19 **Deferred tax (continued)**

	Group		Company	
	2020	2019	**2020**	2019
	RM'000	RM'000	**RM'000**	RM'000
Subject to income tax				
Deferred tax assets (before offsetting)				
Property, plant and equipment and investment properties	**6,174**	3,306	**-**	-
Land revaluation	**10,719**	11,994	**-**	-
Provisions and others	**11,904**	7,368	**-**	-
Unutilised tax losses	**23,082**	9,534	**-**	-
Deferred lease income	**4,149**	7,988	**-**	-
	56,028	40,190	**-**	-
Offsetting	**(12,073)**	(11,384)	**-**	-
Deferred tax assets (after offsetting)	**43,955**	28,806	**-**	-
Deferred tax liabilities (before offsetting)				
Property, plant and equipment and investment properties	**(127,698)**	(126,443)	**(64)**	(90)
RCPS and RCCPS	**(938)**	(1,441)	**(938)**	(1,441)
Deferred lease incentives	**(10,509)**	(12,225)	**-**	-
Others	**(20,520)**	(21,382)	**(8,571)**	(8,794)
	(159,665)	(161,491)	**(9,573)**	(10,325)
Offsetting	**12,073**	11,384	**-**	-
Deferred tax liabilities (after offsetting)	**(147,592)**	(150,107)	**(9,573)**	(10,325)

Deferred tax assets are recognised for tax losses carried forward to the extent the realisation of related tax benefits through future taxable profit is probable.

19 Deferred tax (continued)

The amounts of deductible temporary differences and unutilised tax losses for which no deferred tax asset is recognised in the statements of financial position are as follows:

Group	**2020** **RM'000**	2019 RM'000
Unutilised tax losses		
- expiry by year of assessment 2025	**199,289**	204,480
- expiry by year of assessment 2026	**6,341**	6,341
- expiry by year of assessment 2027	**5,216**	-
Deductible temporary differences with no expiry		
- unabsorbed capital allowance	**99,557**	96,501
- land revaluation	**84,413**	84,413
- investment tax allowance	**258,680**	258,680
- others	**9**	991
	653,505	651,406
Deferred tax assets not recognised at 24% (2019: 24%)	**156,841**	156,337

20 Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading. The Group and the Company have irrevocably elected to reclassify the financial assets at initial recognition to present its fair value changes in other comprehensive income. These are strategic investments and the Group and the Company consider this classification to be more relevant.

Financial assets at fair value through other comprehensive income comprise the following individual investments:

	Group		**Company**	
	2020 **RM'000**	2019 RM'000	**2020** **RM'000**	2019 RM'000
Unquoted shares outside Malaysia				
Quadria Capital Fund L.P. ("Fund")	**72,151**	92,429	**72,151**	92,429
Rework Holdings Pte Ltd	**201**	205	**201**	205
	72,352	92,634	**72,352**	92,634

Level 3 instruments mentioned above are private equity securities and as there are no observable prices available for these securities, the Group has applied the adjusted net asset value approach to determine the fair value of the Fund.

20 Financial assets at fair value through other comprehensive income (continued)

There were no transfers between Level 1 and Level 2 fair value measurements. Movements on Level 3 fair value measurements through other comprehensive income are disclosed below.

	Group		Company	
	2020	2019	**2020**	2019
	RM'000	RM'000	**RM'000**	RM'000
At 1 January	**92,634**	93,761	**92,634**	93,563
Addition	**-**	912	**-**	912
Fair value loss	**(20,282)**	(570)	**(20,282)**	(570)
Disposal	**-**	(1,271)	**-**	(1,271)
Expired	**-**	(198)	**-**	-
At 31 December	**72,352**	92,634	**72,352**	92,634

Financial assets at fair value through other comprehensive income are denominated in the following currency:

	Group		Company	
	2020	2019	**2020**	2019
	RM'000	RM'000	**RM'000**	RM'000
USD	**72,352**	92,634	**72,352**	92,634

During the financial year, the following gains were recognised in profit or loss:

	Group		Company	
	2020	2019	**2020**	2019
	RM'000	RM'000	**RM'000**	RM'000
Dividends from equity investments held at fair value through other comprehensive income recognised in profit or loss in revenue:				
Related to investments held at end of financial year	**11,108**	-	**11,108**	-
	11,108	-	**11,108**	-

In previous financial year, the Group and the Company had disposed its quoted foreign equity investments held through Deutsche Bank as these investments no longer suit the Group's investment strategy. The shares sold had a fair value of RM1,270,854 at the time of sale and the Group and the Company realised a loss of RM249,053 which was transferred to retained earnings.

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

21 Amounts owing from/(to) associates and joint ventures

Group	2020 RM'000	2019 RM'000
Amounts owing from associates	-	43,770
Less: Provision for impairment	-	(3,936)
	-	39,834
Amounts owing from joint ventures	70	57,582
Total	70	97,416
Amounts owing to associates	(8)	(19)

The amounts owing from associates and joint ventures represent advances which are unsecured, interest-free (2019: interest-free) and payable on demand, except for an amount owing from associate of RM16.3 million in 2019, which carried interest at a rate of 5.5% per annum.

The amounts owing to associates are unsecured, interest-free (2019: interest-free) and repayable on demand.

22 Receivables and contract assets

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Non-current				
Contract cost asset	389	765	-	-
Current				
Trade and other receivables				
Trade receivables	118,102	120,237	-	-
Accrued billing in relation to lease income	7,107	11,340	-	-
Less: Provision for impairment	(34,483)	(5,963)	-	-
	90,726	125,614	-	-
Other receivables	42,252	41,459	718	196
Deposits	21,466	31,853	1,108	1,044
Less: Provision for impairment	(21,859)	(1,825)	(110)	(150)
	41,859	71,487	1,716	1,090
Deferred lease incentives	58,196	62,500	-	-
Input tax	-	9,049	-	-
Prepayments	8,282	5,676	1,861	832
Total	199,063	274,326	3,577	1,922

22 **Receivables and contract assets (continued)**

The carrying amounts of trade and other receivables as at 31 December 2020 and 31 December 2019 approximated their fair values. The aging analysis of these trade and other receivables are disclosed in Note 3(b).

As at 31 December 2020, included in trade receivables is an amount of RM20.5 million (2019: RM32.5 million) being stakeholder sum for property development.

In previous financial year, the remaining contractual billings to customers from property development activities amounted to RM0.9 million and will be billed progressively upon the fulfilment of contractual milestones. The contractual billings period for property development ranges between 1 to 2 years.

The creation and reversal of provision for impairment have been included in the income statements. Amounts charged to the provision account are generally written off, when there is no expectation of additional cash recovery. The other classes within receivables and contract assets do not contain impaired assets.

23 **Cash and cash equivalents**

Cash and cash equivalents included in the statements of cash flows comprise of the following:

	Group		**Company**	
	2020	2019	**2020**	2019
	RM'000	RM'000	**RM'000**	RM'000
Deposits with licensed banks	**576,053**	541,867	**128,716**	52,638
Cash and bank balances	**217,167**	151,941	**47,560**	18,366
Deposits, cash and bank balances	**793,220**	693,808	**176,276**	71,004
Cash held under Housing Development Accounts (Note 23(a))	**9,455**	48,305	**-**	-
Less: Restricted cash (Note 23(b))	**(61,292)**	(59,809)	**(300)**	(300)
Less: Fixed deposit with maturity of more than 3 months	**-**	(4,020)	**-**	-
Cash and cash equivalents	**741,383**	678,284	**175,976**	70,704

Deposits with licensed banks of the Group and the Company as at 31 December 2020 both have an average maturity period of 53 days (2019: 40 days) and 63 days (2019: 14 days) respectively.

23 Cash and cash equivalents (continued)

The weighted average effective interest rates of deposits with licensed banks as at 31 December were as follows:

	Group		Company	
	2020	2019	**2020**	2019
	%	%	**%**	%
Deposits with licensed banks:				
RM	**1.66**	3.14	**1.78**	3.13
USD	**0.49**	1.55	**0.50**	-

Bank balances are deposits held at call with licensed banks and earn no interest.

(a) Cash held under Housing Development Accounts

Bank balances held under the Housing Development Accounts represent receipts from purchasers of residential properties less payments or withdrawals provided under Section 7A of the Housing Development (Control and Licensing) Amendment Act, 2002 held at call with banks and are denominated in Ringgit Malaysia.

The weighted average effective interest rates of bank balances under Housing Development Accounts during the financial year were 1.04% (2019: 1.95%) per annum.

(b) Restricted cash

Deposits pledged have been placed with licensed banks as securities for certain secured interest-bearing bank borrowings of the Group and of the Company (Note 29) and are not available for use by the Group and the Company.

Included in the Group's deposits placed with licensed banks is an amount of RM60.0 million (2019: RM58.5 million), which is maintained in a Debt Service Reserve Account with a facility agent to cover a minimum of 6 months interest as follows:

	2020	2019
Group	**RM'000**	RM'000
Mid Valley City Southpoint Sdn. Bhd.	**2,151**	2,095
IGB REIT Capital Sdn. Bhd.	**29,144**	28,421
Southkey Megamall Sdn. Bhd.	**28,707**	28,003
	60,002	58,519

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

24 Share capital

Group and Company	**Group and Company 2020** Number of shares '000	**Value RM'000**	Group and Company 2019 Number of shares '000	Value RM'000
Issued and fully paid				
Ordinary shares:				
At 1 January	**690,152**	**886,344**	689,520	884,327
Issued during the financial year	**198,350**	**452,252**	632	2,017
At 31 December	**888,502**	**1,338,596**	690,152	886,344
RCPS:				
At 1 January	**452,209**	**364,812**	452,338	364,916
Converted during the financial year	**(452,209)**	**(364,812)**	(129)	(104)
At 31 December	**-**	**-**	452,209	364,812
RCCPS:				
At 1 January	**56,511**	**137,719**	57,087	139,122
Converted during the financial year	**(13)**	**(33)**	(576)	(1,403)
At 31 December	**56,498**	**137,686**	56,511	137,719

During the financial year, the number of ordinary shares of the Company increased from 690,152,033 to 888,502,362 by the allotment of:

i) 198,336,825 ordinary shares arising from the conversion of 452,209,150 RCPS at a conversion price of RM2.28. The said conversion also resulted in the decrease of the number of RCPS from 452,209,150 to nil.

ii) 13,504 ordinary shares arising from the conversion of 13,504 RCCPS at the conversion ratio 1:1 at issue price per share of RM3.28. The said conversion also resulted in the decrease of the number of RCCPS from 56,511,275 to 56,497,771.

The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

The liability component and details of the RCPS and RCCPS issued is set out in Note 26.

25 Treasury shares

In the current financial year, shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting on 29 May 2020, approved the Company's plan to purchase its own shares up to a maximum of 10% of total number of issued shares of the Company. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

During the financial year, the Company repurchased 4,947,300 (2019: 8,237,100) of its ordinary share capital from the open market for RM12.6 million (2019: RM21.9 million). The average price paid for these shares repurchased was RM2.55 (2019: RM2.66) per share.

An interim Single Tier dividend of 2.0 sen, dividend-in-specie was paid on 30 September 2020 by distributing 6,626,737 of the Company's treasury shares for RM16.7 million. The average cost of these shares was RM2.53 per share.

An interim Single Tier dividend of 2.0 sen, dividend-in-specie was paid on 4 October 2019 by distributing 4,880,966 of the Company's treasury shares for RM12.1 million. The average cost of these shares was RM2.47 per share.

As at 31 December 2020, a total of 6,987,117 (2019: 8,666,554) ordinary shares were held as treasury shares. The cost of treasury shares as at 31 December 2020 and 31 December 2019 is summarised as follows:

	No. of shares	Total cost	Cost per share Low	Cost per share High	Average cost per share
2020		**RM**	**RM**	**RM**	**RM**
At 1 January	**8,666,554**	**21,777,316**			**2.51**
Repurchased in 2020:					
February	**31,000**	**98,489**	**3.14**	**3.18**	**3.18**
March	**1,561,900**	**4,198,693**	**2.40**	**3.24**	**2.69**
April	**2,094,500**	**5,275,652**	**2.41**	**2.62**	**2.52**
May	**1,259,900**	**3,058,847**	**2.39**	**2.47**	**2.43**
	4,947,300	**12,631,681**			**2.55**
Distribution of treasury shares:					
September	**(6,626,737)**	**(16,749,069)**			**2.53**
At 31 December	**6,987,117**	**17,659,928**			**2.53**

25 **Treasury shares (continued)**

	No. of shares	Total cost	Cost per share Low	Cost per share High	Average cost per share
2019		RM	RM	RM	RM
At 1 January	5,310,420	11,924,936			2.25
Repurchased in 2019:					
January	767,000	1,922,410	2.46	2.50	2.51
February	2,476,800	6,211,675	2.48	2.50	2.51
March	775,800	1,961,929	2.50	2.55	2.53
April	10,000	27,221	2.70	2.70	2.72
June	839,200	2,345,454	2.70	2.81	2.79
July	262,100	736,664	2.79	2.80	2.81
August	758,200	2,128,549	2.75	2.80	2.81
September	610,800	1,712,543	2.79	2.80	2.80
October	1,643,200	4,600,100	2.74	2.80	2.80
November	94,000	256,185	2.70	2.77	2.73
	8,237,100	21,902,730			2.66
Distribution of treasury shares:					
October	(4,880,966)	(12,050,350)			2.47
At 31 December	8,666,554	21,777,316			2.51

The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016 and carried at purchase cost. The Company has the right to distribute these shares as dividends to reward shareholders and/or resell the shares. As treasury shares, the rights attached as to voting, dividends and participation in other distribution is suspended.

As at 31 December 2020, the number of outstanding ordinary shares in issue after the setting off treasury shares against equity was 881,515,245 (2019: 681,485,479) ordinary shares.

26 Redeemable Convertible Cumulative Preference Shares

(a) RCPS

On 16 February 2015, the Company issued 455,727,027 RCPS at an issue price of RM1.00 each.

The RCPS had matured on 14 February 2020 and subsequently delisted on 17 February 2020. The outstanding 447,999,587 RCPS were automatically converted into 196,490,540 IGB shares at the conversion ratio of 2.28 RCPS into 1 new IGB share.

The main features of the RCPS were as follows:

(i) The RCPS were convertible to new ordinary shares of the Company at a fixed conversion price of RM2.28, at the option of the holder, at any time commencing from date of listing up to and including the maturity date of 5 years from the issue date.

(ii) The Company had an option to redeem the RCPS in cash from the third anniversary of the issue date of the RCPS up to the day immediately preceding the maturity date and any RCPS not redeemed or converted shall be automatically converted into new ordinary shares of the Company.

(iii) The holders of the RCPS had the right to receive a semi-annual preferential dividend at the rate of 4%, 4.5% and 5% from year 1 to 3, 4 and 5 respectively. Where there is no distributable profit, the entitlement to the preferential dividend shall be accumulated.

(iv) The RCPS carried no right to vote at any general meeting of the Company except with regards to the following:

- (a) when the dividend or part of the dividend on the RCPS is in arrears for more than six (6) months;
- (b) on a proposal to reduce the Company's share capital in accordance with Section 116 or 117 of the Companies Act 2016;
- (c) on a proposal for the disposal of the whole of the Company's property, business and undertaking;
- (d) on a proposal that affects rights attached to the RCPS;
- (e) on a proposal to wind up the Company; and
- (f) during the winding-up of the Company.
- (g) The RCPS had ranked pari passu among themselves, and ranked ahead in regard to payment of dividends in all classes of shares of the Company.
- (h) The RCPS had ranked in priority to the Company's shares in any distribution of assets in the event of liquidation, dissolution or winding-up of the Company.

26 Redeemable Convertible Cumulative Preference Shares (continued)

(b) RCCPS

On 2 March 2018, the Company issued 76,817,705 RCCPS at an issue price of RM3.28 each.

The main features of the RCCPS are as follows:

(i) The RCCPS shall be convertible to new ordinary shares of the Company at a fixed conversion price of RM3.28, at the option of the holder, at any time commencing from date of listing up to and including the maturity date of 7 years from the issue date.

(ii) The Company shall have the option to redeem the RCCPS in cash from the fourth anniversary of the issue date of the RCCPS up to the day immediately preceding the maturity date and any RCCPS not redeemed or converted shall be automatically converted into new ordinary shares of the Company.

(iii) The holders of the RCCPS shall have the right to receive a semi-annual preferential dividend at the rate of 4.3%. Where there is no distributable profit, the entitlement to the preferential dividend shall be accumulated.

(iv) The RCCPS will carry no right to vote at any general meeting of the Company except with regards to the following:

(a) when the dividend or part of the dividend on the RCCPS is in arrears for more than six (6) months;
(b) on a proposal to reduce the Company's share capital in accordance with Section 116 or 117 of the Act;
(c) on a proposal for the disposal of the whole of the Company's property, business and undertaking;
(d) on a proposal that affects rights attached to the RCCPS;
(e) on a proposal to wind up the Company; and
(f) during the winding-up of the Company.

(v) The RCCPS shall rank pari passu among themselves, and will rank after the RCPS.

(vi) The RCCPS shall rank in priority to the Company's shares in any distribution of assets in the event of liquidation, dissolution or winding-up of the Company.

26 **Redeemable Convertible Cumulative Preference Shares (continued)**

The RCPS and RCCPS liabilities component recognised in the statements of financial position are summarised as follows:

Group and Company	RCPS RM'000	RCCPS RM'000	2020 Total RM'000	2019 Total RM'000
Liabilities component:				
At 1 January	**11,260**	**37,611**	**48,871**	75,352
Amortisation of interest expense (Note 9)	**46**	**2,004**	**2,050**	3,441
Dividends paid (Note 31)	**(11,293)**	**(7,968)**	**(19,261)**	(29,517)
Converted into ordinary shares	**(13)**	**(9)**	**(22)**	(405)
At 31 December	**-**	**31,638**	**31,638**	48,871
Represented by:				
Current	**-**	**6,331**	**6,331**	17,225
Non-current	**-**	**25,307**	**25,307**	31,646
	-	**31,638**	**31,638**	48,871

The fair value of the liabilities component of the RCCPS at 31 December 2020 amounted to RM31.6 million (2019: RM37.6 million). The fair value is calculated using cash flows discounted at rate based on the borrowing rate of 5.97% (2019: 5.97%) and is within level 3 of the fair value hierarchy.

The fair value of the liabilities component of the RCPS at 31 December 2019 amounted to RM11.2 million. In the previous financial year, the fair value was calculated using cash flow discounted at rate based on the borrowing rate of 5.79% and was within level 3 of the fair value hierarchy.

The net proceeds received have been split between the liabilities and equity component.

27 Other reserves

Group	Fair value through other comprehensive income reserve RM'000	Exchange fluctuation reserve RM'000	Total RM'000
2020			
At 1 January	**27,754**	**(5,586)**	**22,168**
Currency translation differences	**-**	**31,055**	**31,055**
Net change in fair values of financial assets at fair value through other comprehensive income	**(20,282)**	**-**	**(20,282)**
At 31 December	**7,472**	**25,469**	**32,941**
2019			
At 1 January	28,337	(18,232)	10,105
Currency translation differences	-	12,646	12,646
Net change in fair values of financial assets at fair value through other comprehensive income	(832)	-	(832)
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to retained earnings	249	-	249
At 31 December	27,754	(5,586)	22,168

Company

Company	Fair value through other comprehensive income RM'000
2020	
At 1 January	**28,016**
Net change in fair values of financial assets at fair value through other comprehensive income	**(20,282)**
At 31 December	**7,734**
2019	
At 1 January	28,337
Net change in fair values of financial assets at fair value through other comprehensive income	(570)
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to retained earnings	249
At 31 December	28,016

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

28 Payables and contract liabilities

	Group		Company	
	2020	2019	**2020**	2019
	RM'000	RM'000	**RM'000**	RM'000
Current				
Trade and other payables:				
Trade payables	**125,383**	209,883	-	-
Trade accruals	**20,457**	40,057	-	-
Other payables	**18,850**	47,595	**14**	129
Accrued dividend payable to IGB REIT's non-controlling interest	**34,751**	36,343	-	-
Accruals	**36,434**	54,736	**2,020**	8,798
Accruals in relation to construction activities	**114,997**	113,567		
Deposits received from tenants and customers	**266,489**	264,546	**16**	-
Lease liabilities (Note 12(d))	**450**	450	**-**	-
Deferred lease income	**18,410**	18,198	**-**	-
Contract liabilities in relation to property development activities and education services (Note A)	**20,334**	24,252	**-**	-
	656,555	809,627	**2,050**	8,927
Non-Current				
Lease liabilities (Note 12(d))	**18,286**	18,693	**-**	-
Total	**674,841**	828,320	**2,050**	8,927

Included in trade and other payables of the Group is retention sum of RM56.5 million (2019: RM66.7 million).

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

28 **Payables and contract liabilities (continued)**

(A) **Contract liabilities**

The contract assets and contract liabilities as at 31 December 2020 and 31 December 2019 were not impacted by significant changes in contract terms.

Group	**2020 RM'000**	2019 RM'000
Net carrying amount of contract assets and liabilities is analysed as follows:		
At 1 January		
Contract assets	**-**	45,363
Contract liabilities	**(24,252)**	(15,675)
	(24,252)	29,688
Property development revenue and education services:		
Revenue recognised that was included in the balance at the beginning of the year	**19,823**	15,675
Revenue recognised during the financial year	**12,138**	141,911
Less: Billings during the financial year	**(28,043)**	(211,526)
At 31 December	**(20,334)**	(24,252)
At 31 December		
Contract assets	**-**	-
Contract liabilities	**(20,334)**	(24,252)
At 31 December	**(20,334)**	(24,252)

The management expect all of the transaction prices allocated to the unsatisfied contract as at 31 December 2020 will be recognised as revenue during the next financial year.

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

29 Interest bearing bank borrowings

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Non-current					
Secured:					
Revolving credits	(a)	**1,129,700**	330,200	**1,129,700**	330,200
Term loans	(b)	**7,903**	8,570	**-**	-
Medium Term Notes	(c)	**1,199,545**	2,194,731	**-**	-
		2,337,148	2,533,501	**1,129,700**	330,200
Current					
Secured:					
Revolving credits	(a)	**279,248**	864,110	**1,292**	658,678
Term loans	(b)	**4,605**	92,940	**-**	-
Medium Term Notes	(c)	**1,014,378**	16,547	**-**	-
Unsecured:					
Revolving credits	(a)	**397,655**	336,381	**-**	-
		1,695,886	1,309,978	**1,292**	658,678
Total:					
Revolving credits	(a)	**1,806,603**	1,530,691	**1,130,992**	988,878
Term loans	(b)	**12,508**	101,510	**-**	-
Medium Term Notes	(c)	**2,213,923**	2,211,278	**-**	-
		4,033,034	3,843,479	**1,130,992**	988,878

29 **Interest bearing bank borrowings (continued)**

The carrying amounts of the Group's and the Company's borrowings denominated in the following currencies are as stated below:

	Group		Company	
	2020	2019	**2020**	2019
	RM'000	RM'000	**RM'000**	RM'000
Revolving credits:				
RM	**1,766,382**	1,489,761	**1,130,992**	988,878
USD	**40,221**	40,930	**-**	-
	1,806,603	1,530,691	**1,130,992**	988,878
Term loans:				
RM	**-**	90,000	**-**	-
RMB	**12,508**	11,510	**-**	-
	12,508	101,510	**-**	-
Medium Term Notes:				
RM	**2,213,923**	2,211,278	**-**	-
Total	**4,033,034**	3,843,479	**1,130,992**	988,878

The currency profile and weighted average effective interest rates per annum of the borrowings are as follows:

	Group		Company	
	2020	2019	**2020**	2019
	%	%	**%**	%
Revolving credits:				
RM	**3.20**	4.25	**3.24**	4.28
USD	**2.17**	3.09	**-**	-
Term loans:				
RM	**-**	4.30	**-**	-
RMB	**5.55**	5.70	**-**	-
Medium Term Notes:				
RM	**4.02**	4.75	**-**	-

The fair value of borrowings is estimated based on discounted cash flows using prevailing market rates for borrowings with similar risks profile and within level 3 of the fair value hierarchy.

29 **Interest bearing bank borrowings (continued)**

The carrying amounts and fair values of the borrowings for the Group and the Company are as follows:

	2020		2019	
Group	**Carrying amount RM'000**	**Fair value RM'000**	Carrying amount RM'000	Fair value RM'000
Revolving credits	**1,806,603**	**1,806,603**	1,530,691	1,530,691
Term loans	**12,508**	**12,508**	101,510	101,510
Medium Term Notes	**2,213,923**	**2,257,926**	2,211,278	2,242,617
	4,033,034	**4,077,037**	3,843,479	3,874,818
Company				
Revolving credits	**1,130,992**	**1,130,992**	988,878	988,878

The maturity profile of the borrowings are as follows:

	Maturity profile			**Total carrying amount**
Group	**< 1 year RM'000**	**1 - 2 years RM'000**	**2 - 5 years RM'000**	**RM'000**
2020				
Revolving credits:				
Floating interest rate, secured	**279,248**	**-**	**1,129,700**	**1,408,948**
Floating interest rate, unsecured	**397,655**	**-**	**-**	**397,655**
Term loans, secured:				
Floating interest rate	**4,605**	**6,141**	**1,762**	**12,508**
Medium Term Notes, secured:				
Floating interest rate	**999,623**	**-**	**-**	**999,623**
Fixed interest rate	**14,755**	**1,199,545**	**-**	**1,214,300**
	1,695,886	**1,205,686**	**1,131,462**	**4,033,034**
2019				
Revolving credits:				
Floating interest rate, secured	864,110	330,200	-	1,194,310
Floating interest rate, unsecured	336,381	-	-	336,381
Term loans, secured:				
Floating interest rate	92,940	4,409	4,161	101,510
Medium Term Notes, secured:				
Floating interest rate	1,647	995,446	-	997,093
Fixed interest rate	14,900	-	1,199,285	1,214,185
	1,309,978	1,330,055	1,203,446	3,843,479

29 **Interest bearing bank borrowings (continued)**

Company	**< 1 year RM'000**	**1 - 2 years RM'000**	**Maturity profile 2 - 5 years RM'000**	**Total carrying amount RM'000**
2020				
Revolving credits:				
Floating interest rate, secured	**1,292**	**-**	**1,129,700**	1,130,992
2019				
Revolving credits:				
Floating interest rate, secured	658,678	330,200	-	988,878

(a) **Revolving credits**

A. The Company has a Revolving Credit ("RC 2") of up to RM804 million with a tenure of 5 years from 31 October 2020 and bears a floating interest rate of aggregate effective cost of funds and a margin of 0.6% (2019: 0.6%) per annum.

The RC 2 is secured by way of a Memorandum of Deposit over units in IGB REIT, including but not limited, in all cases, to bonus shares, rights shares and other new shares or rights entitlements at a minimum coverage of at least 1.5 times the loan amount.

B. The Company has another Revolving Credit ("RC 3") of up to RM326.2 million with a tenure of 3 years from 1 March 2021 and bears a floating interest rate of aggregate effective cost of funds and a margin of 0.9% per annum.

The RC 3 is secured by way of a Memorandum of Deposit over units in IGB REIT, including but not limited, in all cases, to bonus units, rights units and other new units or rights entitlements at a minimum coverage of at least 1.5 times the loan amount.

C. Other than the RC 2 and RC 3 above, the other RCs of the Group are secured by way of:

(i) Fixed charge on the freehold land of a subsidiary company together with a 30-storey commercial building constructed thereon (Note 12);

(ii) Deposit of master title of a piece of land classified under inventories – land held for property development and property development costs (Note 13(a) and (b));

(iii) Deposits pledged with licensed banks (Note 23); and

(iv) Corporate guarantee granted by the Company or its subsidiary company.

D. Undrawn revolving credit facility of the Company amounted to RM47.5 million (2019: RM218.5 million) is secured by way of fixed deposits amounting to RM0.3 million placed with a licensed bank (Note 23) and fixed charge on the freehold land of a subsidiary company together with a 30-storey commercial building constructed thereon (Note 14).

29 **Interest bearing bank borrowings (continued)**

(a) **Revolving credits (continued)**

E. During the financial year, a subsidiary obtained a RC of RM65 million which is secured by units in IGB REIT at a minimum coverage of 1.25 times the loan amount and bears a floating interest rate of aggregate effective cost of funds and a margin 0.8% per annum.

(b) **Term loans**

Term loans ("TL") obtained by the Group comprise of the following:

A A subsidiary had a TL of RM90 million with the following terms:

(a) RM90 million was repayable in full on 25 February 2020 with an option to extend the facility for another 3 years, subject to the lender's consent; and

(b) bears a floating interest rate of the aggregate cost of funds and a margin of 0.7% (2019: 0.7%) per annum.

The loan was secured against the freehold land together with commercial building of the subsidiary (Note 14).

The TL was fully repaid on 25 February 2020.

B. A subsidiary has a TL of China Ren Min Bi ("RMB") 40 million with a tenure of five (5) years from the date of first drawdown with the following terms:

(a) the TL is repayable by instalments basis with the first instalment starting from 18 months after the date of first drawdown and the subsequent instalments falling due on every 6 months following the previous instalment. The first drawdown was on 21 November 2018;

(b) bears a floating interest rate of 120% of the applicable People's Bank of China Benchmark Lending Rate;

(c) secured by:

(i) Letter of awareness issued by the Company;

(ii) Pledged over account receivables provided by the subsidiary;

(iii) A control account arrangement that the subsidiary shall place all its sales revenue into an RMB control account opened with the bank ("Control Account") on monthly basis, and the use of the Control Account shall be subject to the bank's prior written consent except for normal business operating purposes;

(iv) Letter of endorsement or similar document issued by an insurance company acceptable to the bank to designate the bank as the first beneficiary under Property All Risk Insurance.

29 **Interest bearing bank borrowings (continued)**

(c) **Medium Term Notes ("MTN")**

A. IGB REIT Capital Sdn. Bhd. ("IGBRC")

On 18 August 2017, IGBRC, a special purpose vehicle wholly-owned by IGB REIT via MTrustee Berhad ("MTrustee"), had lodged a Medium Term Notes ("MTN") Programme with the SC pursuant to the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the SC. The MTN Programme has a tenure of twenty (20) years from the date of its first issuance of MTN under the MTN Programme ("20 years MTN Programme").

On 20 September 2017, IGBRC issued the first tranche AAA-rated MTN ("Tranche 1 MTN") amounting to RM1.2 billion which was advanced to IGB REIT to fully settle the Fixed Rate Term Loan facility ("FRTL"). The Tranche 1 MTN has a tenure of 7 years ("Legal Maturity") effective from 20 September 2017. For the first 5 years ("Expected Maturity"), the Tranche 1 MTN bears a fixed rate coupon rate of 4.4% per annum. The RM1.2 billion has to be fully repaid on Expected Maturity, otherwise it will cause a trigger event that will result in the coupon rate to be stepped up to 5.4% per annum for the sixth and seventh years.

The Tranche 1 MTN is secured against, among others, the following:

(i) a third-party legal assignment of the MTrustee's present and future rights, titles, interests and benefits in MVM and under the sale and purchase agreement in relation to MVM. In the event the subdivision of master title is completed and a separate strata title is issued for MVM ("MVM Strata Title"), a third party first legal charge shall be created on MVM Strata Title;

(ii) a third-party legal assignment over all the MTrustee's rights, titles, interests and benefits under the proceeds derived from the tenancy/lease agreements in relation to MVM;

(iii) a third-party legal assignment of the MTrustee's present and future rights, titles, interests and benefits under all insurance policies in relation to MVM and the Security Trustee (acting for and on behalf of the MTN holders) being named as the co-insured and loss payee of the insurance policies;

(iv) a third-party first ranking legal assignment and charge over the revenue and operating accounts of the Tranche 1 MTN;

(v) a first-party first ranking legal assignment and charge over the Debt Service Reserve Account of the Tranche 1 MTN;

(vi) an irrevocable power of attorney granted by the MTrustee in favour of the security trustee (acting for and on behalf of the MTN holders) to manage and dispose MVM upon expiry of remedy period under the terms of Tranche 1 MTN;

(vii) a letter of undertaking from the MTrustee and the Manager:

  (a) to deposit all cash flows generated from MVM into the revenue account; and

  (b) it shall not declare or make any distributions out of the cash flows from the revenue account to the unitholders if an event of default and/or a trigger event has occurred and is continuing or the financial covenants are not met; and

(viii) a first-party legal assignment over the Tranche 1 MTN's trustee financing agreement.

29 Interest bearing bank borrowings (continued)

(c) Medium Term Notes ("MTN") (continued)

B. Southkey Megamall Sdn. Bhd. ("SKM")

In November 2016, SKM entered into agreement for an unrated eight (8) years MTN Programme ("8 years MTN Programme") of up to RM1.0 billion in nominal value. The MTN is non-tradeable and non-transferrable.

On 20 December 2016, SKM issued the first RM300 million nominal value of 8 years MTN Programme with maturity date on 20 December 2021. In financial years 2017, 2019 and 2020, SKM further issued RM300 million, RM280 million and RM120 million respectively of the nominal value of 8 years MTN Programme, all with the same maturity date. The proceeds were utilised to part finance the development and construction of Mid Valley Megamall, Southkey ("MVM Southkey"). The weighted average effective interest rate of the 8 years MTN Programme as at 31 December 2020 was 3.57% (2019: 5.17%) per annum.

The 8 years MTN Programme is secured against, among others, the following:

(i) First-party first legal charge over the master title of the land where MVM Southkey is erected;

(ii) First-party first legal charge over the strata titles of MVM Southkey;

(iii) First-party first ranking debenture consisting of a fixed and floating charge over all the present and future assets of SKM;

(iv) Third-party first ranking legal charge over 70% of the issued and paid-up ordinary share capital of SKM held by the Company;

(v) First-party legal assignment over all present and future rights, titles, interests and benefits under all insurance policies in relation to MVM Southkey;

(vi) First-party legal assignment over all rights, titles, interests and benefits under all performance bonds granted by contractors of MVM Southkey;

(vii) First-party legal assignment over all rights, titles, interests and benefits under all construction contracts of MVM Southkey;

(viii) First-party assignment and charge over all the designated accounts;

(ix) First-party legal assignment over all rights, titles and interests under all management contracts;

(x) First-party legal assignment over all rights, titles and interests under all lease agreements;

(xi) Power of attorney granted to security agent to manage and dispose of MVM Southkey upon declaration of a trigger event;

(xii) Letter of undertaking from the Company in relation to the required net property income is achieved upon commencement of operations; and

(xiii) First-party legal assignment over all rights, titles and interests under the letter of undertaking from Southkey City Sdn. Bhd. who holds 30% of the issued and paid-up ordinary share capital in SKM.

30 **Amounts owing from/(to) subsidiaries**

	Company	
	2020	2019
	RM'000	RM'000
Amount owing from subsidiaries	**77,494**	88,398
Less: Provision for impairment	**(20,631)**	(16,593)
	56,863	71,805
Amount owing to subsidiaries	**369**	92,440

The amounts owing from subsidiaries are unsecured, repayable on demand and carry interest rates of 3.32% (2019: 4.88%) per annum.

The amounts owing to subsidiaries are unsecured, have no fixed terms of repayment and carry interest rates of 1.90% (2019: 3.47%) per annum.

The carrying amounts of owing from/(to) subsidiaries as at 31 December 2020 and 31 December 2019 approximated their fair values.

31 **Dividends**

Dividends on ordinary shares, RCPS and RCCPS paid or declared by the Company were as follows:

	2020		2019	
	Gross dividend per share %	**Amount of dividend, net of tax RM'000**	Gross dividend per share %	Amount of dividend, net of tax RM'000
RCPS				
Single tier	**-**	**-**	2.25	10,178
Single tier	**2.50**	**11,293**	2.50	11,305
	2.50	**11,293**	4.75	21,483
RCCPS				
Single tier	**4.30**	**7,968**	4.30	8,034
Ordinary shares				
First interim single tier (sen)	**2.00**	**16,749**	3.00	18,837

Dividends paid in 2019

On 26 February 2019, the Directors declared an Interim Single Tier dividend of 4.5% (based on the issue price of RM1.00 per RCPS) for the six months period from and including 16 August 2018 up to and including 15 February 2019 which was paid on 29 March 2019.

On 26 February 2019, the Directors declared an Interim Single Tier of 4.3% (based on the issue price of RM3.28 per RCCPS) for the six months period from and including 2 September 2018 up to and including 1 March 2019 which was paid on 29 March 2019.

31 **Dividends (continued)**

Dividend paid in 2019 (continued)

On 27 August 2019, the Directors declared an Interim Single Tier of 5.0% (based on the issue price of RM1.00 per RCPS) for the six months period from and including 16 February 2019 up to and including 15 August 2019 which was paid on 27 September 2019.

On 27 August 2019, the Directors declared an Interim Single Tier of 4.3% (based on the issue price of RM3.28 per RCCPS) for the six months period from and including 2 March 2019 up to and including 1 September 2019 which was paid on 27 September 2019.

On 27 August 2019, the Directors declared an Interim Single Tier dividend of 3.0 sen per ordinary share (comprising 1.0 sen cash dividend and 2.0 sen dividend-in-specie by distributing treasury shares) in respect of the financial year ended 31 December 2019 which was paid on 4 October 2019.

Dividends paid in 2020

On 21 November 2019, the Directors declared an Interim Single Tier dividend of 5.0% (based on the issue price of RM1.00 per RCPS) for the six months period from and including 16 August 2019 up to and including 13 February 2020 which was paid on 14 February 2020.

On 19 February 2020, the Directors declared an Interim Single Tier of dividend 4.3% (based on the issue price of RM3.28 per RCCPS) for the six months period from and including 2 September 2019 up to and including 1 March 2020 which was paid on 27 March 2020.

On 26 August 2020, the Directors declared an Interim Single Tier of dividend 4.3% (based on the issue price of RM3.28 per RCCPS) for the six months period from and including 2 March 2020 up to and including 1 September 2020 which was paid on 30 September 2020.

On 26 August 2020, the Directors declared an Interim Single Tier dividend of 2.0 sen per ordinary share (comprising 2.0 sen dividend-in-specie by distributing 6,626,737 treasury shares) in respect of the financial year ended 31 December 2020 which was paid on 30 September 2020.

Dividends paid in 2021

On 26 February 2021, the Directors declared an Interim Single Tier dividend of 4.3% (based on the issue price of RM3.28 per RCCPS) for the six months period from and including 2 September 2020 up to and including 1 March 2021 which was paid on 26 March 2021.

32 **Rentals receivables under non-cancellable operating lease**

The Group leases out its investment properties and property, plant and equipment under operating leases. The future minimum lease receivable under non-cancellable leases are as follows:

Group	**2020 RM'000**	2019 RM'000
Less than 1 year	**493,090**	534,090
1 – 2 years	**264,884**	386,315
2 – 3 years	**101,271**	158,714
3 – 4 years	**35,745**	33,010
4 – 5 years	**25,315**	30,064
> 5 years	**125,467**	148,563
	1,045,772	1,290,756

33 Capital commitments

Group	2020 RM'000	2019 RM'000
Approved and contracted for:		
Property, plant and equipment	**25,295**	102,201
Investment properties	**43,612**	49,941
Others	**1,312**	1,733
	70,219	153,875

34 Significant related party disclosures

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

Key management personnel of the Group and of the Company are the Executive Directors, Non-Executive Directors and senior management of the Group and of the Company.

Key management compensation is as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	**2020 RM'000**	2019 RM'000
Salaries, bonus and allowances	**28,588**	42,564	**11,263**	17,834
Defined contribution plan	**3,665**	4,149	**1,753**	1,575
Other short-term benefits	**491**	364	**202**	1
	32,744	47,077	**13,218**	19,410

Included in the key management compensation is Executive Director's remuneration as disclosed in Note 8 to the financial statements.

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances. The related party transactions described below were carried out on terms and conditions agreed with the related parties.

Related parties	Relationship
Cahaya Utara Sdn. Bhd.	An associate of Wah Seong (Malaya) Trading Co. Sdn. Bhd.
Strass Media Sdn. Bhd.	A subsidiary of Wah Seong (Malaya) Trading Co. Sdn. Bhd.
Wah Seong (Malaya) Trading Co Sdn. Bhd.	A company in which Dato' Seri Robert Tan Chung Meng, a Director of the Company, have substantial financial interest
Wasco Management Services Sdn. Bhd.	A wholly-owned subsidiary of Wah Seong Corporation Berhad, a company in which Dato' Seri Robert Tan Chung Meng, a Director of the Company, have substantial financial interest
Black Pearl Ltd.	An associate of IGB Corporation Bhd.
Cititel Express Pty Ltd	An associate of Tank Stream Holdings Pty Ltd.

34 **Significant related party disclosures (continued)**

The significant related party transactions during the financial year are as follows:

Group	2020 RM'000	2019 RM'000
Light boxes rental, pedestrian bridge and office rental:		
Strass Media Sdn. Bhd.	**701**	1,141
Lease of space and related facilities:		
Wasco Management Services Sdn. Bhd.	**1,049**	1,050
Purchase of building materials and related services:		
Wah Seong (Malaya) Trading Co Sdn. Bhd.	**1,581**	5,803
Project management fees		
Black Pearl Limited	**-**	3,740
Interest charged		
Cititel Express Pty Ltd	**-**	(3,188)
Company		
Advances to subsidiaries	**141,317**	89,925
Repayments to subsidiaries	**139,550**	52,660
Advances from subsidiaries	**106,150**	124,770
Repayments from subsidiaries	**198,030**	39,020
Dividend income from:		
IGBC	**40,242**	77,804
GTower Sdn. Bhd.	**-**	4,800
IGB REIT	**117,019**	158,799
Macro Lynx Sdn. Bhd.	**5,456**	-
Rental of premises payable to:		
GTower Sdn. Bhd.	**241**	-
Mid Valley City South Tower Sdn. Bhd.	**3,604**	3,453
Tan & Tan Developments Berhad	**85**	-
Fees from management services receivable from:		
GTower Sdn. Bhd.	**243**	330
IGB REIT Management Sdn. Bhd.	**1,340**	1,700
Tan & Tan Developments Berhad	**1,454**	1,432

34 Significant related party disclosures (continued)

The significant related party balances are as follows:

Group	**2020 RM'000**	2019 RM'000
Amount owing from associate:		
New Commercial Investments Limited	**22,259**	21,800
Amounts owing from joint ventures:		
Black Pearl Limited	**376,515**	364,585
Kundang Properties Sdn. Bhd.	**30,092**	30,092
Company		
Amount owing from subsidiaries:		
IGB REIT	**36,070**	37,993
IGB Corporation Berhad	**15,056**	27,096
Steady Paramount Sdn. Bhd.	**4,438**	119
GoldChina Sdn. Bhd.	**-**	2,176
Amount owing to subsidiaries:		
Macro Lynx Sdn. Bhd.	**-**	(3,910)
IGB Digital Sdn. Bhd. (formerly known as AFMS Solutions Sdn. Bhd.)	**-**	(2,220)
Atar Deras Sdn. Bhd.	**-**	(3,950)
Corpool Holdings Sdn. Bhd.	**-**	(1,420)
Idaman Spektra Sdn. Bhd.	**-**	(3,000)
Murni Properties Sdn. Bhd.	**-**	(1,650)
Tan & Tan Developments Berhad	**-**	(35,000)
IGB Properties Sdn. Bhd.	**-**	(3,250)
Mid Valley City North Tower Sdn. Bhd.	**-**	(5,650)
Mid Valley City South Tower Sdn. Bhd.	**-**	(9,700)
MVC Centrepoint South Sdn. Bhd.	**-**	(4,400)
Salient Glory City Sdn. Bhd.	**-**	(11,250)
Mid Valley City Gardens Sdn. Bhd.	**-**	(2,300)
IGB Property Management Sdn. Bhd.	**-**	(3,800)
Mines Fiberlynx Sdn. Bhd.	**(350)**	-

35 Subsequent event disclosure

(a) Proposed Establishment and Listing of IGB Commercial REIT

On 11 June 2020, Hong Leong Investment Bank ("HLIB") on behalf of the Board of Directors of the Company, announced that the Company proposes to undertake the Proposed REIT Establishment and Listing comprising the following:

(i) the proposed establishment of IGB Commercial REIT ("IGBCR") by the Company, ("Proposed REIT Establishment");

(ii) the proposed disposals by the respective Vendors (as listed hereunder) of the Subject Properties (as listed hereunder) to IGBCR for a total disposal consideration of RM3,155.3 million to be satisfied via the proposed issuance of 2,307.3 million undivided interest in IGBCR ("Units') and the balance via cash consideration ("Proposed Disposals") of RM 848.0 million to be funded from the issuance of MTN under a medium term note programme to be established by a special purpose vehicle which shall be wholly-owned by IGBCR via its Trustee;

(iii) the proposed offering of up to approximately 1,227.0 million Units via an initial public offering pursuant to the Proposed Listing comprising a proposed restricted offering of up to approximately 945.0 million Units to the shareholders of the Company and a proposed offering of at least 282.0 million Units to institutional investors and selected investors ("Proposed Offering"); and

(iv) the proposed admission of IGBCR to the Official List of Bursa Securities and the Listing of and quotation for 2,307.0 million Units on the Main Market of Bursa Securities ("Proposed Listing").

The Proposed REIT Establishment, Proposed Disposals, Proposed Offering and Proposed Listing are collectively referred to as the "Proposed REIT Establishment and Listing".

Information on the Vendors and Subject Properties:

	Subject Properties	**Vendors**
1.	Menara IGB & Annexe, Mid Valley City	IGB Properties Sdn. Bhd.*
2.	Centrepoint South, Mid Valley City	MVC Centrepoint South Sdn. Bhd.*
3.	Centrepoint North, Mid Valley City	MVC Centrepoint North Sdn. Bhd.*
4.	Boulevard Properties, Mid Valley City	Idaman Spektra Sdn. Bhd.*
5.	Gardens South Tower, Mid Valley City	Mid Valley City South Tower Sdn. Bhd.*
6.	Gardens North Tower, Mid Valley City	Mid Valley City North Tower Sdn. Bhd.*
7.	Southpoint Properties, Mid Valley City	Mid Valley City Southpoint Sdn. Bhd.*
8.	Menara Tan & Tan, Jalan Tun Razak	Tan & Tan Realty Sdn. Bhd.**
9.	GTower, Jalan Tun Razak	GTower Sdn. Bhd.**
10.	Hampshire Place Office, Jalan Mayang Sari	Hampshire Properties Sdn. Bhd.***

* wholly-owned subsidiaries of IGB Berhad
** 80%-owned subsidiaries of IGB Berhad
*** 50%-owned joint venture of IGB Berhad

35 **Subsequent event disclosure (continued)**

(a) Proposed Establishment and Listing of IGB Commercial REIT (continued)

On 4 November 2020, HLIB, on behalf of the Board of Directors of the company, announced that an application had been submitted on even date to the Securities Commission Malaysia ("SC") in relation to the Proposed REIT Establishment and Listing.

On 10 February 2021, HLIB, on behalf of the Board of Directors of the Company, announced that:

(i) Mid Valley City Southpoint Sdn. Bhd. ("MVCSP") and IGB REIT Management Sdn Bhd had agreed to vary the components of Southpoint Properties to be disposed by MVCSP by omitting 2-storey ballroom and function rooms and revising the number of car park bays from 909 to 1,065; and

(ii) The market values of the Subject Properties have been revised by the Independent Property Valuer from RM3,155.3 million to RM3,160.5 million based on its updated valuation letters dated 10 February 2021, using the investment method and cross-checked with the comparison approach. The new date of valuation of the Subject Properties is 31 December 2020.

On 31 March 2021, HLIB, on behalf of the Board of Directors of the Company, announced that the SC had, vide its letter dated 30 March 2021, granted approval for the Proposed REIT Establishment and Listing.

On 31 March 2021, HLIB, on behalf of the Board of Directors of the Company, announced that IGB Commercial REIT was established on 31 March 2021 upon registration of the deed of trust executed on 31 March 2021 between IGB REIT Management Sdn Bhd and MTrustee Berhad with the SC.

On 9 April 2021, HLIB on behalf of the Directors of the Company, announced that the Vendors had on 9 April 2021 entered into 10 Sale and Purchase Agreements for the disposals of the Subject Properties for the total purchase consideration amounting to RM3,160.5 million which shall be satisfied by the issuance of 2,307.3 million Units in IGB Commercial REIT and the balance of RM853.2 million in cash to be funded via borrowings.

The Proposed Disposals by subsidiary vendors do not result in loss of control of the Subject Properties by the Group and therefore, these assets will continue to be recognised at the Group's carrying amounts. The Proposed Disposals by joint venture vendor will result in the Group gaining control of the Subject Property and accordingly the assets are recognised at the Group at fair value. Other impact includes related tax effects and remeasurement of non-controlling interests. The Group's cash and bank balances and borrowings will increase as a result of borrowings to be obtained by IGBCR to fund the Proposed Disposals.

35 Subsequent event disclosure (continued)

(a) Proposed Establishment and Listing of IGB Commercial REIT (continued)

Following the Proposed Offering and the Proposed Listing, it is expected that the Group will continue to have control over IGB Commercial REIT. Therefore, these transactions will be accounted for as a transaction with non-controlling interest. The Group will also generate cash arising from the Proposed Offering which will be used for an any potential investment opportunities and/or repayment of borrowings undertaken by the Group.

36 Approval of financial statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors dated 12 April 2021.

IGB Berhad
(Incorporated in Malaysia)

Statement by Directors
pursuant to Section 251(2) of the Companies Act 2016

We, Dato’ Seri Robert Tan Chung Meng and Lee Chaing Huat, being two of the Directors of IGB Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 8 to 145 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of the financial performance of the Group and of the Company for the financial year ended 31 December 2020, in accordance with Malaysian Financial Reporting Standards, International Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 12 April 2021.

Dato’ Seri Robert Tan Chung Meng	**Lee Chaing Huat**
Group Chief Executive Officer	Director

Statutory declaration
pursuant to Section 251(1) of the Companies Act 2016

I, Chai Lai Sim, the Officer primarily responsible for the financial management of IGB Berhad, do solemnly and sincerely declare that the financial statements set out on pages 8 to 145 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Chai Lai Sim
(MIA No. 5127)

Subscribed and solemnly declared by the abovenamed Chai Lai Sim at Kuala Lumpur in the Federal Territory on 12 April 2021.

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF IGB BERHAD
(Incorporated in Malaysia)
Registration No. 200001013196 (515802-U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

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

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 8 to 145.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF IGB BERHAD (CONTINUED)
(Incorporated in Malaysia)
Registration No. 200001013196 (515802-U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	**How our audit addressed the key audit matters**
1) Valuation of hotel properties The carrying value of the Group's hotel properties amounted to RM1,075.6 million as at 31 December 2020. The tourism industry has been severely affected by the imposition of travel restrictions by various countries globally in response to COVID-19 pandemic affecting the performance of the Group's Hotel division. The results of the Group's Hotel division continued to decline as compared to 2019 due to the weak demand contributed by the travel restrictions in the various countries in which the Group has operations in.	Our audit procedures included the following: a) For hotel properties where external valuations were obtained, we have: (i) assessed the independent external valuers' competency, capabilities, and objectivity by checking the valuers' qualification and their registration to the respective boards; (ii) discussed with the external valuer the methodology and challenged the assumptions used in the valuation, taking into account the current market outlook due to the impact of COVID-19;

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF IGB BERHAD (CONTINUED)
(Incorporated in Malaysia)
Registration No. 200001013196 (515802-U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matters</th></tr>
<tr><td>1) Valuation of hotel properties (continued)

Arising from the indicators above, the Directors have performed an impairment assessment, on the carrying amounts of the hotel properties against their recoverable amounts. The recoverable amounts of certain material hotel properties have been determined by the independent external valuers using the income approach while the remaining hotel properties' recoverable amounts are determined by the management using discounted cash flow projections based on the value-in-use method.

We focused on this area because the determination of the recoverable amounts via external valuation by the independent valuer and management's value-in-use calculations involved significant judgements and estimations that could result in material misstatement.

Refer to Note 12 Property, Plant and Equipment for the significant basis and assumptions adopted in impairment assessments of the Group's hotel properties.</td><td>Our audit procedures included the following:

a) For hotel properties where external valuations were obtained, we have (continued):

(iii) tested the significant inputs underpinning the valuation such as occupancy rates, average room rates and operating costs to the hotel properties' historical results;

(iv) assessed the appropriateness of discount rates and capitalisation rates with reference to comparable hotel properties in the market; and

(v) tested the mathematical accuracy of the model.

b) For hotel properties where the value-in-use were computed by management, we have:

(i) reviewed the appropriateness of the multiple scenarios value-in-use calculations used to determine the recoverable amounts;

(ii) tested the significant inputs underpinning the value-in-use calculations such as occupancy rates, average room rates and operating costs to the hotel properties' historical results;

(iii) discussed with the management the methodology and challenged the key assumptions used in the value-in-use calculations, taking into account the current market outlook due to the impact of COVID-19;

(iv) assessed the appropriateness of discount rates and capitalisation rates used by management, with reference to comparable hotel properties in the market; and

(v) tested the mathematical accuracy of the model.

Based on the above procedures, we did not identify any material exception.</td></tr>
</table>

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF IGB BERHAD (CONTINUED)
(Incorporated in Malaysia)
Registration No. 200001013196 (515802-U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	**How our audit addressed the key audit matters**
2) Valuation of construction work-in-progress The Group has construction work-in-progress ("CWIP") consisting of two office buildings and one hotel tower with a total carrying amount of RM396.3 million as at 31 December 2020, of which RM244.4 million and RM151.9 million are classified as Investment Properties and Property, Plant and Equipment respectively. There has been an increase in the cumulative supply of premium office spaces and hotels where the CWIP is located, potentially having an adverse impact to the demand of spaces and rental rates. The situation is further worsened by the prolonged movements and travel restriction imposed by the government in response to the Covid-19 pandemic. The CWIP are scheduled to complete in 2021 amid the on-going pandemic.	Our audit procedures included the following: (i) Reviewed the appropriateness of the multiple scenarios value-in-use calculations to determine the recoverable amounts for the respective properties upon their completion; (ii) Discussed with the management the methodology and challenged the key assumptions used in the value-in-use calculations, taking into account the prevailing market condition and outlook due to the impact of COVID-19; (iii) Assessed the reasonableness of data inputs used in the determination of the estimated value-in-use of the properties; (iv) Agreed the construction cost to complete to the respective approved budgets of the properties where relevant; and (v) Assessed the appropriateness of discount rates and capitalisation rates used by management, with reference to comparable hotel and office properties in the market. Based on the above procedures, we did not identify any material exception.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF IGB BERHAD (CONTINUED)
(Incorporated in Malaysia)
Registration No. 200001013196 (515802-U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	**How our audit addressed the key audit matters**
2) Valuation of construction work-in-progress (continued) Arising from the indicators above, the Directors have performed an impairment assessment, on the carrying amounts of the CWIP against their respective recoverable amounts. The recoverable amounts are determined by the management's discounted cash flow projections based on the value-in-use method. We focused on this area because the determination of the recoverable amounts using management's value-in-use calculations involved significant judgements and estimations that could result in material misstatement. Refer to Note 12 Property, Plant and Equipment and Note 14 Investment Properties for the significant basis and assumptions adopted in impairment assessments of the CWIP assets.	

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
3) Accounting for rental rebates granted to tenants Total rental rebates granted by the Group under the rental support programme offered to eligible tenants affected by the COVID-19 pandemic amounted to RM 129.7 million, of which RM97.9 million was recognised as a reduction to lease income in the financial year ended 31 December 2020. Depending on the facts and circumstances (including any existing contractual terms contained in the original tenancy agreements and applicable laws or regulations), the rental rebates might be accounted for as lease modification under MFRS 16, or extinguishment of lease payments under MFRS 9 as a policy choice. The various facts and circumstances in which the rental rebates were granted will ultimately impact the accounting for rental rebates, which is why we have given special audit focus and attention to this area. Refer to Note 2(i) Summary of Significant Accounting Policies – Leases and Note 6 Revenue.	Our audit procedures included the following: (i) Discussed with management to understand their view on the appropriate accounting policy choice treatment and its application towards the rental rebates granted; (ii) Obtained and reviewed samples of lease agreements and the credit notes issued for rental rebates granted to assess the facts and circumstances surrounding the rental rebates granted and confirmed the rights and obligations of both parties; (iii) Obtained and examined the details of credit note samples issued during the financial year to determine that the appropriate accounting policy choice treatment has been applied; (iv) Checked the mathematical accuracy of management's working between rental rebates that resulted in lease modification and those that related to the extinguishment of lease payments; and (v) Reviewed the appropriateness of the presentation and disclosures on the policy choice made regarding the accounting treatment for rental rebates granted. Based on the above procedures, we did not identify any material exceptions.

There are no key audit matters to report for the Company.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF IGB BERHAD (CONTINUED)
(Incorporated in Malaysia)
Registration No. 200001013196 (515802-U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors’ report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors Report and Statement on Risk Management and Internal Control, which we obtained prior to the date of this auditor’s report, and the remaining information in the Annual Report, which is expected to be made available to us after that date. Other information does not include the financial statements of the Group and of the Company and our auditors’ report thereon.

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

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

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

Responsibilities of the Directors for the financial statements

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF IGB BERHAD (CONTINUED)
(Incorporated in Malaysia)
Registration No. 200001013196 (515802-U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF IGB BERHAD (CONTINUED)
(Incorporated in Malaysia)
Registration No. 200001013196 (515802-U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 16 to the financial statements.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF IGB BERHAD (CONTINUED)
(Incorporated in Malaysia)
Registration No. 200001013196 (515802-U)

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT	GAN WEE FONG
LLP0014401-LCA & AF 1146	03253/01/2023 J
Chartered Accountants	Chartered Accountant

Kuala Lumpur
12 April 2021