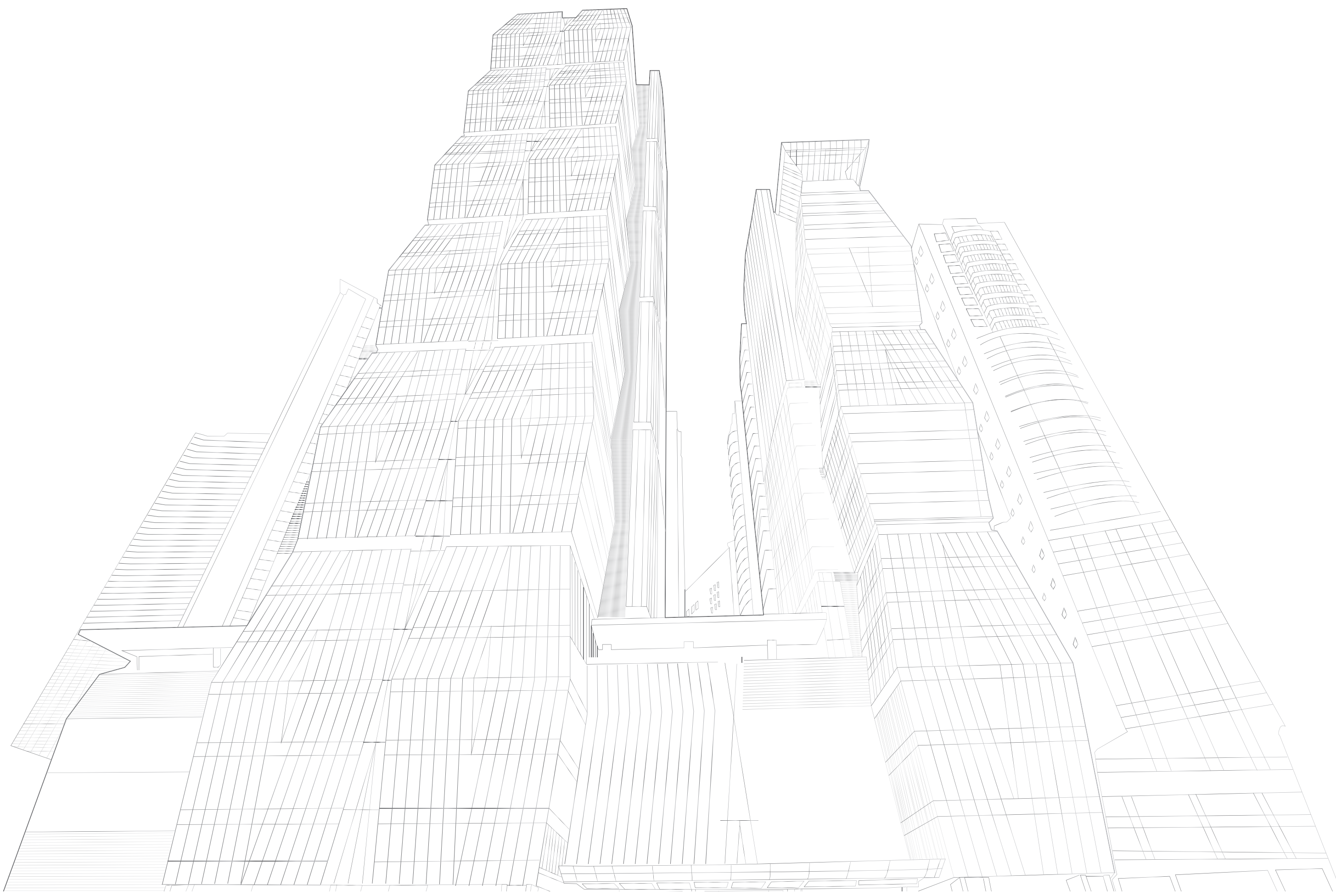
MRCB

MALAYSIAN RESOURCES CORPORATION BERHAD
196801000388 (7994-D)



RESILIENT

FINANCIAL REPORT 2020

THROUGH ADVERSITY

At MRCB, our unwavering commitment towards ensuring a sustainable business has allowed us to weather many challenges in the past. However, while 2020 tested our resilience as a business entity, it also underlined our focus as a company that truly believes in creating value for all. As we worked towards mitigating risks and adapting to the challenges brought upon us, so did we continue to provide assurance and assistance to our stakeholders. Our strategy to engineer innovative solutions was not only limited to the development and licensing of our MRCB Building System abroad, but was extended by our very own employees to produce 3,785 face shields that were donated to frontliners.

In 2020, MRCB also managed to achieve new milestones on the Sustainability front by adopting four new UN Sustainable Development Goals (SDGs) as well as joining the UN's CFO Taskforce and becoming a signatory to the Ten Principles of the UN Global Compact – further cementing our commitment towards our stakeholders, the environment, and the communities around us. After all, we believe that being resilient means ensuring we also play a part in providing solutions to our stakeholders so that they too have a chance at being resilient through adversity.

Scan this QR code for a direct link to our Financial Report online.

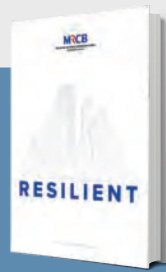
Or log on to https://www.mrcb.com.my/investor-relations/financial-reports/#annual-reports.

The Financial Report is also on our App. Download the MRCB Investor Relations App on Google Play.

Integrated Annual Report 2020

The Integrated Annual Report has been prepared in accordance with the following frameworks and guidelines:

- International Integrated Reporting Council's (IIRC) Integrated Reporting <IR> Framework
- Bursa Malaysia's Main Market Listing Requirements
- Securities Commission's Malaysian Code on Corporate Governance 2017 (MCCG 2017)
- Global Reporting Initiative (GRI) Standards



Financial Report 2020

This Financial Report was prepared in compliance with:

- Malaysian Financial Reporting Standards
- Companies Act 2016 in Malaysia

PRINTED SECTION

The printed section of the Integrated Annual Report and Financial Report aims to provide concise, relevant and reliable information addressing the Group's issues and activities.

CORPORATE GOVERNANCE REPORT

The Integrated Annual Report and Financial Report should be read in conjunction with our Corporate Governance Report, which is available on the Group's website, www.mrcb.com.

What's Inside This Report

PG. 01-122

STATUTORY FINANCIAL STATEMENTS

2020 Key Highlights

FINANCIAL HIGHLIGHTS

- GROUP REVENUE
  RM1.2 billion
- NET GEARING
  0.24 times
- LOSS BEFORE TAX
  RM153 million
- SHAREHOLDERS' FUND
  RM4.6 billion
- DIVIDEND
  1.00 sen
- NET ASSETS PER SHARE
  RM1.04

Cover Rationale

At MRCB, our unwavering commitment towards ensuring a sustainable business has allowed us to weather many challenges in the past. However, while 2020 tested our resilience as a business entity, it also underlined our focus as a company that truly believes in creating value for all. As we worked towards mitigating risks and adapting to the challenges brought upon us, so did we continue to provide assurance and assistance to our stakeholders. Our strategy to engineer innovative solutions was not only limited to the development and licensing of our MRCB Building System abroad, but was extended by our very own employees to produce 3,785 face shields that were donated to frontliners.

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Directors' Report

The Directors hereby submit their annual report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of this report are:

Tan Sri Azlan Bin Mohd Zainol (Chairman)
Mohd Imran Bin Mohamad Salim (Group Managing Director)
Rohaya Binti Mohammad Yusof
Dato' Mohamad Nasir Bin Ab Latif
Hasman Yusri Bin Yusoff
To' Puan Looi Lai Heng
Jamaludin Bin Zakaria (Retired on 14 July 2020)

The names of the Directors of subsidiaries are set out in the respective subsidiaries' financial statements and the information is deemed incorporated herein by such reference and made a part thereof.

In accordance with Articles 101 and 102 of the Company's Constitution, Mohd Imran Mohamad Salim retires from office at the forthcoming Annual General Meeting and, being eligible, offer himself for re-election.

To' Puan Looi Lai Heng who retires under Articles 101 and 102 of the Company's Constitution has opted not to offer herself for re-election at the forthcoming Annual General Meeting.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The Company also engages in property development, property investment, engineering and construction related activities, environmental engineering and provision of management services to its subsidiaries.

The Group is principally engaged in property development, property investment, engineering and construction related activities, environmental engineering, facilities management and parking services. Details of subsidiaries are set out in Note 42 to the financial statements.

There has been no significant change in the nature of these activities of the Group and of the Company during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Loss before tax	**(152,916)**	**(164,967)**
Taxation	**(22,950)**	**(5,600)**
Loss for the financial year	**(175,866)**	**(170,567)**
Loss for the financial year attributable to:		
Equity holders of the Company	**(176,143)**	**(170,567)**
Non-controlling interests	**277**	**–**
Loss for the financial year	**(175,866)**	**(170,567)**

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were impacted by the Covid-19 pandemic, which had impacted the Group's operations in respect of construction activities, sales of properties and rental income. In view of the challenges posed by the Covid-19 pandemic, the Group and the Company have carried out impairment reviews on the non-financial assets and financial assets that have an indication of impairment in view of the impact of Covid-19 had on business activities. The resultant impact arising from the impairment exercise performed are disclosed in the notes to the financial statements.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

ISSUE OF SHARES

There have been no changes to the share capital of the Company during the financial year.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for options over shares granted by the Company to Executive Directors of the Group pursuant to the Restricted Share Plan ("RSP") granted by the Company to Executive Directors of the Group pursuant to the Long Term Incentive Plan ("LTIP").

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than the benefits shown under Directors' Remuneration) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, particulars of the interests of the Directors who held office at the end of the financial year in shares, options and warrants over shares in the Company or its related corporations during the financial year were as follows:

Company

	No. of ordinary shares			
	As at 1.1.2020	**Granted/ Acquired**	**Sold**	**As at 31.12.2020**
Direct				
Tan Sri Azlan Bin Mohd Zainol	**240,000**	–	–	**240,000**
Mohd Imran Bin Mohamad Salim*	**468,200**	–	–	**468,200**
Indirect				
Tan Sri Azlan Bin Mohd Zainol**	**60,000**	–	–	**60,000**

	No. of warrants B over ordinary shares			
	As at 1.1.2020	**Granted**	**Sold**	**As at 31.12.2020**
Direct				
Tan Sri Azlan Bin Mohd Zainol	**24,000**	–	–	**24,000**
Indirect				
Tan Sri Azlan Bin Mohd Zainol**	**6,000**	–	–	**6,000**

* Granted by virtue of RSP

** Deemed interest by virtue of his shareholding in Edenview Projects Sdn. Bhd.

As at 31 December 2020, Mohd Imran Bin Mohamad Salim also had interest over 479,000 unissued shares in the Company pursuant to the RSP of the Company.

The other Directors in office at the end of the financial year did not hold any interest in shares and warrants over shares or debentures of the Company and its related corporations during the financial year.

Directors' Report

DIVIDENDS

The Company paid a first and final single tier dividend in respect of the financial year ended 31 December 2019 of 1.00 sen per ordinary share, amounting to RM44,120,463 on 20 May 2020.

The Directors recommend the payment of a first and final single tier dividend in respect of the financial year ended 31 December 2020 of 1.00 sen per ordinary share, amounting to approximately RM44,120,000 at the date of this report. The payment will be made on 25 May 2021.

DIRECTORS' REMUNERATION

The aggregate amounts of remuneration received/receivable by Directors of the Group and of the Company for the financial year are disclosed in Note 11 to the financial statements.

LONG-TERM INCENTIVE PLAN

The Company established a Long-Term Incentive Plan ("LTIP or the Plan"), which was approved by the shareholders at the Extraordinary General Meeting held on 30 November 2016 and came into effect on 20 December 2017. An eligible executive or employee who accepts an offer under the Share Awards ("Grantee") shall pay a sum of RM1.00 as consideration for acceptance of that offer. Subject to the terms and conditions of the By-Laws governing the LTIP, the Grantees shall be entitled to receive new ordinary shares to be issued pursuant to the Share Awards, on the scheduled vesting dates without further payment, subject to meeting the vesting conditions as set out in their respective letters of offer for their Share Awards, which comprise the performance target stipulated by the Remuneration Committee of the Company.

The LTIP shall be in force for a period of 10 years commencing from the date on which the Share Scheme became effective and no share under a share award shall vest beyond the expiry of the duration of the Share Scheme. The LTIP consists of two types of share awards namely, Restricted Share Plan and Performance Share Plan.

The details of the LTIP are contained in the By-Laws and the salient features thereof are set out in Note 31 to the financial statements.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for loss allowance and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(b) to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amounts written off for bad debts or the amount of the provision for loss allowance inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

At the date of this report:

(a) there are no charges on the assets of the Group or of the Company which have arisen since the end of the financial year which secures the liabilities of any other person; or

(b) there are no contingent liabilities of the Group or of the Company which have arisen since the end of the financial year.

No contingent or other liability of any company in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or of the Company to meet their obligations when they fall due.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

In the opinion of the Directors:

(a) except as disclosed in Note 26 and Note 28 to the financial statements, the results of the operation of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or Company for the financial year in which this report is made.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 9 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to continue in office.

In accordance with a resolution of the Board of Directors dated 29 March 2021.

MOHD IMRAN BIN MOHAMAD SALIM
Group Managing Director

HASMAN YUSRI BIN YUSOFF
Director

Statements by Directors

Pursuant to section 251(2) of the Companies Act 2016

We, Mohd Imran Bin Mohamad Salim and Hasman Yusri Bin Yusoff, two of the Directors of Malaysian Resources Corporation Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 12 to 122 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 financial performance of the Group and of the Company for the financial year ended on that date in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

In accordance with a resolution of the Board of Directors dated 29 March 2021.

MOHD IMRAN BIN MOHAMAD SALIM
Group Managing Director

HASMAN YUSRI BIN YUSOFF
Director

Statutory Declaration

Pursuant to section 251(1) of the Companies Act 2016

I, Ann Wan Tee, the Officer primarily responsible for the financial management of Malaysian Resources Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 12 to 122 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

ANN WAN TEE
MIA membership no. 19497

Subscribed and solemnly declared by the above named Ann Wan Tee in the state of Wilayah Persekutuan, Kuala Lumpur, Malaysia on 29 March 2021.

Before me,

COMMISSIONER FOR OATHS

Independent Auditors' Report

To the Members of Malaysian Resources Corporation Berhad (Incorporated in Malaysia)
Registration No. 196801000388 (7994-D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Malaysian Resources Corporation 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 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 12 to 122.

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.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Revenue recognition – Property development and construction contracts – (Group: RM1,051,295,001; Company: RM192,755,150) *Refer to page 38 (Note 2.19 (i)(a) – Summary of Significant Accounting Policies – Sales of Development Properties), page 39 (Note 2.19 (ii)(a) – Summary of Significant Accounting Policies – Construction Contracts), page 48 (Note 3 – Critical accounting estimates and judgements) and page 53 (Note 6 – Revenue)* The Group and the Company recognise property development and construction contracts revenue in the statements of comprehensive income by using the input method. The input method is measured by reference to the proportion of actual costs incurred for work performed to date to the estimated total costs for the project. Property development and construction contracts accounting is inherently complex and we focused on this area because there are significant estimates and judgements involved in the following areas: • Determination of stage of completion • Extent of construction costs incurred to date • Estimation of total budgeted costs • Estimation of provision due to liquidated ascertained damages as a reduction of revenue	We performed the following audit procedures: • We tested the operating effectiveness of key controls in respect of the budgeting process of total estimated property development and construction costs and the continuous review process of these budgets. In addition, controls over the accounting process of costs incurred for work done to date were also tested. • We tested reasonableness of the estimated total construction costs based on approved budgets to supporting documentation such as sub-contractors contracts, quotations and change order documentation with main or sub-contractors. We also sought appropriate evidence including the Group's and the Company's expert opinions (including contract claim consultants and lawyers) to assess the reasonableness of estimates made by management on the project costs on a sample basis, particularly around disputes or unresolved negotiations with employers and subcontractors. • We tested a sample of costs incurred to date on significant projects to relevant documents such as sub-contractor claim certificates, verified by the Group's and Company's internal quantity surveyor or the employers. • In respect of completed construction contracts, we also tested key judgments by management in estimating the total construction costs and accruals for costs to complete through the reading of executive committee meeting minutes, reading correspondences with employers and sub-contractors, and obtaining audit evidence on employers or sub- contractors disputes from in-house or external legal counsel. We obtained an understanding of the basis of accruals recognised by management on instances of material uncertified value of costs submitted and the level of accruals held against these amounts. • We tested actual sales of development properties to signed sales and purchase agreements. • We agreed total construction contract project revenue on a sample basis to supporting documentation comprising construction contracts, approved variation orders and correspondences with employers. In instances where projects have been delayed, we have tested management's estimates of the liquidated ascertained damages provisions required to supporting documentation such as construction contracts, correspondences with employers or claim consultants, extension of time approvals, work progress reports indicating reasons for delays and legal opinions, where applicable. • On a test basis we checked the mathematical calculation of the percentage of completion and we tested that the percentage of revenue and costs recognised in the statements of comprehensive income is mathematically accurate. We also tested the journal entries to ensure the revenue and costs are recorded appropriately. Based on our procedures, we noted no material exception in the revenue recognition of property development and construction contracts.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Impairment of trade receivables and contract assets in respect of engineering and construction segment – (Group: RM163,162,759; Company: RM158,430,091) *Refer to page 41 (Note 2.20 - Summary of Significant Accounting Policies -Impairment for debt instruments and financial guarantee contracts), page 48 (Note 3 - Critical accounting estimates and judgements), page 84 (Note 26 – Trade and other receivables) and page 92 (Note 28 (b) – Contract assets and liabilities)* As at 31 December 2020, the carrying amount of the Group's and Company's trade receivables and contract assets accounted for a total of 11% and 5% of the Group's and Company's total assets. During the financial year, the Group and the Company recorded impairment of RM163,162,759 and RM158,430,091 on trade receivables and contract assets respectively in respect of the engineering and construction segment. The impairment was assessed based on management's evaluation of the recoverability of the balances after taking into consideration the employers' financial positions as well as current negative economic outlook due to Covid-19 pandemic. Management monitored the recoverability of the trade receivables and contracts assets by ageing analysis of long outstanding balances post issuance of final account or certificate of completion and completion of defect liability period. In addition, management also obtained expert opinion from legal advisers and claim consultants to determine its entitlement to the long outstanding amount. For long overdue balances and balances under legal dispute, management performed checks on the employers' latest financial statements to assess the ability of the employers to repay the outstanding balances. We focused on this area considering the material amounts involved and significant judgement required over the estimates used in determining the expected credit loss (ECL) of trade receivables and contract assets.	In assessing the impairment of trade receivables and contract assets in respect of engineering and construction segment, we performed the following audit procedures: • We agreed the total construction contract project revenue to supporting documentation comprising construction contracts, approved variation orders, correspondences with employers and payments received from employers to support the outstanding balances; • We tested the accuracy of the trade receivables ageing; • We checked the employers' latest financial statements to assess management's assessment of the ability of the employers to repay the outstanding balances; • We reviewed management's impairment assessment of the outstanding amount due from customer on contracts and trade receivables in accordance with MFRS 9 "Financial Instruments" after considering supporting documents such as construction contracts, approved variation orders, correspondences with employers and also opinions from legal advisers and claim consultants, where applicable; and • We assessed the appropriateness of the Group's accounting policy on provision for impairment arising from trade receivables and contract assets in accordance with MFRS 9 "Financial Instruments". Based on our procedures, we noted no material exception in the impairment assessment.

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 Directors' Report and contents in 2020 Annual Reports, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of 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.

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 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.

(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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

(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 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 42 to the financial statements.

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

MAHESH A/L RAMESH
03428/04/2021 J
Chartered Accountant

Kuala Lumpur
29 March 2021

Statements of Comprehensive Income

For the financial year ended 31 December 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Revenue	6	**1,199,484**	1,319,393	**302,145**	568,008
Cost of sales	7	**(959,722)**	(1,021,838)	**(202,058)**	(425,758)
Gross profit		**239,762**	297,555	**100,087**	142,250
Other income	8	**30,967**	81,189	**2,923**	49,245
Selling and distribution costs		**(31,017)**	(30,331)	**(577)**	(838)
Administrative expenses		**(145,509)**	(201,377)	**(53,800)**	(75,047)
Other operating expenses:					
– (provision for)/write back of impairment:					
• receivables and amount due from subsidiaries	9	**(50,200)**	(2,096)	**(31,396)**	7,587
• contract assets	9	**(127,630)**	–	**(127,630)**	–
• land held for development	9	**(1,466)**	–	**–**	–
– others		**(45,423)**	(72,546)	**(24,034)**	(66,581)
Finance income	8	**13,258**	19,590	**1,384**	1,488
Finance costs	12	**(55,187)**	(45,599)	**(31,924)**	(20,707)
Share of results of associates	20	**16,163**	11,188	**–**	–
Share of results of joint ventures	21	**3,366**	(4,618)	**–**	–
(Loss)/profit before income tax	9	**(152,916)**	52,955	**(164,967)**	37,397
Income tax expense	13	**(22,950)**	(34,263)	**(5,600)**	(5,757)
(Loss)/profit for the financial year		**(175,866)**	18,692	**(170,567)**	31,640
Other comprehensive (loss)/income for the financial year, net of tax:					
Item that may be reclassified subsequently to profit or loss					
– currency translation differences		**2,150**	(195)	**–**	–
– share of associate's gain on re-measurement of financial derivatives	20	**332**	29	**–**	–
Item that may not be reclassified subsequently to profit or loss					
– actuarial gain on post-employment benefit obligation	33	**1,345**	–	**1,391**	–
Total comprehensive (loss)/income for the financial year, net of tax		**(172,039)**	18,526	**(169,176)**	31,640
(Loss)/profit for the financial year attributable to:					
Equity holders of the Company		**(176,143)**	23,739	**(170,567)**	31,640
Non-controlling interests	19	**277**	(5,047)	**–**	–
		(175,866)	18,692	**(170,567)**	31,640
Total comprehensive (loss)/income for the financial year attributable to:					
Equity holders of the Company		**(172,425)**	23,573	**(169,176)**	31,640
Non-controlling interests	19	**386**	(5,047)	**–**	–
		(172,039)	18,526	**(169,176)**	31,640
(Loss)/earnings per share attributable to the ordinary equity holders of the Company during the financial year (sen)	14				
Basic		**(3.99)**	0.54		
Diluted		**(3.98)**	0.54		

Statements of Financial Position

As at 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	15	**683,581**	600,431	**1,889**	373
Investment properties	16	**1,445,339**	1,419,633	**–**	–
Right-of-use assets	17	**56,547**	77,207	**13,305**	25,587
Inventories	18(a)	**1,731,132**	1,686,165	**–**	–
Subsidiaries	19	**–**	–	**3,334,232**	3,344,526
Associates	20	**478,695**	467,541	**368,174**	368,174
Joint ventures	21	**335,769**	295,148	**60,990**	24,090
Long term receivables	22	**224,326**	242,767	**–**	–
Lease receivables		**2,894**	–	**–**	–
Intangible assets	24	**219,396**	224,259	**–**	–
Deferred tax assets	25	**93,161**	84,394	**177**	174
Amounts due from subsidiaries	26	**–**	–	**1,344,196**	1,025,479
Amount due from joint ventures	26	**79,562**	79,086	**–**	–
		5,350,402	5,176,631	**5,122,963**	4,788,403
Current assets					
Inventories	18(b) & (c)	**852,281**	963,153	**4,622**	4,622
Trade and other receivables	26	**601,440**	868,095	**105,330**	178,313
Amounts due from subsidiaries	26	**–**	–	**250,661**	313,093
Amounts due from associates and joint ventures	26	**15,578**	139,472	**4,223**	123,000
Contract assets	28	**665,374**	719,107	**213,357**	336,126
Lease receivables		**1,234**	–	**–**	–
Tax recoverable		**19,189**	19,060	**–**	540
Financial assets at fair value through profit or loss	29	**302,997**	889	**302,997**	889
Deposits, cash and bank balances	30	**540,412**	516,945	**58,840**	74,911
		2,998,505	3,226,721	**940,030**	1,031,494
Assets held for sale	23	**–**	77,679	**–**	–
Total assets		**8,348,907**	8,481,031	**6,062,993**	5,819,897

Statements of Financial Position

As at 31 December 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
EQUITY					
Equity attributable to the equity holders of the Company					
Share capital	31	**4,331,702**	4,331,702	**4,331,702**	4,331,702
Retained earnings		**241,103**	460,716	**127,261**	341,948
Other reserves		**5,211**	(844)	**7,855**	3,477
		4,578,016	4,791,574	**4,466,818**	4,677,127
Non-controlling interests	19	**10,727**	31,901	**–**	–
Total equity		**4,588,743**	4,823,475	**4,466,818**	4,677,127
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	25	**76,791**	76,953	**–**	–
Contract liabilities	28	**140,258**	140,258	**–**	–
Lease liabilities	17	**40,624**	58,118	**1,098**	14,043
Post-employment benefit obligations	33	**18,540**	20,673	**5,975**	7,855
Borrowings	34	**1,331,023**	1,003,314	**917,602**	336,877
Long term liabilities	35	**388,098**	367,918	**–**	–
Government grant	36	**130,919**	131,541	**–**	–
		2,126,253	1,798,775	**924,675**	358,775
Current liabilities					
Contract liabilities	28	**2,230**	37,628	**–**	–
Lease liabilities	17	**19,053**	20,979	**12,945**	12,270
Other liabilities and charges	32	**36,593**	18,016	**–**	–
Trade and other payables	37	**960,525**	952,868	**387,087**	380,181
Amounts due to subsidiaries	37	**–**	–	**120,409**	216,749
Current tax liabilities		**13,773**	4,265	**1,059**	–
Borrowings	34	**601,737**	824,799	**150,000**	174,795
		1,633,911	1,858,555	**671,500**	783,995
Liabilities associated with assets held for sale	23	**–**	226	**–**	–
Total liabilities		**3,760,164**	3,657,556	**1,596,175**	1,142,770
Total equity and liabilities		**8,348,907**	8,481,031	**6,062,993**	5,819,897

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2020

	Attributable to equity holders of the Company					
	Share capital (Note 31) RM'000	Other reserves (Note(a)) RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
As at 1 January 2020	**4,331,702**	**(844)**	**460,716**	**4,791,574**	**31,901**	**4,823,475**
Comprehensive (loss)/income						
(Loss)/profit for the financial year	**–**	**–**	**(176,143)**	**(176,143)**	**277**	**(175,866)**
Other comprehensive income/(loss)						
– Currency translation differences	**–**	**2,156**	**–**	**2,156**	**(6)**	**2,150**
– Share of associate's gain on re-measurement of financial derivatives	**–**	**332**	**–**	**332**	**–**	**332**
– Post-employment benefit obligations	**–**	**(650)**	**650**	**–**	**–**	**–**
– Actuarial gain on post-employment benefit obligations	**–**	**1,230**	**–**	**1,230**	**115**	**1,345**
Total comprehensive income/(loss)	**–**	**3,068**	**(175,493)**	**(172,425)**	**386**	**(172,039)**
Transactions with owners						
Share-based payment transaction	**–**	**2,987**	**–**	**2,987**	**–**	**2,987**
Dividends paid for financial year ended						
– 31 December 2019 (Note 45)	**–**	**–**	**(44,120)**	**(44,120)**	**–**	**(44,120)**
– 31 December 2020 (Note 19)	**–**	**–**	**–**	**–**	**(21,560)**	**(21,560)**
Total transactions with owners	**–**	**2,987**	**(44,120)**	**(41,133)**	**(21,560)**	**(62,693)**
As at 31 December 2020	**4,331,702**	**5,211**	**241,103**	**4,578,016**	**10,727**	**4,588,743**
As at 1 January 2019	4,318,225	(910)	515,134	4,832,449	68,004	4,900,453
Comprehensive income						
Profit for the financial year	–	–	23,739	23,739	(5,047)	18,692
Other comprehensive income/(loss)						
– Currency translation differences	–	(195)	–	(195)	–	(195)
– Share of associate's gain on re-measurement of financial derivatives	–	29	–	29	–	29
Total comprehensive income/(loss)	–	(166)	23,739	23,573	(5,047)	18,526
Transactions with owners						
Issuance of ordinary shares pursuant to Restricted Share Plan (Note 31)	13,477	(13,477)	–	–	–	–
Acquisition of additional equity interest in a subsidiary	–	–	(946)	(946)	196	(750)
Share-based payment transaction	–	13,709	–	13,709	–	13,709
Dividends paid for financial year ended						
– 31 December 2018	–	–	(77,211)	(77,211)	–	(77,211)
– 31 December 2019 (Note 19)	–	–	–	–	(31,252)	(31,252)
Total transactions with owners	13,477	232	(78,157)	(64,448)	(31,056)	(95,504)
As at 31 December 2019	4,331,702	(844)	460,716	4,791,574	31,901	4,823,475

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2020

Note (a)

Other reserves

	Other reserves RM'000	Currency translation differences RM'000	Share scheme reserve RM'000	Retirement benefit reserve RM'000	Total RM'000
As at 1 January 2020	**1,334**	**(1,144)**	**5,382**	**(6,416)**	**(844)**
Other comprehensive income					
– Currency translation differences	**–**	**2,156**	**–**	**–**	**2,156**
– Share of associate's gain on re-measurement of financial derivatives	**332**	**–**	**–**	**–**	**332**
– Post-employment benefits obligations	**–**	**–**	**–**	**(650)**	**(650)**
– Actuarial gain on post-employment benefits obligations	**–**	**–**	**–**	**1,230**	**1,230**
Total other comprehensive income	**332**	**2,156**	**–**	**580**	**3,068**
Transactions with owners					
Share-based payment transaction	**–**	**–**	**2,987**	**–**	**2,987**
Total transactions with owners	**–**	**–**	**2,987**	**–**	**2,987**
As at 31 December 2020	**1,666**	**1,012**	**8,369**	**(5,836)**	**5,211**
As at 1 January 2019	1,305	(949)	5,150	(6,416)	(910)
Other comprehensive income/(loss)					
– Currency translation differences	–	(195)	–	–	(195)
– Share of associate's gain on re-measurement of financial derivatives	29	–	–	–	29
Total other comprehensive income/(loss)	29	(195)	–	–	(166)
Transactions with owners					
Issuance of ordinary shares pursuant to Restricted Share Plan (Note 31)	–	–	(13,477)	–	(13,477)
Share-based payment transaction	–	–	13,709	–	13,709
Total transactions with owners	–	–	232	–	232
As at 31 December 2019	1,334	(1,144)	5,382	(6,416)	(844)

Company Statement of Changes in Equity

For the financial year ended 31 December 2020

	Share capital (Note 31) RM'000	Other reserves (Note(b)) RM'000	Retained earnings RM'000	Total RM'000
As at 1 January 2020	**4,331,702**	**3,477**	**341,948**	**4,677,127**
Comprehensive income				
Loss for the financial year	**–**	**–**	**(170,567)**	**(170,567)**
Other comprehensive income				
– Actuarial gain on post-employment benefits obligations	**–**	**1,391**	**–**	**1,391**
Total comprehensive income/(loss)	**–**	**1,391**	**(170,567)**	**(169,176)**
Transactions with owners				
Share-based payment transaction	**–**	**2,987**	**–**	**2,987**
Dividends paid for financial year ended 31 December 2019 (Note 45)	**–**	**–**	**(44,120)**	**(44,120)**
Total transactions with owners	**–**	**2,987**	**(44,120)**	**(41,133)**
As at 31 December 2020	**4,331,702**	**7,855**	**127,261**	**4,466,818**
As at 1 January 2019	4,318,225	3,245	387,519	4,708,989
Comprehensive income				
– Profit for the financial year	–	–	31,640	31,640
Total comprehensive income	–	–	31,640	31,640
Transactions with owners				
Issuance of ordinary shares pursuant to Restricted Share Plan (Note 31)	13,477	(13,477)	–	–
Share-based payment transaction	–	13,709	–	13,709
Dividends paid for financial year ended 31 December 2018	–	–	(77,211)	(77,211)
Total transactions with owners	13,477	232	(77,211)	(63,502)
As at 31 December 2019	4,331,702	3,477	341,948	4,677,127

Note (b)

Other reserves

	Share scheme reserve RM'000	Retirement benefit reserve RM'000	Total RM'000
As at 1 January 2020	**5,382**	**(1,905)**	**3,477**
Other comprehensive income			
Actuarial gain on post-employment benefits obligations	**–**	**1,391**	**1,391**
Total other comprehensive income	**–**	**1,391**	**1,391**
Transactions with owners			
Share-based payment transaction	**2,987**	**–**	**2,987**
Total transactions with owners	**2,987**	**–**	**2,987**
As at 31 December 2020	**8,369**	**(514)**	**7,855**
As at 1 January 2019	5,150	(1,905)	3,245
Transactions with owners			
Issuance of ordinary shares			
– Pursuant to Restricted Share Plan (Note 31)	(13,477)	–	(13,477)
Share-based payment transaction	13,709	–	13,709
Total transactions with owners	232	–	232
As at 31 December 2019	5,382	(1,905)	3,477

Statements of Cash Flows

For the financial year ended 31 December 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
OPERATING ACTIVITIES					
(Loss)/profit attributable to equity holders of the Company		**(176,143)**	23,739	**(170,567)**	31,640
Adjustments for:					
Taxation		**22,950**	34,263	**5,600**	5,757
Non-controlling interests		**277**	(5,047)	**–**	–
Share of results of					
– associates	20	**(16,163)**	(11,188)	**–**	–
– joint ventures	21	**(3,366)**	4,618	**–**	–
Dividend income	6	**(30)**	(26)	**(46,395)**	(70,340)
Finance income	8	**(13,258)**	(19,590)	**(1,384)**	(1,488)
Gain on disposal of an associate	8	**–**	(58,767)	**–**	(48,918)
Share based payments	10	**2,987**	13,709	**1,676**	6,462
Finance costs	12	**55,187**	45,599	**31,924**	20,707
Impairment on investment in subsidiaries	19	**–**	–	**10,294**	39,467
Impairment on:					
– contract assets	28	**127,630**	–	**127,630**	–
– land held for development	18(a)	**1,466**	–	**–**	–
Fair value (gain)/loss on financial assets at fair value through profit or loss	9	**(2,593)**	61	**(2,593)**	61
Provision for/(write back of) receivables and amount due from subsidiaries	9	**50,200**	2,096	**31,196**	(7,587)
Property, plant and equipment					
– depreciation	15	**18,515**	23,891	**438**	447
– written off	15	**18**	4	**–**	–
– net gain on disposal	9	**(152)**	(140)	**–**	–
Depreciation of investment properties	16	**11,902**	11,853	**–**	–
Right-of-use assets					
– depreciation	17	**22,865**	20,967	**12,282**	11,258
– gain on derecognition		**(43)**	–	**–**	–
Amortisation of intangible assets					
– order book	24	**5,980**	3,882	**–**	–
– patents	24	**1,215**	828	**–**	–
Amortisation of contract cost assets	27	**15,647**	8,012	**–**	–
Amortisation of government grant	36	**(622)**	(264)	**–**	–
Provision for					
– liquidated ascertained damages	32	**19,139**	17,535	**–**	–
– post-employment benefits	33	**1,640**	1,901	**671**	694
Unrealised (gain)/loss on currency translation differences		**(5,794)**	995	**(3,919)**	651
Realised (gain)/loss on transactions with associates and jointly controlled entities		**(355)**	318	**–**	–
Operating profit/(loss) from continuing operations before changes in working capital		**139,099**	119,249	**(3,147)**	(11,189)
Changes in working capital:					
Inventories		**140,300**	2,553	**–**	–
Receivables		**151,537**	82	**(13,706)**	(13,074)
Contract assets		**(73,897)**	(16,711)	**(4,861)**	(126,349)
Amounts due from subsidiaries (net)		**–**	–	**49,966**	(72,012)
Amounts due from associates and joint ventures (net)		**9,573**	(17,923)	**(323)**	6,437
Payables		**15,645**	(125,686)	**13,499**	89,285
Contract liabilities		**(35,398)**	(67,260)	**–**	–
Net cash flow generated from/(used in) operations		**346,859**	(105,696)	**41,428**	(126,902)

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
OPERATING ACTIVITIES (CONTINUED)					
Interest income received		**7,662**	13,691	**3,094**	1,485
Dividends received from					
– subsidiaries		**–**	–	**22,440**	37,148
– financial assets at fair value through profit or loss		**30**	26	**30**	26
Tax refunded		**2,599**	11,207	**–**	–
Tax paid		**(24,555)**	(48,465)	**(4,004)**	(6,244)
Finance cost paid		**(87,738)**	(82,811)	**(27,822)**	(22,655)
Other liabilities and charges paid	32	**(562)**	(33,561)	**–**	–
Retirement benefits paid	33	**(2,428)**	(736)	**(1,160)**	(214)
Net cash flow generated from/(used in) operations activities		**241,867**	(246,345)	**34,006**	(117,356)
INVESTING ACTIVITIES					
Proceed from disposal of subsidiaries in prior year		**50,139**	8,000	**50,139**	8,000
Proceed from disposal of an associate		**–**	117,273	**–**	117,273
Proceed from redemption of redeemable convertible preference shares in a joint venture		**86,100**	–	**86,100**	–
Proceeds from disposal of property, plant and equipment		**569**	145	**–**	–
Purchase of property, plant and equipment		**(22,944)**	(29,774)	**(1,954)**	(65)
Purchase of investment properties		**(21,678)**	(92,725)	**–**	–
Purchase of land held for property development and related costs		**(30,037)**	(21,162)	**–**	–
Addition of lease receivables		**(932)**	–	**–**	–
Purchase of patents	24	**(934)**	(4,649)	**–**	–
Placement in unit trusts		**(299,515)**	–	**(299,515)**	–
Dividends received from an associate		**24,384**	29,066	**24,384**	29,066
Acquisition of remaining equity interest in a subsidiary		**–**	(525)	**–**	–
Repayment of advances by subsidiaries		**–**	–	**84,761**	326,494
Advances to subsidiaries		**–**	–	**(478,939)**	(424,994)
Advances to a joint venture		**(3,900)**	–	**(3,900)**	–
Net cash flow (used in)/generated from investing activities		**(218,748)**	5,649	**(538,924)**	55,774
FINANCING ACTIVITIES					
Proceeds from term loans	34	**774,588**	1,274,122	**96,580**	432,161
Repayment of term loans	34	**(1,281,082)**	(935,175)	**(148,567)**	(289,713)
Net proceeds from Sukuk Murabahah	34	**598,670**	–	**598,670**	–
Dividend paid to shareholders		**(44,120)**	(77,211)	**(44,120)**	(77,211)
Dividend paid to non-controlling interest		**(21,560)**	(31,252)	**–**	–
Lease payments	17	**(26,148)**	(24,477)	**(13,716)**	(12,558)
Released/(pledged) of bank balances and fixed deposits as security for financing		**106,894**	(134,200)	**(20,520)**	10,081
Net cash flow generated from financing activities		**107,242**	71,807	**468,327**	62,760
CHANGES IN CASH AND CASH EQUIVALENTS		**130,361**	(168,889)	**(36,591)**	1,178
CASH AND CASH EQUIVALENT AT BEGINNING OF THE FINANCIAL YEAR		**300,926**	469,815	**63,841**	62,663
CASH AND CASH EQUIVALENT AT END OF THE FINANCIAL YEAR	30	**431,287**	300,926	**27,250**	63,841

A. Non-cash transactions other than those disclosed elsewhere in the financial statements

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Subscription of shares via amount due from subsidiaries and associate:				
Subsidiaries:				
– ordinary shares	–	–	–	26,000
– redeemable convertible and cumulative preference shares	–	–	–	3,340
	–	–	–	29,340
Associate	–	–	–	–
– redeemable preference shares A	**16,583**	–	–	–

Redemption and subscription of shares in a joint venture

During the financial year, a joint venture has redeemed 123,000,000 redeemable convertible preference shares of RM1.00 per share held by the Company via cash consideration of RM86,100,000 and the remaining balance of RM36,900,000 was deemed settled via the subscription of 36,900,000 redeemable preference shares of RM1.00 per share in the joint venture.

Notes to the Financial Statements
– 31 December 2020

1 GENERAL INFORMATION

The Company is principally an investment holding company. The Company also engages in property development, property investment, engineering and construction related activities, environmental engineering and provision of management services to its subsidiaries.

The Group is principally engaged in property development, property investment, engineering and construction related activities, environmental engineering, facilities management and parking services.

The principal activities of the subsidiaries, joint ventures and associates are described in Note 42 to the financial statements.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of Bursa Malaysia Securities Berhad.

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

Level 33A, Menara NU 2
No. 203, Jalan Tun Sambanthan
Kuala Lumpur Sentral
50470 Kuala Lumpur

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 29 March 2021.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

2.1 BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared under the historical cost convention except as disclosed in this summary of significant accounting policies.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial year. It also requires Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

(a) Standards, amendments to published standards and interpretations that are effective

The Group and the Company have applied the following amendments for the first time for the financial year beginning on 1 January 2020:

- The Conceptual Framework for Financial Reporting (Revised 2018)
- Amendments to MFRS 3 'Definition of a Business'
- Amendments to MFRS 9, MFRS 139 and MFRS 7 'Interest Rate Benchmark Reform'
- Amendments to MFRS 101 and MFRS 108 'Definition of Material'

The amendments listed above did not have any impact on the amounts recognised in prior and current periods and are not expected to significantly affect the future periods.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION (CONTINUED)

(b) Standards early adopted by the Group and the Company

The Group and the Company have elected to early adopt Amendments to MFRS 16 'COVID-19-Related Rent Concessions' for the first time in the 2020 financial statements; with the date of initial application of 1 January 2020, which resulted in changes in accounting policies.

On adoption of the MFRS 16 amendment, the Group and the Company are not required to assess whether a rent concession that occurs as a direct consequence of the COVID-19 pandemic and meet specified conditions is a lease modification.

The Group and the Company account for such COVID-19-related rent concession as a variable lease payment in the period(s) in which the event or condition that triggers the reduced payment occurs as reflected in Note 2.8(a).

In accordance with the transitional provisions provided in the MFRS 16 amendment, the comparative information for 2019 was not restated and continued to be reported under the previous accounting policies in accordance with the lease modification principles in MFRS 16. These amendments had no impact to the retained earnings on 1 January 2020.

(c) Standards and amendments that have been issued but not yet effective

A number of new standards and amendments to standards and interpretations are effective and applicable to the Group and the Company for financial year beginning after 1 January 2021 as set out below. None of these is expected to have a significant effect on the financial statements of the Group and of the Company in the year of initial application:

- Annual Improvements to MFRS 9 'Fees in the 10% test for derecognition of financial liabilities' (effective 1 January 2022) clarifies that only fees paid or received between the borrower and the lender, including the fees paid or received on each other's behalf, are included in the cash flow of the new loan when performing the 10% test.

  An entity shall apply the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

- Amendments to MFRS 3 'Reference to Conceptual Framework' (effective 1 January 2022) replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework. The amendments did not change the current accounting for business combinations on acquisition date.

  The amendments provide an exception for the recognition of liabilities and contingent liabilities should be in accordance with the principles of MFRS 137 'Provisions, contingent liabilities and contingent assets' and IC Interpretation 21 'Levies' when falls within their scope. It also clarifies that contingent assets should not be recognised at the acquisition date.

  The amendments shall be applied prospectively.

- Amendments to MFRS 116 'Proceeds before intended use' (effective 1 January 2022) prohibit an entity from deducting from the cost of a property, plant and equipment the proceeds received from selling items produced by the property, plant and equipment before it is ready for its intended use. The sales proceeds should instead be recognised in profit or loss.

  The amendments also clarify that testing whether an asset is functioning properly refers to assessing the technical and physical performance of the property, plant and equipment.

  The amendments shall be applied retrospectively.

- Amendments to MFRS 137 'onerous contracts — cost of fulfilling a contract' (effective 1 January 2022) clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts. The amendments also clarify that before recognising a separate provision for an onerous contract, impairment loss that has occurred on assets used in fulfilling the contract should be recognised.

  The amendments shall be applied retrospectively.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION (CONTINUED)

(c) Standards and amendments that have been issued but not yet effective (continued)

- Amendments to MFRS 101 'Classification of liabilities as current or non-current' (effective 1 January 2023) clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

  A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date. A loan is classified as non-current if a covenant is breached after the reporting date.

  The amendments shall be applied retrospectively.

- Amendments to MFRS 9, 139, 7, 4 & 16 – Interest Rate Benchmark Reform – Phase 2 (effective 1 January 2021) requires entities to account for the change in the basis for determining the contractual cash flows as a result of IBOR reform by updating the effective interest rate (using the guidance in MFRS 9.B5.4.5 which requires changing the effective interest rate of floating-rate instruments to reflect the movements in market interest rate). As a result, no immediate gain or loss is recognised.

  This practical expedient applies only to a change:

  – to the extent the change is necessary as a direct consequence of IBOR reform; and
  – the new basis is economically equivalent to the previous basis.

  Insurers applying the temporary exemption from MFRS 9 are also required to apply the same practical expedient.

  MFRS 16 was also amended to require lessees to use a similar practical expedient when accounting for lease modifications that change the basis for determining future lease payments as a result of IBOR reform (e.g. where lease payments are indexed to an IBOR rate).

  The Phase 2 amendments are to be applied retrospectively but entities are not required to restate comparatives.

- Disclosure of accounting policies (Amendments to MFRS 101 and MFRS Practice Statement 2) (effective 1 January 2023) requires companies to disclose material accounting policies rather than significant accounting policies. Entities are expected to make disclosure of accounting policies specific to the entity and not generic disclosures on MFRS applications.

  The amendment explains an accounting policy is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

  Also, accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. Accordingly, immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information.

  MFRS Practice Statement 2 was amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

  There is no transition requirement for this amendment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION (CONTINUED)

(c) Standards and amendments that have been issued but not yet effective (continued)

- Amendments to MFRS 108 Definition of Accounting Estimates (effective 1 January 2023) provides new definition of accounting estimates. Accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

  The amendments clarify that effects of a change in an input or measurement technique used to develop an accounting estimate is a change in accounting estimate, if they do not arise from prior period errors. Examples of accounting estimates include:

  a) a loss allowance for expected credit losses, applying MFRS 9 'Financial Instruments';
  b) the net realisable value of an item of inventory, applying MFRS 102 'Inventories';
  c) the fair value of an asset or liability, applying MFRS 13 'Fair Value Measurement';
  d) the depreciation expense for an item of property, plant and equipment, applying MFRS 116 'Property, Plant and Equipment'; and
  e) a provision for warranty obligations, applying MFRS 137 'Provisions, Contingent Liabilities and Contingent Assets'.

  An entity shall apply the amendments to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the first annual reporting period in which it applies the amendments.

- Annual Improvements – Amendments to MFRS 1 (effective 1 January 2022) states that a subsidiary that adopts MFRS later than its parent and elects to measure its assets and liabilities based on the carrying amounts that would be included in the parent's consolidated financial statements, based on the parent's date of transition to MFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary, may likewise elect to measure cumulative translation differences for all its foreign operations based on the carrying amounts that would be included in the parent's consolidated financial statements in the same manner.

  The amendments shall be applied retrospectively. Earlier application is permitted.

- Annual Improvements – Amendments to lllustrative Example 13 accompanying MFRS 16 Leases: Lease Incentives (effective 1 January 2022) removes the illustration on the reimbursement relating to leasehold improvements by the lessor to avoid potential confusion as the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in MFRS 16.

  The amendments shall be applied retrospectively. Earlier application is permitted.

(d) IFRIC Agenda Decision that are concluded and published

In view that MFRS is fully converged with IFRS, the Group and the Company considers all agenda decisions published by the IFRS Interpretation Committee ('IFRIC'). Where relevant, the Group and the Company may change its accounting policy to be aligned with the agenda decision.

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

The IFRIC agenda decision explained that receivables and contract assets are not qualifying assets for the purpose of capitalisation of borrowing costs. The agenda decision also clarified that work-in-progress inventories are not qualifying assets because such inventories are ready for its intended sale under its current condition, as the inventories will be transferred to the customer as soon as the Group or the Company finds a buyer and signs the contract with the customer.

The Group and the Company are currently assessing the financial impact of the agenda decisions above for the financial year ending 31 December 2021.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 ECONOMIC ENTITIES IN THE GROUP

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activity of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Subsidiaries are consolidated using the acquisition method of accounting.

Under the acquisition method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Acquisition related costs are recognised as expenses when incurred.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to the fair value at the acquisition date, any gains or losses arising from such re-measurement are recognised in profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. See accounting policy Note 2.7 on intangible assets. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit or loss.

Non-controlling interest represents that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent. It is measured at the non-controlling interests' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the non-controlling interests' share of changes in the subsidiaries' equity since that date.

All earnings and losses of the subsidiaries are attributable to the parent and the non-controlling interest, even if the attributable losses to the non-controlling interest results in a debit balance in the shareholders' equity. Profit and loss attributable to non-controlling interests for prior financial year is not restated.

Intragroup transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of comprehensive income, statement of changes in equity and statements of financial position respectively.

The Group had adopted MFRS 10 "Consolidated Financial Statements" with effect from financial year beginning 1 January 2013 and resulted in changes to the following policies:

- Control exists when the Group is expected, or has rights, to variable from its involvement with the entity and has the ability to the effect those returns through its power over the entity. In the previous financial years, control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
- Potential voting rights are considered when assessing control only when such right are substantive. In the previous financial years, potential voting rights are considered with assessing control when such rights are presently exercisable.
- The Group considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider *de facto* power in its assessment of control.

The change in accounting policy had been made retrospectively and in accordance with the transitional provision of MFRS 10. The adoption of MFRS 10 had no significant impact to the financial statements of the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 ECONOMIC ENTITIES IN THE GROUP (CONTINUED)

(a) Subsidiaries (continued)

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when the control is lost, with the change in carrying amount for the purpose of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets and liabilities. This may mean that amount previously recognised in other comprehensive income are reclassified to profit or loss.

Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries disposed.

(b) Transactions with non-controlling interests

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

(c) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment in an associate is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the associate in profit or loss, and the Group's share of movements in other comprehensive income of the associate in other comprehensive income. Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interests in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Group's investment in associates includes goodwill identified on acquisition.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. An impairment loss is recognised for the amount by which the carrying amount of the associate exceeds its recoverable amount.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with the Group.

When the Group ceases to equity account its associate because of a loss of significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Dilution gains or losses arising in investments in associates are recognised in the profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 ECONOMIC ENTITIES IN THE GROUP (CONTINUED)

(d) Joint arrangements

Joint arrangements are arrangement of which the Group has joint control, establishment by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

The Group had adopted MFRS 11 "Joint Arrangements" with effect from 1 January 2013. As a result, joint arrangement are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to assets and obligations for the liabilities relating to the arrangement. The Group and the Company account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.
- A joint arrangement is classified as "joint venture" when the Group has rights only to the net assets of the arrangement. The Group accounts for its interest in the joint venture using the equity method.

Investments in joint ventures are stated at cost in the separate financial statements. Where an indication of impairment exists, the carrying value of the investment is assessed and written down immediately to its recoverable amount. Refer to accounting policy on impairment of non-financial assets as set out in Note 2.17 to the financial statements.

Results and interests in joint venture are equity accounted in the venturer's financial statements of the Group.

Equity accounting involves recognising the venturer's share of the post-acquisition results of joint ventures in the profit or loss and its share of post-acquisition movements within reserves in reserves. The cumulative post acquisition movements are adjusted against the cost of the investment and include goodwill on acquisition (net of accumulated impairment losses).

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturer. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

Where necessary, adjustments have been made to the financial statements of joint ventures to ensure consistency of accounting policies with those of the Group.

2.3 FOREIGN CURRENCIES

(a) 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 ("RM"), which is the Company's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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 profit or loss.

All foreign exchange gains and losses are presented in the statements of comprehensive income within other expenses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 FOREIGN CURRENCIES (CONTINUED)

(b) Transactions and balances (continued)

The principal closing rates used in translation of foreign currency amounts were as follows:

	31.12.2020 RM	31.12.2019 RM
Foreign currency		
100 Thai Baht	**13.38**	13.58
1 Australian Dollar	**3.10**	2.86
1 United Kingdom Pound	**5.49**	5.37
1 Singapore Dollar	**3.04**	3.04
1 United State Dollar	**4.02**	4.09
1 Hong Kong Dollar	**0.52**	0.53
1 New Zealand Dollar	**2.91**	–

(c) 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 are translated at the closing rate at the date of that statements of financial position;
- income and expenses 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.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the profit or loss as part of the gain or loss on sale.

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 rate.

2.4 INVESTMENTS

In the Company's separate financial statements, investments in subsidiaries, joint ventures and associates are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries, joint ventures and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

The amounts due from subsidiaries of which the Company does not expect repayment in the foreseeable future are considered as part of the Company's investments in the subsidiaries.

2.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses except for freehold land which is not depreciated. Freehold land is not depreciated as it has an infinite life. Construction in progress are also not depreciated as these assets are not available for use. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial year in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Other property, plant and equipment are depreciated on the straight line basis to write off the cost of the assets, or their revalued amounts to their residual values over their estimated useful lives summarised as follows:

Buildings	50 years
Plant and machinery	5 to 10 years
Furniture, fittings, office equipment and computers	3 to 20 years
Motor vehicles	3 to 5 years

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting date.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. Refer to accounting policy on impairment of non-financial assets as set out in Note 2.17 to the financial statements.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are credited or charged to other expenses in the profit or loss.

2.6 INVESTMENT PROPERTIES

Investment properties, comprising land and buildings, are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment properties are stated at cost less any accumulated depreciation and accumulated impairment losses. Investment properties are depreciated on the straight line basis to write off the cost of the assets to their residual values over their estimated useful lives. See accounting policy Note 2.17 to the financial statements on impairment of non-financial assets.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it is derecognised from the statements of financial position. The difference between the net disposal proceeds and the carrying amount is credited or charged to the profit or loss in the financial year of the retirement or disposal.

Investment properties also include properties that are under construction for future use as investment properties. These investments are also carried at cost.

Leasehold land are amortised over the period of the respective leases ranging from 66 years to 99 years. Amortisation is computed on the straight line method to write off the cost of each asset over its estimated useful life. The principal annual depreciation rate for related building is 2% per annum.

2.7 INTANGIBLE ASSETS

(a) Goodwill

Goodwill arises from a business combination and represents the excess of the aggregate of fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed on the acquisition date. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of previously held interest in the acquiree are less than the fair value of the net identifiable assets of the acquiree, the resulting gain is recognised in profit or loss.

Goodwill is not amortised but tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose. See accounting policy Note 2.17 to the financial statements on impairment of non-financial assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 INTANGIBLE ASSETS (CONTINUED)

(b) Order book – finite life

The order book with finite useful life is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated over the estimated construction period related to the relative order book values. Where an impairment indication exists, the carrying amount of the order book is assessed and written down immediately to its recoverable amount.

(c) Patents

Separately acquired patents are shown at historical cost. Patents have a finite useful life and are carried at cost less accumulated amortisation and accumulated losses. Amortisation is calculated using the straight-line method to allocate the cost of patents over their estimated useful lives of 10 years.

2.8 LEASES

(a) Accounting by lessee

Leases are recognised as right-of-use ("ROU") assets and a corresponding liability at the date on which the leased assets are available for use by the Group and the Company (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group and the Company allocate the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group and the Company are lessees, it have elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

Lease term

In determining the lease term, the Group and the Company consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group and the Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and the Company and affects whether the Group and the Company are reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities. See accounting policy below on reassessment of lease liabilities.

ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and the Company are reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 LEASES (CONTINUED)

(a) Accounting by lessee (continued)

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group and the Company under residual value guarantees;
- The exercise price of a purchase and extension options if the Group and the Company are reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group and the Company, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

The Group and the Company present the lease liabilities as a separate line item in the statements of financial position. Interest expense on the lease liability is presented within the finance cost in profit or loss in the statements of comprehensive income.

Reassessment of lease liabilities

The Group and the Company are also exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

Accounting policies applied from 1 January 2020

During the financial year, the Group and the Company apply practical expedient to account for a COVID-19-related rent concession that meets all of the following conditions in the same way as they would if they were not lease modification:

i. the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

ii. any reduction in lease payments affects only payments due on or before 30 June 2021; and

iii. there is no substantive change to other terms and conditions of the lease.

The Group and the Company account for COVID-19 related rent concession as a variable lease payment in the period in which the event or condition that triggers the reduced payment occurs. Impacts of rent concessions are presented within other income.

Accounting policies applied until 31 December 2019

Until 31 December 2019, a change in lease payments (including rent concession), other than those arising from a change in amounts expected to be payable under residual value guarantees or in an index or rate used to determine lease payments, is accounted for as a lease modification if it is not part of the original terms and conditions of the lease. The lease modification is accounted for as either a new lease or as a remeasurement of an existing lease liability, depending on the criteria set in MFRS 16.

Short term leases and leases of low value assets

Short-term leases are leases with a lease term of 12 months or less. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line bases as an expense in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 LEASES (CONTINUED)

(b) Accounting by lessor

As a lessor, the Group and the Company determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group and the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group and the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Finance leases

The Group and the Company classify a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group and the Company derecognise the underlying asset and recognise a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee and the unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment. The net investments is subject to MFRS 9 impairment (refer to Note 2.20 on impairment of financial assets). In addition, the Group and the Company review regularly the estimated unguaranteed residual value.

Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return. The Group and the Company revise the lease income allocation if there is a reduction in the estimated unguaranteed residual value.

Operating leases

The Group and the Company classify a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group and the Company recognise lease payments received under operating lease as lease income on a straight-line basis over the lease term.

When assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of underlying asset and recognised as an expense over the lease term on the same basis as lease income.

2.9 INVENTORIES

(a) Land held for property development

Land held for property development consists of land or such portion thereof on which no significant development work has been undertaken or where development activities is not expected to be completed within the normal operating cycle. Such land is classified as inventories in non-current asset and is stated at the lower of cost and net realisable value.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. Refer to accounting policy on impairment of non-financial assets as set out in Note 2.17 to the financial statements.

Land held for property development is transferred to inventories – property development costs (under current assets) (Note 2.9(b)) when development activities have commenced and can be completed within the Group's and the Company's normal development cycle.

Borrowing costs are capitalised in accordance with Note 2.18 to the financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 INVENTORIES (CONTINUED)

(b) Property development costs

Property development costs comprise costs associated with the acquisition of land or such portion thereof and all costs directly attributable to development activities or that can be allocated on a reasonable basis to these activities.

Property development costs are transferred from land held for property development (Note 2.9(a)) when physical development activities have commenced and can be completed within the Group's and the Company's normal development cycle.

Property development costs are recognised when incurred.

When the outcome of the development activity can be estimated reliably and the sale of the development unit is effected (i.e. upon the signing of the individual sales and purchase agreements and satisfaction of respective performance obligations), property development revenue and costs are recognised as revenue and expenses respectively by reference to the stage of completion of development activity at the reporting date in accordance with MFRS 15 'Revenue from Contracts with Customers'. The stage of completion is determined based on the proportion that the property development costs incurred to-date bear to the estimated total costs for the property development.

When the outcome of a development activity cannot be estimated reliably, property development revenue is recognised only to the extent of property development costs incurred that is probable to be recoverable and the property development costs on the development units sold are recognised as an expense when incurred.

Irrespective of whether the outcome of a property development activity can be estimated reliably, when it is probable that total property development costs will exceed total property development revenue (including expected defect liability expenditure), the expected loss is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset and are stated at the lower of cost and net realisable value.

Borrowing costs are capitalised in accordance with Note 2.18 to the financial statements.

Where revenue recognised in the profit or loss exceed billings to purchasers, the balance is shown as contract assets (within current assets). Where billings to purchasers exceed revenue recognised in the profit or loss, the balance is shown as contract liabilities (within current liabilities).

(c) Unsold properties

Unsold properties are stated at the lower of cost and net realisable value.

The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and related allocation costs attributable to property development activities.

(d) Construction materials

Costs of construction materials is determined after deducting rebates and discounts valued using weighted average cost method.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 TRADE AND OTHER RECEIVABLES

Trade receivables are amounts due from customers in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group and of the Company. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, where they are recognised at fair value plus transaction costs. Other receivables are recognised initially at fair value plus transaction costs. Transaction costs include transfer taxes and duties.

After recognition, trade and other receivables are subsequently measured at amortised cost using the effective interest method, less loss allowance. See accounting policy Note 2.20 on impairment of financial assets.

2.11 EMPLOYEE BENEFITS

(a) Short term employee benefits

The Group and the Company recognise 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 and the Company recognise a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the financial year in which the associated services are rendered by employees of the Group and the Company.

(b) Post-employment benefits

The Group and the Company have various post-employment benefit schemes in accordance with local conditions and practices. These benefits plans are either defined contribution or defined benefit plans.

Defined contribution plan

A defined contribution plan is a pension plan under which the Group and the Company pay 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 financial years. A defined contribution plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors, such as age, years of service or compensation.

The Group's and the Company's contributions to defined contribution plan are charged to the profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group and the Company have 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.

Defined benefit plan

The Group and the Company provide for unfunded retirement benefits to eligible employees that have been in the service of the Group and the Company for a continuous period of at least ten (10) years.

This scheme is closed to new employees since 1 September 2002.

The Group determines the present value of the defined benefit obligation with sufficient regularity such that the liability recognised in the financial statements does not differ materially from the amount that would have been determined as at that date. The defined benefit obligation, calculated using the projected unit credit method, is determined by a qualified independent actuary after considering the estimated future cash outflows using the market yields at the valuation date of high quality corporate bonds. The latest actuarial valuation was carried out on 31 December 2020.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 EMPLOYEE BENEFITS (CONTINUED)

(b) Post-employment benefits (continued)

Defined benefit plan (continued)

The current service cost recognised in the profit or loss is calculated based on the present value of the benefits accruing over the financial year following the valuation date with reference to the number of eligible employees and projected final salaries.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

(c) Share-based compensation

The Group and the Company operate an equity-settled, share-based long term incentive plan ("LTIP" or "the Plan") following the expiry of the Employee Share Option Scheme ("ESOS"), which comprises the compensation plan for the eligible employees of the Group and eligible executive directors of the Company. The LTIP comprises of Restricted Share Plan ("RSP") and Performance Share Plan ("PSP") as consideration for services rendered. The fair value of the employee services received in exchange for the RSP and PSP is recognised as an employee cost in the profit or loss over the vesting periods of the grant with a corresponding increase in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value, which is measured at grant date, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of shares that are expected to vest. At each reporting date, the Group and the Company revise its estimates of the number of shares that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

2.12 PROVISIONS

Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Where the Group and the Company expect a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

The Group provides for estimated liability on projects still under progress at the reporting date. This provision is calculated based on contract agreements/past histories.

2.13 PAYABLES

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Payables are initially recognised at fair value. Payables is subsequently measured at amortised cost using the effective interest method.

2.14 CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances, demand deposits, short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts and exclude the designated bank balances of which have been charged as security for borrowings.

Bank overdrafts are presented within borrowings in current liabilities on the statements of financial position.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group and the Company do not recognise a contingent liability 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 and the Company 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 circumstance where there is a liability that cannot be recognised because it cannot be measured reliably.

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 and the Company. The Group and the Company do not recognise contingent assets but disclose its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under a business combination, the contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any non-controlling interests.

The Group recognises separately the contingent liabilities of the acquirees as part of allocating the cost of a business combination where their fair values can be measured reliably. Where the fair values cannot be measured reliably, the resulting effect will be reflected in the goodwill arising from the acquisitions and the information about the contingent liabilities acquired are disclosed in the financial statements.

2.16 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 profit or loss, 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 country where the Group and the Company 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 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the profit or loss. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

2.18 BORROWING COSTS

Interest incurred on general and specific borrowings to finance the construction of property, plant and equipment and investment properties is capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the assets for its intended use. Interests relating to property development activities and construction contracts are accounted for in a similar manner. All other borrowings costs are expensed on an effective interest rate method.

2.19 REVENUE RECOGNITION

Revenue from contracts with customers

Revenue which represents income arising in the course of the Group's and the Company's ordinary activities is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group and the Company transfer the control of the goods and 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 point in time.

A contract with customer exists when the contract has commercial substance, the Group, the Company and their customers have approved the contract and intend to perform their respective obligations, the Group's, the Company'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 and the Company will collect the consideration to which it will be entitled to in exchange of those goods or services.

Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties such as sales and service taxes or goods and service tax. If the amount of consideration varies due to discounts, rebates, penalties or other similar items, the Group and the Company estimate the amount of consideration that it expects to be entitled based on the expected value method or the most likely outcome but the estimation is constrained up to the amount that is highly probable of no significant reversal in the future. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or service promised in the contract.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 REVENUE RECOGNITION (CONTINUED)

Revenue from contracts with customers (continued)

Performance obligations by segment are as follows:

i. Property development & investment

Property revenue consists of sales of development properties, sales of services and revenue from hotel operation.

(a) Sales of development properties

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the standalone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

The revenue from property development is measured at the fixed transaction price agreed under the sales and purchase agreement net of expected liquidated ascertained damages ("LAD") payment, based on the expected value method.

The transaction price is adjusted for the effects of time value of money if the timing of payments provides the customer or the Group and the Company with a significant benefit of financing the transfer of goods or services to the customer. For contracts with advance payment from customer at the beginning of the contract prior to the transfer of developed properties which will take more than one year to complete, a contract liability will be recognised when the advance payment is received, and the contract liability balance is accreted over the contract period to reflect the effects of financing received from the customer, with a corresponding interest expense recognised in statements of comprehensive income. For contracts with deferred payment scheme, the Group and the Company adjust the promised consideration for the effects of the significant financing component using the discount rate that would be reflected in a separate financing transaction between the Group and the Company and its customer at contract inception. The significant financing component is recognised as finance income in statements of comprehensive income over the credit period using the effective interest rate applicable at the inception date.

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group and the Company will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's and the Company's performance do not create an asset with an alternative use to the Group and the Company, and the Group and the Company have an enforceable right to payment for performance completed to date.

The promised properties are specifically identified by its lot and unit number and its attributes (such as its size and location) in the sale and purchase agreements and the attached layout plan. The purchasers could enforce its rights to the promised properties if the Group and the Company seek to sell the unit to another purchaser. The contractual restriction on the Group's and the Company's ability to direct the promised property for another use is substantive and the promised properties sold to the purchasers do not have an alternative use to the Group and the Company. The Group and the Company have the right to payment for performance completed to date. The Group and the Company are entitled to continue to transfer to the customer the development units promised and has the rights to complete the construction of the properties and enforce its rights to full payment.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group and the Company recognise revenue over time using the input method, which is based on the level the proportion that the property development costs incurred to date bear to the estimated total costs for the property development.

The Group and the Company recognise sales at a point in time for the sale of land and sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Group and the Company will collect the considerations to which it will be entitled to in exchange for the assets sold.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 REVENUE RECOGNITION (CONTINUED)

Revenue from contracts with customers (continued)

i. Property development & investment (continued)

(a) Sales of development properties (continued)

When the Group and the Company are not able to determine the probability that the Group and the Company will collect the consideration to which the Group and the Company will be entitled to in exchange of development properties, the Group and the Company will defer the recognition of revenue from sales of the development properties. Consideration received from the customer is recognised as contract liability.

(b) Sales of services

The Group and the Company provide maintenance services for some of the development properties. The Group and Company also provide other services, including facilities management services, general administration management services, building consultancy management services, financial management services, leasing and tenant acquisition services, lessee and tenant monitoring services, facility management technical advisory services, financial modelling (feasibility study) services, project management and consultancy services, and sales and marketing consultancy services. The Group and the Company recognise revenue from sales of services upon performance of services.

(c) Revenue from hotel operation

Hotel revenue represents income derived from room rentals, sales of food and beverage and other hotel related income. Room rental income is accrued on a daily basis on customer-occupied rooms. Sales of food and beverage are recognised upon delivery to customers. Hotel revenue is recognised net of sales tax and discounts.

ii. Engineering, construction & environment

Engineering, construction & environment revenue consists of services provided for construction contracts and project management services.

(a) Construction contracts

The Group and the Company provide various construction contract services, including design and build commercial building, commission of transmission lines and substations, and rehabilitation and improvement of beaches and rivers.

Construction contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the standalone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

The revenue from construction contracts is measured at the fixed transaction price agreed net of expected liquidated ascertained damages ("LAD") payment, based on the expected value method.

Revenue from construction contracts is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group and the Company will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Control of the asset is transferred over time as the Group's and the Company's performance create or enhance an asset that the customer controls as the asset is created or enhanced. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The Group and the Company recognise revenue over time using the input method, which is based on the level the proportion that the construction costs incurred to date bear to the estimated total costs for the construction contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as recoverables, prepayments or other assets, depending on their nature.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable. Irrespective of whether the outcome of a construction contract can be estimated reliably when it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 REVENUE RECOGNITION (CONTINUED)

Revenue from contracts with customers (continued)

ii. Engineering, construction & environment (continued)

(a) Construction contracts (continued)

The aggregate of the costs incurred and the attributable profit/loss recognised on each contract is compared against the progress billings up to the end of the financial year. Where costs incurred and recognised profit (less recognised losses) exceed progress billings, the balance is shown as contract assets. Conversely, where progress billings exceed costs incurred and attributable profit, the balance is shown as contract liabilities.

(b) Project management services

Revenue from project management fee is recognised upon performance of services.

iii. Facilities management & parking

Facilities management & parking revenue consists of rental income for parking spaces, provision of management services and security guard services.

The Group and the Company recognise revenue from sales of management services and security guard services upon performance of services.

iv. Others

Revenue from others segment consists of sales of construction materials, management services to subsidiaries and revenue from other sources.

(a) Sales of construction materials

The Group and the Company recognise sales of construction materials at a point in time, when the control of the construction materials has been transferred to the customers, being when the construction materials have been delivered to the customers and it is probable that the Group and the Company will collect the considerations to which it will be entitled to in exchange for the construction materials sold.

(b) Management services

The Company provides management services to its subsidiaries. The Company recognises revenue from sales of management services upon performance of services.

(c) Patents

Patents revenue is recognised on a straight-line basis over the tenure of the license agreement.

Revenue from other sources

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

Interest income is recognised on an accrual basis, using the effective interest method, unless collectability is in doubt, in which case it is recognised on a cash receipt basis.

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreements. Other rent related income is recognised in the accounting period in which the services have been rendered.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 FINANCIAL INSTRUMENTS

Financial instruments are contracts that give rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Financial assets

Classification

The Group and the Company classify their financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss); and
- those to be measured at amortised cost.

The Group and the Company reclassify debt investments when and only when their business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commit to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest ("SPPI").

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify their debt instruments:

(a) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other operating expenses together with foreign exchange gains and losses. Impairment losses are presented in other operating expenses in the statements of profit or loss.

(b) Fair value through other comprehensive income ("FVOCI")

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other operating expenses. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other operating expenses and impairment expenses are presented in other operating expenses in the statements of profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets (continued)

Debt instruments (continued)

(c) Fair value through profit or loss ("FVTPL")

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Group and the Company may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes is recognised in profit or loss and presented within other income or other operating expenses in the period which it arises.

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Where the Group's and the Company's management have elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's and the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other operating expenses or other income in the statements of profit or loss as applicable.

Impairment for debt instruments and financial guarantee contracts

The Group and the Company assess on a forward looking basis the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost and at FVOCI and financial guarantee contracts issued. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group and the Company have seven types of financial instruments that are subject to the ECL model:

- Trade receivables;
- Non-trade receivables;
- Amounts due from subsidiaries;
- Amounts due from joint ventures/associates;
- Contract assets;
- Financial guarantee contracts issued; and
- Cash and cash equivalents.

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instrument. For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Company expects to receive from the holder, the debtor or any other party.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets (continued)

Impairment for debt instruments and financial guarantee contracts (continued)

(a) General 3-stage approach for non-trade receivables, amount due from subsidiaries, amount due from joint ventures/ associates and financial guarantee contracts issued

At each reporting date, the Group and the Company measure ECL through loss allowance at an amount equal to 12 months ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

Note 26 sets out the measurement details of ECL.

(b) Simplified approach for trade receivables and contract assets

The Group and the Company apply the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets.

Note 26 sets out the measurement details of ECL.

Significant increase in credit risk

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

- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the Group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Definition of default and credit-impaired financial assets

The Group and the Company define a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria

The Group and the Company define a financial instrument as default, when the counterparty fails to make contractual payment 90 days after the payment term.

Qualitative criteria

The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group and the Company consider the following instances:

- the debtor is in breach of financial covenants;
- concessions have been made by the lender relating to the debtor's financial difficulty;
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- the debtor is insolvent.

Financial instruments that are credit-impaired are assessed on individual basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets (continued)

Definition of default and credit-impaired financial assets (continued)

Groupings of instruments for ECL measured on collective basis

(a) Collective assessment

To measure ECL, trade receivables and contract assets arising from property development & investment, facilities management & parking businesses have been grouped based on shared credit risk characteristics by specific projects and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group and the Company have therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

(b) Individual assessment

Trade receivables and contract assets arising from engineering, construction & environment and sales of construction materials businesses have been assessed individually.

In addition, all trade receivables and contract assets which are in default or credit-impaired are assessed individually.

Loans to subsidiaries in the Company's separate financial statements are assessed on individual basis for ECL measurement, as credit risk information is obtained and monitored based on each loan to subsidiary.

Write-off

(a) Trade receivables and contract assets

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and the Company, and a failure to make contractual payments for a period of greater than 90 days past due. Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(b) Other receivables

The Group and the Company write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group and the Company may write-off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off during the financial year ended 31 December 2020 was Nil (2019: Nil). Subsequent recoveries of amounts previously written off will result in impairment gains.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 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 and of the Company'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. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expense, 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, expense, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between group enterprises within a single segment.

2.22 SHARE CAPITAL

(a) 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 contractual arrangement. See accounting policy Note 2.23 on borrowings.

(b) Share issue costs

Incremental costs directly attributable to the issue of new shares are deducted against equity.

(c) Dividend distribution

Distributions to holders of an equity instrument is debited directly to equity, net of any related income tax benefit and the corresponding liability is recognised in the period in which the dividends are approved.

(d) Warrants reserve

Proceeds from the issuance of warrants, net of issuance costs, are credited to warrants reserve which is non-distributable. Warrants reserve are transferred to share capital upon the exercise of warrants. Warrants reserve in relation to unexercised warrants at the expiry of the warrants period is transferred to retained earnings.

Issuance of free warrants is not recognised in the financial statements, except for the warrants issued in a business combination in which case the warrants are fair valued as part of the purchase consideration.

(e) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

(ii) Diluted earnings per share

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 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 profit or loss over the period of the borrowings using the effective interest method, except for borrowing costs incurred for the construction of any qualifying asset.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised as finance cost in profit or loss.

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 draw-down occurs.

When borrowings measured at amortised cost is modified without this resulting in derecognition, any gain or loss, being the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate, shall be recognised immediately in profit or loss in finance cost.

2.24 FAIR VALUE MEASUREMENTS

The Group adopted MFRS 13 "Fair Value Measurement" which prescribed that fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into accounts a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the assets in its highest and best use.

2.25 GOVERNMENT GRANT

Grant from the Government are recognised at their fair values where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grant relating to the acquisition of assets are classified as non-current are amortised to the profit or loss over the expected lives of the related assets, on basis consistent with the depreciation of the related assets.

2.26 LOAN TO SUBSIDIARIES

Loans to subsidiaries are recognised initially at fair value. If there are any difference between cash disbursed and fair value on initial recognition, the difference would be accounted as additional investment in the subsidiary as it reflects the substance of the transaction.

Loans to subsidiaries are subsequently measured at amortised cost using the effective interest method. The provision for impairment is established using expected credit loss approach as disclosed in Note 2.20.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.27 CONTRACT COST ASSETS

The Group and the Company recognise incremental costs of obtaining a contract with a customer as contract cost assets if the Group and the Company expect to recover those costs. The incremental costs of obtaining a contract are those costs that the Group and the Company would not have incurred if the contract had not been obtained, including sales commission, agent fees in concluding sales and stamp duty incurred for project management contract agreements.

Contract cost assets are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates to.

The Group and the Company recognise an impairment loss in statements of comprehensive income to the extent that the carrying amount of contract cost asset exceeds:

(a) the remaining amount of consideration that the Group and the Company expect to receive in exchange for the goods or services to which the asset relates; less

(b) the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

The Group and the Company recognise in statements of comprehensive income a reversal of impairment loss previously recognised when the impairment conditions no longer exist or have improved. The increased carrying amount of the contract cost asset shall not exceed the amount that would have been determined (net of amortisation) if no impairment loss had been recognised.

2.28 CONTRACT ASSETS AND CONTRACT LIABILITIES

Contract asset is the right to consideration for goods or services transferred to the customers. In the case of property development and construction contracts, contract asset is the excess of cumulative revenue earned over the billings to-date.

The Group and the Company assess a contract asset for impairment at each reporting period and the loss allowance is measured at an amount equal to lifetime expected credit losses for the contract asset.

Contract liability is the obligation to transfer goods or services to customer for which the Group and the Company have received the consideration or has billed the customer. In the case of property development and construction contracts, contract liability is the excess of the billings to-date over the cumulative revenue earned. Contract liabilities include down payments received from customers other deferred income where the Group and the Company have billed or have collected the payment before the goods are delivered or services are provided to the customers.

2.29 ASSETS HELD FOR SALES AND LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE

Non-current assets (or disposal groups) are classified as assets held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

3 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 and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, not necessarily equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's and the Company's results and financial position are tested for sensitivity to changes in the underlying parameters. The 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 are outlined below:

(a) Revenue from contracts with customers from property development activities and construction contracts activities

The Group and the Company recognise revenue from contracts with customers from property development activities and construction contract activities in the profit or loss by using the input method. Revenue is recognised over time using percentage of work done which is based on actual costs certified by quantity surveyors as a percentage of total budgeted costs.

Significant judgement is required in determining the stage of completion, the extent of the property development and construction costs incurred and the estimated total property development and construction costs, the potential liquidated ascertained damages ("LAD") payment, as well as the recoverability of the contracts. The potential LAD is estimated subsequent to considering estimated completion date of respective projects and requirement of laws and regulations.

Total contract revenue also includes an estimation of the recoverable variation works that are recoverable from the customers. In making the judgement, the Group and the Company evaluate the claims and stage of the project based on its industry knowledge, past experience and work of specialist.

(b) Goodwill

The Group tests at least annually whether goodwill have suffered any impairment, in accordance with the accounting policy stated in Notes 2.7 and 2.17. The recoverable amounts of cash generated units have been determined based on value-in-used and/or fair value less cost to sell calculations as appropriate. These calculations require the use of estimates. Refer to Note 24 for details of impairment testing of goodwill and other intangible assets with definite or indefinite useful lives.

(c) Expected credit loss ("ECL") on trade receivables and contract assets

The Group and the Company assess on a forward looking basis for the expected credit loss associated with its debt instruments carried at amortised costs. The impairment methodology applied depends on whether there has been a significant increase in credit risk and the expected recovery plan. Refer to Note 26 and Note 28 for details of impairment of trade receivables and contract assets.

4 FINANCIAL RISK MANAGEMENT

(a) The Group's activities expose it to a variety of financial risks, including interest rate risk, foreign currency risk, liquidity and cash flow risks, credit risk and capital 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 and adherence to Group financial risk management policies. The Group does not trade in financial instruments.

(i) Interest rate risk

Interest rate risks arise mainly from the Group's and the Company's short-term deposits and borrowings. The Group's and the Company's short-term deposits are placed at prevailing interest rates.

Borrowings issued at variable rates expose the Group and the Company to cash flow interest rate risk. The Group manages this risk through the use of fixed and floating rate debt.

The Group's and the Company's outstanding borrowings as at year end at variable rates on which hedges have not been entered into, are denominated in RM. If the annual interest rates of these borrowings increase/decrease by 1% respectively (2019: 1%) with all other variables being held constant, the result before tax of the Group and the Company will be lower/higher by 6.31% (2019: 21.7%) and 2.81% (2019: 13.8%) as a result of higher/lower interest expense on these borrowings.

(ii) Foreign currency risk

The Group and the Company are not exposed to significant foreign currency risk.

(iii) Liquidity and cash flow risk

The Group manages its liquidity risk by maintaining sufficient levels of cash or cash convertible investments and available credit facilities to meet its working capital requirements.

The table below analyses the financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

The Group	Within 1 year RM'000	Between 1 and 5 years RM'000	Over 5 years RM'000	Total RM'000
As at 31.12.2020				
Trade and other payables	**960,427**	**–**	**–**	**960,427**
Borrowings	**667,188**	**826,742**	**607,927**	**2,101,857**
Lease liabilities	**22,182**	**34,766**	**15,103**	**72,051**
Hire purchase creditors	**98**	**–**	**–**	**98**
Long term liabilities	**–**	**150,000**	**450,000**	**600,000**
	1,649,895	**1,011,508**	**1,073,030**	**3,734,433**
As at 31.12.2019				
Trade and other payables	952,030	–	–	952,030
Borrowings	909,885	1,113,451	3,672	2,027,008
Lease liabilities	25,329	48,277	20,128	93,734
Hire purchase creditors	862	54	–	916
Long term liabilities	–	45,000	555,000	600,000
	1,888,106	1,206,782	578,800	3,673,688

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) (iii) Liquidity and cash flow risk (continued)

The Company	Within 1 year RM'000	Between 1 and 5 years RM'000	Over 5 years RM'000	Total RM'000
As at 31.12.2020				
Trade and other payables	**387,087**	**–**	**–**	**387,087**
Amounts due to subsidiaries	**120,409**	**–**	**–**	**120,409**
Borrowings	**187,998**	**567,242**	**400,375**	**1,155,615**
Lease liabilities	**13,717**	**1,158**	**–**	**14,875**
Financial guarantee contract	**479,190**	**259,500**	**207,552**	**946,242**
	1,188,401	**827,900**	**607,927**	**2,624,228**
As at 31.12.2019				
Trade and other payables	380,181	–	–	380,181
Amounts due to subsidiaries	216,749	–	–	216,749
Borrowings	200,528	392,555	–	593,083
Lease liabilities	13,717	14,874	–	28,591
Financial guarantee contract	709,357	720,896	3,672	1,433,925
	1,520,532	1,128,325	3,672	2,652,529

(iv) Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, setting of counterparty limits and monitoring procedures. The Group seeks to invest cash assets safely and profitably. Credit risks are minimised given the Group's policy of selecting only counterparties with high creditworthiness.

Other than the credit risk as disclosed in Note 26(i)(c), the Group has no significant concentrations of credit risk, notwithstanding that all of its deposits are placed with financial institutions in Malaysia. The likelihood of non-performance by these financial institutions is remote based on their high credit ratings.

Measurement of ECL

Trade receivables and contract assets using simplified approach

The expected loss rates are based on the payment profiles of sales over a period of 24 months before reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group and the Company have not identified any forward-looking assumptions to be the most relevant factors, and accordingly have not adjusted the historical loss rates based on expected changes in these factors. No significant changes to estimation techniques or assumptions were made during the reporting period.

Non-trade receivables, amounts due from subsidiaries and amounts due from joint ventures/associates using general 3-stage approach

The Group and the Company use three categories for the above which reflect their credit risk and how the loss allowance is determined for each of those categories. A summary of the assumptions underpinning the Group's and the Company's ECL model is as follows:

Category	Group's and Company's definition of category	Basis for recognising ECL
Performing	Debtors have a low risk of default and a strong capacity to meet contractual cash flows	12 months ECL
Underperforming	Debtors for which there is a significant increase in credit risk or significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due	Lifetime ECL

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) (iv) Credit risk (continued)

The Group and the Company use three categories for other receivables which reflect their credit risk and how the loss allowance is determined for each of those categories. A summary of the assumptions underpinning the Group's and the Company's ECL model is as follows:

Category	Group's and Company's definition of category	Basis for recognising ECL
Non-performing	Interest and/or principal repayments are 90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL (credit impaired)
Write-off	There is evidence indicating that there is no reasonable expectation of recovery based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount	Asset is written off

Based on the above, loss allowance is measured on either 12 months ECL or lifetime ECL using a PD x LGD x EAD methodology as follows:

* PD ("probability of default") – the likelihood that the debtor would not be able to repay during the contractual period;
* LGD ("loss given default") – the percentage of contractual cash flows that will not be collected if default happens; and
* EAD ("exposure at default") – the outstanding amount that is exposed to default risk.

In deriving the PD and LGD, the Group and the Company consider historical data by each debtor by category and adjusts for forward-looking macroeconomic data. The Group and the Company have identified the industry and geographical area which the debtor operates in, to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. Loss allowance is measured at a probability-weighted amount that reflects the possibility that a credit loss occurs and the possibility that no credit loss occurs. No significant changes to estimation techniques or assumptions were made during the reporting period.

(v) Capital risk

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

As part of its capital management plan, the Group and the Company may adjust the amount of dividends paid to the shareholder, return capital to shareholder or sell assets to reduce debt.

Management monitors capital based on the Group's gearing ratio. The gearing ratio is calculated as total debt divided by total equity. Total debts is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statements of financial position).

The gearing ratios as at 31 December 2020 and 31 December 2019 were as follows:

	Group	
	2020 RM'000	**2019 RM'000**
Total debt	**1,932,760**	1,828,113
Total equity	**4,588,743**	4,823,475
Total capital	**6,521,503**	6,651,588
Gearing ratio	**0.42**	0.38

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Fair values

The carrying amounts of the following financial assets and liabilities approximate their fair values due to the relatively short term maturity of these financial instruments: deposits, cash and bank balances, receivables and payables (including non-trade amounts due to/from related companies) and short term borrowings.

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 and liabilities that are measured at fair value at 31 December 2020 and 31 December 2019.

	Group and Company	
Assets	**2020 RM'000**	**2019 RM'000**
Level 1		
Financial assets at fair value through profit or loss	**302,997**	889

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.

Specific valuation techniques used to value financial instruments include:

* Quoted market prices or dealer quotes for similar instruments.
* Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The fair value of the Group's and of the Company's assets and liabilities that are not measured at fair value as at 31 December 2020 are disclosed in the respective notes to the financial statements.

5 ACQUISITION AND DISPOSAL OF SUBSIDIARIES

The was no acquisition or disposal of subsidiaries during the financial year ended 31 December 2020 (2019: Nil).

6 REVENUE

Revenue comprises the following:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue from contracts with customers				
Sales of development properties	**549,856**	469,172	**–**	–
Construction contracts	**501,439**	666,679	**192,755**	420,314
Sales of services	**59,272**	67,538	**–**	–
Hotel operations	**6,250**	14,589	**–**	–
Sales of construction materials	**2,784**	16,353	**–**	–
Management services	**12,873**	12,015	**46,684**	60,355
	1,132,474	1,246,346	**239,439**	480,669
Revenue from other sources				
Rental income	**66,980**	73,021	**16,311**	16,999
Dividend income (gross)	**30**	26	**46,395**	70,340
	1,199,484	1,319,393	**302,145**	568,008

6 REVENUE (CONTINUED)

Disaggregation of the Group's revenue:

	Property development & investment RM'000	Engineering, construction & environment RM'000	Facilities management & parking RM'000	Others RM'000	Total RM'000
2020					
Contract with customers					
Sales of development properties	**549,856**	**–**	**–**	**–**	**549,856**
Construction contracts	**–**	**501,439**	**–**	**–**	**501,439**
Sales of services	**13,203**	**582**	**43,007**	**2,480**	**59,272**
Hotel operation	**6,250**	**–**	**–**	**–**	**6,250**
Sales of construction materials	**–**	**–**	**–**	**2,784**	**2,784**
Management services	**–**	**12,873**	**–**	**–**	**12,873**
	569,309	**514,894**	**43,007**	**5,264**	**1,132,474**
Timing of revenue recognition					
At point in time	**256,817**	**–**	**–**	**2,784**	**259,601**
Over time	**312,492**	**514,894**	**43,007**	**2,480**	**872,873**
	569,309	**514,894**	**43,007**	**5,264**	**1,132,474**
Other sources					
Rental income	**65,797**	**–**	**772**	**411**	**66,980**
Dividend income	**–**	**–**	**–**	**30**	**30**
	635,106	**514,894**	**43,779**	**5,705**	**1,199,484**
2019					
Contract with customers					
Sales of development properties	469,172	–	–	–	469,172
Construction contracts	–	666,679	–	–	666,679
Sales of services	10,593	849	53,436	2,660	67,538
Hotel operation	14,589	–	–	–	14,589
Sales of construction materials	–	–	–	16,353	16,353
Management services	–	12,015	–	–	12,015
	494,354	679,543	53,436	19,013	1,246,346
Timing of revenue recognition					
At point in time	98,334	–	–	16,353	114,687
Over time	396,020	679,543	53,436	2,660	1,131,659
	494,354	679,543	53,436	19,013	1,246,346
Other sources					
Rental income	72,338	–	203	480	73,021
Dividend income	–	–	–	26	26
	566,692	679,543	53,639	19,519	1,319,393

6 REVENUE (CONTINUED)

Disaggregation of the Company's revenue:

	Company	
	2020 RM'000	2019 RM'000
Contract with customers		
Construction contracts	**192,755**	420,314
Management services	**46,684**	60,355
	239,439	480,669
Timing of revenue recognition		
At point in time	**–**	–
Over time	**239,439**	480,669
	239,439	480,669
Other sources		
Rental income	**16,311**	16,999
Dividend income	**46,395**	70,340
	302,145	568,008

7 COST OF SALES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Sale of development properties	**441,010**	379,663	**–**	–
Construction contracts	**428,749**	530,418	**189,637**	413,288
Sale of services	**32,772**	41,597	**–**	–
Hotel operations	**5,441**	9,078	**–**	–
Sale of construction materials	**545**	10,386	**–**	–
Rental income	**51,205**	50,696	**12,421**	12,470
	959,722	1,021,838	**202,058**	425,758

8 OTHER INCOME AND FINANCE INCOME

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Gain on disposal of an associate	**–**	58,767	**–**	48,918
Building maintenance services	**14,337**	15,866	**–**	–
Rental income from land and buildings	**1,763**	677	**449**	195
Forfeiture of security deposits	**5,877**	–	**–**	–
Fair value changes of financial assets at fair value through profit or loss	**2,301**	–	**2,301**	–
Others	**6,689**	5,879	**173**	132
	30,967	81,189	**2,923**	49,245
Finance income from				
– fixed deposits	**6,587**	13,851	**794**	1,281
– advances granted to:				
– a foreign subsidiary	**–**	–	**590**	–
– a jointly controlled entity	**5,255**	5,081	**–**	–
– late payments charges	**1,316**	451	**–**	–
– others	**100**	207	**–**	207
	13,258	19,590	**1,384**	1,488

9 (LOSS)/PROFIT BEFORE INCOME TAX

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
(Loss)/profit before income tax is arrived at after charging/(crediting):				
Auditors' remuneration				
– statutory audit	**1,049**	1,100	**178**	213
– other services				
– audit related	**25**	149	**–**	88
– non-audit related	**213**	558	**30**	105
Staff costs (including remuneration of Executive Directors) (Note 10)	**166,453**	245,549	**39,116**	64,702
Investment properties (Note 16)				
– depreciation	**11,902**	11,853	**–**	–
Property, plant and equipment (Note 15)				
– depreciation	**18,515**	23,891	**438**	447
– written off	**18**	4	**–**	–
– net gain on disposal	**(152)**	(140)	**–**	–
Right-of-use assets (Note 17)				
– depreciation	**22,865**	20,967	**12,282**	11,258
– gain on derecognition	**(43)**	–	**–**	–
Amortisation of:				
– order book (Note 24)	**5,980**	3,882	**–**	–
– patents (Note 24)	**1,215**	828	**–**	–
– contract cost asset (Note 27)	**15,647**	8,012	**–**	–
– government grant (Note 36)	**(622)**	(264)	**–**	–
Impairment losses on investment in subsidiaries (Note 19)	**–**	–	**10,294**	39,467
Provision for/(write back of) impairment on receivables and amount due from subsidiaries (Note 26)	**50,200**	2,096	**31,196**	(7,587)
Provision for impairment on:				
– contract assets (Note 28)	**127,630**	–	**127,630**	–
– land held for development (Note 18(a))	**1,466**	–	**–**	–
Fair value (gain)/loss of financial assets at fair value through profit or loss				
– unit trusts	**(2,301)**	–	**(2,301)**	–
– shares in corporations, quoted in Malaysia	**(292)**	61	**(292)**	61
Low value and short term rental of:				
– premises	**9,851**	11,937	**5,537**	6,568
– motor vehicles	**0**	9	**0**	8
– office equipment	**510**	1,316	**62**	239
– plant and machinery	**–**	282	**–**	–
Bad debts written off	**–**	–	**2**	5
Realised loss on foreign exchange	**21**	107	**–**	0
Unrealised (gain)/loss on foreign exchange	**(5,794)**	995	**(3,919)**	651
Legal and professional fees	**26,636**	29,397	**12,047**	12,912

"0" denotes as amount less than RM1,000.

10 STAFF COSTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Wages, salaries and bonus	**121,498**	179,839	**26,375**	43,179
Defined contribution plan	**17,463**	24,159	**4,547**	6,814
Defined benefit plan (Note 33)	**1,640**	1,901	**671**	694
Share based payment (Note 31)	**2,987**	13,709	**1,676**	6,462
Termination benefits	**1,922**	–	**617**	–
Other employee benefits	**20,943**	25,941	**5,230**	7,553
	166,453	245,549	**39,116**	64,702

The number of persons employed by the Group and the Company at the end of the financial year were 1,770 (2019: 2,130) and 248 (2019: 355) respectively.

11 DIRECTORS' REMUNERATION

The Directors of the Company in office during the financial year are as follows:

Non-executive Directors

Tan Sri Azlan Bin Mohd Zainol (Chairman)
Rohaya Binti Mohammad Yusof
Dato' Mohamad Nasir Bin Ab Latif
Hasman Yusri Bin Yusoff
To' Puan Looi Lai Heng
Jamaludin Bin Zakaria (Retired on 14 July 2020)

Executive Directors

Mohd Imran Bin Mohamad Salim (Group Managing Director)

The aggregate amounts of remuneration received/receivable by Directors of the Group and of the Company for the financial year were as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-executive Directors				
The Company				
Directors' fees	**616**	950	**616**	950
Other emoluments	**643**	633	**643**	633
	1,259	1,583	**1,259**	1,583
The subsidiaries				
Directors' fees	**336**	435	**–**	–
	1,595	2,018	**1,259**	1,583
Executive Directors				
The Company				
Salaries	**1,034**	1,320	**1,034**	1,320
Defined contribution plan	**226**	288	**226**	288
Other employee benefits	**97**	197	**97**	197
Share based payments	**172**	485	**172**	485
	1,529	2,290	**1,529**	2,290
The subsidiaries				
Salaries	**1,992**	3,394	**–**	–
Defined contribution plan	**284**	494	**–**	–
Other employee benefits	**342**	664	**–**	–
Share based payments	**35**	535	**–**	–
	4,182	7,377	**1,529**	2,290
	5,777	9,395	**2,788**	3,873

11 DIRECTORS' REMUNERATION (CONTINUED)

The aggregate amounts of remuneration received/receivable by Directors of the Group and of the Company for the financial year were as follows: (continued)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Benefits-in-kind				
The Company				
Non-executive Directors	**75**	19	**75**	19
Executive Directors	**27**	51	**27**	51
	102	70	**102**	70
The subsidiaries				
Non-executive Directors	**19**	18	**–**	–
Executive Directors	**28**	50	**–**	–
	149	138	**102**	70

Included in the analysis above is remuneration for Directors of the Company and its subsidiaries in accordance with the requirement of Companies Act 2016. Expenses incurred on the indemnity given or insurance effected for any Director and the officer of the Company and its subsidiaries during the financial year amounted to RM88,201 (2019: RM103,951).

12 FINANCE COSTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Term loans	**34,305**	36,352	**21,142**	17,849
Sukuk Murabahah	**8,324**	–	**8,324**	–
Lease liabilities (Note 17)	**4,566**	5,400	**1,446**	2,027
Amortisation of loan issuance costs	**3,531**	1,982	**923**	815
Arrangement fees for borrowings	**3,812**	1,436	**89**	16
Others	**649**	429	**–**	–
	55,187	45,599	**31,924**	20,707

13 INCOME TAX EXPENSE

(a) Tax charged/(credited) for the financial year

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
In Malaysia				
Current tax	**28,613**	25,237	**2,994**	5,603
Under/(over) provision in prior financial years	**2,705**	(435)	**2,609**	328
	31,318	24,802	**5,603**	5,931
Deferred tax	**(6,547)**	13,449	**(3)**	(174)
	24,771	38,251	**5,600**	5,757
Foreign				
Current tax	**63**	86	**–**	–
Over provision in prior financial years	**(46)**	–	**–**	–
	17	86	**–**	–
Deferred tax	**(1,838)**	(4,074)	**–**	–
	(1,821)	(3,988)	**–**	–
Income tax expense	**22,950**	34,263	**5,600**	5,757
Current tax:				
– income tax	**28,676**	21,066	**2,994**	1,346
– real property gain tax	**–**	4,257	**–**	4,257
Under/(over) provision in prior financial years	**2,659**	(435)	**2,609**	328
	31,335	24,888	**5,603**	5,931
Deferred tax:				
Origination net of reversal of temporary differences (Note 25)	**(8,385)**	9,375	**(3)**	(174)
Income tax expense	**22,950**	34,263	**5,600**	5,757

13 INCOME TAX EXPENSE (CONTINUED)

(b) Numerical reconciliation of taxation and the product of accounting (loss)/profit multiplied by the Malaysia tax rate

The explanation of the relationship between income tax expense and (loss)/profit before income tax is as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
(Loss)/profit before income tax (excluding share of results of associates and joint ventures)	**(172,445)**	46,385	**(164,967)**	37,397
Tax calculated at the Malaysian tax rate of 24% (2019: 24%)	**(41,387)**	11,132	**(39,592)**	8,975
Tax effects of:				
Income not subject to tax	**(2,824)**	(759)	**(7,584)**	(12,190)
Expenses not deductible for tax purposes	**8,422**	25,799	**11,404**	16,907
Deductible temporary differences and tax losses not recognised	**49,834**	5,852	**38,763**	(780)
Income subject to different tax rate	**1,120**	(12,345)	**–**	(7,483)
Taxable dividend from associate	**5,126**	5,019	**–**	–
Under/(over) provision of tax in prior financial years	**2,659**	(435)	**2,609**	328
Income tax expense	**22,950**	34,263	**5,600**	5,757

14 EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share of the Group is calculated by dividing the (loss)/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.

	Group	
	2020	2019
(Loss)/profit for the financial year attributable to the equity holders of the Company (RM'000)	**(176,143)**	23,739
Weighted average number of ordinary shares in issue ('000)	**4,412,046**	4,405,901
Basic (loss)/earnings per share (sen)	**(3.99)**	0.54

(b) Diluted (loss)/earnings per share

(Loss)/profit for the financial year attributable to the equity holders of the Company (RM'000)	**(176,143)**	23,739
Weighted average number of ordinary shares in issue ('000)	**4,412,046**	4,405,901
– Adjustment for warrants B ('000)	**–**	–
– Adjustment for ordinary shares not yet granted under Restricted Share Plan ('000) (Note 31)	**11,301**	14,081
Adjusted weighted average number of ordinary shares in issue ('000)	**4,423,347**	4,419,982
Diluted (loss)/earnings per share (sen)	**(3.98)**	0.54

Warrants B was not included in the calculation for the financial year because the fair value of the issued ordinary shares as at 31 December 2020 was lower than warrant B's exercise price. Accordingly, there is no bonus element in the outstanding shares for the purpose of computing the dilution.

15 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and buildings RM'000	Plant and machinery RM'000	Furniture, fittings, office equipment and computers RM'000	Motor vehicles RM'000	Construction in progress RM'000	Total RM'000
2020						
Cost						
As at 1 January 2020	**418,811**	**78,741**	**64,748**	**12,323**	**125,745**	**700,368**
Additions	**1,411**	**6,438**	**4,086**	**248**	**16,563**	**28,746**
Disposals	**(319)**	**(66)**	**(280)**	**–**	**–**	**(665)**
Transferred from assets held for sale (Note 23)	**97,587**	**2,336**	**9,911**	**168**	**–**	**110,002**
Transferred to lease receivables	**–**	**–**	**(4,641)**	**–**	**–**	**(4,641)**
Written off	**–**	**–**	**(37)**	**–**	**–**	**(37)**
Reclassification	**1,846**	**(870)**	**–**	**–**	**(976)**	**–**
As at 31 December 2020	**519,336**	**86,579**	**73,787**	**12,739**	**141,332**	**833,773**
Accumulated depreciation						
As at 1 January 2020	**20,622**	**21,416**	**49,654**	**8,245**	**–**	**99,937**
Charge for the financial year	**8,186**	**3,989**	**4,545**	**1,795**	**–**	**18,515**
Disposals	**(40)**	**(49)**	**(159)**	**–**	**–**	**(248)**
Transferred from assets held for sale (Note 23)	**21,550**	**2,122**	**8,483**	**168**	**–**	**32,323**
Transferred to lease receivables	**–**	**–**	**(316)**	**–**	**–**	**(316)**
Written off	**–**	**–**	**(19)**	**–**	**–**	**(19)**
As at 31 December 2020	**50,318**	**27,478**	**62,188**	**10,208**	**–**	**150,192**
2019						
Cost						
As at 1 January 2019	505,001	77,600	70,820	12,217	111,795	777,433
Additions	11,397	3,520	6,533	1,249	13,950	36,649
Disposals	–	(43)	(1,298)	(975)	–	(2,316)
Transferred to assets held for sale (Note 23)	(97,587)	(2,336)	(9,911)	(168)	–	(110,002)
Written off	–	–	(1,396)	–	–	(1,396)
As at 31 December 2019	418,811	78,741	64,748	12,323	125,745	700,368
Accumulated depreciation						
As at 1 January 2019	33,119	19,238	52,119	7,596	–	112,072
Charge for the financial year	9,053	4,343	8,703	1,792	–	23,891
Disposals	–	(43)	(1,293)	(975)	–	(2,311)
Transferred to assets held for sale (Note 23)	(21,550)	(2,122)	(8,483)	(168)	–	(32,323)
Written off	–	–	(1,392)	–	–	(1,392)
As at 31 December 2019	20,622	21,416	49,654	8,245	–	99,937
Net book value						
As at 31 December 2020	**469,018**	**59,101**	**11,599**	**2,531**	**141,332**	**683,581**
As at 31 December 2019	398,189	57,325	15,094	4,078	125,745	600,431

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Details of the freehold land and buildings of the Group are as follows:

Group	Freehold land RM'000	Buildings RM'000	Total RM'000
2020			
Cost			
As at 1 January 2020	**190,465**	**228,346**	**418,811**
Additions	**–**	**1,411**	**1,411**
Transferred from assets held for sale (Note 23)	**14,955**	**82,632**	**97,587**
Reclassification	**–**	**1,846**	**1,846**
Disposal	**–**	**(319)**	**(319)**
As at 31 December 2020	**205,420**	**313,916**	**519,336**
Accumulated depreciation			
As at 1 January 2020	**–**	**20,622**	**20,622**
Charge for the financial year	**–**	**8,186**	**8,186**
Transferred from assets held for sale (Note 23)	**–**	**21,550**	**21,550**
Disposal	**–**	**(40)**	**(40)**
As at 31 December 2020	**–**	**50,318**	**50,318**
2019			
Cost			
As at 1 January 2019	205,420	299,581	505,001
Additions	–	11,397	11,397
Transferred to assets held for sale (Note 23)	(14,955)	(82,632)	(97,587)
As at 31 December 2019	190,465	228,346	418,811
Accumulated depreciation			
As at 1 January 2019	–	33,119	33,119
Charge for the financial year	–	9,053	9,053
Transferred to assets held for sale (Note 23)	–	(21,550)	(21,550)
As at 31 December 2019	–	20,622	20,622
Net book value			
As at 31 December 2020	**205,420**	**263,598**	**469,018**
As at 31 December 2019	190,465	207,724	398,189

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Furniture, fittings, office equipment and computers RM'000	Motor vehicles RM'000	Total RM'000
2020			
Cost			
As at 1 January 2020	**7,413**	**172**	**7,585**
Additions	**1,954**	**–**	**1,954**
As at 31 December 2020	**9,367**	**172**	**9,539**
Accumulated depreciation			
As at 1 January 2020	**7,040**	**172**	**7,212**
Charge for the financial year	**438**	**–**	**438**
As at 31 December 2020	**7,478**	**172**	**7,650**
2019			
Cost			
As at 1 January 2019	7,348	172	7,520
Additions	65	–	65
As at 31 December 2019	7,413	172	7,585
Accumulated depreciation			
As at 1 January 2019	6,593	172	6,765
Charge for the financial year	447	–	447
As at 31 December 2019	7,040	172	7,212
Net book value			
As at 31 December 2020	**1,889**	**–**	**1,889**
As at 31 December 2019	373	–	373

Included in property, plant and equipment of the Group are the net book values of the following assets acquired under hire purchase terms:

	Net book value	
Group	2020 RM'000	2019 RM'000
Motor vehicles	**389**	1,427

The property, plant and equipment of the Group with net book value of RM126,932,034 (2019: RM126,932,034) have been charged as security for term loan facilities of the Group.

Borrowings costs of RM5,802,002 (2019: RM6,874,811) for the Group have been capitalised to the asset under construction during the financial year. To the extent the general borrowing cost is capitalised, a capitalised rate of 3.0% (2019: 4.3%) is applied.

16 INVESTMENT PROPERTIES

Group	Land & building RM'000	Construction in progress RM'000	Total RM'000
2020			
Cost			
As at 1 January 2020	**1,344,854**	**214,650**	**1,559,504**
Additions	**8,211**	**33,605**	**41,816**
Adjustment*	**(4,208)**	**–**	**(4,208)**
As at 31 December 2020	**1,348,857**	**248,255**	**1,597,112**
Accumulated depreciation			
As at 1 January 2020	**96,032**	**–**	**96,032**
Charge for the financial year	**11,902**	**–**	**11,902**
As at 31 December 2020	**107,934**	**–**	**107,934**
Accumulated impairment loss			
As at 1 January 2020/31 December 2020	**43,839**	**–**	**43,839**
2019			
Cost			
As at 1 January 2019	1,317,783	124,206	1,441,989
Additions	27,071	82,625	109,696
Transfer from inventories (Note 18(b))	–	7,819	7,819
As at 31 December 2019	1,344,854	214,650	1,559,504
Accumulated depreciation			
As at 1 January 2019	84,179	–	84,179
Charge for the financial year	11,853	–	11,853
As at 31 December 2019	96,032	–	96,032
Accumulated impairment loss			
As at 1 January 2019/31 December 2019	43,839	–	43,839
Net book value			
As at 31 December 2020	**1,197,084**	**248,255**	**1,445,339**
As at 31 December 2019	1,204,983	214,650	1,419,633

* Adjustment due to reversal of provision for costs to complete.

The investment properties of the Group with net book value of RM389,158,730 (2019: RM397,208,852) have been charged as security for term loan facilities of the Group and of the Company (Notes 34).

Borrowings costs of RM6,075,034 (2019: RM2,374,936) for the Group has been capitalised in the construction in progress for the investment properties during the financial year. To the extent the general borrowing cost is capitalised, a capitalised rate of 3.0% (2019: 4.3%) is applied.

At 31 December 2020, there were no contractual obligations for future repairs and maintenance (2019: Nil).

The leasehold lands of the Group have lease periods ranging from 56 years to 95 years.

16 INVESTMENT PROPERTIES (CONTINUED)

Fair value information

The fair value of the investment properties excluding those being constructed as at financial year end are categorised as follows:

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2020				
Land and Building	**–**	**759,885**	**–**	**759,885**
2019				
Land and Building	–	584,085	124,566	708,651

The fair value of investment properties under construction including construction in progress amounting to RM1,204,085,000 (2019: RM874,198,179) cannot be reliably and separately determined until the construction is completed or the fair value becomes reliably determined, whichever is earlier.

Level 2 fair value

Level 2 fair value is measured by reference either to the valuation by independent professionally qualified valuers or the open market value of properties in the vicinity. The key input under this approach is the price per square foot from the sale of comparable properties.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property.

The following table shows a reconciliation of Level 2 and Level 3 fair values for investment properties excluding those being constructed as at financial year end.

Group	2020 RM'000	2019 RM'000
As at 1 January	**708,651**	729,530
Increase/(reduction)	**51,234**	(20,879)
As at 31 December	**759,885**	708,651

In previous financial year, the following table shows the valuation techniques used in determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models:

Valuation Technique	Significant Unobservable Inputs	Inter-relationship Between Significant Unobservable Inputs and Fair Value Measurement
Discounted cash flow	– Expected market rental growth: 3% per every 3 years – Yield: 5% to 6% – Discount rate: 6.5%	The estimated fair value would increase/(decrease) if – Expected market rental growth were higher/(lower) – Yield rate were higher/(lower) – Discount rates were lower/(higher)

Valuation process applied by the Group for Level 3 fair value

The fair value of the investment properties above were based on management's estimates.

The fair value of the investment properties above excludes investment properties that are under construction as the fair value of these properties are not expected to be reliably measurable until construction completed.

The fair value of the investment properties is determined based on income approach using Level 3 inputs in the fair value hierarchy of MFRS 13 "Fair Value Measurement". The fair value of the investment properties is 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.

16 INVESTMENT PROPERTIES (CONTINUED)

(i) Amounts recognised in profit or loss for investment properties.

Rental income generated and direct operating expenses incurred on investment properties are as follows:

Group	2020 RM'000	2019 RM'000
Rental income	**45,225**	49,105
Service charge	**6,750**	5,414
Direct operating expenses	**(28,020)**	(28,505)

(ii) Leasing arrangements

The investment properties are leased to tenants under operating lease with rental payable monthly. The Group classified this lease as operating lease because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The following table sets out the maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

Group	2020 RM'000	2019 RM'000
Within 1 year	**39,632**	38,070
In the 2nd year	**33,911**	33,635
In the 3rd year	**29,307**	30,880
In the 4th year	**28,620**	28,620
In the 5th year	**28,620**	28,620
Later than 5 years	**464,513**	493,133
Total undiscounted lease payments	**624,603**	652,958

17 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The statements of financial position shows the following amounts relating to leases:

Right-of use assets

Group	Land and building RM'000	Plant & machinery RM'000	Motor vehicles RM'000	Total RM'000
2020				
Cost				
As at 1 January 2020	**91,749**	**5,993**	**432**	**98,174**
Additions for the financial year	**2,362**	**–**	**25**	**2,387**
Derecognition of right-of-use assets	**(655)**	**–**	**–**	**(655)**
As at 31 December 2020	**93,456**	**5,993**	**457**	**99,906**
Accumulated depreciation				
As at 1 January 2020	**17,781**	**2,997**	**189**	**20,967**
Charge for the financial year	**19,684**	**2,996**	**185**	**22,865**
Derecognition of right-of-use assets	**(473)**	**–**	**–**	**(473)**
As at 31 December 2020	**36,992**	**5,993**	**374**	**43,359**
2019				
Cost				
As at 1 January 2019/31 December 2019	91,749	5,993	432	98,174
Accumulated depreciation				
As at 1 January 2019	–	–	–	–
Charge for the financial year	17,781	2,997	189	20,967
As at 31 December 2019	17,781	2,997	189	20,967
Net book value				
As at 31 December 2020	**56,464**	**–**	**83**	**56,547**
As at 31 December 2019	73,968	2,996	243	77,207

17 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

Right-of use assets (continued)

Company	Building RM'000	Plant & machinery RM'000	Motor vehicles RM'000	Total RM'000
Cost				
As at 1 January 2020/31 December 2020	**36,845**	**–**	**–**	**36,845**
Accumulated depreciation				
As at 1 January 2020	**11,258**	**–**	**–**	**11,258**
Charge for the financial year	**12,282**	**–**	**–**	**12,282**
As at 31 December 2020	**23,540**	**–**	**–**	**23,540**
Cost				
As at 1 January 2019/31 December 2019	36,845	–	–	36,845
Accumulated depreciation				
As at 1 January 2019	–	–	–	–
Charge for the financial year	11,258	–	–	11,258
As at 31 December 2019	11,258	–	–	11,258
Net book value				
As at 31 December 2020	**13,305**	**–**	**–**	**13,305**
As at 31 December 2019	25,587	–	–	25,587

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Lease liabilities				
As at 1 January	**79,097**	98,174	**26,313**	36,844
Additions	**2,387**	–	**–**	–
Finance costs (Note 12)	**4,566**	5,400	**1,446**	2,027
Lease payments	**(26,148)**	(24,477)	**(13,716)**	(12,558)
Derecognition	**(225)**	–	**–**	–
As at 31 December	**59,677**	79,097	**14,043**	26,313
Cash outflow during the financial year				
– long term leases	**26,148**	24,477	**13,716**	12,558
– low value and short term leases (Note 9)	**10,361**	13,544	**5,599**	6,815
	36,509	38,021	**19,315**	19,373
Current	**19,053**	20,979	**12,945**	12,270
Non-current	**40,624**	58,118	**1,098**	14,043
	59,677	79,097	**14,043**	26,313

The Group and the Company leases various buildings, plant & machinery and motor vehicles. Rental contracts are typically made for fixed period of 2 to 4 years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The lease agreements do not impose any covenants and leased assets may not be used as security for borrowings purpose.

17 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

Extension options and termination options

Extension options and termination options are included in the leases. Extension and termination options are included, when possible, to provide management with greater flexibility to align its needs. The majority of extension and termination options held are exercisable by both parties.

In cases in which the Group and the Company are not reasonably certain to exercise an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

During the financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities of RM Nil (FY2019: RM36,570,309).

18 INVENTORIES

18(a) Land held for property development

	Group	
	2020 RM'000	**2019 RM'000**
At cost:		
Freehold land	**488,629**	488,629
Leasehold land	**641,752**	643,421
Development expenditure	**633,343**	585,241
	1,763,724	1,717,291
Less: Accumulated impairment losses	**(32,592)**	(31,126)
	1,731,132	1,686,165
At start of financial year	**1,686,165**	1,660,923
Development expenditure incurred	**48,997**	24,826
Transfer (to)/from property development cost (Note 18(b))		
– leasehold land, at cost	**(1,669)**	(6,438)
– development costs	**(895)**	3,510
Impairment losses	**(1,466)**	–
Acquisition of freehold land	**–**	3,344
At end of the financial year	**1,731,132**	1,686,165

Included in development expenditure are the following charges made during the financial year:

	Group	
	2020 RM'000	**2019 RM'000**
Interest capitalised	**18,960**	9,956

The freehold and leasehold lands of certain subsidiaries are pledged as security for term loan facilities (Notes 34).

18 INVENTORIES (CONTINUED)

18(b) Property development costs

	Group 2020 RM'000	Group 2019 RM'000
At start of the financial year		
– land, at cost	**188,626**	237,886
– development costs	**973,011**	1,409,534
– accumulated costs charged to profit or loss	**(634,216)**	(698,211)
	527,421	949,209
Costs incurred during the financial year		
– transfer from/(to) land held for property development (Note 18(a))		
– land, at cost	**1,669**	6,438
– development costs	**895**	(3,510)
	2,564	2,928
– land, at cost	**34,394**	–
– development costs	**304,040**	402,240
	340,998	405,168
Development cost transferred from/(to)		
– other receivables	**–**	(96,030)
– investment properties (Note 16)	**–**	(7,819)
	–	(103,849)
Transfer to inventories		
– land, at cost	**(34,394)**	(25,122)
– development costs	**(208,941)**	(260,376)
	(243,335)	(285,498)
Costs charged to profit or loss	**(241,759)**	(437,609)
Reversal upon completion of projects		
– land, at cost	**–**	(30,576)
– development costs	**–**	(471,028)
– accumulated costs charged to profit or loss	**–**	501,604
At end of the financial year	**383,325**	527,421
Analysed as follows:		
– land, at cost	**190,295**	188,626
– development costs	**1,069,005**	973,011
– accumulated costs charged to profit or loss	**(875,975)**	(634,216)
	383,325	527,421

Included in development expenditure are the following charges made during the financial year:

Interest capitalised	**26,927**	22,901

The freehold and leasehold lands of certain subsidiaries are pledged as security for term loan facilities (Notes 34).

18 INVENTORIES (CONTINUED)

18(c) Inventories

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Completed properties for sale	**468,795**	435,253	**4,622**	4,622
Construction materials	**161**	479	**–**	–
	468,956	435,732	**4,622**	4,622

Inventories where the net realisable values are expected to be below the carrying value have been written down. No allowance for inventories obsolescence was provided during the financial year (2019: Nil). Inventories charged out to costs of sales amounted to RM202.1 million (2019: RM57.5 million).

19 SUBSIDIARIES

	Company	
	2020 RM'000	2019 RM'000
Cost of investment	**3,664,975**	3,664,975
Less: Accumulated impairment losses		
– At start of financial year	**(320,449)**	(280,982)
– Charge for the financial year (Note 9)	**(10,294)**	(39,467)
	(330,743)	(320,449)
As at 31 December	**3,334,232**	3,344,526

Impairment charge was determined subsequent to considering the recoverable amount of the subsidiaries using the value in use approach.

Non-cash transaction

In the previous financial year, the cost of investment includes the conversion of receivables to cost of investment in subsidiaries in the form of redeemable preference shares ("RPS"), redeemable preference shares-A ("RPS-A") and redeemable preference shares-B ("RPS-B) of RM29,340,000.

Terms of the RPS, RPS-A and RPS-B include the followings:

(a) RPS, RPS-A and RPS-B are unsecured and shall rank in priority in all respects to the holders of any other class of shares;

(b) The dividend shall be declared and paid when there are sufficient profit and at the discretion of the Directors of the issuers;

(c) The holders of RPS, RPS-A and RPS-B shall not be entitled to attend and/or to have any voting rights at a general meeting;

(d) In the event of winding up, RPS, RPS-A and RPS-B holders shall participate in surplus profits and assets of the issuers;

(e) The RPS, RPS-A and RPS-B shares shall have no right of conversion to ordinary shares; and

(f) Subject to provisions of the Companies Act 2016, the subsidiaries shall be entitled at any time after the issue date redeem any or all RPS, RPS-A and RPS-B in cash at RM1.00, RM100.00 and RM1.00 per share respectively from its holders.

19 SUBSIDIARIES (CONTINUED)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

Group – 2020	Prema Bonanza Sdn Bhd RM'000	Seri Iskandar Development Corporation Sdn Bhd RM'000	Metro Spectacular Sdn Bhd RM'000	Cosy Bonanza Sdn Bhd RM'000	Kwasa Sentral Sdn Bhd RM'000	Other Individual Immaterial Subsidiaries RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	49.0%	30.0%	49.0%	34.3%	30.0%		
Accumulated NCI as at 31 December	25,732	1,370	(19,818)	3,859	771	(1,187)	10,727
Profit/(loss) allocated to NCI during the financial year	1,059	(314)	(49)	23	–	(442)	277
Other comprehensive income	–	115	–	–	–	(6)	109
	1,059	(199)	(49)	23	–	(448)	386
Summarised financial information before intra-group elimination							
As at 31 December							
Non-current assets	316	49,321	413,278	–	1,243,212	9,378	1,715,505
Current assets	71,404	4,867	6	11,472	12,232	1,391	101,372
Non-current liabilities	–	(60)	–	–	–	(4,386)	(4,446)
Current liabilities	(21,767)	(68,316)	(453,730)	(221)	(50,760)	(10,341)	(605,135)
Net assets/(liabilities)	49,953	(14,188)	(40,446)	11,251	1,204,684	(3,958)	1,207,296

* As part of a put option agreement dated 3 December 2015, the Group was granted by the NCI a put option for the Group to sell to the NCI all of the Group's shares in Metro Spectacular Sdn. Bhd. upon the non-occurrence of certain events by an agreed date, at a specific price. The put option is a derivative financial instrument. The derivative had been classified as fair value through profit or loss. As at 31 December 2020, the fair value of the derivative had been assessed as immaterial.

Group – 2020	Prema Bonanza Sdn Bhd RM'000	Seri Iskandar Development Corporation Sdn Bhd RM'000	Metro Spectacular Sdn Bhd RM'000	Cosy Bonanza Sdn Bhd RM'000	Kwasa Sentral Sdn Bhd RM'000	Other Individual Immaterial Subsidiaries RM'000	Total RM'000
Year ended 31 December							
Revenue	23,768	994	–	–	–	792	25,554
Profit/(loss) for the financial year	2,161	(1,047)	(99)	68	(1,606)	(1,346)	(1,869)
Total comprehensive income/(loss)	2,161	(932)	(99)	68	(1,606)	(1,352)	(1,760)
Dividend paid	(44,000)	–	–	–	–	–	(44,000)
Net cash generated from/(used in) operating activities	17,453	(3,425)	(867)	2,099	3,137	280	18,677
Net cash used in investing activities	–	(10)	–	–	(7,628)	(1)	(7,639)
Net cash (used in)/generated from financing activities	(22,440)	(3,395)	857	–	15,970	(53)	(9,061)
Dividend paid to NCI	(21,560)	–	–	–	–	–	(21,560)
Net (decrease)/increase in cash and cash equivalents	(26,547)	(6,830)	(10)	2,099	11,479	226	(19,583)
Cash and cash equivalents							
– at beginning of the financial year	61,350	8,947	16	7,421	75	866	78,675
– foreign exchange loss	–	–	–	–	–	(11)	(11)
– at end of the financial year	34,803	2,117	6	9,520	11,554	1,081	59,081

19 SUBSIDIARIES (CONTINUED)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

Group – 2019	Rukun Juang Sdn Bhd RM'000	Prema Bonanza Sdn Bhd RM'000	Seri Iskandar Development Corporation Sdn Bhd RM'000	Metro Spectacular Sdn Bhd RM'000	Cosy Bonanza Sdn Bhd RM'000	Kwasa Sentral Sdn Bhd RM'000	Other Individual Immaterial Subsidiaries RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	0%	49.0%	30.0%	49.0%	34.3%	30.0%		
Accumulated NCI as at 31 December	–	46,232	1,569	(19,769)	3,836	771	(738)	31,901
(Loss)/profit allocated to NCI during the financial year	(385)	5,162	562	(9,285)	(451)	–	(650)	(5,047)
Other comprehensive income	–	–	–	–	–	–	–	–
	(385)	5,162	562	(9,285)	(451)	–	(650)	(5,047)
Summarised financial information before intra-group elimination								
As at 31 December								
Non-current assets	–	359	50,880	362,903	–	1,221,771	9,658	1,645,571
Current assets	–	115,504	10,675	498	11,484	689	1,241	140,091
Non-current liabilities	–	–	(477)	–	–	–	–	(477)
Current liabilities	–	(24,071)	(74,603)	(403,747)	(301)	(36,498)	(9,422)	(548,642)
Net assets/(liabilities)	–	91,792	(13,525)	(40,346)	11,183	1,185,962	1,477	1,236,543

* As part of a put option agreement dated 3 December 2015, the Group was granted by the NCI a put option for the Group to sell to the NCI all of the Group's shares in Metro Spectacular Sdn. Bhd. upon the non-occurrence of certain events by an agreed date, at a specific price. The put option is a derivative financial instrument. The derivative had been classified as fair value through profit or loss. As at 31 December 2019, the fair value of the derivative had been assessed as immaterial.

Group – 2019	Rukun Juang Sdn Bhd RM'000	Prema Bonanza Sdn Bhd RM'000	Seri Iskandar Development Corporation Sdn Bhd RM'000	Metro Spectacular Sdn Bhd RM'000	Cosy Bonanza Sdn Bhd RM'000	Kwasa Sentral Sdn Bhd RM'000	Other Individual Immaterial Subsidiaries RM'000	Total RM'000
Year ended 31 December								
Revenue	1	57,739	2,798	–	(880)	–	1,158	60,816
(Loss)/profit for the financial year	(2,197)	8,931	1,874	(15,720)	(1,315)	(1,206)	(2,169)	(11,802)
Total comprehensive (loss)/income	(2,197)	8,931	1,874	(15,720)	(1,315)	(1,206)	(2,169)	(11,802)
Dividend paid	–	(53,000)	–	–	(15,400)	–	–	(68,400)
Net cash generated from/(used in) operating activities	–*	82,891	1,306	13,852	92	(5,491)	2,093	94,743
Net cash used in investing activities	–*	–	–	–	–	(4,175)	(1,228)	(5,403)
Net cash (used in)/generated from financing activities	–*	(27,030)	268	(13,857)	(10,118)	8,030	–	(42,707)
Dividend paid to NCI	–*	(25,970)	–	–	(5,282)	–	–	(31,252)
Net increase/(decrease) in cash and cash equivalents	–*	29,891	1,574	(5)	(15,308)	(1,636)	865	15,381
Cash and cash equivalents								
– at beginning of the financial year	111,910	31,459	7,373	21	22,729	1,711	1	175,204
– at end of the financial year	–*	61,350	8,947	16	7,421	75	866	78,675

* Not applicable as Rukun Juang Sdn. Bhd. is a wholly owned subsidiary as at 31 December 2019.

20 ASSOCIATES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
In Malaysia				
Quoted investment at cost	**362,036**	362,036	**362,036**	362,036
Unquoted investments at cost	**291,372**	274,789	**6,138**	6,138
Share of post-acquisition accumulated losses	**(25,614)**	(20,185)	**–**	–
Unrealised gains*	**(149,099)**	(149,099)	**–**	–
	478,695	467,541	**368,174**	368,174
Less: Accumulated impairment losses				
At start of the financial year	**–**	–	**–**	(6,645)
Reversed during financial year**	**–**	–	**–**	6,645
At end of the financial year	**–**	–	**–**	–
	478,695	467,541	**368,174**	368,174

Analysis of associates are as follows:

	2020 RM'000	2019 RM'000
Group's share of net tangible assets	**475,616**	464,462
Goodwill of acquisition	**3,079**	3,079
	478,695	467,541

* Unrealised gains comprise unrealised profits mainly arising from the disposal of assets to an associate company.

** The reversal of impairment was recognised upon disposal of One IFC Sdn. Bhd.

The fair value of the quoted investment as at 31 December 2020 is RM261,009,875 (2019: RM298,297,000), based on quoted market prices at the reporting date included within Level 1 of the fair value hierarchy. The recoverability of the quoted investments have been assessed based in the value in use method.

20 ASSOCIATES (CONTINUED)

The following table summarises the information of the Group's material associates and reconciliation of the information to the carrying amount of the Group's interest in the associates.

Group – 2020	Sentral REIT* RM'000	UEMB-MRCB JV Sdn Bhd RM'000	Sentral REIT Management Sdn Bhd* RM'000	Bukit Jalil Sentral Property Sdn Bhd RM'000	Other Individual Immaterial Associates RM'000	Total RM'000
Summarised financial information						
Percentage of ownership interest and voting interest	**27.9%**	**49.0%**	**41.0%**	**20%**		
As at 31 December						
Non-current assets	**2,009,304**	**206**	**2,812**	**1,475,041**	**–**	**3,487,363**
Current assets	**130,061**	**9,862**	**13,849**	**1,629**	**7,511**	**162,912**
Non-current liabilities	**(642,302)**	**(206)**	**–**	**–**	**–**	**(642,508)**
Current liabilities	**(248,276)**	**(297)**	**(7,754)**	**(59,114)**	**(5,565)**	**(321,006)**
Net assets	**1,248,787**	**9,565**	**8,907**	**1,417,556**	**1,946**	**2,686,761**
Year ended 31 December						
Profit/(loss) from operations	**53,547**	**1,028**	**2,604**	**(4,225)**	**1,053**	**54,007**
Over recognition in prior financial year	**–**	**(91)**	**(44)**	**–**	**(11)**	**(146)**
Other comprehensive income	**324**	**–**	**–**	**–**	**–**	**324**
Total comprehensive income/(loss)	**53,871**	**937**	**2,560**	**(4,225)**	**1,042**	**54,185**
Included in total comprehensive income is:						
Revenue	**164,014**	**–**	**13,201**	**–**	**2,291**	**179,506**
Reconciliation of net assets to carrying amount						
As at 31 December						
Group's share of net assets	**331,956**	**4,686**	**3,652**	**283,511**	**910**	**624,715**
Goodwill	**–**	**1**	**3,078**	**–**	**–**	**3,079**
Elimination of unrealised profit	**(149,099)**	**–**	**–**	**–**	**–**	**(149,099)**
Carrying amount in the statement of financial position	**182,857**	**4,687**	**6,730**	**283,511**	**910**	**478,695**
Group's share of results						
Year ended 31 December						
Group's share of profit/(loss) from operations						
– current financial year	**14,961**	**504**	**1,068**	**(845)**	**543**	**16,231**
– over recognition in prior financial year	**–**	**(45)**	**(18)**	**–**	**(5)**	**(68)**
	14,961	**459**	**1,050**	**(845)**	**538**	**16,163**
Group's share of associate's other comprehensive gain	**332**	**–**	**–**	**–**	**–**	**332**
Group's share of total comprehensive income/(loss)	**15,293**	**459**	**1,050**	**(845)**	**538**	**16,495**

20 ASSOCIATES (CONTINUED)

The following table summarises the information of the Group's material associates and reconciliation of the information to the carrying amount of the Group's interest in the associates.

Group – 2019	Sentral REIT* RM'000	One IFC Sdn Bhd RM'000	UEMB-MRCB JV Sdn Bhd RM'000	Sentral REIT Management Sdn Bhd* RM'000	Bukit Jalil Sentral Property Sdn Bhd RM'000	Other Individual Immaterial Associates RM'000	Total RM'000
Summarised financial information							
Percentage of ownership interest and voting interest	27.9%	30.0%	49.0%	41.0%	20%		
As at 31 December							
Non-current assets	2,076,075	–	206	3,771	1,363,706	–	3,443,758
Current assets	69,567	–	11,741	19,684	3,996	7,109	112,097
Non-current liabilities	(523,727)	–	(206)	(1)	–	–	(523,934)
Current liabilities	(354,118)	–	(3,113)	(13,108)	(28,837)	(6,205)	(405,381)
Net assets	1,267,797	–	8,628	10,346	1,338,865	904	2,626,540
Year ended 31 December							
Profit/(loss) from operations	50,810	(11,518)	476	4,170	(4,360)	(297)	39,281
Over recognition in prior financial year	–	–	(1,031)	–	(3)	–	(1,034)
Other comprehensive income	104	–	–	–	–	–	104
Total comprehensive income/(loss)	50,914	(11,518)	(555)	4,170	(4,363)	(297)	38,351
Included in total comprehensive income is:							
Revenue	160,992	45,760	–	13,472	–	965	221,189
Reconciliation of net assets to carrying amount							
As at 31 December							
Group's share of net assets	336,947	–	4,227	4,243	267,774	370	613,561
Goodwill	–	–	1	3,078	–	–	3,079
Elimination of unrealised profit	(149,099)	–	–	–	–	–	(149,099)
Carrying amount in the statement of financial position	187,848	–	4,228	7,321	267,774	370	467,541
Group's share of results							
Year ended 31 December							
Group's share of profit/(loss) from operations							
– current financial year	12,483	(3,455)	233	1,710	(872)	(118)	9,981
– over recognition in prior financial year	1,713	–	(505)	–	(1)	–	1,207
	14,196	(3,455)	(272)	1,710	(873)	(118)	11,188
Group's share of associate's other comprehensive gain	29	–	–	–	–	–	29
Group's share of total comprehensive income/(loss)	14,225	(3,455)	(272)	1,710	(873)	(118)	11,217

* Sentral REIT was formerly known as MRCB-Quill REIT and Sentral REIT Management Sdn Bhd was formerly known as MRCB Quill Management Sdn Bhd.

20 ASSOCIATES (CONTINUED)

Sentral REIT (formerly known as MRCB-Quill REIT) is a real estate investment trust listed on the Main Market of Bursa Malaysia Securities Berhad. The principal activity of Sentral REIT includes the acquisition of and investment in commercial properties, primarily in Malaysia. The Group's 41% equity interest associate, Sentral REIT Management Sdn Bhd (formerly known as MRCB Quill Management Sdn. Bhd.) is the Manager of Sentral REIT.

UEMB-MRCB JV Sdn. Bhd. is a strategic partnership for the Group to undertake the RM1.4 billion PLUS contract awarded to construct a fourth lane from Shah Alam to Rawang/Jalan Duta Toll Plaza interchanges and from Nilai Utara to Seremban, enhancing the Group's involvement in the construction of highway.

Bukit Jalil Sentral Property Sdn. Bhd. is the property developer for the three (3) parcels of leasehold lands located in Bukit Jalil, Kuala Lumpur measuring approximately 76.14 acres. The development will be carried out with the Employee Provident Fund, the Company's shareholder.

One IFC Sdn. Bhd. ("One IFC") was involved in the development of St. Regis Hotel and Residences in Kuala Lumpur Sentral. One IFC was a strategic partnership for the Group, enhancing the Group's involvement in the property development and property investment business. The Company disposed One IFC on 23 May 2019 for a cash consideration of RM117,273,000.

The results of associates are accounted for using the equity method.

The Group and the Company had the following dividend from associates recognised during the financial year:

	Group and Company	
	2020 RM'000	**2019 RM'000**
Sentral REIT	**20,284**	21,716
Sentral REIT Management Sdn. Bhd.	**1,640**	4,100
UEMB-MRCB JV Sdn. Bhd.	**–**	7,350
	21,924	33,166

The Group and the Company do not have any capital commitments or contingent liabilities in relation to its interest in the associates as at 31 December 2020 (2019: Nil).

21 JOINT VENTURES

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
In Malaysia				
Unquoted investments at cost	**316,017**	279,117	**60,990**	24,090
Share of post-acquisition reserves	**19,752**	16,031	**–**	–
	335,769	295,148	**60,990**	24,090

21 JOINT VENTURES (CONTINUED)

The following table summarises the information of the Group's joint ventures and reconcile the information to the carrying amount of the Group's interest in the joint ventures.

Summarised financial information

2020	MRCB George Kent Sdn Bhd RM'000	MRCB Gamuda Sdn Bhd RM'000	CSB Development Sdn Bhd RM'000	59 INC Sdn Bhd RM'000	Total RM'000
Percentage of ownership interest and voting interest	50%	50%	70%	30%	
As at 31 December					
Non-current assets	48,701	–	390,696	285,028	724,425
Current assets *	1,064,617	–	5,719	1,513	1,071,849
Non-current liabilities					
– financial liabilities (excluding trade payables)	(7,755)	–	–	–	(7,755)
– other non-current liabilities	(1,084)	–	–	–	(1,084)
Current liabilities					
– financial liabilities (excluding trade payables)	(3,128)	(5)	(76,923)	(20,376)	(100,432)
– other current liabilities	(1,013,347)	(2)	(15,870)	(1,991)	(1,031,210)
Net assets/(liabilities)	88,004	(7)	303,622	264,174	655,793
* Included in current assets consist of cash and cash equivalent as follows:					
Cash and cash equivalent	32,910	–	344	1,334	34,588
Year ended 31 December					
Profit/(loss) from operations	15,965	(2)	(6,226)	(36)	9,701
Under/(over) recognition in prior financial year	265	–	–	(1,264)	(999)
Total comprehensive income/(loss)	16,230	(2)	(6,226)	(1,300)	8,702
Included in total comprehensive income are as follows:					
Revenue	1,628,311	–	–	–	1,628,311
Depreciation	(14,634)	–	(1,642)	–	(16,276)
Interest income	3,635	–	–	4	3,639
Interest expense	(883)	–	(5,361)	–	(6,244)
Income tax expenses	(6,578)	–	–	–	(6,578)
Reconciliation of net assets to carrying amount					
As at 31 December					
Group's share of net assets/(liabilities)	44,002	(0)	212,765	79,002	335,769
Carrying amount in statements of financial position	44,002	(0)	212,765	79,002	335,769

"0" denotes as amount less than RM1,000.

Group's share of results					
Year ended 31 December					
Group's share of profit/(loss) from operations	7,983	(1)	(4,358)	(11)	3,613
Under/(over) recognition in prior financial year	132	–	–	(379)	(247)
Group's share of total comprehensive income/(loss)	8,115	(1)	(4,358)	(390)	3,366

21 JOINT VENTURES (CONTINUED)

Summarised financial information (continued)

2019	MRCB George Kent Sdn Bhd RM'000	MRCB Gamuda Sdn Bhd RM'000	CSB Development Sdn Bhd RM'000	59 INC Sdn Bhd RM'000	Total RM'000
Percentage of ownership interest and voting interest	50%	50%	70%	30%	
As at 31 December					
Non-current assets	13,295	–	293,954	287,887	595,136
Current assets*	681,569	–	102,176	314	784,059
Non-current liabilities					
– financial liabilities (excluding trade payables)	(5,801)	–	–	–	(5,801)
– other non-current liabilities	(362)	–	–	–	(362)
Current liabilities					
– financial liabilities (excluding trade payables)	(2,982)	(2)	(75,044)	(132,476)	(210,504)
– other current liabilities	(613,946)	(2)	(11,237)	(13,252)	(638,437)
Net assets/(liabilities)	71,773	(4)	309,849	142,473	524,091

* Included in current assets consist of cash and cash equivalent as follows:

Cash and cash equivalent	46,019	–	1,061	10	47,090
Year ended 31 December					
Profit/(loss) from operations	1,254	(3)	(7,288)	(503)	(6,540)
(Over)/under recognition in prior financial year	(3)	–	–	36	33
Total comprehensive income	1,251	(3)	(7,288)	(467)	(6,507)

Included in total comprehensive income are as follows:

Revenue	524,547	–	–	–	524,547
Depreciation	(3,503)	–	(1)	–	(3,504)
Interest income	3,746	–	4	0	3,750
Interest expense	–	–	(5,102)	–	(5,102)
Income tax expenses	(878)	–	(1)	–	(879)

"0" denotes as amount less than RM1,000.

Reconciliation of net assets to carrying amount

As at 31 December					
Group's share of net assets/(liabilities)	35,887	(2)	217,123	42,138	295,146
Loss allowance	–	2	–	–	2
	35,887	–	217,123	42,138	295,148
Carrying amount in statements of financial position	35,887	–	217,123	42,138	295,148

Group's share of results

Year ended 31 December					
Group's share of profit/(loss) from operations	627	(2)	(5,101)	(151)	(4,627)
(Over)/under recognition in prior financial year	(2)	–	–	11	9
Group's share of total comprehensive income	625	(2)	(5,101)	(140)	(4,618)

21 JOINT VENTURES (CONTINUED)

MRCB George Kent Sdn. Bhd. ("MRCBGK") is a 50%:50% joint venture between MRCB Builders Sdn. Bhd., a wholly owned subsidiary of the Company and George Kent (Malaysia) Berhad ("The JV"). The principal activity of the JV is to undertake the design and construction work of the Light Rail Transit Line 3 from Bandar Utama to Johan Setia.

CSB Development Sdn. Bhd. ("CSB") is a 70% equity interest owned joint venture between MRCB Land Sdn. Bhd., a wholly owned subsidiary of the Company and Cyberview Sdn. Bhd.. The purpose of setting up the joint venture is to undertake the development of Cyberjaya City Centre. CSB has been treated as a joint venture as all substantive matters concerning the development of Cyberjaya City Centre require unanimous approval by both shareholders.

59 INC Sdn. Bhd. ("59 INC") is a 30% equity interest owned joint venture between the Company and TH Properties Sdn. Bhd.. The purpose of the setting up of the joint venture is to undertake the development of Semarak City. 59 INC has been treated as a joint venture as all the substantive matters concerning the development of Semarak City require unanimous approval by both shareholders.

The results of joint ventures are accounted for by using equity method.

There were no dividend received from joint ventures during the financial year ended 31 December 2020 (2019: Nil).

The Group does not have any capital commitments or performance guarantee extended to third party in relation to its interest in the joint ventures except for the following:

The Company issued a joint and several corporate guarantees to guarantee the due performance and obligations of MRCBGK in relation to the design and construction works of the Light Rail Transit Line 3.

22 LONG TERM RECEIVABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Trade receivables	**2,350**	2,903	**–**	–
Less: Loss allowances	**(257)**	(257)	**–**	–
	2,093	2,646	**–**	–
Prepayment for infrastructure cost*	**222,233**	240,121	**–**	–
	224,326	242,767	**–**	–

* The prepayment for the infrastructure cost is in relation to the Kwasa Sentral development at the Kwasa Damansara Town.

23 ASSETS HELD FOR SALES AND LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE

	Group
	2019 RM'000
Assets held for sale	
– Property, plant and equipment (Note 15)	77,679
Liabilities associated with assets held for sale:	
– Refundable deposits	118
– Advanced billing on room rental	108
	226

In the previous year, the property, plant and equipment ("Ascott Sentral") and its related tenants' deposits and advanced billing on room rental have been presented as assets held for sale and liabilities associated with assets held for sale following the Group's proposal to dispose the property, plant and equipment.

During the financial year ended 31 December 2020, these assets and liabilities had been reclassified to property, plant and equipment and current liabilities in line with the requirement of Note 2.29 of the financial statements.

24 INTANGIBLE ASSETS

The carrying amount of goodwill, order book and patents are as follows:

	Group	
	2020 RM'000	2019 RM'000
Goodwill		
As at 1 January	**154,101**	154,101
Accumulated impairment loss		
As at 1 January/31 December	**(69,209)**	(69,209)
As at 31 December	**84,892**	84,892
Order Book		
As at 1 January	**129,709**	135,971
Amortisation charge (Note 9)	**(5,980)**	(3,882)
Reversal of amortisation/(amortisation charge) capitalised in		
– investment properties under construction	**1,335**	–
– property development costs	**63**	(2,380)
As at 31 December	**125,127**	129,709
Patent		
As at 1 January	**9,658**	5,837
Acquisition during the financial year	**934**	4,649
Amortisation charge (Note 9)	**(1,215)**	(828)
As at 31 December	**9,377**	9,658
Total	**219,396**	224,259

Goodwill – Gapurna group of companies (RM81,968,964)

The goodwill is mainly comprising of goodwill of RM71,948,971 arising from the acquisition of Gapurna group of companies which is allocated to the engineering & construction business segment (i.e. Cash Generating Units ("CGU")) was tested for impairment using the value in use ("VIU") method.

Based on the impairment assessment performed by the Group, no impairment is required for the goodwill.

The recoverable amount of the CGUs in respect of the goodwill was determined based on VIU calculations. Cash flow projections used in these calculations were based on financial budgets approved by the Board of Directors covering a three (3) year period (financial years 2021 to 2023).

Key assumptions used in the VIU calculations for the goodwill impairment assessment is as follows:

	2020	2019
Average gross margin	**9%**	10%
Discount rate (pre-tax)	**13.92%**	6.00%
Terminal growth rate	**1.00%**	1.00%

A reasonable possible change in the key assumptions in respect of gross margin, discount factor and project timelines would not result in any impairment.

25 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:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deferred tax assets	**93,161**	84,394	**177**	174
Deferred tax liabilities	**(76,791)**	(76,953)	**–**	–
	16,370	7,441	**177**	174
The movements during the financial year relating to deferred tax are as follows:				
At start of the financial year	**7,441**	16,849	**174**	–
Credit/(charged) to statements of comprehensive income (Note 13)				
Property, plant and equipment	**2,702**	(5,347)	**–**	25
Investment properties	**51**	6,485	**–**	–
Right-of-use assets	**4,849**	(19,839)	**2,948**	(6,141)
Contract assets	**5,126**	(4,544)	**–**	–
Receivables	**(4,288)**	(10,155)	**–**	–
Contract liabilities	**(24)**	(7,979)	**–**	–
Provisions	**763**	29	**–**	(25)
Lease liabilities	**(4,730)**	21,118	**(2,945)**	6,315
Order book	**1,532**	922	**–**	–
Tax losses	**2,639**	10,679	**–**	–
Others	**(235)**	(744)	**–**	–
	8,385	(9,375)	**3**	174
Exchange differences				
– tax losses	**577**	(33)	**–**	–
– receivables	**(33)**	–	**–**	–
	544	(33)	**–**	–
At end of the financial year	**16,370**	7,441	**177**	174

25 DEFERRED TAX (CONTINUED)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Subject to income tax				
Deferred tax assets (before offsetting)				
Property, plant and equipment	**9,455**	6,652	**–**	–
Contract assets	**25,360**	20,741	**–**	–
Receivables	**1,001**	–	**–**	–
Contract liabilities	**65**	89	**–**	–
Provisions	**32,447**	31,684	**–**	–
Lease liabilities	**16,388**	21,118	**3,370**	6,315
Tax losses	**30,224**	27,008	**–**	–
Investment properties	**13,421**	11,941	**–**	–
Others	**1,401**	1,374	**–**	–
	129,762	120,607	**3,370**	6,315
Offsetting	**(36,601)**	(36,213)	**(3,193)**	(6,141)
Deferred tax assets (after offsetting)	**93,161**	84,394	**177**	174
Deferred tax liabilities (before offsetting)				
Property, plant and equipment	**(8,183)**	(8,082)	**–**	–
Investment properties	**(11,269)**	(9,840)	**–**	–
Right-of-use assets	**(14,990)**	(19,839)	**(3,193)**	(6,141)
Contract assets	**(36,000)**	(36,507)	**–**	–
Receivables	**(20,713)**	(15,391)	**–**	–
Order book	**(21,232)**	(22,764)	**–**	–
Others	**(1,005)**	(743)	**–**	–
	(113,392)	(113,166)	**(3,193)**	(6,141)
Offsetting	**36,601**	36,213	**3,193**	6,141
Deferred tax liabilities (after offsetting)	**(76,791)**	(76,953)	**–**	–

25 DEFERRED TAX (CONTINUED)

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

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deductible temporary differences	**269,752**	97,557	**182,229**	20,717
Tax losses	**188,879**	153,432	**1,540**	1,540
Unutilised tax losses				
– expiring in 2025	**117,571**	118,042	**1,540**	1,540
– expiring in 2026	**38,231**	35,390	**–**	–
– expiring in 2027	**33,077**	–	**–**	–
	188,879	153,432	**1,540**	1,540
Deductible temporary differences				
– no expiry period	**269,752**	97,557	**182,229**	20,717
	458,631	250,989	**183,769**	22,257

26 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Trade receivables	**268,237**	314,346	**120,584**	110,788
Less: Loss allowance	**(46,531)**	(7,458)	**(30,800)**	–
	221,706	306,888	**89,784**	110,788
Contract cost assets (Note 27)	**42,749**	47,591	**–**	–
Amounts due from related parties	**17,262**	17,282	**–**	–
Deposits	**32,310**	30,043	**4,391**	4,399
Prepayments	**1,905**	1,885	**–**	–
Other receivables*	**300,918**	468,689	**12,143**	63,126
Less: Provision for impairment of other receivables	**(15,410)**	(4,283)	**(988)**	–
	319,723	496,334	**15,546**	67,525
	601,440	868,095	**105,330**	178,313

* Includes an amount to be billed to a related party of RM32,721,060 (2019: RM56,638,904)

26 TRADE AND OTHER RECEIVABLES (CONTINUED)

(i) Trade receivables

Exposure to credit risk, credit quality and collateral

Given the varied nature of the Group and of the Company's customer base, the following analysis of trade receivables by type of customer is considered the most appropriate disclosure of credit concentration.

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Property development	**78,864**	113,144	**–**	–
Property investment	**20,310**	17,435	**–**	–
Engineering, construction & environment	**159,838**	171,586	**120,584**	110,788
Facilities management & parking	**5,601**	4,153	**–**	–
Others	**3,624**	8,028	**–**	–
	268,237	314,346	**120,584**	110,788
Retention sum included in trade receivables under engineering, construction & environment	**128,369**	131,912	**93,228**	83,485

(a) Property development

Generally, property units sold are progressively invoiced and settled by end-buyers' financiers posing minimal credit risk.

The Group experiences a low risk of default from its property development activities as sale of development units are made to large number of property purchasers with end financing facilities from reputable end-financiers, and the ownership and rights to the properties revert to the Group in the event of default.

(b) Property investment

Property investment entails the rental property sub-segment which poses a certain degree of collection risk. The segment also includes hospitality sub-segment for which sales are generally cash settled.

Credit risk arising from the Group's rental property sub-segment is limited as all tenants of its investment properties are subjected to deposits requirement averaging three (3) months rental.

Credit granted for corporate clients in the hospitality sub-segment are duly assessed and selectively approved with established limits. Credit risk arising from the Group's hospitality sub-segment is limited and are subjected to the collateral of cash deposits/ advances.

(c) Engineering, construction & environment

The Group and the Company are exposed to significant concentration of credit risk to a few customers, mainly consisting of Government-linked Companies ("GLCs"). The expected credit loss rate on the amounts outstanding from GLCs are determined subsequent to considering the capacity of the GLCs in meeting their contractual cash flow obligations in the near term and the economic and business conditions in the longer term.

During the financial year ended 31 December 2020, after the Group and the Company had assessed the economic and business conditions of certain of the Engineering, Construction and environment employers, which had been impacted by the Covid-19 pandemic, an impairment loss of RM35.5 million and RM30.8 million had been recognised at Group and Company level.

26 TRADE AND OTHER RECEIVABLES (CONTINUED)

(i) Trade receivables (continued)

Exposure to credit risk, credit quality and collateral (continued)

(c) Engineering, construction & environment (continued)

The closing allowances for trade receivables of engineering, construction and environmental segment as 31 December 2020 and 31 December 2019 are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
As at 1 January	**32**	32	**–**	–
Impairment loss recognised	**35,533**	–	**30,800**	–
As at 31 December	**35,565**	32	**30,800**	–

(d) Facilities management & parking

Credit risk with respect to trade receivables of this segment is also limited as a result of the nature of business, as it is primarily rental related and cash-based. Historically, the Group's experience in the collection of trade receivables falls within the recorded allowances and are subjected to the collateral of cash deposits/advances.

The Group and the Company apply MFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for trade receivables of property investment and facilities management & parking segments.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of revenue earned over a period of 24 months before 31 December 2020 or 1 January 2020 respectively and the corresponding historical credit losses experienced within this period. In arriving at the expected loss rates, forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables have been considered.

On that basis, the loss allowance at the end of the reporting date was determined as follows for trade receivables of property investment and facilities management & parking segments are reflected in the table below.

26 TRADE AND OTHER RECEIVABLES (CONTINUED)

(i) Trade receivables (continued)

Impairment losses

The ageing of trade receivables arising from property investment and facilities management and parking segments as at the end of the financial year were as follows:

Group	Gross RM'000	Individual impairment RM'000	Expected loss rate %	Collective impairment RM'000	Net RM'000
2020					
Not past due	**874**	**–**	**–**	**–**	**874**
Past due					
– less than three months	**5,307**	**–**	**–**	**–**	**5,307**
– between three to six months	**3,214**	**–**	**–**	**–**	**3,214**
– between six months and one year	**4,900**	**–**	**–**	**–**	**4,900**
– more than one year	**11,616**	**(8,876)**	**–**	**–**	**2,740**
	25,911	**(8,876)**	**–**	**–**	**17,035**
2019					
Not past due	1,814	–	–	–	1,814
Past due					
– less than three months	3,966	–	–	–	3,966
– between three to six months	1,157	–	–	–	1,157
– between six months and one year	2,105	(2)	–	–	2,103
– more than one year	12,546	(7,039)	–	–	5,507
	21,588	(7,041)	–	–	14,547

The closing allowances for trade receivables of property investment and facilities management & parking segments as at 31 December 2020 reconcile to the opening loss allowances as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
As at 1 January	**7,041**	5,615	**–**	–
Impairment loss recognised	**1,859**	1,599	**–**	–
Impairment loss reversed	**(24)**	(173)	**–**	–
As at 31 December	**8,876**	7,041	**–**	–

(ii) Non-trade receivables

Exposure to credit risk, credit quality and collateral

Credit risk on non-trade receivables are mainly arising from amounts recoverable from subcontractors on back charges or liquidated ascertained damages claimable from subcontractors for specific construction and engineering contracts. The expected credit loss rate is expected to be low in connection to these amounts as the amounts are owed by existing subcontractors which are managed on a regular basis.

In the previous financial year, the non-trade receivables also consisted of an amount outstanding for previously disposed subsidiary to a government linked investment company for which credit risk was considered low. Also in previous financial year, the non-trade receivables also consisted of an amount outstanding from the Government of Malaysia ("GoM") in respect of an infrastructure project for which credit risk was considered low. These amounts have been recovered during the financial year.

The amounts due from related parties relate to amounts outstanding from subsidiaries of the Employee Provident Fund for construction and engineering contracts for which credit risk is considered low.

26 TRADE AND OTHER RECEIVABLES (CONTINUED)

(ii) Non-trade receivables (continued)

Amounts due from subsidiaries

The Company provides interest free, unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

As at the end of the financial year, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Loans and advances are only provided to the subsidiaries by the Company.

The total amounts due from subsidiaries and impairment provided are as follows:

	Company	
	2020 RM'000	2019 RM'000
Non-current		
Amounts due from subsidiaries	**1,344,196**	1,025,479
Current		
Amounts due from subsidiaries	**265,818**	328,842
Less: Provision for impairment of amounts due from subsidiaries	**(15,157)**	(15,749)
	250,661	313,093

Amounts due from joint ventures/associates

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current				
Amount due from joint ventures	**79,562**	79,086	**–**	–
Current				
Amounts due from joint ventures	**4,760**	130,890	**4,223**	123,000
Amounts due from associates	**10,818**	8,582	**–**	–
	15,578	139,472	**4,223**	123,000

The amount due from a joint venture of RM75,223,768 (2019: RM79,085,905) is unsecured and carries interest rate of 7.0% (2019: 7.0%) per annum. The remaining amount due from joint venture and amount due from associates are unsecured and interest free.

26 TRADE AND OTHER RECEIVABLES (CONTINUED)

(ii) Non-trade receivables (continued)

Impairment losses – amounts due from subsidiaries

As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loans or advances to be impaired when:

- The subsidiary is unlikely to repay its loans and advances to the Company in full;
- The subsidiary is in a net tangible liabilities position; or
- The subsidiary is a dormant entity or has a history of default.

As at the end of the financial year, there was no indication that the loans and advances to the subsidiaries are not recoverable other than those which have already been impaired. The Company does not specifically monitor the ageing of current advances to the subsidiaries.

The loss allowance for intercompany balances as at 31 December 2020 as follows:

	Company	
	2020 RM'000	2019 RM'000
As at 1 January	**15,749**	23,336
Impairment loss recognised	**1,361**	3,328
Impairment loss reversed	**(1,953)**	(10,915)
As at 31 December	**15,157**	15,749
Current	**15,157**	15,749

The loss allowance for intercompany loans/advances using the general 3-stage approach as at 31 December 2020 reconciles to opening loss allowance for that provision as follows:

	Performing Stage 1 RM'000	Under Performing Stage 2 RM'000	Not Performing Stage 3 RM'000	Total RM'000
As at 1 January 2020	**–**	**15,737**	**12**	**15,749**
Current year movements	**–**	**(596)**	**4**	**(592)**
As at 31 December 2020	**–**	**15,141**	**16**	**15,157**
As at 1 January 2019	–	23,178	158	23,336
Current year movements	–	(7,441)	(146)	(7,587)
As at 31 December 2019	–	15,737	12	15,749

26 TRADE AND OTHER RECEIVABLES (CONTINUED)

(ii) Non-trade receivables (continued)

Impairment losses – amounts due from subsidiaries (continued)

The impact on the carrying value of the intercompany loans/advances presented by the stages are as follows:

	Performing Stage 1 RM'000	Under Performing Stage 2 RM'000	Not Performing Stage 3 RM'000	Total RM'000
As at 31 December 2020				
Gross carrying amount	**1,591,103**	**18,895**	**16**	**1,610,014**
Less: Loss allowance	**–**	**(15,141)**	**(16)**	**(15,157)**
Net carrying amount	**1,591,103**	**3,754**	**–**	**1,594,857**
As at 31 December 2019				
Gross carrying amount	1,332,952	21,357	12	1,354,321
Less: Loss allowance	–	(15,737)	(12)	(15,749)
Net carrying amount	1,332,952	5,620	–	1,338,572

Impairment losses – amounts due from joint ventures/associates

The credit risk on amounts due from joint ventures/associates are mainly arising from amounts recoverable from 59 INC Sdn. Bhd. and CSB Development Sdn. Bhd.. The expected credit loss rate is expected to be low after considering the quality of assets being owned by these companies.

27 CONTRACT COST ASSETS

Group	Agent fee & sales commission RM'000	Stamp duty RM'000	Total RM'000
2020			
As at 1 January 2020	**30,167**	**17,424**	**47,591**
Addition during the financial year	**10,805**	**–**	**10,805**
Amortised during the financial year	**(15,621)**	**(26)**	**(15,647)**
As at 31 December 2020	**25,351**	**17,398**	**42,749**
2019			
As at 1 January 2019	20,047	17,424	37,471
Addition during the financial year	18,132	–	18,132
Amortised during the financial year	(8,012)	–	(8,012)
As at 31 December 2019	30,167	17,424	47,591

28 CONTRACT ASSSETS AND CONTRACT LIABILITIES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Contract assets				
Property development contracts (a)	**310,082**	193,343	**–**	–
Construction contracts (b)	**355,292**	525,764	**213,357**	336,126
	665,374	719,107	**213,357**	336,126
Contract liabilities				
Current				
Property development contracts (a)	**132**	2,895	**–**	–
Construction contracts (b)	**171**	21,655	**–**	–
Collection not probable (c)	**1,267**	12,358	**–**	–
Deferred income	**660**	720	**–**	–
	2,230	37,628	**–**	–
Non-current				
Deferred income (d)	**140,258**	140,258	**–**	–

Property development and construction contracts

The Group and the Company are entitled to a percentage of payment over the sale price based on construction milestones stipulated in the sale and purchase agreements and issue of progress billings to purchasers when construction milestones are satisfied.

The aggregate of the costs incurred and the attributable profit or loss recognised over property development and construction contracts is compared against the progress billings up to the end of the financial year. Where the revenue recognised in profit or loss exceeds billings to purchasers, the balance is presented as contract assets. Where billings to purchasers exceed revenue recognised in profit or loss, the balance is presented as contract liabilities.

(a) Property development contracts

The movement of contract assets and contract liabilities in relation to property development contracts are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
As at 1 January	**190,448**	154,317	**–**	–
Property development revenue recognised during the financial year	**342,587**	420,913	**–**	–
Progress billings during the financial year	**(223,085)**	(384,782)	**–**	–
As at 31 December	**309,950**	190,448	**–**	–
Represented by:				
Contract assets	**310,082**	193,343	**–**	–
Contract liabilities	**(132)**	(2,895)	**–**	–
	309,950	190,448	**–**	–

28 CONTRACT ASSETS AND CONTRACT LIABILITIES (CONTINUED)

Property development and construction contracts (continued)

(b) Construction contracts

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Aggregate costs incurred to date	**3,509,434**	3,181,433	**1,880,473**	1,690,710
Attributable profits on contract works performed to date	**556,671**	561,289	**30,550**	27,529
Less: Provision for foreseeable losses	**(10,000)**	(18,196)	**–**	–
	4,056,105	3,724,526	**1,911,023**	1,718,239
Less: Progress billings	**(3,573,354)**	(3,220,417)	**(1,570,036)**	(1,382,113)
Less: Loss allowance	**(127,630)**	–	**(127,630)**	–
	355,121	504,109	**213,357**	336,126
Represented by:				
Contract assets	**355,292**	525,764	**213,357**	336,126
Contract liabilities	**(171)**	(21,655)	**–**	–
	355,121	504,109	**213,357**	336,126

(c) Contract liabilities-collection not probable

This represents partial cash consideration received from the customer but no revenue was recognised as the Group has determined that the collection of full consideration is not probable.

The decrease mainly due to revenue recognised during the financial year as collection of full consideration become probable.

(d) Deferred income

This represents consideration received in advance in respect of project 2 pursuant to a Privatisation Agreement entered by a wholly owned subsidiary of Company, Rukun Juang Sdn. Bhd., with the Ministry of Youth and Sports and Syarikat Tanah and Harta Sdn. Bhd. for the refurbishment and upgrading facilities located at the National Sports Complex in Bukit Jalil.

(e) Unsatisfied long-term contracts

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied or partially satisfied as at the reporting date was approximately RM1.75 billion (2019: RM2.66 billion), of which the Group expects to be recognised as revenue from FY2021 to FY2040 (2019: FY2020 to FY2040). The Company's unsatisfied performance obligations as at the reporting date was RM438 million (2019: RM602 million) which is expected to be recognised as revenue from FY2021 to FY2022 (2019: FY2020 to FY2022).

Impairment losses of contract assets

The remaining contractual billings to customers from property development and construction activities will be billed progressively upon the fulfilment of contractual milestones. During the financial year, subsequent to considering the financial condition of certain employers of the engineering, construction and environment segment which had been impacted by the Covid-19 pandemic, the Company and the Group recognised a loss allowance of RM127,629,938.

29 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group and Company	
	2020 RM'000	2019 RM'000
Unit trusts	**301,816**	–
Shares in corporations, quoted in Malaysia	**1,181**	889
	302,997	889

Financial assets at fair value through profit or loss are presented within 'operating activities' as part of changes in working capital in the statements of cash flows.

Changes in fair values of financial assets at fair value through profit or loss are recorded in 'other income' in the profit or loss.

The fair value of all equity securities is based on their current bid prices in an active market.

30 DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deposits with licensed banks	**63,791**	93,686	**23,723**	515
Cash held under Housing Development Accounts	**26,720**	33,828	**–**	–
Cash and bank balances	**449,901**	389,431	**35,117**	74,396
	540,412	516,945	**58,840**	74,911

Included in the Group's and the Company's cash and bank balances and deposits with licensed banks are restricted monies amounting to RM109,124,633 (2019: RM216,019,366) and RM31,589,492 (2019: RM11,069,781) respectively, representing collateral pledged with licensed banks and/or licensed financial institutions by the Group and the Company for credit facilities granted and bank guarantee facilities issued to third parties.

Cash held under Housing Development Accounts represents receipts from purchasers of residential properties less payments or withdrawals provided under the Housing Developers (Control and Licensing) Act, 1966.

Cash and cash equivalents of the Group and of the Company comprise:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deposits, cash and bank balances	**540,412**	516,945	**58,840**	74,911
Less:				
Cash and bank balances and fixed deposits held as security value	**(109,125)**	(216,019)	**(31,590)**	(11,070)
	431,287	300,926	**27,250**	63,841

30 DEPOSITS, CASH AND BANK BALANCES (CONTINUED)

The currency denomination of the deposits, cash and bank balances of the Group and of the Company are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Ringgit Malaysia	**518,378**	501,641	**58,810**	74,881
Australian Dollar	**19,952**	13,484	**30**	30
Thai Baht	**1,003**	1,018	**–**	–
Hong Kong Dollar	**287**	291	**–**	–
United States Dollar	**792**	511	**–**	–
Singapore Dollar	**0**	–	**–**	–
	540,412	516,945	**58,840**	74,911

"0" denotes as amount less than RM1,000.

The weighted average period effective interest rates per annum of deposits with licensed banks that were effective at the end of the financial year were as follows:

	Group		Company	
	2020 %	2019 %	2020 %	2019 %
Deposits with licensed banks	**1.76**	2.80	**1.82**	3.00

The maturity periods of deposits with licensed banks as at the financial year end were as follows:

	Group		Company	
	2020 days	2019 days	2020 days	2019 days
Deposits with licensed banks	**1 – 92**	1 – 365	**30 – 90**	7 – 365

Bank balances are held at call except for the restricted monies.

Impairment losses

For deposits, cash and bank balances, the Group and the Company seek to ensure that cash assets are invested safely and profitably by assessing counterparty risks and allocating placement limits for various creditworthy financial institutions.

While deposits, cash and bank balances are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

31 SHARE CAPITAL

Issued and fully paid:

	Group and Company	
	Number of shares '000	**Amount RM'000**
As at 1 January 2020/31 December 2020	**4,412,046**	4,331,702
As at 1 January 2019	**4,395,053**	4,318,225
Issuance of shares:		
– Restricted Share Plan*	**16,993**	13,477
As at 31 December 2019	**4,412,046**	4,331,702

* Represents 16,993,400 shares granted to eligible executives and employees, pursuant to the terms of the offer letters of the Restricted Share Plan dated 20 December 2017, 12 December 2018 and 31 May 2019 in accordance with the By-Laws governing the Long-term Incentive Plan of the Company.

The new ordinary shares issued in the previous financial year ranked equally in all respects with the existing ordinary shares of the Company.

Long-Term Incentive Plan

The Group has implemented a Long-Term Incentive Plan ("LTIP or the Plan") of up to 10% of the issue and paid up share capital of the Company (excluding treasury shares), to eligible employees of the Group and eligible executive directors of the Company who fulfil the eligibility criteria. The LTIP was approved by the shareholders at an Extraordinary General Meeting held on 30 November 2016.

The LTIP is intended to allow the Group and the Company to attract, motivate, reward and/or retain the Eligible Persons through the grant/award of the Company ordinary shares as determined by the LTIP Committee in accordance with the By-Laws. The LTIP Committee shall have the discretion to determine and change any criteria or basis of making the offers of the share awards from time to time.

The LTIP will allow the Company to award ordinary shares to eligible persons by means of a Restricted Share Plan ("RSP") and a Performance Share Plan ("PSP") as follows;

(i) RSP – a restricted share plan designed to reward selected employees of the Group; and

(ii) PSP – a performance share plan designed to reward selected senior management employees of the Group and the Executive Directors of the Company.

The share awards to the eligible persons will not require any payment to the Company by the eligible persons.

The details of the LTIP are contained in the By-Laws and the salient features thereof are as follows:

(a) The aggregate maximum number of ordinary shares made available under the LTIP shall not exceed ten percent (10%) of the issued and paid up shares (excluding treasury shares) of the Company at any point of time during the duration of the LTIP, which shall be in force for a period of five (5) years commencing 28 November 2017.

(b) Eligible employees (including Executive Directors) are those who are confirmed full time employees within our Group.

(c) The LTIP is administered by a LTIP Committee which consists of such persons duly appointed by the Board from time to time.

(d) The LTIP may be terminated by the Board at any time before the date of expiry provided that the Company makes an announcement to Bursa Malaysia Securities Berhad.

(e) The LTIP Committee may (but shall not be obliged) establish a Trust to be administered by the Trustee(s), if required, to enable the Trustee to subscribe for new ordinary shares and/or acquire existing ordinary shares for the purpose of the LTIP and to pay expenses in relation to the administration of the Trust.

(f) All the new ordinary shares, upon allotment and issue, shall rank pari passu in all respects with the existing ordinary shares of the Company.

31 SHARE CAPITAL (CONTINUED)

Long-Term Incentive Plan (continued)

Set out below are details of RSP over the ordinary shares of the Company granted under the LTIP:

			No. of ordinary shares covered under RSP				
Tranche	**Date**	**Fair value RM**	**As at 1.1.2020**	**Granted**	**Shares Allotted**	**Cancelled**	**As at 31.12.2020**
2018	12 Dec 2018	0.619	**4,501,200**	**–**	**–**	**(945,200)**	**3,556,000**
2019	31 May 2019	0.914	**4,717,800**	**–**	**–**	**(903,500)**	**3,814,300**
2019	31 May 2019	0.897	**4,862,400**	**–**	**–**	**(931,300)**	**3,931,100**
			14,081,400	**–**	**–**	**(2,780,000)**	**11,301,400**

The fair value of the grants were determined after taking into account the terms and conditions which the RSP over the ordinary shares were granted. The significant assumptions used in the Binomial model are as follows:

	2019	**2018**
Closing market price (RM)	0.93	0.65
Expected volatility (%)	0.32%	0.33%
Expected dividend yield (%)	1.44%	2.17%

Warrants B

Pursuant to the renounceable Right Issue undertaken by the Company during the financial year ended 31 December 2017, 438,518,657 warrants B of the Company were issued. On 3 November 2017, the Company listed and quoted the warrants B and the warrants B are constituted by a deed poll dated 19 September 2017.

At financial year end, the outstanding warrants B included 438,518,157 units which are exercisable. No warrants B were exercised during the financial year (2019: Nil) and the warrants outstanding at the financial year end have remaining contractual life until 29 October 2027.

The salient terms of the warrant B are as follows:

(a) Each warrant B entitles the registered holder to subscribe for one (1) new ordinary share of the Company at any time during the ten (10) years period commencing on and including 30 October 2017 ("First Issue Date"), to 29 October 2027 ("Exercise Period") at RM1.25 per new share of the Company ("Exercise Price") subject to adjustments in accordance with the provisions of the deed poll dated 19 September 2017 constituting the warrants;

(b) Any warrants B not exercised during the Exercise Period shall thereafter lapse and cease to be valid for any purpose; and

(c) The new shares of the Company allotted and issued upon exercise of the warrants B shall rank equally in all aspects with the existing shares of the Company, and shall be entitled to any dividends, rights, allotments and/or other distributions after the issue and allotment thereof.

The movement of the warrants B are as follows:

	No. of ordinary shares of RM1.00 each covered under warrants B			
	As at 1.1.2020	**Granted**	**Exercised**	**As at 31.12.2020**
Number of unexercised warrants B	**438,518,157**	**–**	**–**	**438,518,157**

32 OTHER LIABILITIES AND CHARGES

	Group	
	2020 RM'000	2019 RM'000
As at 1 January	**18,016**	34,042
Charge to profit or loss	**19,139**	21,264
Unutilised amount reversed	**–**	(3,729)
Utilised during the financial year	**(562)**	(33,561)
As at 31 December	**36,593**	18,016

Other liabilities and charges represents liquidated ascertained damages ("LAD") which is recognised for expected LAD claims based on the contract with customers indicating daily LAD rates and estimated completion dates of respective projects and recent laws and regulations.

33 POST-EMPLOYMENT BENEFIT OBLIGATIONS

The Group and the Company provide for unfunded retirement benefits to eligible employees, those permanent employees who joined before 1 September 2002, and have been in the service of the Group and of the Company for a continuous period of at least ten (10) years.

The liability in respect of the defined benefit plan is the present value of the defined benefit obligation at the statements of financial position. The defined benefit obligation, calculated using the projected unit credit method, is determined by a qualified actuary on the basis of a triennial valuation and after considering the estimated future cash outflows using the market yields at the valuation date of high quality corporate bonds. The latest actuarial valuation was carried out on 31 December 2020.

The defined benefit plan exposed the Group and the Company to actuarial risk such as interest rate risk and salary inflation risk.

Defined benefit plan

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
As at 1 January	**20,673**	19,508	**7,855**	7,375
Charged to profit or loss (Note 10)	**1,856**	1,901	**696**	694
Settlement gain (Note 10)	**(216)**	–	**(25)**	–
Utilised during the financial year	**(2,428)**	(736)	**(1,160)**	(214)
Re-measurement of post-employment benefit obligation recognised in other comprehensive income	**(1,345)**	–	**(1,391)**	–
As at 31 December	**18,540**	20,673	**5,975**	7,855
Non-current	**18,540**	20,673	**5,975**	7,855

The amounts recognised in the Group's and the Company's statements of financial position are analysed as follows based on valuation carried out on 31 December 2020:

	Group RM'000	Company RM'000
Present value of unfunded obligations		
As at 31 December 2020	**18,540**	**5,975**
As at 31 December 2019	20,673	7,855
As at 31 December 2018	19,508	7,375
As at 31 December 2017	18,626	7,440
As at 31 December 2016	16,312	6,953

33 POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

The expenses/(gain) recognised in the Group's and the Company's profit or loss are analysed as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current service cost	**904**	997	**333**	338
Interest cost	**952**	904	**363**	356
Settlement gain	**(216)**	–	**(25)**	–
As at 31 December	**1,640**	1,901	**671**	694

The above charge to the profit or loss was included in administrative expenses of the financial year.

As at 31 December 2020, the weighted average duration of the defined benefit obligation was 6.0 years (2019: 5.3 years).

The principal actuarial assumptions used by the valuer in the valuation carried out on 31 December 2020 in respect of the Group's and the Company's defined benefit plan is as follows:

	Group and Company	
	2020 %	2019 %
Discount rate	**3.1**	4.8
Expected rate of salary increases	**6.0**	8.0

There is no material effect to the defined benefit obligations should there be a 1% (2019: 1%) movement in the above assumed discounted rate and expected rate of salary increases.

34 BORROWINGS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current				
Sukuk Murabahah (a)	**606,994**	–	**606,994**	–
Secured term loans due after 12 months (b)	**724,029**	1,003,314	**310,608**	336,877
Total non-current	**1,331,023**	1,003,314	**917,602**	336,877
Current				
Secured term loans due within 12 months (b)	**249,452**	497,175	**–**	24,077
Secured short term borrowings and other credit facilities	**202,285**	176,907	**–**	–
Unsecured short term borrowings	**150,000**	150,717	**150,000**	150,718
Total current	**601,737**	824,799	**150,000**	174,795
Total borrowings	**1,932,760**	1,828,113	**1,067,602**	511,672

34 BORROWINGS (CONTINUED)

(a) Sukuk Murabahah

	Group and Company 2020 RM'000
As at 1 January	–
Nominal amount drawdown (net of transaction cost)	**598,670**
Finance costs	**8,324**
As at 31 December	**606,994**

During the financial year, the Company established a Perpetual Islamic Medium Term Note programme of up to RM5,000,000,000 in nominal value under the Shariah principle of Murabahah (via a Tawarruq arrangement) ("Sukuk Murabahah Programme") upon the terms and conditions in the Programme Agreement dated 22 July 2020.

The Sukuk Murabahah Programme have been accorded a preliminary credit rating of $AA\text{-}_{IS}$ by the Credit Rating Agency and constituted by a Sukuk Musharakah Trust Deed dated 22 July 2020.

The Sukuk Murabahah Programme serves as a funding platform for the Group and the Company to fund business growth and to meet future funding requirements including working capital, capital expenditure and other general corporate expenses, as and when required.

The Sukuk Murabahah are secured by the following security:

- a first party assignment and charge over the Finance Service Reserve Account ("FSRA") which shall include the monies standing to the credit of the FSRA, in favour of the Sukuk Trustee (for the benefit of the Sukukholders); and
- such other security as may be required by the Joint Lead Arrangers and acceptable to the Joint Shariah Advisers.

As at 31 December 2020, the Company has made a debut Sukuk Murabahah issuance of RM600 million in nominal value as follows:

The Group and the Company – Non-current

Issuance no.	Nominal amount drawdown	Issuance date	Maturity date	Coupon rate (%)	Effective interest rate (%)
1	**RM250,000,000**	**14.08.2020**	**14.08.2023**	**3.85**	**3.90**
2	**RM200,000,000**	**14.08.2020**	**13.08.2027**	**4.25**	**4.23**
3	**RM150,000,000**	**14.08.2020**	**14.08.2030**	**4.45**	**4.44**

34 BORROWINGS (CONTINUED)

(b) Secured term loans

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Term loans	**978,326**	1,510,202	**313,761**	365,030
Less: Unamortised cost of issue	**(4,845)**	(9,713)	**(3,153)**	(4,076)
	973,481	1,500,489	**310,608**	360,954
Less: Due within 12 months	**(249,452)**	(497,175)	**–**	(24,077)
	724,029	1,003,314	**310,608**	336,877
Term loans	**978,326**	1,510,202	**313,761**	365,030
Less: Issuance expenses	**(9,653)**	(14,149)	**(4,615)**	(4,615)
Net proceeds	**968,673**	1,496,053	**309,146**	360,415
Accumulated amortisation of issuance expenses	**4,808**	4,436	**1,462**	539
	973,481	1,500,489	**310,608**	360,954
Less: Due within 12 months	**(249,452)**	(497,175)	**–**	(24,077)
	724,029	1,003,314	**310,608**	336,877

The repayment period of the secured term loans (before issuance cost) are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Analysis of term loans:				
Payable within one year	**250,743**	501,087	**–**	24,077
Payable between one and two years	**184,978**	367,955	**–**	25,923
Payable between two and five years	**332,986**	637,672	**313,761**	315,030
Payable after five years	**209,619**	3,488	**–**	–
	978,326	1,510,202	**313,761**	365,030
Representing term loans:				
Due within 12 months	**250,743**	501,087	**–**	24,077
Due after 12 months	**727,583**	1,009,115	**313,761**	340,953
	978,326	1,510,202	**313,761**	365,030

As at the reporting date, the weighted average year end effective interest rates per annum for the bank borrowings, other than the Sukuk Murabahah disclosed above, of the Group and of the Company are as follows:

	Group		Company	
	2020 %	2019 %	2020 %	2019 %
Secured term loans	**4.06**	5.54	**3.92**	5.05
Secured short term borrowings and other credit facilities	**3.52**	4.60	**–**	–
Unsecured short term borrowings	**3.24**	4.65	**3.24**	4.65

In previous financial year, the borrowings include borrowings denominated in Australian Dollars of AUD54,787,417, equivalent to RM156,828,982, which was settled during the financial year.

Other than the above, the balance of the borrowings were denominated in Ringgit Malaysia.

34 BORROWINGS (CONTINUED)

A. Effective interest rate and maturity profile of borrowings

The exposure of borrowings to interest rate and cash flow risk and the periods in which the borrowings mature are as follows:

The Group	Effective interest rate as at year end % p.a	Total Carrying Amount RM'000	< 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	> 5 years RM'000
				Floating interest rate		
2020						
Secured						
Revolving credit 1	3.43	152,285	152,285	–	–	–
Revolving credit 2	3.80	50,000	50,000	–	–	–
Unsecured						
Revolving credit and short term credit facilities 3	3.24	150,000	150,000	–	–	–
		352,285	352,285	–	–	–
				Fixed interest rate		
Secured						
Term loan 1	3.45	175,000	175,000	–	–	–
				Floating interest rate		
Term loan 1	3.99	181,149	1,571	179,578	–	–
Term loan 2	3.85	310,608	–	–	310,608	–
Term loan 3	4.94	200,841	–	–	–	200,841
Term loan 4	4.38	70,481	70,481	–	–	–
Term loan 5	3.75	22,218	2,400	2,400	8,640	8,778
Term loan 6	4.46	13,184	–	13,184	–	–
		798,481	74,452	195,162	319,248	209,619
		1,325,766	601,737	195,162	319,248	209,619

34 BORROWINGS (CONTINUED)

A. Effective interest rate and maturity profile of borrowings (continued)

The exposure of borrowings to interest rate and cash flow risk and the periods in which the borrowings mature are as follows: (continued)

The Group	Effective interest rate as at year end % p.a	Total Carrying Amount RM'000	< 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	> 5 years RM'000
			Floating interest rate			
2019						
Secured						
Revolving credit 1	4.75	176,906	176,906	–	–	–
Unsecured						
Revolving credit and short term credit facilities 3	4.85	150,718	150,718	–	–	–
		327,624	327,624	–	–	–
			Fixed interest rate			
Secured						
Term loan 1	4.18	200,000	200,000	–	–	–
			Floating interest rate			
Term loan 1	5.51	209,259	3,510	205,749	–	–
Term loan 2	5.05	360,954	24,077	25,923	310,954	–
Term loan 3	5.62	200,841	–	36,896	160,000	3,945
Term loan 4	5.37	48,899	48,899	–	–	–
Term loan 5	5.28	24,234	2,017	4,415	14,314	3,488
Term loan 7	6.71	299,473	61,843	94,219	143,411	–
Term loan 8	4.46	156,829	156,829	–	–	–
		1,300,489	297,175	367,202	628,679	7,433
		1,828,113	824,799	367,202	628,679	7,433

34 BORROWINGS (CONTINUED)

A. Effective interest rate and maturity profile of borrowings (continued)

The exposure of borrowings to interest rate and cash flow risk and the periods in which the borrowings mature are as follows: (continued)

The Company	Effective interest rate as at year end % p.a	Total Carrying Amount RM'000	< 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	> 5 years RM'000
			Floating interest rate			
2020						
Unsecured						
Revolving credit and short term credit facilities 3	**3.24**	**150,000**	**150,000**	**–**	**–**	**–**
Secured						
Term loan 2	**3.85**	**310,608**	**–**	**–**	**310,608**	**–**
		460,608	**150,000**	**–**	**310,608**	**–**
2019						
Unsecured						
Revolving credit and short term credit facilities 3	4.85	150,718	150,718	–	–	–
Secured						
Term loan 2	5.05	360,954	24,077	24,077	312,800	–
		511,672	174,795	24,077	312,800	–

B. Principal features of borrowings

Term Loan 1

Term loan 1 of RM356,149,052 (2019: RM409,259,053) is secured by way of:

(i) Fixed charge over a leasehold land and the investment property with total carrying amount of RM389,158,730 (2019: RM397,208,852) (Note 16);

(ii) Master Deed of Assignment in respect of Assigned property as follows:

- (a) The Agreement to Build and Lease;
- (b) The Lease Agreement or the Tenancy Agreement;
- (c) The Construction Contract;
- (d) The Performance Bond; and
- (e) The Insurances.

(iii) Memorandum of Deposit of the shares of the subsidiary;

(iv) Assignment and charge over Shared Designated Accounts;

(v) Debentures by the subsidiary;

(vi) Corporate Guarantee and undertaking by the Company; and

(vii) Priority and Security Sharing Agreement.

Term Loan 2

Term loan 2 of RM310,607,929 (2019: RM360,953,810) is secured by way of:

(i) Open all monies third party legal charge over two pieces of freehold land and a hotel with total carrying amount of RM294,678,435 (2019: RM294,472,362) (Note 15 and Note 23);

(ii) Open all monies first party legal charge over units in an associate ("the Pledged Shares");

(iii) Assignment of all dividends and distributions from the Pledged Shares; and

(iv) Charge and assignment over Designated Accounts;

34 BORROWINGS (CONTINUED)

B. Principal features of borrowings (continued)

Term Loan 3

Term loan 3 of RM200,840,778 (2019: RM200,840,778) is secured by way of:

(i) A first party legal charge over certain part of the project land of the Group held for development with carrying value of RM126,932,034 (2019: RM126,932,034);

(ii) A corporate guarantee by the Company;

(iii) Assignment of all future and future rental receivables;

(iv) A first legal charge and assignment over all rights of Designated Accounts;

(v) Debenture by the Group; and

(vi) Assignment of the insurance policies.

Term Loan 4

Term loan 4 of RM70,481,193 (2019: RM48,899,151) is secured by way of:

(i) First legal charge over the leasehold land with carrying value of RM171,521,479 (2019: RM171,521,479) of the subsidiary;

(ii) First fixed and floating charges over existing and future assets of the subsidiary;

(iii) A Corporate Guarantee from the Company;

(iv) Assignment over sale proceeds of the project;

(v) Assignment over all takaful plan/insurance policies; and

(vi) Irrevocable Letter of Undertaking from the Company to fund any cost overrun during the construction, development and until completion of the development project.

Term Loan 5

Term loan 5 of RM22,218,000 (2019: RM24,234,000) is secured by way of:

(i) First party legal charge over the Proceed Account opened by the subsidiary;

A minimum balance of 3 months of profit payment (on the amount disbursed) and the next principal payment ("Minimum Required Balance") due shall be maintained at all times during the entire tenure of the facility;

In the event there is a shortfall from the Minimum Required Balance, the subsidiary must top up within 10 business days of the shortfall to maintain the Minimum Required Balance;

(ii) First party legal charge over the Operating Account open by the subsidiary;

(iii) Third party legal charge over the Operating Account opened by another subsidiary; and

(iv) Corporate Guarantee of the Company.

Term Loan 6

Term loan 6 of RM13,184,403 is secured by way of:

(i) Third party legal charge over a piece of vacant commercial land with a carrying value of RM45,314,000;

(ii) Fixed and floating charges over existing and future assets of the subsidiary;

(iii) Corporate Guarantee of the Company;

(iv) Assignment over sales proceeds of the Housing Development Accounts (to the extent where legally and practically possible);

(v) Assignment over Designated Accounts;

(vi) Assignment over the construction contract with main contractor and its related takaful plan/insurance policies;

(vii) Irrevocable Letter of Undertaking from the Company to:

(a) fund any cost overrun during the construction, development and until completion of the Project;

(b) to meet any financial obligations during the Grace Period of Principal and throughout the tenure of the loan; and

(c) to complete the project.

and

(viii) Letter of Undertaking from the subsidiary to forward the subdivided titles and strata titles for the project for safe keeping by the Bank upon its issuance.

34 BORROWINGS (CONTINUED)

B. Principal features of borrowings (continued)

Term Loan 7

Term loan 7 of RM299,472,765 was secured by way of:

(i) A third party first legal charge over the freehold land with carrying value of RM349,367,603 (2019: RM349,367,603) purchased by a subsidiary (through the Advances/Loan by MRCB Land Sdn. Bhd. ("MLSB"));

(ii) A corporate guarantee from the Company;

(iii) A first legal charge and assignment over present and future rights of MLSB on the Designated Accounts and all monies standing to the credit of the Designated Accounts;

(iv) First charge over all MLSB's ordinary shares in MSSB;

(v) Placement of cash deposit of up to RM67,100,000 million to be built up within 24 months to be places in PSRA II on-lien with profit to be capitalised with Memorandum of Deposit and Letter of Set-Off to be executed in favour of the Bank;

(vi) Assignment of Proceeds by MRCB Builders Sdn Bhd ("MBSB") in favour of the Bank:

  (a) Project Delivery Partner Fees ("PDP Fees") received by MBSB with respect to the construction and completion of common infrastructure for the Majlis Bandaraya Petaling Area at the proposed Kwasa Damansara Township;

  (b) Dividend received by MBSB from MRCB George Kent JV Sdn Bhd in connection with the LRT3 Project; and

  (c) Any other project to be mutually agreed by the parties.

(vii) Letter of Undertaking from MBSB undertaking to credit the following into RCA:

  (a) The PDP Fees received by MBSB with respect to the construction and completion of common infrastructure for the Majlis Bandaraya Petaling Area at the proposed Kwasa Damansara Township;

  (b) Dividend received by MBSB from MRCB George Kent JV Sdn Bhd in connection with the LRT3 Project; and

  (c) Any other project to be mutually agreed by the parties.

Term Loan 8

Term loan 8 of AUD54,787,417, equivalent to RM156,828,982 was secured by way of:

(i) Legal mortgage over the development land for amount due and payable under the facility;

(ii) Unconditional and irrevocable guarantee from the Company for amount due and payable under the facility;

(iii) Fixed and floating charge over the present and future assets of the subsidiary;

(iv) Assignment and charge over Finance Service Reserve Account;

(v) Assignment and charge over Sale and Purchase Account;

(vi) Assignment over sale proceeds of the development project;

(vii) Assignment of the subsidiary's right, benefits and interest in relation to all contracts' performance bond (if any) in relation to the development project;

(viii) Assignment of the subsidiary's right, title and beneficiaries arising from all takaful plan/insurance policies taken by the subsidiary whereby the financier is to be endorsed as the loss payee; and

(ix) Any other security(ies) as may be required by the financier and as advised by the financier's panel solicitors.

Term loans 7 and 8 were settled during the financial year.

34 BORROWINGS (CONTINUED)

The reconciliation of movement of liabilities to cash flows arising from financing activities are as follows:

	Short term borrowings RM'000	Long term borrowings RM'000	Total RM'000
Group			
Balance as at 1 January 2020	**824,799**	**1,003,314**	**1,828,113**
Changes from financing cash flow			
Proceed from borrowings	**676,034**	**98,554**	**774,588**
Repayment of borrowings	**(906,832)**	**(374,250)**	**(1,281,082)**
Issuance cost paid	**–**	**(400)**	**(400)**
Total changes from financing cash flows	**(230,798)**	**(276,096)**	**(506,894)**
Other changes of liabilities – related			
Amortisation of issuance cost	**1,146**	**3,401**	**4,547**
Total other changes of liabilities – related	**1,146**	**3,401**	**4,547**
Reclassification from long term to short term	**6,590**	**(6,590)**	**–**
Balance as at 31 December 2020	**601,737**	**724,029**	**1,325,766**
Company			
Balance as at 1 January 2020	**174,795**	**336,877**	**511,672**
Changes from financing cash flow			
Proceed from borrowings	**11,610**	**84,970**	**96,580**
Repayment of borrowings	**(36,405)**	**(112,162)**	**(148,567)**
Total changes from financing cash flows	**(24,795)**	**(27,192)**	**(51,987)**
Other changes of liabilities – related			
Amortisation of issuance cost	**–**	**923**	**923**
Total other changes of liabilities – related	**–**	**923**	**923**
Balance as at 31 December 2020	**150,000**	**310,608**	**460,608**

34 BORROWINGS (CONTINUED)

	Short term borrowings RM'000	Long term borrowings RM'000	Total RM'000
Group			
Balance as at 1 January 2019	725,854	765,520	1,491,374
Changes from financing cash flow			
Proceed from borrowings	761,964	512,158	1,274,122
Repayment of borrowings	(918,846)	(16,329)	(935,175)
Issuance cost paid	–	(4,613)	(4,613)
Total changes from financing cash flows	(156,882)	491,216	334,334
Other changes of liabilities – related			
Amortisation of issuance cost	703	1,702	2,405
Total other changes of liabilities – related	703	1,702	2,405
Reclassification from long term to short term	255,124	(255,124)	–
Balance as at 31 December 2019	824,799	1,003,314	1,828,113
Company			
Balance as at 1 January 2019	373,022	–	373,022
Changes from financing cash flow			
Proceed from borrowings	67,131	365,030	432,161
Repayment of borrowings	(289,713)	–	(289,713)
Issuance cost paid	–	(4,613)	(4,613)
Total changes from financing cash flows	(222,582)	360,417	137,835
Other changes of liabilities – related			
Amortisation of issuance cost	278	537	815
Total other changes of liabilities – related	278	537	815
Reclassification from long term to short term	24,077	(24,077)	–
Balance as at 31 December 2019	174,795	336,877	511,672

35 LONG TERM LIABILITIES

	Group	
	2020 RM'000	2019 RM'000
Guaranteed return to a non-controlling interest	**388,098**	367,865
Hire purchase creditors due after 12 months (Note 38)	**–**	53
	388,098	367,918

The guaranteed return is a contractual obligation made by the Company to a non-controlling interest in Kwasa Sentral Sdn. Bhd. ("KSSB"), a 70% owned subsidiary of the Company to guarantee the minimum return to their investment in the development project undertaken by KSSB which is payable based on certain milestone of the development project. As at the financial year end, the net present value of this guaranteed sum is RM388,098,000 (2019: RM367,865,000). The repayment period of the guaranteed return is as follows:

	Group	
	2020 RM'000	2019 RM'000
Payable between one and two years	**40,430**	–
Payable between two and five years	**80,339**	38,323
Payable after five years	**267,329**	329,542
	388,098	367,865

36 GOVERNMENT GRANT

	Group	
	2020 RM'000	2019 RM'000
Facilitation fund		
As at 1 January	**131,541**	131,805
Amortised during the financial year	**(622)**	(264)
As at 31 December	**130,919**	131,541

The facilitation fund represents grant received from the Malaysian Government for the planning, designing, financing, development, construction, equipping, installation, completion, testing and commissioning of the Penang Sentral transport terminal currently being constructed by a subsidiary of the Company.

The Group received RM Nil (2019: RM Nil) disbursement of the grant during the current financial year. The remaining balance would be received over the construction period of Phase 2 of the Penang Sentral Development. The amount received is classified as non-current and will be amortised or credited to profit or loss over 50 years period over the useful life of the transport terminal.

37 TRADE AND OTHER PAYABLES

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Trade payables	**713,647**	737,677	**364,725**	364,640
Amounts due to related parties	**10,200**	5,400	**–**	–
Hire purchase creditors due within 12 months (Note 38)	**98**	838	**–**	–
Other payables	**170,401**	144,007	**11,235**	8,575
Accruals	**66,179**	64,946	**11,127**	6,966
	960,525	952,868	**387,087**	380,181

	Company	
	2020 RM'000	**2019 RM'000**
Amounts due to subsidiaries	**120,409**	216,749

The amounts due to related parties are unsecured, interest free and have no fixed terms of repayment.

Credit terms of trade payables for the Group and the Company range from 14 days to 90 days (2019: 14 days to 90 days).

Credit terms of other payables for the Group and the Company range from 14 days to 90 days (2019: 14 days to 90 days).

The currency exposure profile of the trade and other payables is as follows:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Ringgit Malaysia	**905,366**	924,404	**387,087**	380,181
Australian Dollar	**55,100**	28,425	**–**	–
Thai Baht	**45**	33	**–**	–
Hong Kong Dollar	**13**	6	**–**	–
Singapore Dollar	**1**	–	**–**	–
	960,525	952,868	**387,087**	380,181

38 HIRE PURCHASE CREDITORS

	Group	
	2020 RM'000	**2019 RM'000**
Analysis of hire purchase creditors:		
Payable within one year	**98**	862
Payable between two and four years	**–**	54
	98	916
Less: Finance charges	**(0)**	(25)
	98	891
Present value of hire purchase creditors:		
Payable within one year	**98**	838
Payable between two and four years	**–**	53
	98	891
Representing hire purchase creditors:		
Due within 12 months (Note 37)	**98**	838
Due after 12 months (Note 35)	**–**	53
	98	891

(a) The weighted average year end effective interest rates of hire purchase creditors was 5.47% per annum (2019: 5.21%).

(b) The hire purchase creditors are denominated in Ringgit Malaysia.

(c) Hire purchase liabilities are effectively secured as the rights to the assets under hire purchase revert to the hire purchase creditors in the event of default.

(d) The carrying amounts of the hire purchase creditors approximate its fair values as at reporting date.

39 RELATED PARTY DISCLOSURES

The related parties with whom the Group and the Company transacted with during the financial year include the followings:

Related parties	Nature of relationship
Kumpulan Wang Simpanan Berhad ("KWSP")	KWSP has significant influence over the Company. Significant shareholder of the Company and related by virtue of Dato' Mohamad Nasir Ab Latif and Puan Rohaya Mohammad Yusof being the nominees of KWSP. KWSP is also an Agency of Government of Malaysia.
59 INC Sdn. Bhd. ("59 INC")	Related by virtue the Company is owning 30.00% equity interest in 59 INC.
Sentral REIT (formerly known as MRCB-Quill REIT)	Related by virtue the Company is owning 27.94% equity interest in Sentral REIT.

The related party transactions were carried out based on terms and conditions negotiated and agreed upon between the parties. The significant related party transactions and balances other than mentioned elsewhere in the financial statements are as follows:

(a) Transactions with related parties

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Legal fee charged by a legal firm of which its partner also a director of the Company	**18**	61	**18**	–
Management fees from subsidiaries	**–**	–	**46,444**	60,115
Management fees charged to an associate	**4,784**	5,463	**–**	–
Project management fees charged to a joint venture	**–**	3,022	**–**	–
Provision of auxiliary police services charged to:				
– associates	**1,402**	1,783	**–**	–
– a joint venture	**5,200**	4,076	**–**	–
Security service fees charged to an associate	**131**	225	**–**	–
Supply of chilled water charged to an associate	**2,480**	2,660	**–**	–
Progress billings charged to the Directors and key management of the Group and of the Company	**729**	1,520	**–**	–
Progress billings charged by a subsidiary				
– MRCB Builders Sdn. Bhd.	**–**	–	**174,247**	304,433
Repayment of advances by subsidiaries	**–**	–	**84,761**	326,494
Advances to subsidiaries	**–**	–	**(478,939)**	(424,994)

As at 31 December 2020 the outstanding amount arising from the progress billings to the Directors and key management was RM308,766 (2019: RM Nil).

(b) Key management compensation (including Executive Directors)

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Salaries and other short term employee benefits	**15,071**	22,525	**11,014**	14,315
Post-employment benefits	**1,906**	3,382	**1,371**	2,227
Share based payments	**1,323**	4,163	**1,166**	3,103

39 RELATED PARTY DISCLOSURES (CONTINUED)

(c) The Group's and the Company's significant transactions with government and government-related entities on terms and conditions negotiated and agreed upon are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Progress billings charged to/(from) customers on contracts:				
– Desaru Corniche Hotel Sdn. Bhd.	–	1,473	–	1,473
– Desaru Estate Sdn. Bhd.	–	238	–	238
– Jabatan Pengairan Dan Saliran Malaysia	–	434	–	434
– Johor Land Berhad	**10,594**	39,709	**10,594**	39,709
– Perbadanan PR1MA Malaysia	**22,982**	72,115	**13,850**	29,501
– Syarikat Prasarana Negara Berhad	–	75,898	–	–
– Tenaga Nasional Berhad	**6,161**	39,688	**2,617**	30,140
– Turnpike Synergy Sdn. Bhd.	**93,695**	96,546	**93,695**	96,546
– Kwasa Utama Sdn. Bhd.	**164,902**	64,316	–	–
– Kwasa Land Sdn. Bhd.	**(7,684)**	(4,904)	–	–
Progress billings charged to purchasers				
– MBSB Bank Berhad	–	32,929	–	–
– Perbadanan Harta Intelek Berhad	**74,230**	93,449		
Rental income received from:				
– Jabatan Penilaian dan Perkhidmatan Harta	**2,312**	2,481	**2,312**	2,481
– Pelaburan Mara Berhad	**2,361**	2,597	**2,361**	2,597
Project management and building maintenance service fees received from:				
– Keretapi Tanah Melayu Berhad	**3,208**	3,514	–	–
Rental charged by:				
– Lembaga Tabung Haji	**15,037**	15,088	**13,716**	13,596
– Pertubuhan Keselamatan Sosial	**5,508**	5,667	–	–
– Suruhanjaya Komunikasi dan Multimedia Malaysia	**2,462**	2,662	–	–

40 CONTINGENT LIABILITIES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Performance guarantees extended to third parties*	**1,027,313**	1,077,514	**439,806**	490,973

* Included in the performance guarantees extended to third parties is an amount of RM31.3 million that had been called on previously by third parties. The Group has instituted injunction proceedings against the third parties. In the previous financial year, the Group and the third parties entered into a Dispute Resolution Agreement whereby the third parties agreed to an interim injunction to preserve status quo on the performance guarantees pending determination of the dispute between the parties via Arbitration. On this basis, the performance guarantees have not been provided for in the financial statements.

41 CAPITAL COMMITMENT

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Authorised capital expenditure for property, plant and equipment				
– contracted for	**4,037**	6,095	**4,037**	6,095
– not contracted for	**30,711**	48,790	**6,530**	2,475
	34,748	54,885	**10,567**	8,570

42 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

The Group's effective equity interest in the subsidiaries, joint ventures and associates as at 31 December 2020, their respective principal activities and country of incorporation are as follows:

			Effective equity interest	
Name of enterprise	**Principal activities**	**Country of incorporation**	**2020 %**	**2019 %**
SUBSIDIARIES:				
348 Sentral Sdn. Bhd	Leasing of office and service residence space and provision of interior design fit out consultancy work and services	Malaysia	**100.00**	100.00
Held through 100% ownership by 348 Sentral Sdn. Bhd.				
– 348 Sentral Service Residence Sdn. Bhd.	Pre-operating	Malaysia	**100.00**	100.00
Country Annexe Sdn. Bhd.	Construction and property development	Malaysia	**100.00**	100.00
Cosy Bonanza Sdn. Bhd.	Property development	Malaysia	**65.70**	65.70
Excellent Bonanza Sdn. Bhd.	Property development, leasing of office space and provision of interior design fit out consultancy work and services	Malaysia	**100.00**	100.00
MRCB Spectrum Sdn. Bhd.	Construction and development of property	Malaysia	**100.00**	100.00
MRCB Global Solutions Sdn. Bhd.	Property and investment holding	Malaysia	**100.00**	100.00
MRCB Seputeh Land Sdn. Bhd.	Property development	Malaysia	**100.00**	100.00
Kuala Lumpur Sentral Sdn. Bhd.	Sale of land, property development and property management	Malaysia	**100.00**	100.00
Held through 100% ownership by Kuala Lumpur Sentral Sdn. Bhd.				
– Unity Portfolio Sdn. Bhd.	Provision of management and maintenance services	Malaysia	**100.00**	100.00
Kwasa Sentral Sdn. Bhd.	Property development and investment holding	Malaysia	**70.00**	70.00
MRCB Builders Sdn. Bhd.	Engineering, construction services and investment holding	Malaysia	**100.00**	100.00
Held through 100% ownership by MRCB Builders Sdn. Bhd.				
– Milmix Sdn. Bhd.	Civil and infrastructure building contractor	Malaysia	**100.00**	100.00
– Region Resources Sdn. Bhd.	Engineering and construction services	Malaysia	**100.00**	100.00
– Sanjung Sepang Sdn. Bhd.	Trading in construction material	Malaysia	**100.00**	100.00

42 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Name of enterprise	Principal activities	Country of incorporation	Effective equity interest 2020 %	2019 %
Held through 100% ownership by MRCB Builders Sdn. Bhd. (continued)				
– Transmission Technology Sdn. Bhd.	Engineering, construction and commissioning of transmission lines and substations	Malaysia	**100.00**	100.00
– MRCB Environmental Services Sdn. Bhd.	Provision of project management and consultancy services and engaged in the design, construction, operation, management and maintenance of beaches and rivers for rehabilitation and improvement purposes	Malaysia	**100.00**	100.00
– MRCB Engineering Sdn. Bhd.	Engineering and construction services	Malaysia	**100.00**	100.00
Held through 100% ownership by MRCB Environmental Services Sdn. Bhd.				
– MRCB Environment Sdn. Bhd.	Infrastructure and environmental engineering	Malaysia	**100.00**	100.00
Held through 100% ownership by MRCB Engineering Sdn. Bhd.				
– MRCB (Thailand) Co.,Ltd.[β]	Pre-operating	Thailand	**100.00**	100.00
MRCB Land Sdn. Bhd.	Investment holding	Malaysia	**100.00**	100.00
Held through 100% ownership by MRCB Land Sdn. Bhd.				
– Rukun Juang Sdn. Bhd.	Construction and property development	Malaysia	**100.00**	100.00
– Efficient Class Sdn. Bhd.	Property development	Malaysia	**100.00**	100.00
– Esquire Moments Sdn. Bhd.	Property development	Malaysia	**100.00**	100.00
– Crystal Hallmark Sdn. Bhd.	Property development	Malaysia	**100.00**	100.00
– Legasi Azam Sdn. Bhd.	Property development	Malaysia	**100.00**	100.00
– Nilaitera Sdn. Bhd.	Property development	Malaysia	**100.00**	100.00
– Pinnacle Paradise Sdn. Bhd.	Property development	Malaysia	**100.00**	100.00
– Subang Sentral Sdn. Bhd.*	Pre-operating	Malaysia	**100.00**	100.00
– Stigma Tiara Sdn. Bhd.*	Pre-operating	Malaysia	**100.00**	100.00
– Lot F Residence Sdn. Bhd.*	Pre-operating	Malaysia	**100.00**	100.00
– Lot F Hotel Sdn. Bhd.*	Pre-operating	Malaysia	**100.00**	100.00
– Ipoh Sentral Development Sdn. Bhd.*	Pre-operating	Malaysia	**100.00**	100.00
– MRCB Ventures Sdn. Bhd.*	Pre-operating	Malaysia	**100.00**	100.00

42 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Name of enterprise	Principal activities	Country of incorporation	Effective equity interest 2020 %	2019 %
Held through 51% ownership by MRCB Land Sdn. Bhd.				
– Metro Spectacular Sdn. Bhd.	Property development	Malaysia	**51.00**	51.00
MRCB Prasarana Sdn. Bhd.	Operation, management and maintenance of the EDL Expressway and investment holding	Malaysia	**100.00**	100.00
Held through 100% ownership by MRCB Prasarana Sdn. Bhd.				
– MRCB Lingkaran Selatan Sdn. Bhd.*	Design, development, construction, project management, operations and maintenance of EDL Expressway	Malaysia	**100.00**	100.00
Held through 100% ownership by MRCB Lingkaran Selatan Sdn. Bhd.				
– MRCB Southern Link Berhad*	Design, development, construction, project management and financing of expressway and infrastructure related project	Malaysia	**100.00**	100.00
MRCB Putra Sdn. Bhd.	Property development, property management and investment holding	Malaysia	**100.00**	100.00
Malaysian Resources Development Sdn. Bhd.	Property development and investment holding	Malaysia	**100.00**	100.00
Held through 100% ownership by Malaysian Resources Development Sdn. Bhd.				
– MRCB International Sdn. Bhd.	Investment holding	Malaysia	**100.00**	100.00
Held through 100% ownership by MRCB International Sdn. Bhd.				
– MRCB Australia Holding Company Pty. Ltd.[β]	Investment holding	Australia	**100.00**	100.00
Held through 100% ownership by MRCB Australia Holding Company Pty. Ltd.				
– MRCB Project Carnegie Pty. Ltd.[β]	Property development	Australia	**100.00**	100.00
– MRCB Land (Australia) Pty. Ltd.[β]	Property development	Australia	**100.00**	100.00
– MRCB Project Incorporated Pty. Ltd.[β]*	Property development	Australia	**100.00**	100.00
– MRCB Docklands Pty. Ltd.[β]*	Property development	Australia	**100.00**	100.00
– MRCB New Zealand Holdings Ltd.[β]*	Investment holding	New Zealand	**100.00**	–
Held through 100% ownership by MRCB New Zealand Holdings Ltd.				
- MRCB Aotea Central Limited[β]*	Property development	New Zealand	**100.00**	–

42 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Name of enterprise	Principal activities	Country of incorporation	Effective equity interest 2020 %	2019 %
Held through 100% ownership by Malaysian Resources Development Sdn. Bhd.				
– Golden East Corporation Sdn. Bhd.*	Property development and management	Malaysia	**100.00**	100.00
– Sunrise Properties Sdn. Bhd.*	Property development	Malaysia	**100.00**	100.00
– MRCB Property Development Sdn. Bhd.*	Investment holding	Malaysia	**100.00**	100.00
Held through 70% ownership by Malaysian Resources Development Sdn. Bhd.				
– Seri Iskandar Development Corporation Sdn. Bhd.	Property development	Malaysia	**70.00**	70.00
Malaysian Resources Sentral Sdn. Bhd.	Provision of facility management	Malaysia	**100.00**	100.00
MRCB Sentral Properties Sdn. Bhd.	Property development and property management	Malaysia	**100.00**	100.00
MRCB Utama Sdn. Bhd.	Property development	Malaysia	**100.00**	100.00
Onesentral Park Sdn. Bhd.	Property development	Malaysia	**100.00**	100.00
Penang Sentral Sdn. Bhd.	Property development and management of a transport terminal	Malaysia	**100.00**	100.00
P.J Sentral Development Sdn. Bhd.	Construction and property development	Malaysia	**100.00**	100.00
Prema Bonanza Sdn. Bhd.	Property development	Malaysia	**51.00**	51.00
Puncak Wangi Sdn. Bhd.	Property investment and property management	Malaysia	**100.00**	100.00
Semasa Sentral Sdn. Bhd.	Operation, management and maintenance of the Kuala Lumpur Sentral Station	Malaysia	**100.00**	100.00
Semasa Parking Sdn. Bhd.	Operation and management of car park and parking areas	Malaysia	**100.00**	100.00
Semasa Sentral (Penang) Sdn. Bhd.*	Operation, management and maintenance of Penang Sentral	Malaysia	**100.00**	100.00
Sooka Sentral Sdn. Bhd.	Provision of management services	Malaysia	**100.00**	100.00
Synargym Sdn. Bhd.	Leasing of office space and sub-lease to tenants and also leasing of machinery	Malaysia	**100.00**	100.00
Landas Utama Sdn. Bhd.*	Investment holding	Malaysia	**100.00**	100.00
Mafira Holdings Sdn. Bhd.*	Investment holding	Malaysia	**100.00**	100.00
MRCB Ceramics Sdn. Bhd.*	Manufacturing, distribution and sale of ceramic tiles	Malaysia	**100.00**	100.00
MRCB Green Energy Sdn. Bhd.*	Pre-operating	Malaysia	**100.00**	100.00
MRCB Property Management Sdn. Bhd.*	Property investment and management	Malaysia	**100.00**	100.00
MR Securities Sdn. Bhd.*	Investment holding	Malaysia	**100.00**	100.00

42 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Name of enterprise	Principal activities	Country of incorporation	Effective equity interest 2020 %	Effective equity interest 2019 %
Held through 100% ownership by MR Securities Sdn. Bhd.				
– Semasa Security Sdn. Bhd.	Security guard services	Malaysia	**100.00**	100.00
Seleksi Untung Sdn. Bhd.	Modular building design system	Malaysia	**100.00**	100.00
Malaysian Resources Construction System Sdn. Bhd.	Develop modular construction system	Malaysia	**100.00**	100.00
Held through 100% ownership by Malaysian Resources Construction System Sdn. Bhd.				
– MRCS (Singapore) Pte. Ltd.$^{\beta}$	Pre-operating	Singapore	**100.00**	–
MRCB Innovations Sdn. Bhd.	Investment holding	Malaysia	**70.00**	70.00
Held through 100% ownership by MRCB Innovations Sdn. Bhd.				
– MRCB Innovations (HK) Pte Limited$^{\beta}$	Investment Holding	Hong Kong	**70.00**	70.00
MRCB DCS Holding Sdn. Bhd.	Investment holding	Malaysia	**100.00**	100.00
Held through 100% ownership by MRCB DCS Holding Sdn. Bhd.				
– Semasa District Cooling Sdn. Bhd.	Supply chilled water	Malaysia	**100.00**	100.00
– DCS Operation & Maintenance Sdn. Bhd.	Pre-operating	Malaysia	**100.00**	100.00
– KL Sentral DCS Sdn. Bhd.	Pre-operating	Malaysia	**100.00**	100.00
– PJ Sentral DCS Sdn. Bhd.	Provision of cooling system services	Malaysia	**100.00**	100.00
– Penang Sentral DCS Sdn. Bhd.	Pre-operating	Malaysia	**100.00**	100.00
– KD District Cooling System Sdn. Bhd.	Pre-operating	Malaysia	**100.00**	100.00
Geometrik Dinamik Sdn. Bhd.	Pre-operating	Malaysia	**100.00**	100.00
Inovasi Kristal Sdn. Bhd.	Pre-operating	Malaysia	**100.00**	100.00
Iris Nova Sdn. Bhd.	Pre-operating	Malaysia	**100.00**	100.00
Superview Development Sdn. Bhd.$^{\alpha}$	Property development, management and shares trading	Malaysia	**100.00**	100.00

42 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Name of enterprise	Principal activities	Country of incorporation	Effective equity interest 2020 %	Effective equity interest 2019 %
ASSOCIATES:				
Sentral REIT (formerly known as MRCB-Quill REIT)[β]	Acquisition of land investment in commercial properties	Malaysia	**27.94**	27.94
Sentral REIT Management Sdn. Bhd. (formerly known as MRCB Quill Management Sdn. Bhd.)[β]	Manage real estate investment trust	Malaysia	**41.00**	41.00
Suasana Sentral Two Sdn. Bhd.	Property development	Malaysia	**30.00**	30.00
UEMB-MRCB JV Sdn. Bhd.[β]	Project management	Malaysia	**49.00**	49.00
Held through 49% ownership by MRCB Land Sdn. Bhd.				
– Compass PM (Sentral) Sdn. Bhd.[β]	Property management	Malaysia	**49.00**	49.00
Held through 20% ownership by Rukun Juang Sdn. Bhd.				
– Bukit Jalil Sentral Property Sdn. Bhd.	Property development and property investment	Malaysia	**20.00**	20.00
JOINT VENTURES:				
Held through 70% ownership by MRCB Land Sdn. Bhd.				
– CSB Development Sdn. Bhd.	Property development	Malaysia	**70.00**	70.00
Held through 50% ownership by MRCB Builders Sdn. Bhd.				
– MRCB George Kent Sdn. Bhd.	To undertake the construction and completion of the Light Rail Transit Line 3	Malaysia	**50.00**	50.00
59 INC Sdn. Bhd.	Property development	Malaysia	**30.00**	30.00
MRCB Gamuda Sdn. Bhd.*	Pre-operating	Malaysia	**50.00**	50.00

* Dormant
^ The subsidiary was under members' voluntary liquidation and dissolved
α The subsidiaries are under creditors' voluntary liquidation
β Companies not audited by PricewaterhouseCoopers PLT

43 SEGMENT REPORTING

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 reportable operating segments derive their revenue primarily from the property development and investment, engineering, construction and environment, facilities management and parking and others.

Segment results are defined as operating income before unallocated corporate expenses, finance income, finance cost and share of results from joint ventures and associates.

Segment assets consist primarily of current and non-current assets.

Segment liabilities comprises of current and non-current liabilities.

The Group is domiciled in Malaysia.

Geographical information:

	Revenue from external customers RM'000	Non-current assets RM'000
2020		
Malaysia	**1,017,087**	**5,342,663**
Australia	**181,815**	**7,739**
Hong Kong	**582**	**–**
	1,199,484	**5,350,402**
2019		
Malaysia	1,311,152	5,167,377
Australia	7,392	9,254
Hong Kong	849	–
	1,319,393	5,176,631

Revenue is based on the country in which the customers are located. Non-current assets are determined according to the country where these assets are located.

The revenue derived from transactions with a single external customer that amounted to 10% or more of the Group's revenue for the financial year was derived from the engineering, construction and environment segment amounting to RM Nil (2019: RM283,539,509).

43 SEGMENT REPORTING (CONTINUED)

	Property development & investment RM'000	Engineering, construction & environment RM'000	Facilities management & parking RM'000	Others RM'000	Group RM'000
Year ended 31 December 2020					
Revenue					
Total revenue	653,259	804,281	48,133	209,346	1,715,019
Inter-segment revenue	(18,153)	(289,387)	(4,354)	(203,641)	(515,535)
External revenue	635,106	514,894	43,779	5,705	1,199,484
Results					
Segment results	49,716	(174,320)	6,872	1,161	(116,571)
Unallocated corporate expenses					(13,945)
Finance income					13,258
Finance costs					(55,187)
Share of results of joint ventures and associates	10,956	8,573	–	–	19,529
Loss before income tax					(152,916)
Income tax expense					(22,950)
Loss after tax					(175,866)
Non-controlling interests					(277)
Net loss for the financial year attributable to the equity holders of the Company					(176,143)
As at 31 December 2020					
Assets					
Segment assets	5,893,486	835,036	179,455	514,116	7,422,093
Joint ventures and associates	765,775	48,689	–	–	814,464
Tax recoverable and deferred tax assets					112,350
Total assets					8,348,907
Liabilities					
Segment liabilities	944,528	655,663	19,231	117,320	1,736,742
Interest bearing instruments					1,932,858
Current and deferred tax liabilities					90,564
Total liabilities					3,760,164
Other disclosures					
Capital expenditure	46,449	7,448	13,028	6,958	73,883
Depreciation and amortisation	37,820	10,568	2,212	24,902	75,502
Provision for impairment	12,335	163,163	532	3,266	179,296

43 SEGMENT REPORTING (CONTINUED)

	Property development & investment RM'000	Engineering, construction & environment RM'000	Facilities management & parking RM'000	Others RM'000	Group RM'000
Year ended 31 December 2019					
Revenue					
Total revenue	678,207	999,292	57,499	281,448	2,016,446
Inter-segment revenue	(111,515)	(319,749)	(3,860)	(261,929)	(697,053)
External revenue	566,692	679,543	53,639	19,519	1,319,393
Results					
Segment results	76,800	23,058	5,965	(3,725)	102,098
Unallocated corporate expenses					(29,704)
Finance income					19,590
Finance costs					(45,599)
Share of results of joint ventures and associates	6,218	352	–	–	6,570
Profit before income tax					52,955
Income tax expense					(34,263)
Profit after tax					18,692
Non-controlling interests					5,047
Net profit for the financial year attributable to the equity holders of the Company					23,739
As at 31 December 2019					
Assets					
Segment assets	6,098,982	1,042,655	169,282	303,969	7,614,888
Joint ventures and associates	722,573	40,116	–	–	762,689
Tax recoverable and deferred tax assets					103,454
Total assets					8,481,031
Liabilities					
Segment liabilities	901,156	689,982	22,295	133,901	1,747,334
Interest bearing instruments					1,829,004
Current and deferred tax liabilities					81,218
Total liabilities					3,657,556
Other disclosures					
Capital expenditure	55,879	5,914	86,402	2,799	150,994
Depreciation and amortisation	32,046	8,680	2,598	25,845	69,169
Provision for impairment	645	–	110	1,341	2,096

Capital expenditure consists of additions to property, plant and equipment, investment properties, right-of-use assets and intangible assets (Notes 15, 16, 17 and 24).

44 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) The Covid-19 pandemic had impacted the financial performance for year ended 31 December 2020. Movement controls and lockdown were imposed by the Malaysian government following the escalation in the infection rates affecting the Group's and Company's operations. Nevertheless, the Group and the Company are implementing appropriate measures to minimise the impact.

(b) On 27 May 2020, the Company announced a proposal to establish a dividend reinvestment plan that will provide the shareholders of the Company with an option to elect to reinvest in whole or in part, their cash dividend, which includes any interim, final, special or other types of cash dividend, in new ordinary shares of the Company ("Proposed DRP").

The Proposed DRP was approved by shareholders on 14 July 2020.

45 DIVIDENDS

	2020		2019	
	Dividend per share sen	Amount of dividend RM'000	Dividend per share sen	Amount of dividend RM'000
Proposed first and final single tier dividend	**1.00**	**44,120**	1.00	44,120

The Directors approved and declared the payment of a first and final single tier dividend in respect of the financial year ended 31 December 2020 of 1.00 sen per ordinary share, amounting to approximately RM44,120,000. The payment will be made on 25 May 2021.

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