management Services Sdn. Bhd.	Project management services	Malaysia	100.00	100.00
IGB Properties Sdn. Bhd.	Property investment and management	Malaysia	100.00	100.00
IGB Property Management Sdn. Bhd.	Property investment and management	Malaysia	100.00	100.00
IGB REIT Capital Sdn. Bhd. <sup>17</sup>	Special purpose vehicle to raise financing	Malaysia	53.22	53.05
IGB REIT Management Sdn. Bhd.	Management of real estate investment trust	Malaysia	100.00	100.00
Innovation & Concept Development Co. Sdn. Bhd. <sup>11</sup>	Property development	Malaysia	100.00	100.00
IST Building Products Sdn. Bhd.	Trading of building materials	Malaysia	100.00	100.00
IT&T Engineering & Construction Sdn. Bhd.	Investment holding	Malaysia	100.00	100.00
Kemas Muhibbah Sdn. Bhd. <sup>12</sup>	Property development	Malaysia	100.00	100.00
Kondoservis Management Sdn. Bhd. <sup>3</sup>	Management services	Malaysia	100.00	100.00
Lagenda Sutera (M) Sdn. Bhd. <sup>6</sup>	Hotelier	Malaysia	100.00	100.00
* Lingame Company Limited	Investment holding	Hong Kong	100.00	100.00
Majestic Path Sdn. Bhd. <sup>6</sup>	Investment holding	Malaysia	100.00	100.00
Megan Prestasi Sdn. Bhd.	Investment holding	Malaysia	100.00	100.00
Mid Valley City Sdn. Bhd.	Management services/service provider	Malaysia	100.00	100.00
Mid Valley City Developments Sdn. Bhd.	Property development	Malaysia	100.00	100.00
Mid Valley City Energy Sdn. Bhd.	Selling and distribution of utilities	Malaysia	100.00	100.00
Mid Valley City Enterprise Sdn. Bhd.	Hotelier	Malaysia	100.00	100.00
Mid Valley City Gardens Sdn. Bhd.	Management services/service provider	Malaysia	100.00	100.00
Mid Valley City Hotels Sdn. Bhd.	Hotelier	Malaysia	100.00	100.00
Mid Valley City North Tower Sdn. Bhd.	Property investment	Malaysia	100.00	100.00
Mid Valley City Property Services Sdn. Bhd. <sup>13</sup>	Building and maintenance services	Malaysia	100.00	100.00
Mid Valley City South Tower Sdn. Bhd.	Property investment	Malaysia	100.00	100.00
Mid Valley City Southpoint Sdn. Bhd.	Property investment	Malaysia	100.00	100.00
Millennium Living Sdn. Bhd. <sup>3</sup>	Property investment	Malaysia	100.00	100.00
Mines Fiberlynx Sdn. Bhd.	Provision of broadband internet access services, web enabling services, supply and service of computer and related products	Malaysia	100.00	100.00

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16 **Subsidiaries (continued)**

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)	
			2020	2019
<u>Held by IGB Corporation Berhad and its subsidiaries</u> (continued)				
MLynx Sdn. Bhd.	Provision of broadband internet access services, web enabling services, supply and service of computer and related products	Malaysia	100.00	100.00
Murni Properties Sdn. Bhd.	Property investment	Malaysia	100.00	100.00
MVC Centrepont North Sdn. Bhd.	Property investment	Malaysia	100.00	100.00
MVC Centrepont South Sdn. Bhd.	Property investment	Malaysia	100.00	100.00
MVC CyberManager Sdn. Bhd.	MSC cybercentre at Mid Valley City	Malaysia	100.00	100.00
MVC Fiberlynx Sdn. Bhd.	Provision of broadband internet access services, web enabling services, supply and service of computer and related products	Malaysia	100.00	100.00
MVEC Exhibition and Event Services Sdn. Bhd.	Exhibition services	Malaysia	100.00	100.00
MVS Centrepont North Tower Sdn. Bhd.	Property investment	Malaysia	100.00	100.00
MVS Centrepont South Tower Sdn. Bhd.	Property investment	Malaysia	100.00	100.00
MVS North Tower Sdn. Bhd.	Property investment	Malaysia	100.00	100.00
MVS Northpoint Hotel Sdn. Bhd.	Hotelier	Malaysia	100.00	100.00
MVS South Tower Sdn. Bhd.	Property investment	Malaysia	100.00	100.00
MVS Southpoint Hotel Sdn. Bhd.	Hotelier	Malaysia	100.00	100.00
Nova Pesona Sdn. Bhd. <sup>3</sup>	Property development	Malaysia	100.00	100.00
OPT Ventures Sdn. Bhd. <sup>3</sup>	Property development and investment	Malaysia	70.00	70.00
Outline Avenue (M) Sdn. Bhd. <sup>3</sup>	Property development	Malaysia	89.57	89.57
Pacific Land Sdn. Bhd.	Investment holding	Malaysia	100.00	100.00
* Pacific Land Pte. Ltd. <sup>6</sup>	Investment holding	Singapore	100.00	100.00
Pangkor Island Resort Sdn. Bhd.	Hotelier	Malaysia	100.00	100.00
Pekeliling Land Sdn. Bhd.	Property holding	Malaysia	100.00	100.00
Penang Garden Sdn. Bhd.	Property development and investment	Malaysia	100.00	100.00
Permata Efektif (M) Sdn. Bhd. <sup>3</sup>	Property development	Malaysia	100.00	100.00
Plaza Permata Management Services Sdn. Bhd.	Property management services	Malaysia	100.00	100.00
Prima Condominium Sdn. Bhd.	Investment holding	Malaysia	100.00	100.00
Primanah Property Sdn. Bhd.	Property development	Malaysia	100.00	100.00
Puncak Megah (M) Sdn. Bhd.	Investment holding	Malaysia	100.00	100.00
Rapid Alpha Sdn. Bhd.	Hotelier	Malaysia	100.00	100.00
Reka Handal Sdn. Bhd. <sup>3</sup>	Property development	Malaysia	75.00	75.00
Riraiance Enterprise Sdn. Bhd.	Investment holding	Malaysia	100.00	100.00
<i>(Under members' voluntary winding-up)</i>				

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			Group's effective interest	
			(%)	
Name of company	Principal activities	Country of incorporation	2020	2019
<u>Held by IGB Corporation Berhad and its subsidiaries</u> (continued)				
Salient Glory City Sdn. Bhd.	Hotelier	Malaysia	100.00	100.00
Southkey Megamall Sdn. Bhd.	Property investment	Malaysia	70.00	70.00
* St Giles Hotels (Asia) Limited <sup>14</sup>	Hotel management services	Labuan	60.00	60.00
Tanah Permata Sdn. Bhd. <sup>6</sup>	Hotelier	Malaysia	100.00	100.00
Tan & Tan Developments Berhad	Property development, project management services and investment holding	Malaysia	100.00	100.00
Tan & Tan Realty Sdn. Bhd. <sup>3</sup>	Property investment	Malaysia	80.00	80.00
* Tank Stream Holdings Pty. Ltd. <sup>15</sup>	Investment holding	Australia	100.00	100.00
The Gardens Theatre Sdn. Bhd.	Lease auditorium space for performing arts	Malaysia	100.00	100.00
TTD Sdn. Bhd. <sup>3</sup>	Hotelier	Malaysia	100.00	100.00
Verokey Sdn. Bhd.	Property investment	Malaysia	100.00	100.00
* Wilmer Link Limited <sup>16</sup>	Investment holding	British Virgin Islands	58.00	58.00

Notes:

- 1 - Held by IGB and Goldis Yu Sdn. Bhd., 74.17% and 22.5% respectively.
- 2 - Held by IGB, IGB REIT Management Sdn. Bhd. and Tan & Tan Developments Berhad, 48.69%, 4.51% and 0.02% respectively.
- 3 - Held by Tan & Tan Developments Berhad.
- 4 - Held by Pacific Land Sdn. Bhd. and TTD Sdn. Bhd., 35.0% and 20.0% respectively.
- 5 - Held by Lingame Company Limited.
- 6 - Held by Pacific Land Sdn. Bhd.
- 7 - Held by Megan Prestasi Sdn. Bhd.
- 8 - Held by Pacific Land Sdn. Bhd. and TTD Sdn. Bhd., 45.0% and 20.0% respectively.
- 9 - Held by Ensignia Construction Sdn. Bhd.
- 10 - Held by TTD Sdn. Bhd.
- 11 - Held by ICDC Holdings Sdn. Bhd.
- 12 - Held by IGB Project Management Services Sdn. Bhd.
- 13 - Held by Mid Valley City Developments Sdn. Bhd.
- 14 - Held by Cititel Hotel Management Sdn. Bhd.
- 15 - Held by Pacific Land Sdn. Bhd. and IGB Corporation Berhad, 19.6% and 80.4% respectively.
- 16 - Held by IGB International Ventures Sdn. Bhd.
- 17 - Held by IGB Real Estate Investment Trust via MTrustee Berhad.

\* Companies audited by firms other than PricewaterhouseCoopers PLT Malaysia

On 1 October 2020, Marco Lynx Sdn. Bhd. was disposed with a cash consideration of RM2,600,000 and the Group recorded a gain on disposal of RM2,100,000.

On 23 December 2020, the Group announced to Bursa Malaysia that its dormant wholly-owned subsidiaries, Amandamai Dua Sdn. Bhd., Multistock Sdn. Bhd., Riraian Enterprise Sdn. Bhd., and Silver Sanctuary Sdn. Bhd. had been placed under members' voluntary winding-up.



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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****17 Associates and joint ventures**

	2020 RM'000	2019 RM'000
<b>As at 31 December</b>		
Investment in:		
Associates	337,640	337,780
Joint ventures	569,364	514,548
	<u>907,004</u>	<u>852,328</u>
	2020 RM'000	2019 RM'000
<b>Financial year ended 31 December</b>		
Share of results of:		
Associates*	(30,396)	(686)
Joint ventures	2,559	4,655
	<u>(27,837)</u>	<u>3,969</u>
Share of other comprehensive income/(loss) of:		
Associates	7,347	7,116
Joint ventures	(1,596)	4,630
	<u>5,751</u>	<u>11,746</u>
Total comprehensive (loss)/income		
Associates	(23,049)	6,430
Joint ventures	963	9,285
	<u>(22,086)</u>	<u>15,715</u>

\*During the financial year, the management has performed the impairment assessment on investment in associates and joint ventures with share of loss amounted to RM31.7 million. There is no material impairment noted from the assessment.

**(a) Associates**

	2020 RM'000	2019 RM'000
<b>Group</b>		
<b>At cost</b>		
Unquoted shares in Malaysia	28,449	28,409
Unquoted shares outside Malaysia	25,029	25,905
Amounts owing by associates	27,897	-
	<u>81,375</u>	<u>54,314</u>
Group's share of post-acquisition results and reserves	267,075	290,124
	<u>348,450</u>	<u>344,438</u>
Less: Accumulated impairment losses	(10,810)	(6,658)
<b>At 31 December</b>	<u>337,640</u>	<u>337,780</u>

During the financial year, the Group had subscribed additional ordinary shares issued by One WSM Property (KL) Sdn. Bhd. in proportion of the Group's shareholding amounted to RM40,000 (2019: RM40,000).

The amounts owing from associates of which the Group does not expect repayment in the foreseeable future are considered as part of the Group's investment in the associates.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****17 Associates and joint ventures (continued)****(a) Associates (continued)**

Set out below are associates of the Group as at 31 December 2020, which, in the opinion of the Directors, are material to the Group. The associates as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. In the opinion of the Directors, all the other associates are immaterial to the Group.

There are no contingent liabilities relating to the Group's interest in associates.

	<b>2020</b>		<b>2019</b>	
	<b>Ravencroft Investments Incorporated RM'000</b>	<b>New Commercial Investments Limited RM'000</b>	<b>Ravencroft Investments Incorporated RM'000</b>	<b>New Commercial Investments Limited RM'000</b>
<b>Summarised statement of comprehensive income</b>				
Revenue	19,839	2,673	58,555	9,497
Other income	4,560	-	16,395	-
Total expense before interest and taxation	(24,178)	(2,453)	(41,871)	(4,227)
Interest income	5,020	489	8,220	922
Interest expense	(3,619)	(928)	(4,226)	(2,146)
Profit/(loss) before taxation	1,622	(219)	37,073	4,046
Income tax	(1,490)	(327)	(8,192)	(1,236)
Net profit/(loss) for the financial year	132	(546)	28,881	2,810
Other comprehensive income	9,623	1,975	8,763	1,929
Total comprehensive income	9,755	1,429	37,644	4,739
<b>Summarised statement of financial position</b>				
Cash and cash equivalents	289,051	22,295	307,428	19,061
Other current assets (excluding cash and cash equivalents)	334,395	90,413	318,569	90,737
Total current assets	623,446	112,708	625,997	109,798
Other current liabilities (including trade and other payables and provisions)	(269,144)	(92,383)	(284,434)	(91,051)
Total current liabilities	(269,144)	(92,383)	(284,434)	(91,051)
Non-current assets	104,402	108,315	105,542	107,942
Financial liabilities (excluding trade and other payables and provisions)	(89,416)	(25,285)	(87,572)	(24,763)
Total non-current liabilities	(89,416)	(25,285)	(87,572)	(24,763)
Net assets	369,288	103,355	359,533	101,926

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****17 Associates and joint ventures (continued)****(a) Associates (continued)**Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associates is set out below:

	<b>Ravencroft Investments Incorporated</b>	<b>New Commercial Investments Limited</b>	<b>Total</b>
<b>2020</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net assets as at 1 January	359,533	101,926	461,459
Net profit/(loss) for the financial year	132	(546)	(414)
Other comprehensive income	9,623	1,975	11,598
Net assets as at 31 December	369,288	103,355	472,643
Interest in associates (%)	49.47	49.55	-
Share of net assets	182,687	51,212	233,899
Amounts owing to corporate shareholders	97	22,259	22,356
Carrying amount of interest in associates	182,784	73,471	256,255
<b>2019</b>			
Net assets as at 1 January	321,889	97,187	419,076
Net profit for the financial year	28,881	2,810	31,691
Other comprehensive income	8,763	1,929	10,692
Net assets as at 31 December	359,533	101,926	461,459
Interest in associates (%)	49.47	49.55	-
Share of net assets/carrying amount of interest in associates	177,861	50,504	228,365

Set out below are the financial information of all individual immaterial associates on an aggregate basis:

<b>Group</b>	<b>2020 RM'000</b>	<b>2019 RM'000</b>
Carrying amounts of interest in associates	81,385	109,415
Share of associates' loss	(30,191)	(16,366)
Share of associates' other comprehensive income	1,608	1,825
Dividend received/receivable during the financial year	-	1,105

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****17 Associates and joint ventures (continued)****(a) Associates (continued)**

Details of the associates are as follows:

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)	
			2020	2019
* Cititel Express Pty Limited <sup>3</sup>	Investment holding	Australia	<b>39.00</b>	39.00
* Cititel International Hospitality Limited <sup>4</sup>	Hotelier	Guernsey	<b>49.47</b>	49.47
* DMV Sdn. Bhd. <sup>5</sup>	Property development	Malaysia	<b>38.45</b>	38.45
* Hicom Tan & Tan Sdn. Bhd. <sup>2</sup>	Property development	Malaysia	<b>50.00</b>	50.00
Jutanis Sdn. Bhd. <sup>2</sup>	Property development	Malaysia	<b>45.00</b>	45.00
* Merchant Firm Ltd. <sup>4</sup>	Investment holding	British Virgin Islands	<b>49.47</b>	49.47
* New Commercial Investments Limited <sup>7</sup>	Investment holding	British Virgin Islands	<b>49.55</b>	49.55
Orion Corridor Sdn. Bhd. <sup>6</sup>	Leasing of aircrafts	Malaysia	<b>24.74</b>	24.74
* Pacific Land Co., Ltd <sup>8</sup>	Investment holding	Thailand	<b>48.90</b>	48.90
* One WSM Property (KL) Sdn. Bhd. <sup>2</sup>	Real estate agents	Malaysia	<b>40.00</b>	40.00
* Ravencroft Investments Incorporated <sup>9</sup>	Investment holding	British Virgin Islands	<b>49.47</b>	49.47
* St Giles Hotel <sup>6</sup>	Construction and hotel management	Republic of Congo	<b>49.47</b>	49.47
* St Giles Hotel, Inc <sup>10</sup>	Hotelier	United States of America	<b>49.47</b>	49.47
* St Giles Hotel Limited <sup>9</sup>	Hotelier	United Kingdom	<b>49.47</b>	49.47
* St Giles Hotel, LLC <sup>11</sup>	Hotelier	United States of America	<b>49.47</b>	49.47
* St Giles Hotel (Heathrow) Limited <sup>7</sup>	Hotelier	United Kingdom	<b>49.55</b>	49.55
* St Giles Hotel (Manila) Inc <sup>6</sup>	Hotelier	Philippines	<b>49.47</b>	49.47
* Technoltic Engineering Sdn. Bhd. <sup>1</sup>	Servicing, maintenance and installation of elevators	Malaysia	<b>40.00</b>	40.00
* Tentang Emas Sdn. Bhd. <sup>2</sup>	Investment holding	Malaysia	<b>49.00</b>	49.00

## IGB Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2020 (continued)

#### 17 Associates and joint ventures (continued)

##### (a) Associates (continued)

###### Notes:

- 1- Held by IGB Corporation Berhad
- 2- Held by Tan & Tan Developments Bhd.
- 3- Held by Tank Stream Holdings Pty Ltd.
- 4- Held by Ravencroft Investments Incorporated.
- 5- Held by Tan & Tan Developments Berhad and IGB Corporation Berhad, 25.63% and 12.82% respectively.
- 6- Held by Merchant Firm Ltd.
- 7- Held by Pacific Land Sdn. Bhd. and TTD Sdn. Bhd., 31.53% and 18.02% respectively.
- 8- Held by Pacific Land Sdn. Bhd.
- 9- Held by Pacific Land Sdn. Bhd., Beswell Limited and TTD Sdn. Bhd., 27.71%, 7.65% and 14.11% respectively.
- 10- Held by St Giles Hotel Limited.
- 11- Held by St Giles Hotel, Inc.

\* Companies audited by firms other than PricewaterhouseCoopers PLT Malaysia.

##### (b) Joint ventures

	2020 RM'000	2019 RM'000
<b>Group</b>		
<b>At cost</b>		
Unquoted shares in Malaysia	37,550	39,550
Unquoted shares outside Malaysia	69,197	67,444
Amounts owing by joint ventures	406,607	337,297
	<b>513,354</b>	<b>444,291</b>
Group's share of post-acquisition results and reserves	56,010	70,257
<b>At 31 December</b>	<b>569,364</b>	<b>514,548</b>

During the financial year, the Group had subscribed additional ordinary shares issued by its joint venture Mahanathee Chao Phraya Co. Ltd. in proportion of the Group's shareholding amounted to RM1.8 million (2019: RM1.8 million).

The amounts owing from joint ventures of which the Group does not expect repayment in the foreseeable future are considered as part of the Group's investment in the joint ventures.

There are no contingent liabilities relating to the Group's interest in joint ventures.

**IGB Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****17 Associates and joint ventures (continued)****(b) Joint ventures (continued)**

Set out below are joint ventures of the Group as at 31 December 2020. The investment in joint ventures have share capital consisting solely of ordinary shares, which are held directly by the Group. In the opinion of the Directors, the other joint ventures are immaterial to the Group.

<b>2020</b>	<b>Black Pearl Limited RM'000</b>	<b>Mahanathee Chao Phraya Co. Ltd. RM'000</b>
<b>Summarised statement of comprehensive income</b>		
Other income	1,614	2
Administrative expense	(625)	(282)
Profit/(loss) before taxation	989	(280)
Income tax	(103)	-
Net profit/(loss) for the financial year	886	(280)
Other comprehensive loss	(274)	(3,002)
Total comprehensive income	612	(3,282)
<b>Summarised statement of financial position</b>		
Cash and cash equivalents	7	1,725
Other current assets (excluding cash and cash equivalents)	27,881	-
Total current assets	27,888	1,725
Other current liabilities (including trade and other payables and provision)	(5,814)	(510)
Total current liabilities	(5,814)	(510)
Non-current assets	713,895	166,329
Financial liabilities (excluding trade and other payables and provision)	(749,407)	-
Total non-current liabilities	(749,407)	-
Net (liabilities)/assets	(13,438)	167,544

**IGB Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****17 Associates and joint ventures (continued)****(b) Joint ventures (continued)**

2019	Black Pearl Limited RM'000	Mahanathee Chao Phraya Co. Ltd. RM'000
Summarised statement of comprehensive income		
Other income	274	-
Administrative expense	(2,360)	(362)
Loss before taxation	(2,086)	(362)
Income tax	(24)	-
Net loss for the financial year	(2,110)	(362)
Other comprehensive (loss)/income	(283)	9,710
Total comprehensive (loss)/income	(2,393)	9,348
Summarised statement of financial position		
Cash and cash equivalents	34	824
Other current assets (excluding cash and cash equivalents)	17,617	-
Total current assets	17,651	824
Other current liabilities (including trade and other payables and provision)	(4,752)	(165)
Total current liabilities	(4,752)	(165)
Non-current assets	699,258	166,589
Financial liabilities (excluding trade and other payables and provision)	(726,207)	-
Total non-current liabilities	(726,207)	-
Net (liabilities)/assets	(14,050)	167,248

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(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****17 Associates and joint ventures (continued)****(b) Joint ventures (continued)**Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in joint ventures is set out below:

<b>2020</b>	<b>Black Pearl Limited RM'000</b>	<b>Mahanathee Chao Phraya Co. Ltd. RM'000</b>	<b>Total RM'000</b>
Net (liabilities)/assets as at 1 January	(14,050)	167,248	153,198
Issuance of shares during the year	-	3,578	3,578
Net profit/(loss) for the financial year	886	(280)	606
Other comprehensive loss	(274)	(3,002)	(3,276)
Net (liabilities)/assets as at 31 December	(13,438)	167,544	154,106
Interest in joint venture (%)	50.0	49.0	
Share of net (liabilities)/assets	(6,719)	82,097	75,378
Amounts owing to corporate shareholders	376,515	-	376,515
Carrying amount of interest in joint venture	369,796	82,097	451,893
<b>2019</b>			
Net (liabilities)/assets as at 1 January	(11,657)	154,237	142,580
Issuance of shares during the year	-	3,663	3,663
Net loss for the financial year	(2,110)	(362)	(2,472)
Other comprehensive (loss)/income	(283)	9,710	9,427
Net (liabilities)/assets as at 31 December	(14,050)	167,248	153,198
Interest in joint venture (%)	50.0	49.0	-
Share of net (liabilities)/assets	(7,025)	81,952	74,927
Amounts owing to corporate shareholders	307,205	-	307,205
Carrying amount of interest in joint venture	300,180	81,952	382,132

Set out below are the financial information of all individual immaterial joint ventures on an aggregate basis.

<b>Group</b>	<b>2020 RM'000</b>	<b>2019 RM'000</b>
Carrying amounts of interest in joint ventures	117,471	132,416
Share of joint ventures' profit	2,253	5,887
Share of joint ventures' other comprehensive income	12	14
Dividend received/receivable during the financial year	15,210	4,000



**IGB Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****17 Associates and joint ventures (continued)****(b) Joint ventures (continued)**

Details of the joint ventures are as follows:

Name of company	Principal activities	Country of Incorporation	Group's effective interest (%)	
			2020	2019
* Black Pearl Limited <sup>1</sup>	Property development	Guernsey	<b>50.00</b>	50.00
* Blackfriars Limited <sup>2</sup>	Property investment	Guernsey	<b>50.00</b>	50.00
* Blackfriars Project Management Limited <sup>1</sup>	Provision of project management	United Kingdom	<b>50.00</b>	50.00
Hampshire Properties Sdn. Bhd. <sup>3</sup>	Property development and property investment	Malaysia	<b>50.00</b>	50.00
Kumpulan Sierramas (M) Sdn. Bhd. <sup>3</sup>	Property development	Malaysia	<b>50.00</b>	50.00
Kundang Properties Sdn. Bhd. <sup>4</sup>	Property development	Malaysia	<b>50.00</b>	50.00
* Mahanathee Chao Phraya Co. Ltd. <sup>5</sup>	Property development	Thailand	<b>49.00</b>	49.00
Permata Alasan (M) Sdn. Bhd. <sup>3</sup>	Property development and property investment	Malaysia	<b>50.00</b>	50.00

Notes:

- 1 - Held by Verokey Sdn. Bhd.
- 2 - Held by Black Pearl Limited.
- 3 - Held by Tan & Tan Developments Berhad.
- 4 - Held by IGB Corporation Berhad.
- 5 - Held by Majestic Path Sdn. Bhd.

\* Companies audited by firms other than PricewaterhouseCoopers PLT Malaysia.

**IGB Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****18 Concession receivables**

<b>Group</b>	<b>2020 RM'000</b>	<b>2019 RM'000</b>
Non-current	<b>117,608</b>	129,468
Current	<b>4,753</b>	5,206
	<b><u>122,361</u></b>	<b><u>134,674</u></b>

The Group has entered into service concession arrangements with the government of the People's Republic of China to construct and operate wastewater treatment plants for a period ranging from 22 to 25 years.

The terms of arrangement allow the Group to maintain and manage these treatment plants and receive consideration based on usage and rates as determined by the grantor for the entire duration of the concession subject to a minimum water volume calculated based on the wastewater treatment plants normal capacity. The grantor will provide the Group a guaranteed minimum annual payment for each year that the wastewater treatment plants are in operation.

At the end of the concession period, the wastewater treatment plants become the property of the grantor and the Group will have no further involvement in its operation or maintenance requirements.

The service concession agreements do not contain a renewal option. The rights of the grantor to terminate the agreement include events such as the abandonment of the plants by the operators, the operators go into liquidation or bankruptcy and a material breach of the terms of the agreement. The rights of the operators to terminate the agreements include failure of the grantor to make payment under the agreement and a material breach in the terms of the agreement.

The Group recognises the consideration received or receivable as a financial asset to the extent that it has an unconditional right to receive cash or another financial asset for the construction and operating services.

<b>Group</b>	<b>2020 RM'000</b>	<b>2019 RM'000</b>
Fair value	<b><u>123,578</u></b>	<b><u>136,649</u></b>

The fair values are based on cash flows discounted based on the discount rate of 4.17% (2019: 4.34%). The fair values are within level 3 of the fair value hierarchy.

During the financial year, the grantor and Lianyungang Ganyu Xin Cheng Sewage Treatment Co. Ltd. (the operator) have mutually agreed to terminate the service concession agreement as a result of a recent changes in the local regulation which has rendered the operator unable to fulfil its requirements under the agreement. Under the terms of the agreement, the operator is entitled to a compensation sum as a result of the early termination. The early termination has been accounted as a contract modification under the scope of MFRS 15 and the effects has been accounted as an adjustment to the revenue at the date of the contract modification.

**IGB Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (continued)****19 Deferred tax**

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.

The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deferred tax assets	<b>43,955</b>	28,806	-	-
Deferred tax liabilities	<b>(147,592)</b>	(150,107)	<b>(9,573)</b>	(10,325)
Deferred tax liabilities (net)	<b><u>(103,637)</u></b>	<u>(121,301)</u>	<b><u>(9,573)</u></b>	<u>(10,325)</u>

The movements in deferred tax assets and liabilities of the Group and the Company during the financial year are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At 1 January</b>	<b>(121,301)</b>	(120,537)	<b>(10,325)</b>	(11,400)
Credited/(Charged) to statements of comprehensive income:				
Property, plant and equipment and investment properties	<b>1,613</b>	8,054	<b>26</b>	(90)
RCPS and RCCPS	<b>461</b>	784	<b>461</b>	784
Deferred lease incentives	<b>1,716</b>	(12,225)	-	-
Land revaluation	<b>(1,275)</b>	2,561	-	-
Unutilised tax losses and unabsorbed capital allowances	<b>13,548</b>	(5,743)	-	-
Deferred lease income	<b>(3,839)</b>	5,204	-	-
Provision and others	<b>4,937</b>	405	<b>223</b>	364
	<b>17,161</b>	(960)	<b>710</b>	1,058
Charged to equity:				
RCPS and RCCPS	<b>42</b>	17	<b>42</b>	17
Currency translation difference	<b>461</b>	179	-	-
<b>At 31 December</b>	<b><u>(103,637)</u></b>	<u>(121,301)</u>	<b><u>(9,573)</u></b>	<u>(10,325)</u>