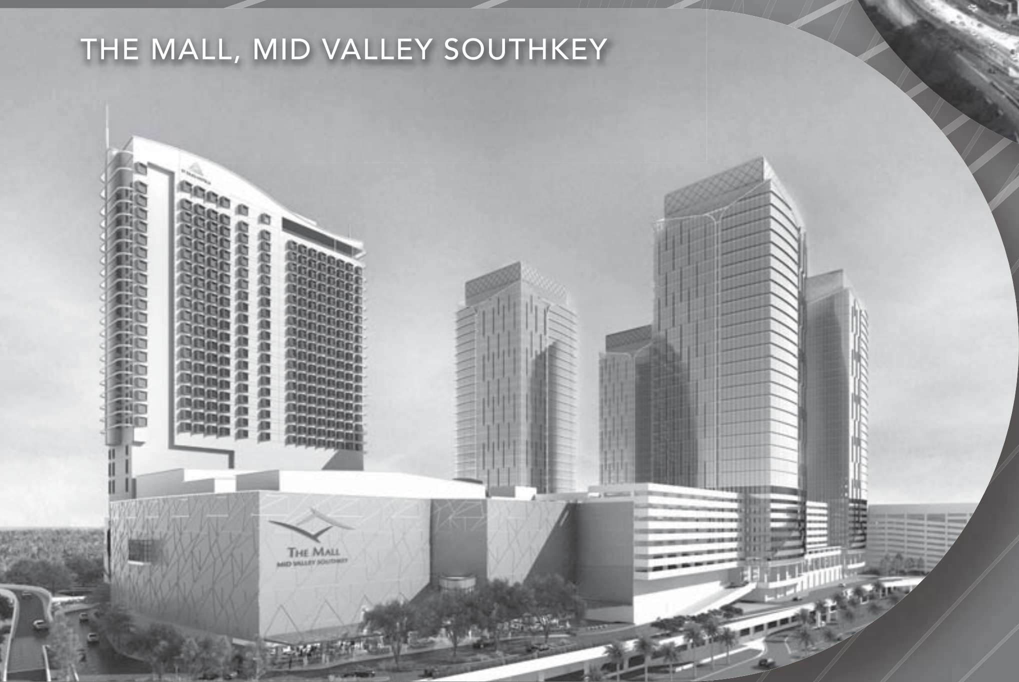
IGB BERHAD

ANNUAL REPORT 2019

MENARA SOUTHPOINT



THE MALL, MID VALLEY SOUTHKEY

Creating and Managing Spaces

that Work Now and the Future

IGB BERHAD


MENARA SOUTHPOINT


THE MALL, MID VALLEY SOUTHKEY

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Corporate Information

BOARD OF DIRECTORS

Tan Lei Cheng
Non-Independent Non-Executive Chairman

Dato' Seri Robert Tan Chung Meng
Group Chief Executive Officer

Lee Chaing Huat
Senior Independent Non-Executive Director

Daud Mah bin Abdullah @ Mah Siew Whye
Independent Non-Executive Director

Dato' Dr. Zaha Rina binti Zahari
Independent Non-Executive Director

Tan Boon Lee
Alternate Director to Dato' Seri Robert Tan Chung Meng/
Deputy Group Chief Executive Officer

SECRETARY

Tina Chan Lai Yin
(MAICSA 7001659/SSM PC No. 201908000014)

REGISTERED OFFICE

Level 32, The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur, Malaysia
Telephone : 603-2289 8989
Telefax : 603-2289 8802

AUDITOR

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146)
Level 10, 1 Sentral Jalan Rakyat
Kuala Lumpur Sentral
50470 Kuala Lumpur, Malaysia
Telephone : 603-2173 1188
Telefax : 603-2173 1288

REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
197101000970 (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia
Telephone : 603-2783 9299
Telefax : 603-2783 9222

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Date of Listing : 8 May 2002
Stock Name : IGBB
Stock Code : 5606

PRINCIPAL BANKERS

Hong Leong Bank Berhad 193401000023 (97141-X)
Level 1, Wisma Hong Leong
18 Jalan Perak
50450 Kuala Lumpur, Malaysia
Telephone : 603-2164 2525
Telefax : 603-2164 7922

HSBC Bank Malaysia Berhad 198401015221 (127776-V)
No. 2 Leboh Ampang
50100 Kuala Lumpur, Malaysia
Telephone : 603-2070 0744
Telefax : 603-2070 1146

Malayan Banking Berhad 196001000142 (3813-K)
G(E)-016, Ground Floor, Mid Valley Megamall
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur, Malaysia
Telephone : 603-2289 0098
Telefax : 603-2282 5353

Maybank Investment Bank Berhad 197301002412 (15938-H)
33rd Floor, Menara Maybank
100 Jalan Tun Perak
50050 Kuala Lumpur, Malaysia
Telephone : 603-2059 1888
Telefax : 603-2038 4194

Public Bank Berhad 196501000672 (6463-H)
Menara Public Bank
146 Jalan Ampang
50450 Kuala Lumpur, Malaysia
Telephone : 603-2176 6000
Telefax : 603-2163 9917

Profile of Directors

TAN LEI CHENG *(Malaysian, female, age 63)* *Non-Independent Non-Executive Chairman*	
Board Appointment	: 20 September 2000
Board Committees	: A member of Nomination Committee, Remuneration Committee and Policy and Implementation Council
Education and Experience	: Tan Lei Cheng holds a Bachelor of Commerce from University of Melbourne, Australia and a Bachelor of Law from King's College, London (LLB Hons), England. She was admitted to the English Bar in 1983. She is a member of the Lincoln's Inn and the Young Presidents' Organisation (Gold), Malaysia Chapter. She has more than 40 years experience in the property industry and corporate sector. She was Chief Executive Officer of Tan & Tan Developments Berhad (Tan & Tan) from March 1995, a property development company that was listed on Bursa Malaysia Securities Berhad. Following the completion of the merger between IGB Corporation Berhad (IGBC) and Tan & Tan on 8 May 2002, she assumed the role of Executive Chairman and Chief Executive Officer of Goldis Berhad (Goldis) (now known as IGB Berhad (IGB), which took over the listing of Tan & Tan). Following her retirement on 31 December 2016, she assumed the role as Non-Executive Chairman of Goldis. After the privatisation of IGBC by Goldis on 16 March 2018, she remains as Non-Executive Chairman of IGB.
Public Company Directorships	: IGB REIT Management Sdn Bhd, the Manager of IGB Real Estate Investment Trust Tan & Tan, the property division of IGBC Dato' Tan Chin Nam Foundation

DATO' SERI ROBERT TAN CHUNG MENG *(Malaysian, male, age 67)* *Group Chief Executive Officer* (GCEO)	
Board Appointment	: 8 December 2014 (appointed as GCEO on 30 March 2018)
Board Committee	: A member of Policy and Implementation Council
Education and Experience	: Dato' Seri Robert Tan has vast experience in property development, hotel construction, retail design and development as well as corporate management with more than 30 years experience in the property and hotel industries. After studying Business Administration in the United Kingdom, he was attached to a firm of chartered surveyor for a year. He had developed a housing project in Central London before returning to Malaysia. His stint in the property industry began with IGB Corporation Berhad (IGBC) in 1995 when he was appointed Joint Managing Director and subsequently redesignated to Group Managing Director in 2001. Following the delisting of IGBC on 16 March 2018, he was appointed as GCEO of IGB Berhad on 30 March 2018. Dato' Seri Robert Tan was involved in various development projects carried out by IGBC Group, in particular Mid Valley City. From inception to the realisation of Mid Valley Megamall (MVM) and The Gardens Mall (TGM), he was actively involved in every stage of their developments. He is instrumental to the development and success of MVM and TGM, and more importantly, in retaining their positions as prime shopping hotspots in the Klang Valley. Dato' Seri Robert Tan was the recipient of "The Edge Malaysia Outstanding Property CEO Award 2019".
Public Company Directorships	: IGB REIT Management Sdn Bhd, the Manager of IGB Real Estate Investment Trust (Managing Director) IGBC Tan & Tan Developments Berhad Wah Seong Corporation Berhad (Non-Executive Chairman) Yayasan Tan Kim Yeow

Profile of Directors
(continued)

LEE CHAING HUAT *(Malaysian, male, age 66)* *Senior Independent Non-Executive Director*		
Board Appointment	:	8 December 2014 (redesignated as Senior Independent Non-Executive Director on 30 August 2018)
Board Committees	:	Chairperson of Audit Committee, and a member of Nomination Committee and Remuneration Committee
Education and Experience	:	Lee Chaing Huat is a fellow member of Association of Chartered Certified Accountants, United Kingdom and a member of Malaysian Institute of Accountants. He started his career as an auditor in 1971 with Messrs. Hanafiah Raslan & Mohamad/Touche Ross, Malaysia before joining the financial sector in 1980. He has wide banking experience having worked with several banks – The Chase Manhattan Bank (now known as JP Morgan Chase Bank) and Kwong Yik Bank Berhad and thereafter RHB Bank Berhad when Kwong Yik Bank Berhad merged with DCB Bank Berhad in 1997. In 2004, he joined Hong Leong Credit Berhad as Group Chief Financial Officer and later Hong Leong Bank Berhad as Chief Operating Officer/Head of Business Banking Division. In December 2005, he started his own private management consultancy company.
Public Company Directorship	:	Sentoria Group Berhad (Senior Independent Non-Executive Director)

DAUD MAH BIN ABDULLAH @ MAH SIEW WHYE *(Malaysian, male, age 58)* *Independent Non-Executive Director*		
Board Appointment	:	15 January 2003
Board Committees	:	Chairperson of Remuneration Committee, and a member of Audit Committee and Nomination Committee
Education and Experience	:	Daud Mah holds a Bachelor of Science (Econs) degree from the London School of Economics and Political Science and a Master in Business Administration majoring in Finance from Wharton School, University of Pennsylvania. He is a member of the Institute of Chartered Accountants of England and Wales and the Malaysian Institute of Accountants. His working experience commenced with Coopers & Lybrand, London from 1984 to 1989. After completing his Masters in Business Administration in 1992, he returned to Malaysia to join The Boston Consulting Group. He co-founded Kumpulan Sentiasa Cemerlang Sdn Bhd, a licensed fund management company in 1995 and became its Chief Executive Officer (CEO) on 1 April 2010. He stepped down as CEO on 8 August 2019 and as a director on 30 December 2019.

DATO' DR. ZAHA RINA BINTI ZAHARI *(Malaysian, female, age 58)* *Independent Non-Executive Director*		
Board Appointment	:	1 June 2018
Board Committees	:	Chairperson of Nomination Committee, and a member of Audit Committee and Remuneration Committee
Education and Experience	:	Dato' Dr. Zaha Rina holds Bachelor of Arts (Honours) degree in Accounting and Finance from Leeds Metropolitan University, United Kingdom, a Master in Business Administration from University of Hull, United Kingdom and a Doctorate in Business Administration from University of Hull, United Kingdom focusing on capital markets research and specialising in derivatives. She has more than 26 years experience in the financial, commodities and securities industry and the development of the Malaysian Capital Market which includes managing a futures broking company. She is experienced in global financial markets both conventional and Islamic as well as technical knowledge of mergers and acquisitions in insurance and Takaful companies. She is an independent Board member in Financial Institutions and licensed by the Securities Commission Malaysia for corporate advisory services. She was Consultant to Financial Technologies Middle East based in Bahrain for the set up of Bahrain Financial Exchange launched in 2009. Prior to this, she was with Royal Bank of Scotland Group in Singapore from 2007 to 2008, Chief Executive Officer of RHB Securities Sdn Bhd from 2004 to 2006, Head of Exchanges, managing the operations of Kuala Lumpur Stock Exchange (KLSE), Malaysian Exchange of Securities Dealing and Automated Quotation, Malaysia Derivatives Exchange and Labuan International Financial Exchange in 2003 before KLSE was demutualised in 2004 and renamed as Bursa Malaysia Securities Berhad.
Public Company Directorships	:	Manulife Holdings Berhad (Non-Executive Chairman) Hibiscus Petroleum Berhad Hong Leong Industries Berhad Pacific & Orient Berhad Pacific & Orient Insurance Co Berhad

Profile of Directors
(continued)

TAN BOON LEE
(Malaysian, male, age 56)
Alternate Director to Dato' Seri Robert Tan/Deputy Group Chief Executive Officer (DGCEO)

Board Appointment	:	30 August 2018 (appointed as DGCEO on 1 June 2018)
Board Committee	:	A member of Policy and Implementation Council
Education and Experience	:	Tan Boon Lee holds a Bachelor of Economics from Monash University, Australia and a Master in Business Administration from Cranfield School of Management, United Kingdom. He joined IGB Corporation Berhad (IGBC) as Executive Director in June 2003 as well as assumed the role of Chief Executive Officer of Tan & Tan Developments Berhad (Tan & Tan) from January 2008 until he relinquished the post in January 2019. After the privatisation of IGBC on 16 March 2018, he was appointed DGCEO of IGB Berhad (IGB) and alternate to Dato' Seri Robert Tan on the Board of IGB. He has more than 26 years experience in the property and hotel industry, giving management and technical assistance to hotel and hospitality projects in Malaysia and Asia. He was President of Malaysian Association of Hotel Owners from 2002 to 2004.
Public Company Directorships	:	IGBC Tan & Tan Dato' Tan Chin Nam Foundation

Note:

None of the Directors have:

(i) any family relationships with any Director and/or major shareholder of IGB save for Tan Lei Cheng, Dato' Seri Robert Tan Chung Meng and Tan Boon Lee.

(ii) any conflicts of interest with IGB other than mandated related party transactions which have been disclosed in **Corporate Governance Overview Statement** of this Annual Report.

(iii) any conviction of offences within the past 5 years nor any sanction and/or penalty imposed by the relevant regulatory bodies during FY2019.

Profile of Key Senior Management

CHAI LAI SIM
(Malaysian, female, age 59)
Group Chief Financial Officer (GCFO)

Appointment	:	1 June 2018
Education and Experience	:	Chai Lai Sim is a member of Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. She has over 30 years of experience in audit, corporate finance, capital management strategy including treasury, financial accounting and taxation in property development, commercial and retail property investment and hospitality industries. She began her career as an articled student with Coopers & Lybrand (now known as PriceWaterhouseCoopers) before joining Tan & Tan Developments Berhad (Tan & Tan) as Group Financial Controller in 1993. Following the completion of the merger between Tan & Tan and IGB Corporation Berhad (IGBC) in 2002, she was appointed Senior Group General Manager (Group Finance) of IGBC and subsequently, GCFO. Following the delisting of IGBC on 16 March 2018, she assumed the role of GCFO of IGB Berhad.

ANTONY PATRICK BARRAGRY
(British/Permanent Resident of Malaysia, male, age 68)
Chief Executive Officer (CEO) of IGB REIT Management Sdn Bhd (IGB REIT Management), the Manager of IGB Real Estate Investment Trust (IGB REIT) - Property Investment (Retail) Division

Appointment	:	1 September 2012
Education and Experience	:	Antony Barragry holds a Diploma in Architecture from the University of Sheffield and a member of the International Council of Shopping Centres and The International Real-Estate Federation (FIABCI). He is a qualified architect with more than 40 years of international experience in the design, development and operations of mixed-use developments. His prior work experience includes Jebel Ali Hotel development in Dubai, Putra World Trade Centre in Kuala Lumpur and Kempinski Ciragan Palace Hotel in Istanbul. His career with IGB Corporation Berhad Group commenced with Renaissance Kuala Lumpur Hotel in 1993; then, as Project Director for phase 1 of Mid Valley City (MVC), including Mid Valley Megamall, and subsequent, appointed Executive Director of Mid Valley City Sdn Bhd in 2002, where he spearheaded the development of more than 6 million square feet of commercial space in MVC's phase 2 (The Gardens Mall and The Gardens Hotel & Residences), phase 3 (Menara Southpoint, which is currently under construction) and phase 4 (Northpoint). He was also Project Director for the design and construction of St Giles Hotel-Heathrow, London, and Pangkor Island Beach Resort upgrade in 2004 (which is presently undergoing redevelopment work and will be converted into luxury villas). He was CEO of Mid Valley City Gardens Sdn Bhd from January 2008 until he relinquished the post in September 2012. He was appointed CEO of IGB REIT Management, the Manager of IGB REIT in September 2012.

CHUA SENG YONG
(Malaysian, male, age 57)
Executive Assistant to Group Chief Executive Officer (GCEO) / ExCo Chairman - Hotel Division

Appointment	:	1 January 2019
Education and Experience	:	Chua Seng Yong obtained a Bachelor of Economics degree from Monash University, Australia in 1985 and a Master in Business Administration from Cranfield School of Management, United Kingdom in 1991. He has more than 30 years of experience in property, construction, retail and hospitality industries and started his career in 1985 as the accountant in YBH Group which was involved in property development and retail of industrial diesel and petroleum products. He joined Tan & Tan Developments Sdn Bhd as the Accounts Controller in 1988 and held various positions within the group in both hospitality and property development division. His last position was Group Accountant before being seconded to IGB Corporation Berhad (IGBC) in 1994 as Financial Controller. He was appointed Executive Assistant to Group Managing Director and alternate to Dato' Seri Robert Tan on the Board of IGBC in 1999. Following the delisting of IGBC, he assumed the present position as Executive Assistant to GCEO.

Profile of Key Senior Management
(continued)

TAN MEI SIAN
(Malaysian, female, age 36)
Head of Group Strategy & Risk / ExCo Chairman - Property Investment (Commercial) Division

Appointment	:	1 September 2018
Education and Experience	:	Tan Mei Sian graduated from the London School of Economics and Political Science with a Bachelor of Science in Economics. She was previously an Engagement Manager at Oliver Wyman, specialising in financial services strategy and risk management consulting, having worked with major financial institutions in the United States, United Kingdom, Netherlands, China, Taiwan, Hong Kong, Singapore, Malaysia, Thailand and Australia. She was a non-independent executive director of Goldis Berhad (has been renamed as IGB Berhad (IGB) on 20 March 2018) from 18 May 2016 to 30 August 2018. After the privatisation of IGB Corporation Berhad by IGB, she assumed the role of the Head of Group Strategy & Risk and the ExCo Chairman of the Property Investment (Commercial) Division. She is a member of the Young President's Organisation.
Public Company Directorship	:	Tan & Tan Developments Berhad (Alternate Director to Tan Lei Cheng)

LIM GIK CHAY
(Malaysian, male, age 58)
Executive Director of Ensignia Construction Sdn Bhd (Ensignia Construction) - Group Construction Division

Appointment	:	1 January 2007
Education and Experience	:	Lim Gik Chay holds a Bachelor of Sciences in Civil Engineering from University of Memphis, the United States of America. He is a graduate member of the Institution of Engineers, Malaysia. He has over 30 years of experience in construction, project management, design and development in various commercial, residential and high rise projects. He was involved in Singapore condominium construction work prior to joining IGB Corporation Berhad (IGBC). In 1994, he joined IGBC as Project Engineer involved in the construction of Renaissance Kuala Lumpur Hotel and New World Hotel. Upon completion of the hotels, he was assigned as Construction Manager for the construction of entire Mid Valley City; group projects such as Desa Damansara Condominium, U-Thant Residence, Seri Ampang Hilir Condominium, Cendana Condominum, G Residence; redevelopment of Pangkor Island Beach Resort; St Giles Hotel at Makati, Philippines and Mid Valley Southkey, Johor Bahru. He was appointed Executive Director of Ensignia Construction (the construction arm of IGBC) since 2007 to oversee construction projects of the Group.

TAN YEE SENG
(Malaysian, male, age 40)
Chief Executive Officer (CEO) of Tan & Tan Developments Berhad (Tan & Tan) - Property Development Division

Appointment	:	1 January 2019
Education and Experience	:	Tan Yee Seng holds a professional Diploma of Architecture (Royal Institute of British Architects, Part 2) from University of East London, United Kingdom. His prior work experience includes being part of the pre-opening team member of GTower, an integrated offices and hotel building, where he oversaw the coordination of base building, fit out and operations. He was also involved in the aesthetic realisation of The Gardens Mall (TGM) while working at Ensignia Construction Sdn Bhd where he was a Design Architect. There he used his training to create and fine tune the facades and key elements of TGM and Mid Valley Megamall. He has also been a design architect at Eric Kuhne Associates in London where he worked on several large mixed-use proposals. He joined IGB Corporation Berhad as Senior General Manager in 2010; appointed Head of Property Development in 2017; and CEO of Tan & Tan on 1 January 2019.
Public Company Directorship	:	Tan & Tan

Profile of Key Senior Management
(continued)

WONG KHIM CHON
(Malaysian, male, age 60)
Chief Executive Officer (CEO) of IGB Property Management Sdn Bhd (IGB Property Management) - Property Management Division

Appointment	: 1 January 2019
Education and Experience	: Wong Khim Chon holds a Master of Business Administration from University of Strathclyde, Scotland, a Bachelor of Engineering (Hons) in Civil Engineering from University of Malaya and a Certified Diploma in Accounting and Finance of the Association of Chartered Certified Accountants, United Kingdom. He has over 31 years of experience in the real estate industry, in the areas of building and civil construction, property development, project management, property management and asset management. He was Executive Director/CEO of AmREIT Managers Sdn Bhd, the REIT Manager of AmFIRST REIT which is listed on the main market of Bursa Malaysia Securities Berhad. He joined IGB Corporation Berhad as Senior Group General Manager of Property Management in August 2018 and appointed as CEO of IGB Property Management and Head of Group Commercial Property Management on 1 January 2019.

JAMES LOO HOOI GUAN
(Malaysian, male, age 60)
Chief Executive Officer of Cititel Hotel Management Sdn Bhd (Cititel Hotel Management)

Appointment	: 1 January 2020
Education and Experience	: James Loo holds a Certificate from Cornell University's Executive Program in Hospitality Management in collaboration with the National University of Singapore. His 40 years of experience in the hospitality and tourism industry include 14 years with Shangri-La Hotels & Resorts with an extensive portfolio in Sales Marketing covering East Asia, Europe and North America. He also held senior position at Sutera Harbour Resort in Kota Kinabalu, Sabah as Senior Vice President - Operations. Concurrent with the position, he was also appointed as a Member of the Sabah Tourism Board, contributing to tourism initiatives and activities in the state of Sabah. He joined Cititel Hotel Management in 2000 as pre-opening General Manager and held similar appointments in the re-development of MiCasa All Suite Hotel, Pangkor Island Beach Resort, The Gardens Hotel & Residences and until recently, spearhead the pre-opening of the 575-room St Giles Southkey, Johor Bahru.

Note:

None of the Key Senior Management have:

(a) any family relationships with any Director and/or major shareholder of IGB save for Tan Mei Sian and Tan Yee Seng.
(b) any conflicts of interest with IGB other than mandated related party transactions which have been disclosed in **Corporate Governance Overview Statement** of this Annual Report.
(c) any conviction of offences within the past 5 years nor any sanction and/or penalty imposed by the relevant regulatory bodies during FY2019.

Management Discussion and Analysis

1. Introduction

The principal activities of the Company during the financial year are those of investment holding and provision of management services. The principal activities of the Group mainly consist of property investment and management, owner and operator of malls, hotel operations, property development, construction, information and communication technology services, the provision of engineering services for water treatment plants and related services, education, investment holding and management of real estate investment trust.

Today, IGB is one of the largest listed property companies in Malaysia, and has a footprint which spans across Asia, Australia, the United States (US), and the United Kingdom (UK).

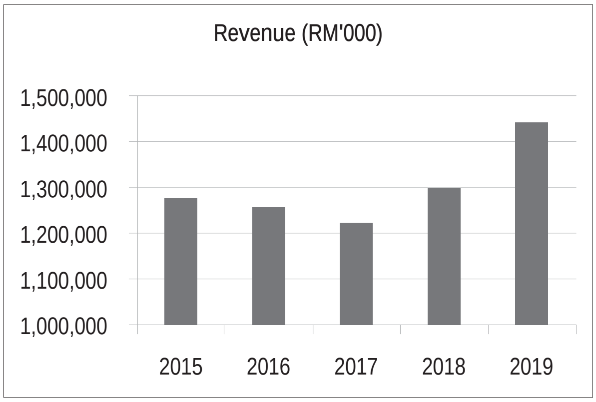
2. Positioned to Embrace Change and Lead Innovation

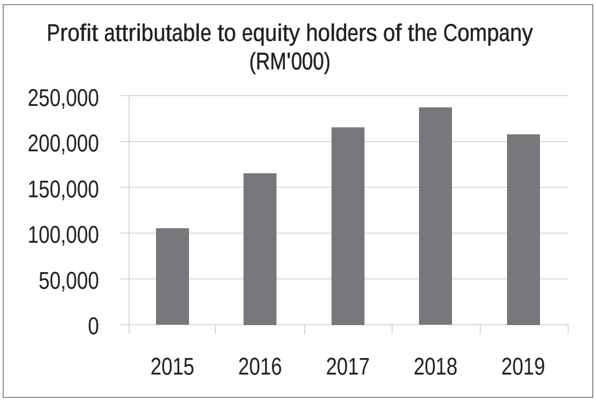
2019 continued to be a challenging year both for the global economy as well as for Malaysia, with ongoing trade tensions between the US and China, continued uncertainty around Brexit in the UK, as well as geopolitical tensions in Asia. These events have taken their toll on the global economy, and in Malaysia, has led to an overall Gross Domestic Product (GDP) growth at the lower end of Bank Negara's forecasts.

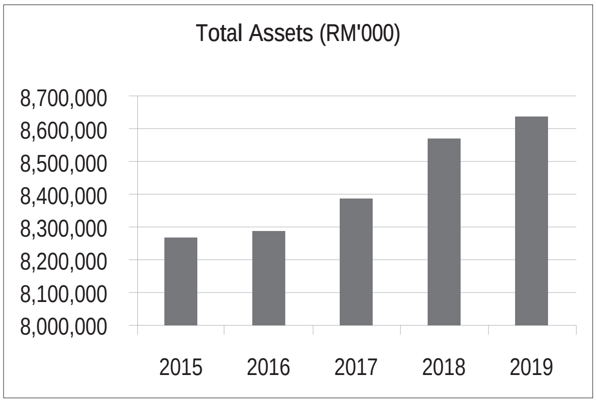
Following the consolidation of IGB Corporation Berhad and Goldis Berhad in 2018, IGB has leveraged the efficiencies and cohesiveness of the combined entity to realise opportunities for growth as well as cost savings. For example, with the consolidation of our back-office functions, and with only one listed entity, we realised savings from rental as well as compliance costs associated with a dual listing. Further savings and efficiencies were attained through the consolidation of the operational side of GTower Hotel (the hotel have since ceased operations on 29 April 2020) and MiCasa All Suites Hotel, as well as the amalgamation of our leasing and operations teams for our office buildings in the Kuala Lumpur City Centre. These changes have allowed us to better share information and react to emerging opportunities.

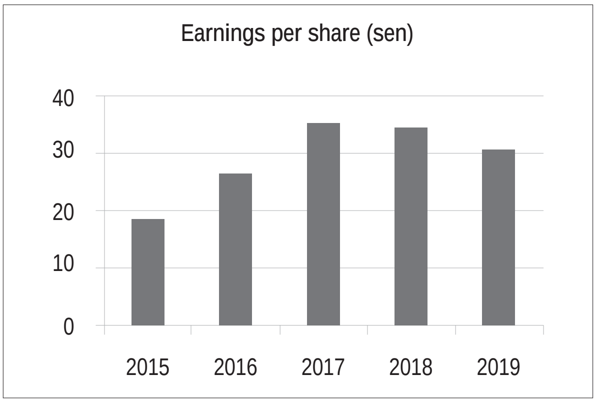
Despite the challenges faced in 2019, IGB's performance was satisfactory. Against a backdrop of rapidly emerging opportunities and challenges, changing consumer preferences, as well as emerging trends, we believe that we are better positioned now to embrace change, lead innovation, and remain relevant across our portfolio of businesses. Through this, we believe that we will be able to continue to drive sustainable growth for our business, create long term value for our shareholders, and continue to be an industry leader amongst our peers.

3. Key Financial Highlights









Management Discussion and Analysis
(continued)

Table 1: Five Year Group Financial Highlights

FINANCIAL YEAR ENDED 31 DECEMBER		2015	2016	2017	2018	2019
Revenue	RM '000	1,278,218	1,255,473	1,222,250	1,302,010	1,436,479
Profit before tax	RM '000	390,379	482,908	491,319	480,591	463,099
Profit attributable to equity holders of the Company	RM '000	109,105	165,027	215,143	235,643	208,665
Issued and paid-up share capital	RM '000	610,494	610,891	645,030	884,327	886,344
Capital and reserves attributable to equity holders of the Company	RM '000	2,437,881	2,551,886	2,710,768	3,435,006	3,614,372
Total Assets	RM '000	8,268,622	8,286,258	8,395,337	8,565,497	8,607,814
Earnings per share (basic)	sen	17.96	27.15	35.36	35.24	30.66
Net assets per share	RM	3.59	3.73	4.45	5.65	5.95
Gross dividend per ordinary share:						
- cash dividend	sen	2.0	2.0	2.0	2.0	2.0
- dividend-in-specie		-	-	-	-	1.0
Share price as at 31 Dec	RM	2.28	2.52	2.96	2.48	3.61
Dividend yield	%	0.88	0.79	0.68	0.81	0.83
Total borrowings	RM '000	3,609,600	3,253,678	3,405,866	4,046,638	3,843,479
Net borrowings	RM '000	2,468,979	2,202,379	1,817,973	2,983,374	3,101,366
Net debt to Capital and Reserves attributable to equity holders of the Company	Times	1.01	0.86	0.67	0.87	0.86

4. Operations Overview

Property Development Segment

The property market remained soft in 2019 as Malaysia's economy saw a moderation in growth, and external headwinds weighed on consumer and investor sentiment. Our Group continued to maintain a conservative stance, concentrating our efforts on our existing developments and shifting our focus to investment products such as the management of co-living spaces and the provision of property management services for condominiums. This year, we also launched Tan & Tan Homes, a new division under Tan & Tan Developments Berhad (Tan & Tan), which looks at supporting homeowners through the provision of property management services. Tan & Tan Homes will, for example, help homeowners rent out their apartments.

Co-living @ Damai Residence (previously known as Co-Coon Co-living @ Damai Residence) was officially launched in January this year. Since the launch, we have seen a strong interest in our offering. We believe that there are significant opportunities for growth in the co-living space and will be looking to build our portfolio in Malaysia.

This year saw us start work on the design of phase one of our development in Wangsa Maju. Stonor 3 was also completed and handed over. Sales for both Stonor 3 and Park Manor are also ongoing, and we have seen a steady interest in both properties from potential buyers. Sales for Stonor 3 in particular, has benefitted from the increased interest by Hong Kong investors following the pro-democracy protests that captured international headlines for much of the second half of the year. The take up rates for Stonor 3 and Park Manor are 53% and 56% respectively.

We are also proud to have received the Des Prix Infinitus ASEAN Property Awards Malaysia in the Best Developer category in March this year, as well as The Edge Malaysia Top Property Developers Award in October 2019.

We enter 2020 with a lacklustre outlook for the property market as the world continues to face increasingly uncertain times. Across the globe Governments have imposed lockdowns in a bid to limit the spread of COVID-19, which have inadvertently impacted businesses, jobs, and economies. Against this backdrop, we remain committed to upholding the highest standards of professionalism and work, but will not be undertaking any new projects or investments until later on in the year when we are in a better place to understand and mitigate the impact of the virus on our business. We are fortunate that currently, we only have a limited number of ongoing projects, and as such, the impact of the virus on our existing portfolio is limited.

Management Discussion and Analysis
(continued)

Hotel Segment

(a) Hotel Portfolio in Asia and Australia

2019 was a challenging year for the hotel division. As the majority of our portfolio sits within Malaysia, and the primary customer base for these hotels continue to be domestic travellers, we have been impacted by the slowdown in the Malaysian economy, a continued increase in competition in the hotel segment, as well as an increase in the supply of rooms in the market. To address these challenges, we adopted a Revenue Per Available Room (RevPAR) strategy, allowing us to align our efforts to our target customer segment. We also adjusted our marketing strategies, increasing our business mix in the wholesale and tour segments, as well as focusing our efforts on growing our online presence. The latter supports the growing preference of customers to make their hotel bookings online, primarily through online travel agents (OTA).

With the growing influence of the online and social media space, we have increased our digital marketing efforts, investing in search engine optimisation (SEO), as well as Search Engine Marketing (SEM), amongst others. Recognising the importance of building a brand profile and presence online, we are monitoring online comments and reviews regularly, and have proactively engaged with our guests through various online and social media platforms. We work hard to ensure that our brand values and brand promise are communicated clearly through these channels.

The outlook for 2020 continues to be challenging, particularly as the Government imposed Movement Control Order (MCO) has mandated the temporary cessation of all our hotels, except for the Gardens Hotel and Residences, and MiCasa All Suite Hotel in Kuala Lumpur, both of which cater to long stay guests. We anticipate that even after the MCO is lifted, it will take a while for people to resume international travel at levels previously seen. Additionally, we expect the industry to experience a downward spiral in room rates, as hotels offer heavily discounted programmes in a bid to attract customers. Against this backdrop, we remain committed to offering our customers the level of service and comfort that they have come to expect from us, and will abide by all Government guidelines, upholding the highest standards of cleanliness and hygiene for the safety and comfort of our customers.

Given the COVID-19 pandemic and the measures undertaken by the Government to mitigate it’s spread, we expect delays in the refurbishment efforts at both Cititel Mid Valley and The Boulevard Hotel Kuala Lumpur, which commenced in September 2019. Delays are also expected in the completion of St Giles Southkey, which is located at Mid Valley Southkey in Johor Bahru. The hotel will comprise of 575 rooms and offer 2 F&B outlets as well as 4 function rooms.

(b) Hotel Portfolio in the UK and the USA

2019 was an exciting year for our hotels overseas. We commenced a rebranding exercise which will better distinguish the St Giles brand abroad and redefine our brand architecture, and embarked on the development of a loyalty programme to help grow our customer base and maximise guest loyalty.

i. UK

In the UK, we also continued to streamline our organisational structure, allowing us to better support the hotel teams. This has been done through the centralisation of roles as well as the introduction of new roles that will help with the development and implementation of new ideas that work to improve operational efficiency.

The uncertainty surrounding Brexit has continued to impact travel. To counter this, we have been exploring opportunities to build new relationships in other markets such as India, the Middle East, and North America. Another key challenge faced, has been our aging hotel product. We will therefore be kick-starting renovation works at our St Giles London property in 2020 and looking to enhance the overall guest experience at our hotels. We have also had to review our costs due to price increases as a result of Brexit, and will be monitoring them on a regular basis, exploring areas where they can be better managed.

To help drive business, we have reviewed all OTA partners, and have started working strategically with those who have added the most value to our business to achieve our overall objectives. We also invested in a more experienced corporate sales manager as well as in a number of preferred corporate programmes. As a result of these efforts, we have seen a positive impact on the corporate segment, which has enjoyed a strong showing in the last quarter of the year. We have also placed a greater emphasis on driving direct business, thus reducing our reliance on OTA. This has resulted in good year on year growth.

ii. New York

New York continues to be a challenging market to operate in. The key challenges faced include working with the labour union, operating in an uncertain economic climate, as well as in a city with an oversupply of hotel rooms. Manhattan saw the addition of just over 3,800 hotel rooms in 2019. This coupled with the increasingly price-sensitive leisure customer, has continued to impact our ability to drive meaningful increases in room rates. Labour expenses also continue to weigh on our operations, with almost 75% of revenue needed to cover labour costs at The Tuscany.

Management Discussion and Analysis
(continued)

To help drive growth, our corporate sales manager attended numerous events and conferences to target new business. This has seen some success, with The Tuscany enjoying a 45% increase in year on year growth in the preferred corporate segment. We also offered new packages through the hotel's website and on TravelZoo, which has helped drive revenue during the slower periods. We also added a conference room on the second floor at the end of the year. This has created an additional source of revenue.

iii. *Outlook*

The outlook for 2020 continues to be difficult with both the UK and New York undergoing extended lockdowns. Even after the restrictions are lifted, we anticipate a slow recovery in travel and tourism, particularly into densely populated cities such as London and New York. Once the lockdowns are lifted, we hope to be able to partially re-open our hotels, however, based on current expert forecasts, we do not anticipate a rebound to the levels seen in 2019 until 2022.

We continue to keep abreast of emerging news and advice from top economists, industry leaders, as well as the health authorities, and monitor the flow of people in and out of cities, so that we can be better prepared to re-open our hotels once we are able. We believe that as our hotels are positioned in the affordable economy and affordable luxury categories, and are located in large, urban cities, our recovery will be quicker as compared to hotels located in other markets.

Property Investment and Management, Commercial Segment

2019 continued to be a challenging year for the Group's office segment, with the market remaining soft due to the imbalanced supply-demand of commercial office spaces, increased competition, especially in the KLCC area, and the economic downturn. Despite the softer market however, we observed active leasing activities in our portfolio, particularly for buildings within Mid Valley City (MVC).

We also continued to enhance our assets in the year and started works to replace the lifts at Centrepoint South Tower, Centrepoint North Tower, and Menara IGB. Opportunities for our staff to grow and develop were also provided through various training programmes carried out in the year.

In light of the COVID-19 pandemic, 2020 will be a challenging year both for us as well as our tenants. We will work to stay the course and maintain the same strategies adopted this year in our efforts to sustain the performance of the Group's office portfolio. Our focus will be to continue to work hard to retain and support our existing tenants, to carry out appropriate asset enhancement initiatives (AEIs), whilst continuously maintaining and looking to further improve the service levels at all our buildings. During this period, we will be working closely with all tenants to support them where possible through these uncertain times.

Moving forward, we will be increasing the total net lettable area of the Group's office portfolio, which stands at 3.8 million square feet, with the addition of two (2) new office towers at Mid Valley Southkey in Johor Bahru (North and South Towers). These two (2) towers are currently under construction. North Tower is scheduled for completion by end 2020 and South Tower by first quarter 2021. With the COVID-19 pandemic and MCO, however, this may be delayed.

Additionally, pursuant to the announcement on 21 November 2019, the Group plans to establish and list a commercial real estate investment trust in 2020.

Property Investment and Management, Retail Segment

The Mall, Mid Valley Southkey (The Mall), opened its doors to the public in April amid a challenging year that saw an overall softening of consumer spending, and a continued oversupply of shopping malls both in the Klang Valley as well as in Johor. Against this backdrop, we saw a gradual improvement in footfall and consumer spending at The Mall as the year progressed, and as word got out about the broad retail offering and tenant mix on offer.

In the Klang Valley, IGB Real Estate Investment Trust (IGB REIT), which owns Mid Valley Megamall (MVM) and The Gardens Malls (TGM), recorded another year of positive growth and received the award for "Highest Return on Equity Over Three Years" at The Edge Billion Ringgit Club 2019 Awards under the REIT category.

(a) *IGB REIT*

This year, MVM and TGM remained committed to offering their customers fresh, engaging, and relevant retail experiences. They continued to bring in new and exciting brands, and carried out AEIs to both improve their malls and enhance shopper retail experiences. New tenants brought in by MVM included Fresh, San & Sans, Etude House, Dior, Lancôme, EICHITOO, Palsaik Korean BBQ, Lazo Diamond Jewellery, Pop Pizza, Tiger Sugar, Giorgio Armani Beauty, Santan/T&CO, Minimalist Lab, A&W, and FamilyMart, amongst others. While some of the brands welcomed by TGM included Hydro Flask, Ambon Boenda, Lucky Mala Noodle, Isaac Toast & Coffee, Hershel Supply & Co, Sometime by Asian Designers, Elevatione Time Stops, Beauty in the Pot, and SNITCH by The Thieves.

Management Discussion and Analysis
(continued)

Special attention was made this year to engage both their on-ground and online communities. Both malls have worked hard to strengthen their community engagement through social media platforms, and have worked with their tenants to craft and extend special promotions and activities to this segment. On-ground activities were also organised in the year, with the malls tying up with both international and local brands which have helped to boost visitor engagement and create memorable shopping experiences.

Additionally, the malls continued to strengthen their relationships with their tenants, working to support their business plans where possible. For example, a few tenants were relocated this year, allowing them to expand and reposition their brands in the market. The malls have also lent their support to tenants who organised on-ground events to engage shoppers. In October for example, Popular organised a “Reading is Fun” event to help children develop positive reading habits and a greater attention to detail.

With these strategies, both MVM and TGM have managed to continue to grow year after year and remain one of the top retail destinations in the Klang Valley.

(b) The Mall, Mid Valley Southkey

In our first year of operation, the focus was on raising awareness amongst our target market that The Mall was open for business. Efforts were therefore concentrated on targeted marketing efforts across Malaysia and Singapore, as well as utilising the broad reach of the Group’s business to promote the mall in the region and beyond.

In the year, we continued to secure tenants for the remaining vacant lots, while also working to build relationships with our existing tenants, understanding the challenges they face, and working to support them where we can. Similar to the approach adopted by MVM and TGM, in selecting new tenants, we work hard to ensure that any new tenant is of good standing, through assessing them on their credibility and financial stability.

(c) Outlook

The retail environment will remain challenging in 2020, as the COVID-19 pandemic continues to impact the social and economic well-being of nations around the world. In Malaysia, measures imposed by the Government to manage the spread of COVID-19 have significantly impacted the retail industry. Although MVM, TGM, and The Mall remain open for essential trading, the temporary closure of non-essential retailers combined with restrictions on travel will result in a major contraction in footfall and consumer spending.

As the impact of the pandemic continues to reverberate across the globe, the re-opening of the retail sector in Malaysia and the lifting of travel restrictions remain pivotal to our recovery. Even with the resumption of business, we anticipate that we will all need to adapt to a new normal. However, as before, the safety and comfort of our customers as well as the well-being of our communities will remain a priority.

Despite these challenging times, both IGB REIT and The Mall remain firmly committed to creating sustained long-term value for our stakeholders, and bringing to our communities’ retail experiences that will create shared memories and traditions for years to come.

Construction Segment

We continued to work on several large projects this year and will continue to do so in 2020. With the COVID-19 pandemic, and the extraordinary measures that Governments around the world have taken to contain its spread, communities and businesses will be severely impacted. We will not be spared from the effects of these measures, including the various country-wide lockdowns and the MCO here in Malaysia, which have affected global supply chains and trade. As such, we expect our business to be negatively impacted, and anticipate delays in the progress of our ongoing projects throughout 2020.

(a) Menara Southpoint

Menara Southpoint, a 9-storey podium with 55-storey tower above, is the last major component of the MVC development. The 55-storey, mixed-use building comprises of office, located within the low zone of the tower. Architectural and construction works on the building is ongoing at the tower high zone, however, the opening of the grand ballroom has been deferred, as management had taken a decision to concentrate all efforts on the residential units.

With the MCO imposed by the Malaysian Government, all work on Menara Southpoint has ceased. We anticipate that following the lifting of the MCO, social distancing measures will be implemented, which may include a reduced workforce on site. As such, we expect to encounter further delays on the progress of the development in 2020.

(b) Pangkor Island Resort

In light of the weak economic environment, work on the Pangkor Island Resort has been put on hold and is pending a decision on the way forward.

Management Discussion and Analysis
(continued)

(c) St Giles Southkey, Johor Bahru

The St Giles Southkey is a proposed 4-star hotel comprising 575 rooms spread out over 29 floors. It is located above the podium roof of The Mall, Mid Valley Southkey, and will offer banqueting and recreational facilities.

Interior fit-out and mechanical and engineering works for the hotel started in 2019. With the MCO, no work has been allowed since 18 March 2020. As such, the initial targeted date for handover to the hotel operator will be impacted.

(d) Mid Valley Southkey North Tower and South Tower, Johor Bahru

The Mid Valley Southkey North and South Towers are 30 storey buildings that will house 24 storeys of office space each. Each tower has a gross floor area of 40,500 square metres (sm), and a net floor area of approximately 30,000 sm. This year, structural works for both towers were completed. Works to ensure the perimeter glass wall of the building is watertight, is currently ongoing. With the MCO, and the potential implementation of social distancing guidelines once it is lifted, the overall progress of this project will be delayed. The North Tower is scheduled for completion by end 2020 and the South Tower by 1 quarter 2021.

Other Operating Segments

(a) Water Treatment in China

The China Water Group continued to perform well in 2019 as a result of the upward adjustment of water tariffs for the Yantai Xin Cheng and Yantai New Water Plants, as well as contributions from the Zou Cheng upgrade project which commenced operations in July 2018.

Challenges faced in the year included higher operating costs as a result of having to maintain a higher standard of discharged water quality as required by the local authorities, obtaining the necessary capital expenditure to fund the expansion of existing projects, as well as our dependence on key management personnel with skills, competency and experience in the Chinese market.

To address these challenges, we periodically review our costs, working with independent auditors appointed by the local authorities. These reviews form the basis for subsequent requests for water tariff adjustments. We also continue to rely on internally generated funds to finance the expansion of existing projects, seeking local bank loans where required. We have also ensured that our remuneration packages are regularly reviewed and competitive so as to attract and retain the people we need to operate and grow our business. Lastly, it is also important that we maintain a good working relationship with the local authorities so that we are able to achieve better water tariffs as we grow.

As we move into 2020, we will be looking to maintain our performance at the current level as we expect China to experience a slower rate of growth in light of COVID-19 that has spread across the globe and impacted businesses worldwide. We are working with the authorities and will keep our plants open despite these challenging conditions.

(b) Education

The international school market in Malaysia is extremely competitive. We continued to face competition both from new schools opening, as well as from established schools, who have ramped up their offerings and engagement of prospective students and their families. Despite this however, we continued to see a growth in our enrolment numbers, as we pushed on with our digital marketing campaign on social media, and engaged a wider range of student recruitment agents to assist with the enrolment of foreign students new to Malaysia. We also froze our 2019/20 school fees to entice new families to join IGB International School (IGBIS) and offered various financial incentives to encourage existing families to continue with us.

IGBIS students have continued to perform well this year with 100% of our students passing the International Baccalaureate (IB) Diploma. The average score achieved was 35 points, with a third of our students achieving 40 points or above. The worldwide average for the IB Diploma is 29 points.

Our students have also continued to apply to universities around the world including the UK (50%), the US (20%), and Canada (10%), with the remaining 20% applying to universities in Japan, South Korea, Germany, and the Netherlands. On the back of the strong results that our students have achieved, they have received offers from prestigious universities, as well as scholarships amounting to close to USD1 million.

This year, we are also proud of our students in the IB Middle Years Programme (MYP) who took the MYP Certificate. These students achieved scores that were above the worldwide average in most subjects. A team of students also took part in the World Scholars Cup and entered the finals which took place at Yale University in the US. The team was placed first in the world for writing.

Management Discussion and Analysis
(continued)

2020 has begun with COVID-19 posing a health risk to our internationally mobile community. Planned strategies for a pandemic have been implemented and the school has successfully implemented distance learning protocols for all students from 3 – 19 years old. However, a number of students who planned to enrol in the second semester were unable to start school due to the restrictions on entry to Malaysia and some existing families were also caught overseas when the MCO was implemented. 2020 is expected to be a very challenging year for international schools around the world as family income is reduced and many foreigners return to their home countries or are in some way impacted by COVID-19. We are fortunate that over fifty percent of our school families are Malaysian nationals and long-term residents, however we expect to begin the 2020-21 academic year with lower enrolment if restrictions continue for foreigners entering Malaysia.

(c) *Information Technology (IT)*

In 2019, AFMS Solutions Sdn Bhd continued to focus on developing its E-Leasing system, expanding its scope for use in commercial properties. In 2020, we will continue to make further enhancements to the system and add a broader range of functionalities.

2019 continued to be a challenging year for Macrolynx Sdn Bhd. The general slowdown in the economy meant that fewer businesses were looking at IT expansions as well as engaging external support for System Integration (SI) projects. As such, we continued to see a slowdown in take-ups, and faced rising costs of provision. Against this climate, the team worked to retain existing customers through offering new and attractive packages, as well as through the provision on excellent customer support. We also leveraged our existing database as we worked to secure SI projects. Cost cutting initiatives were also implemented in 2019. For example, we reduced our infrastructure connectivity to buildings where customers had diminished service requirements. This helped us maintain the overall profitability of the business.

2020 will be a challenging year as the COVID-19 pandemic continues to spread around the world and impact both communities and businesses. Against this backdrop, we anticipate a drop in subscription from our existing commercial customers as they work to stay afloat in these uncertain times.

(d) *New Ventures*

i. 18@Medini, a mixed development in Iskandar Malaysia, Johor Bahru, has been put on hold pending an improvement in market conditions and its surrounding areas.

ii. We remain committed to working with our joint venture partners on our 6-acre, mixed-use project in Bangkok, Thailand. The project fronts the Chao Phraya River. We are awaiting an opportune time to commence development and sales.

iii. We have received an offer for the 1.9-acre land in London. Due diligence is currently being carried out.

5. Risk Management

The Board of IGB is responsible for making sure that a framework of risk management and internal controls is in place to ensure that as a business, we adhere to the highest standards of corporate governance. The Policy and Implementation Council assists the Board by overseeing the Group’s overall strategy and risk framework through leveraging the expertise, experience, and knowledge of their members. They are in turn supported by the Group Strategy & Risk (GSR) division of IGB, which monitors and evaluates the effectiveness of the framework on an on-going basis.

In May 2019, the Board approved the revision of the “IGB Risk Management Policy and Framework”, which was renamed the “IGB Strategy & Risk Framework” (Framework). This revised Framework is based on the 2017 Committee of Sponsoring Organisations of the Treadway Commission’s Enterprise Risk Management – Integrating Strategy with Performance framework. This Framework integrates Enterprise Risk Management with business strategies and processes, resulting in better information to support improved decision-making. It also enhances conversations about risk across the whole value cycle of an organisation.

Risk management is not about eliminating risk but about mitigating unexpected operational surprises and losses, reducing performance variability, improving resource deployment, identifying and managing entity-wide risks, as well as increasing the opportunities available to the business. At IGB we believe that the best people to make decisions about business strategy and risks undertaken are those in the business units themselves. As such, the culture pertaining to strategy and risk within the organisation is one where the business units take ownership of their own strategies and risks.

We strongly believe that the revised Framework and the risk culture that currently thrives within our organisation, allows us to effectively implement risk management activities that not only manage significant business risks in a timely manner, but help us achieve our strategic objectives.

(a) *Competition Risk*

The Group faces ever-increasing competition from both established players as well as new businesses. The internet age has also changed how businesses compete with one another as well as consumer expectations. Today, consumers demand innovative, efficient, and immediate access to products and services, and now have at their fingertips access to information and other competing businesses at speeds never before seen.

Management Discussion and Analysis
(continued)

The Group recognises these challenges and understands that it needs to remain relevant to protect the Group's earnings and market position. We have therefore stepped up our efforts to engage with our communities both through traditional means as well as online. We have also increased the channels through which we interact with our customers, enhanced our response times, and worked to offer greater flexibility. We have also expanded the range of products and services offered to our customers, leveraging on the Group's cross offerings.

Moving forward, the Group remains committed to staying relevant and will continue to monitor the market and introduce innovative and industry-leading offerings to maintain its market share.

(b) Human Capital Risk

Human capital is a critical factor in driving the sustained growth of our business. As such, the Group works hard to attract, retain, and develop the right people who will positively contribute to our growth. It is also important that an environment that supports and empowers our employees is cultivated as we believe that people who are given an opportunity to actively drive change and who are invested in our future, will help us continue to be an industry leader amongst our peers. To this end, we practice compensation benchmarking to ensure that our employees are competitively remunerated, and regularly review both our employee benefits and staff development programmes.

We also recognise that succession planning is crucial if we want to build a sustainable business, and as such make it a priority to identify and develop successors for key management roles. This is done through offering structured training that provides exposure, empowerment and support from the organisation within a determined timeline.

Through these efforts, we strive to minimise the risks associated with human capital management, supporting our journey towards building a sustainable business for generations to come.

(c) Legal & Regulatory Risk

The Group is subject to laws and regulations in countries in which we operate. These include those relating to occupational health and safety, employment, data privacy, anti-corruption, tax, accounting, and technical regulations, amongst others.

To ensure that the Group is up to date and in compliance with new laws or regulatory developments, we engage legal, financial and tax experts in the countries in which we have a presence. We also have in place a framework which not only allows us to monitor and identify any new laws or regulatory obligations that apply to us, but ensures that all business units comply with them in their day to day operations.

Our teams are committed to working hard to comply with all regulations that apply to our business units and work to manage any changes which may impact our business in a timely manner.

This year, in line with the Malaysian Anti-Corruption Commission (Amendment) Act 2018 we have drafted an Anti-Bribery and Anti-Corruption Policy which will be implemented before 1 June 2020.

(d) IT and Cyber Security

A breach or failure of the Group's information technology systems could disrupt our operations, result in a breach of compliance obligations, cause reputational damage, and expose us to financial/data loss.

To mitigate these threats, the Group IT department has established policies and procedures to manage IT security risks. They have worked to ensure that there are relevant preventive, detective, and recovery measures in place. The Group IT department also monitors the health of all systems and performs contingency planning for disruptions to critical systems and processes.

To further enhance our preparedness and level of security, we will be engaging an external consultant to prepare a Cybersecurity Policy for the Group. Through this engagement, we will work to bridge any gaps identified, as well as enhance the security of our data and technology infrastructure.

(e) Crisis Management Risk

The Group takes the security of our communities extremely seriously, and with the increasing reports of terrorist attacks around the world, and higher incidences of environmental stressors such as haze, water shortages, rising temperatures, as well as floods, amongst others, businesses need to ensure that they are prepared to manage any such eventualities.

We work very closely with the police and all government enforcement authorities to ensure that we receive timely information and intelligence on potential threats so that we are able to prepare and take preventive measures where required. We also continually invest in the training of our emergency response and security teams, and have recently purchased electronic security devices which help to monitor, detect, and deter unforeseen threats.

Management Discussion and Analysis
(continued)

To safeguard our business continuity in the event of a potential or realised disruptive event, the GSR Division has prepared a Business Continuity Management Framework (BCM Framework) which sets out guidelines that allow each business unit to develop a Business Continuity Plan (BCP) which incorporates a detailed Emergency Response Plan for each operational site. The BCM Framework also includes an IGB Group Crisis Management & Communication Plan, and a Business Impact Analysis to support the establishment of Business Recovery Plans that allow for prompt restoration of mission critical systems. Training was provided across the Group and all business units will be developing their own BCPs which will include standard operating procedures to be enforced.

With the increasing prevalence and influence of social media, we are also mindful of the risks that it can pose to the Group. As such, a Crisis Communications Team from the Group Corporate Communications Division has also been established in the year.

(f) Health & Safety Risk

The Group takes the health and safety of our communities very seriously. Any health and safety incidents that occur on any of the Group's properties may result in varying degrees of injuries, including the loss of life. These events are extremely unfortunate, and not only directly impact our community, but from a business stand point, can lead to a loss of confidence in our business and impact our reputation. These in turn will affect the profitability and long-term sustainability of our business.

Safety, Health, and Environment teams have been established within each business. The teams oversee all health and safety matters within each business unit and work to ensure that our health and safety policies are kept up to date and incorporated into our daily operations. Our teams also track all health and safety incidents that occur within our properties, and ensure that they are thoroughly investigated, with all necessary follow up actions taken.

Regular safety briefings, trainings, and inspections are also carried out to ensure compliance with the Occupational Safety and Health Act, and to manage safety risks within our properties. Fire drills are also held annually to ensure that all employees and tenants are familiar with escape routes as well as the actions needed to be taken in the event of an emergency.

Note: Information on Group financial risks are set out in the notes to the financial statements within this report under "Note 3 – Financial Risk Management Objectives and Policies"

6. Staying Focused in Challenging Times

Going into 2020, the outlook for the world economy remains uncertain as news of the spread of COVID-19 captures international headlines. Based on the evolution of SARS in 2002/2003, it is expected that the virus will significantly impact growth worldwide. However, as China now plays a much more significant role in the global economy, factory closures and curtailed air travel will have a more significant impact on the world economy, causing disruptions to global supply chains and a drop in global retail sales and tourism. At a minimum, GDP growth in China and emerging Asia looks set to see a sharp slowdown in the first half of the year.

Malaysia will not be spared from the impact of these events as the Malaysian economy is more correlated and integrated with the Chinese economy now than it was in 2002/2003. Many local industries today such as aviation, electrical and electronics, as well as tourism, rely heavily on Chinese demand. Additionally, China is today the largest investor by country in Malaysia.

Against this backdrop, 2020 will be a challenging year for IGB as our portfolio of businesses grapple with the impact of COVID-19 as well as other global economic uncertainties, including continued US-China trade tensions, the knock-on effects of the UK exiting the European Union, and ongoing geopolitical tensions in Asia. Despite this, we will push on, prioritising the health and safety of our communities as we continue to strengthen our business, creating sustained long-term value, and enhancing returns to our stakeholders.

Top 10 Properties by Value

held by IGB Berhad Group as at 31 December 2019

	Location/Address	Tenure	Age of Building (Years)	Description/ Existing use	Date of Acquisition/ Revaluation	Group Net Book Value As At 31 Dec 2019 RM'000
1	HS(D) 493555 PTD 208568 and HS(D) 493556 PTD 208569 Mukim Plentong Daerah Johor Bahru	Leasehold expiring 2100	1	The Mall, Mid Valley Southkey, Johor Bahru	3-9-2013	1,435,470
2	PT 15 HS(D) 105028 Section 95A Kuala Lumpur	Leasehold expiring 2103	-	Proposed office and residential development under construction known as Menara Southpoint at Mid Valley City	28-12-2004	713,516
3	Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur	Leasehold expiring 2103	13	The Gardens Mall, Mid Valley City, Kuala Lumpur	28-12-2004	470,267
4	Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur	Leasehold expiring 2103	20	Mid Valley Megamall, Mid Valley City, Kuala Lumpur	17-12-1999	353,085
5	Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur	Leasehold expiring 2103	20	646-room Cititel Hotel Mid Valley	31-12-2011	252,993
6	199 Jalan Tun Razak 50450 Kuala Lumpur	Freehold	11	32-storey commercial building known as GTower comprising retail and office space	31-1-2002	245,509
7	3 Lorong Stonor Kuala Lumpur	Freehold	1	Balance unsold units at "Stonor 3" condominium	16-11-2010	202,167
8	97-99 Pitt Street Sydney, Australia	Freehold	5	281-room The Tank Stream Hotel, Sydney	06-07-2011	200,097
9	207 Jalan Tun Razak Kuala Lumpur	Freehold	26	330,000 square feet office space at Menara Tan & Tan	31-1-2002	175,931
10	Lot 15256 Mukim of Labu, District of Seremban, Negeri Sembilan	Freehold	-	344.0 hectares vacant land approved for mixed development for residential and commercial use	31-1-2002	170,627

Corporate Governance Overview Statement

The Board of Directors (Board or Directors) of IGB Berhad (IGB) recognises the importance of corporate governance (CG) in achieving the investment objectives of IGB and its subsidiaries (Group), and discharging its responsibilities to all stakeholders of IGB. The CG framework, as summarised in this Statement, has been designed to ensure that IGB is effectively managed, the regulatory requirements are met, and IGB's culture of corporate integrity is reinforced.

This Statement provides an insight on IGB's CG framework and practices in compliance with the principles of the Malaysian Code on Corporate Governance (MCCG). Deviations from the MCCG are explained. IGB would strive to continuously enhance its CG arrangements to reflect changing conditions and emerging sound practices, as appropriate.

IGB's key corporate policies referred to in this Statement are available to view under the 'Governance' section of IGB's website at **www.igbbhd.com**. The Board reviews these documents periodically to ensure their effectiveness and appropriateness.

This Statement is current as at 19 February 2020 and has been approved by the Board.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Practice 1.1
The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders (SHs) and other stakeholders are understood and met.

IGB adopts the principles that an effective Board is one constituted with the right core competencies and diversity of experience, so that the collective wisdom of the Board can give guidance and provide insights as well as strategic thinking to the management.

As at the date of this Statement, the Board comprises 5 members. All members of the Board except Group Chief Executive Officer (GCEO) are Non-Executive Directors (NEDs). Of the 4 NEDs, 3 of them, being half of the Board, are Independent NEDs (INEDs), thus providing for a strong and independent element on the Board. The Board is headed by Tan Lei Cheng (TLC) (Board Chairman), who is a Non-INED. She is joined on the Board by Lee Chaing Huat (LCH) (Senior INED), Daud Mah bin Abdullah (DMA) (INED), Dato' Dr. Zaha Rina binti Zahari (DDZR) and Dato' Seri Robert Tan Chung Meng (DSRT) (GCEO). Each Director is appointed on the strength of his/her calibre, experience and stature. Together, the Directors from diverse professional and personal backgrounds provide a collective range of skills and expertise which is vital to effectively lead the Group. Biographical details of the Directors are set out in this Annual Report under the heading **Profile of Directors**.

The Board is committed to effectively representing and promoting IGB, and thereby adding long-term value to SHs. The Board is accountable to SHs for the business conduct, performance, operations and overall governance of the Group, in each case including the protection of SH interests, developing strategic direction, establishing goals for management and monitoring the achievement of these goals and developing all appropriate risk management framework. In discharging their roles and responsibilities, all Directors are expected to act and have acted in the best interest of IGB.

The Board has a Charter that sets out the mandate, responsibilities and procedures of the Board and Board Committees (BCs), including the matters reserved for the Board's decision. The key responsibilities of the Board include:

- guiding the strategic business directions of the Group;
- overseeing and evaluating the conduct of business of the Group;
- reviewing and approving major capital expenditure, acquisitions and divestitures, and monitoring capital management;
- overseeing, reviewing and monitoring systems of risk management, internal controls and ethical and legal compliance, which includes reviewing procedures to identify the main risks associated with the businesses of the Group (including the management of material exposure to environmental, economic and social sustainability risks) and the implementation of appropriate systems to manage those risks;
- ensuring measures relating to CG, financial regulations and other required policies are in place and enforced; and
- considering and authorising dividends.

There are 4 standing BCs which the Board has delegated its authority to assist in reviewing and monitoring the above functions. These BCs are Policy and Implementation Council (PIC), Audit Committee (AC), Nomination Committee (NC) and Remuneration Committee (RC). Whilst these BCs have the authority to examine matters within their mandates, the BCs report to the Board with their decisions and/or recommendations as the ultimate responsibility for final decision on all matters lies with the entire Board. The Board may also establish such other committees as it deems appropriate and delegate to such committees such authority permitted by applicable law and IGB's Constitution as the Board sees fit.

Practice 1.2
A Chairman of the board who is responsible for instilling good CG practices, leadership and effectiveness of the board is appointed.

Board Chairman is TLC, a Non-INED. Board Chairman is a member of PIC, NC and RC. Board Chairman leads the Board and ensures its effectiveness by, among other things, steering effective, productive and comprehensive discussions among Board members and management on strategic, business and other key issues pertinent to the business and operations of the Group. With the full support of the Board and management, Board Chairman spearheads IGB's drive to promote, attain and maintain high standards of CG and transparency.

Corporate Governance Overview Statement
(continued)

Practice 1.3
The positions of Chairman and CEO are held by different individuals.

The positions of Board Chairman and GCEO are held by 2 different individuals to maintain effective checks and balances.

Board Chairman is primarily responsible for ensuring the Board's effectiveness and conduct. GCEO, also a member of PIC, assumes the responsibilities of executing the Group's strategies and plans in line with the direction of the Board and PIC, overseeing the Group's operations and driving the Group's businesses and performance towards achieving the Group's visions and goals. In carrying out his tasks, GCEO, is supported by Deputy GCEO (DGCEO), namely Tan Boon Lee (TBL) who is also his alternate on the Board, as well as divisional heads of the relevant key business and function units. GCEO, by virtue of his position as a Board member, also functions as the intermediary between the Board and management, as well as provides close oversight, guidance, advice and leadership to management. The financial authority of the Board, PIC, GCEO and DGCEO is explicitly provided in the Group's authority matrix – approval limits for a range of transactions, including but not limited to investments, operating and capital expenditures. Approval sub-limits are also provided at management-level to facilitate operational efficiency.

Practice 1.4
***The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure** adherence to rules and procedures, and advocate adoption of CG best practices.*

The Board is supported by Group Company Secretary (GCS), Tina Chan, a Fellow of the Institute of Chartered Secretaries and Administrators. GCS has overall responsibility for the corporate secretarial function and is directly accountable to the Board on all matters to do with the proper functioning of the Board. This includes supervising, monitoring and advising on governance matters and compliance by IGB with all legislation, rules and guidelines and disclosure requirements of various regulatory bodies, coordinating Board business and providing a point of reference for ensuring good information flow within the Board and its BCs, and between NEDs and management, and performing such other duties of GCS, as required under the laws and regulations or as specified in the Bursa Malaysia Securities Berhad's (Bursa Securities) Main Market Listing Requirements (MMLR), or as required by Board Chairman or Directors (or any of them), as the case may be. In order to play an effective advisory role to the Board, GCS remains informed of the latest regulatory changes, evolving industry developments and best practices in CG through continuous training. The appointment and removal of GCS must be approved by the Board.

Practice 1.5
Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Directors are expected to prepare for, attend, and contribute meaningfully in all Board and applicable BC meetings in order to discharge their obligations. Board and BC meeting dates for the ensuing financial year are scheduled in advance before the end of the current financial year so that the Directors are able to plan ahead and schedule these dates into their respective calendars. When exigencies prevent a Director from attending a Board or BC meeting in person, such Director can participate by audio or video conference.

To ensure that Directors are well placed to discharge their duties effectively, they are provided with meeting materials in advance of the Board and BC meetings which contain sufficient information to enable informed discussion of all agenda items. Meeting materials, both digital and hard copies, are generally provided to Directors at least 5 business days (unless in unavoidable circumstances) prior to the date set for meetings to enable Directors to review the information and to obtain such details and explanations where necessary. Meeting materials that are deemed to be price-sensitive or highly confidential may not be available in advance of the meeting.

The Board meets 4 times a year at approximately quarterly intervals. Special meetings are held where any direction or decision is required expeditiously from the Board between the scheduled meetings. For matters which require the Board's decision outside such meetings, board papers along with resolutions in writing will be circulated through GCS for the Board's consideration, with discussions and clarifications taking place between members of the Board and management, where required, before approval is granted. In addition, from time to time, the Board participates (either directly or through representatives) in due diligence committees in relation to strategic decisions, capital and fund-raising activities.

At each scheduled Board meeting, the financial performance and business reviews are discussed, including IGB's quarterly financial results and operating performance against the annual budget and business plan approved by the Board for that year. Periodic updates on the Group's risk profile as well as changes to regulatory requirements are also presented and discussed at Board meetings. The Board is also informed of decisions and salient issues by the respective chairmen of BCs. Consistent with their fiduciary duties, Directors are expected to maintain confidentiality of the deliberations of the Board. All proceedings of Board meetings are duly recorded in the minutes of each meeting and circulated promptly to every Board member for their comments prior to confirmation of the minutes. The Board met 4 times during FY2019 and the individual attendance record is disclosed in Appendix 1.

In discharging their duties, Directors have direct access to management to seek explanations and information and have complete and unrestricted access to information pertaining to the businesses and affairs of the Group. Directors, whether as a group or individually, may seek advice from third party experts on matters deliberated by the Board as and when required, and the cost of such advice shall be borne by IGB.

Corporate Governance Overview Statement
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Practice 2.1
The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies –
- *the respective roles and responsibilities of the board, BCs, individual directors and management; and*
- *issues and decisions reserved for the board.*

The Board's functions are governed and regulated by its Charter (last updated on 19 February 2020), Constitution, MMLR and various applicable legislation. The Charter sets out the respective authority, functions, responsibilities and processes of the Board, BCs, management and those matters expressly reserved for the Board, and those delegated to BCs and management. The Charter is reviewed on a regular basis to enhance its processes and procedures and ensure alignment with new requirements and regulations.

As described above, the Board is responsible for the governance of IGB as well as the overall strategy and business direction of the Group. The Board fulfils its mandate at regularly scheduled meetings and as warranted by particular circumstances.

BC members are chosen for the skills and experience they can contribute to the respective BCs. Each BC is composed of members of the Board save for PIC with 4 out of 6 members are Directors of the Group. The objective, remit and powers of each BC are established in the Charter. Topics of discussion and frequency of meetings will vary depending on each BC's terms of reference (ToR) and the portfolio's complexity. BC meeting minutes are included as part of the Directors' meeting materials to keep Directors updated on each BC's activities. The role, function, performance and membership of each BC is reviewed on an annual basis as part of the Board's performance-assessment process. The board evaluation performed in FY2019 showed that all BCs had effectively discharged their function. BC attendance records are disclosed in Appendix 1.

Whilst the Board oversees the strategic plan and direction of the Group, GCEO has full executive responsibilities over the business directions and the strategy implementation of the Group. To ensure the business and operational efficacy is maintained without compromising the standard of CG, the scope of, and limitations to GCEO, DGCEO and management delegated authority is clearly documented and cover areas such as operating and capital expenditures.

Practice 3.1
The board establishes a Code of Conduct and Ethics (CCE) for the company, and together with management implements its policies ***and procedures, which include managing conflicts of interest*** *(COI), preventing the abuse of power, corruption, insider trading and money laundering.*
The CCE is published on the company's website.

(a) Directors' Code of Ethics (Code)

IGB has in place a Code. The objective of the Code is to ensure that Directors, other stakeholders and the broader community can be confident that the Group conducts its affairs honestly and in accordance with ethical values and practices. The Board is guided by the Code in discharging its oversight role effectively. The Code requires all Directors to observe high ethical business standards, honesty and integrity and to apply these values to all aspects of the business and professional practice of IGB and act in good faith in the best interests of IGB and SHs.

(b) Anti Bribery and Corruption (ABC) Policy

IGB Group is committed to conduct its business and operations premised on the concepts of transparency, integrity and accountability, in compliance with the applicable laws and regulations while adopting the highest standards of professionalism, honesty, integrity and ethics.

In line with this commitment, IGB has put in place ABC Policy to encourage a culture of integrity and transparency in all of the Group's activities. The policy which adheres to the MMLR and the Guidelines on Adequate Procedures issued pursuant to section 17A(5) of the Malaysian Anti-Corruption Commission (Amendment) Act 2018, generally set out the responsibilities of IGB, and all individuals who work for the Group, in observing and upholding the Group's position on bribery and corruption and provides key ABC principles that apply to all interactions with the Group's customers, business partners, and other third parties in both the public and private sector, as well as guidelines for the prevention, management, and remediation of bribery and corruption related risks. The Integrity Officer is the Head of Group Legal (GL).

(c) COI

The Charter provides Directors with guidelines for complying with their obligations to take all reasonable steps to manage COI. GCS solicits information from Directors every quarter in order to monitor potential COI. Directors are expected to be meticulous in their disclosure of any material personal or family contract or relationship. Directors must also strictly adhere to constraints on their participation and voting in relation to matters in which they may have an interest, in accordance with the Constitution. To maintain integrity in decision-making each Director must advise the Board of any potential COI. If a COI exists, the Director concerned will have no involvement in the decision-making process relating to the matter.

(d) Related Party Transactions (RPT)

IGB has established controls and reporting measures for handling RPT involving, amongst others, Directors, major SHs and persons connected with them. These ensure that such transactions are conducted at arm's length and on normal commercial terms which are generally no more favourable than those extended to unrelated third parties, and in accordance with all applicable requirements of the MMLR. Management has been kept informed of the disclosure procedures for RPT, who would ensure that transactions with related parties would be entered into after taking into account the pricing and contract rates, terms and conditions, level of service and expertise required, and the quality of products and services provided, when compared to prevailing market prices and rates, industry norms and standards, as well as general practices, adopted by service providers of similar capacities and capabilities generally available in the open market.

Corporate Governance Overview Statement
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The Board, through AC, reviews all recurrent RPT (RRPT) in addition to other new RPT on a quarterly basis to ensure compliance with internal control procedures and with the provisions of MMLR. If a member of the Board and/or AC has an interest in a transaction or arrangement, the Director concerned is to abstain from participating in the review and recommendation process in relation to that transaction or arrangement. IGB maintains a register to record all RPT/RRPT, which are entered into by the Group.

At its Nineteenth Annual General Meeting (19th AGM) in 2019, IGB obtained a general mandate under paragraph 10.09(2) of the MMLR for the Group to enter into RRPT (RRPT Mandate). Based on the actual amount transacted from the date of the 19th AGM up to the date of this Statement, none of the actual value of RRPT have exceeded the estimated value by 10% under the mandate. The details of RRPT entered into by the Group during FY2019 pursuant to the mandate are disclosed in Appendix 2.

IGB is seeking SH approval at the Twentieth AGM (20th AGM) to be held on 29 June 2020 to renew the RRPT Mandate. The procurement of RRPT Mandate is intended to meet the ordinary and usual course of business needs of the Group at the best possible terms. As the RRPT are likely to occur with some degree of frequency and may be constrained by time-sensitivity and confidentially, it will be impractical for IGB to seek SH approval on a case by case basis before entering into such RRPT. Obtaining the mandate on an annual basis will eliminate the need to announce and convene separate general meetings (GMs) on each occasion to seek SH approval for the entry by the Group into such transactions. This will reduce the associated expenses and improve administrative efficiency. Directors who have interests in the RRPT Mandate have abstained from all Board deliberations and voting and would ensure that they and any person connected with them would also abstain from voting on the RRPT Mandate at the 20th AGM. The details of the RRPT Mandate are set out in Part B: **Circular to Shareholders – RRPT Mandate** (Circular).

Subsequent to FY2019, AC had at its meeting on 19 February 2020, reviewed the Circular, and having considered, amongst others, the nature of RRPT to be made were intended to meet the ordinary and usual course of business needs of the Group and likely to occur with some degree of frequency and such transactions to be undertaken at arm's length and on normal commercial terms consistent with IGB's usual practices and policies, as well as the procedures and processes established to regulate RRPT, was satisfied that adequate processes and controls were in place for monitoring, tracking and identifying RRPT in a timely and orderly manner.

(e) Market Sensitive Information

Directors and senior executives who are in possession of, aware of or privy to any negotiations or agreements related to intended acquisitions or disposals which are significant transactions or any unpublished inside information must refrain from dealing in IGB securities as soon as they possess, become aware of or privy to such information until proper disclosure of the information in accordance with the MMLR.

As a general principle, dealings in IGB securities by Directors and senior executives should not take place one month before the announcement of the quarterly financial results, and ending once the announcement of the relevant results (closed trading periods) is made to Bursa Securities. Reminders are sent quarterly to Directors and senior executives to remind them of the closed trading periods. Directors and senior executives are also expected to observe insider trading laws at all times even when dealing with IGB securities within the permitted trading periods (open trading periods). Accordingly, notwithstanding the open trading periods, any of the Directors or senior executives who are aware of or privy to any material unpublished price-sensitive information, which is the subject of an impending IGB announcement or potential media release should not trade in IGB securities until the information is appropriately disseminated to the market.

Each Director or senior executive is required to give written notice to GCS of his/her acquisition of IGB securities or of changes in the number of securities which he/she holds or in which he/she has an interest, within 3 market days after such acquisition or changes in interest. All dealings in IGB securities by Directors and senior executives will be announced via the regulatory information service (BursaLINK), with the announcement posted on IGB's website. The interests in IGB securities of Directors are shown in **Statistical Report** in this Annual Report.

Practice 3.2
The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

IGB has put in place a Group Whistleblowing Policy and Procedures (GWPP) (last updated on 19 February 2020). GWPP provides an avenue for employees and third parties to raise concerns or observations in confidence to the Group, about possible irregularities for independent investigation and appropriate follow up action to be taken. Such concerns include dishonesty, fraudulent acts, corruption, legal breaches and other serious improper conduct; unsafe work practices; and any other conduct that may cause financial or non-financial loss to the Group or damage to the Group's reputation.

All whistleblower reports are addressed to the Whistleblowing Committee (WBC), which comprises the Heads of Group Internal Audit (GIA), Group Human Capital and GL, who are responsible for the administration, implementation and overseeing compliance with GWPP, and to investigate, or determine the appropriate corrective or remedial actions that may be warranted in consultation with GCEO or Senior INED. A whistleblower is assured confidentiality of identity, to the extent reasonably practicable. This includes protecting the whistleblower from detrimental action that may result from the disclosure of improper conduct, provided that the disclosure is made in good faith.

Practice 4.1
At least half of the board comprises independent directors (IDs). For Large Companies, the board comprises a majority IDs.

As noted above, the Board comprises 5 Directors of whom 3 are INEDs or 60% of Directors being independent.

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Practice 4.2
The tenure of an ID does not exceed a cumulative term limit of 9 years. Upon completion of 9 years, an ID may continue to serve on the board as a non-ID.
If the board intends to retain an ID beyond 9 years, it should justify and seek annual SH approval. If the board continues to retain the ID after the 12th year, the board should seek annual SH approval through a 2-tier voting process.

The presence of INEDs provides objectivity and independent judgment to the decision-making process of the Board. The 3 INEDs are independent from management and IGB's major SHs and/or any of its affiliates, and are not involved in the day-to-day management of the Group, nor do they participate in any of its business dealings. They are actively involved in the various BCs, providing guidance, unbiased, independent and objective views, advice and judgement to various areas such as performance monitoring, enhancement of CG and controls so as to safeguard the interests of SHs and stakeholders and to ensure that the highest standards of conduct and integrity are maintained by IGB.

The independence of INEDs is assessed annually by NC/Board. INEDs are required to complete the independence checklist, declaring their independence and disclosing any relationships or appointments which would impair their independence to the Board.

In its review for FY2019, NC has determined that the INEDs remained objective and independent, evidenced by their ability to demonstrate the values and principles associated with independence during Board discussions such as impartiality, objectivity and consideration of the interests of IGB, and they had and would continue to provide their input to the Board in discharging their responsibilities in an independent manner with integrity and competency. The Board (without participation by related INEDs) has ascertained that LCH, DMA and DDZR demonstrated complete independence in character and judgement both as Board members and their designated roles in the respective BCs, and they have exercised impartial and independent judgement while protecting the interests of IGB and SHs.

The Board (without participation by DMA) was also satisfied that DMA whose tenure has exceeded the 12 years term would be able to continue exercising independent judgement to provide input to the Board in discharging his responsibilities in an independent manner with integrity and competency, and recommended the retention of DMA as INED to be conducted through a single-tier voting process but to show the voting result of the 2-tiers i.e. tier one with Large SH and tier two without Large SH at the 20th AGM.

Each of the 3 INEDs has provided an annual self-declaration of his/her independence to the Board.

Practice 4.3 (Step Up)
The board has a policy which limits the tenure of its IDs to 9 years.

Whilst the MCCG recommends to set a tenure limit for INEDs, the Board is of the opinion that as long as the INED is able to confirm in good faith that he/she remains independent not only pursuant to the criteria of independence as defined in the MMLR but practically also remains critical and independent in thinking, such INED will be allowed to serve on the Board beyond 9 years. Nonetheless, the Board through NC shall continue to undertake an assessment of the independence of INEDs annually. The Board shall justify and secure SH approval on a year to year basis for INEDs who have served the Board for more than 9 years.

Practice 4.4
Appointment of board and senior management (SM) are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

The ultimate responsibility for selection of new Director candidates resides in the Board. NC has, as one of its responsibilities, the recommendation of Director candidates to the full Board after receiving input from all Directors. There are formal, considered and transparent procedures for appointments of potential candidates for the office of Director, which are made on personal merit and measured against objective criteria with due regard for the benefits of diversity in the boardroom. NC recommendation pays particular attention to the mix of skills, experience, expertise, diversity and other qualities of existing Directors, and how the candidate's attributes will balance and complement those qualities and address any potential skills gap in light of the evolving strategic directions of IGB. Other considerations include, but are not limited to background, gender and age.

The Constitution requires one-third of the Directors to retire and stand for re-election at every AGM (1/3-rotation rule). The Board expects Directors to communicate to Board Chairman, in advance of each annual re-election, confirmation of his/her desire to stand for re-election. Board Chairman shall refer such offer to NC for review. NC refers to the results of the individual assessments conducted via the annual board performance-assessment. NC also assesses Directors based on their roles and contributions to the Board and BCs, independence of view in respect of decision-making, adequacy of training and time commitment by Directors. NC's review and recommendation will be presented to the Board for determination whether the Director's offer should be accepted or rejected. Pursuant to the 1/3-rotation rule, DSRT and DMA will retire and submit themselves for re-election at the 20th AGM. In its review for FY2019 assessment, NC assessed the individual Director's role, contribution and performance, and after having satisfied that they have the appropriate skills and experience required to contribute to an effective Board, recommended (with the Board's concurrence without participation by DSRT and DMA) the 2 retiring Directors to be nominated for re-election at the 20th AGM.

Talent development and succession planning are key priorities to the Board in ensuring a high-performing SM, which contributes to the Group's sustainability and competitiveness. The Group recruits and promotes individuals based on merit, performance and capability. Employing the right people for the right job is critical to the Group being able to meet its business objectives. The selection process for appointments will have regard for the need to maintain an appropriate mix of skills, experience, expertise and diversity and therefore, ensuring that individuals appointed to relevant senior positions within the Group have the appropriate fitness and propriety to discharge their prudential responsibilities on appointment and during the course of their appointment.

Corporate Governance Overview Statement
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Practice 4.5
The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets.
For Large Companies, the board must have at least 30% women directors.

The Board recognises the importance of encouraging and developing female talent at all levels. However, the Board does not feel that it would be appropriate to set gender diversity target as all appointments must be made on merit, in the context of the skills, knowledge and experience that are needed for the Board to be effective, and the appropriate particular roles in the management. As at 31 December 2019, the proportion of women employed by IGB was, Board @ 40%, and SM @ 35%.

Practice 4.6
In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board ***members, management or major SHs. The board utilises independent sources to identify suitable qualified candidates.***

The Board recognises that Board renewal is a continuous process and one that is essential for ensuring the Board remains relevant in IGB's business environment. As part of the search and nomination process for new Directors, NC will identify the relevant or desired skills and experience, which candidates should possess and may engage independent search companies if necessary, as well as leverage on business and other contacts. Nominations, which may be made by the Board members or major SHs, are openly discussed and objectively evaluated by NC before any appointment is made. The key criteria for director selection and nomination by the Board, amongst others, integrity, particular expertise (sector and functional) and the degree to which they complement the skillset of the existing Board members and whether or not, the candidate can commit sufficient time, given their other roles and activities, and in the case of INEDs, actual and perceived independence from the major SHs and management.

Practice 4.7
NC is chaired by an ID or the senior ID.

In accordance with its ToR, NC must have at least 3 NEDs, be comprised of a majority of INEDs, and be chaired by an INED. NC comprises 3 INEDs and 1 Non-INED. NC is chaired by DDZR.

The role of NC is to make recommendations to the Board on all board appointments, having regard to the composition and progressive renewal of the Board; the development of a process for evaluating the performance of the Board, BCs and individual Directors including the independent status of NEDs; and Board succession planning generally. Chair of NC continues to lead NC to assist the Board in fulfilling their responsibilities on the yearly board performance-assessment exercise as noted below.

Practice 5.1
The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its BCs and each individual director. The board should disclose how the assessment was carried out and its outcome.
For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Directors are aware that they need to continually monitor and improve performance and recognise this can be achieved through regular board performance-assessment, which provides a valuable feedback mechanism for improving board effectiveness, thus ensuring IGB is under the oversight and guidance of an accountable and competent Board.

The Board has included in its Charter a requirement to conduct annual board evaluation to assess the effectiveness of the Board as a whole, each BC and individual Directors, and regular assessments on the required mix of skills, experience and core competencies within the Board to ensure Directors continuously contribute towards the achievements of corporate objectives and fulfil their fiduciary responsibilities.

The internal review process involves having Directors complete performance evaluation forms. Each Director is required to objectively assess his/her personal performance and collectively, the performance of the Board as a whole and its BCs. Directors can make comments or raise any issues they have in relation to the performance. The evaluation of the Board's performance as a whole deal with matters on the Board composition and processes, Board decision-making and meeting processes and Board responsibilities in relation to strategies and direction, accountability and oversight, risk management and internal controls and standards of conduct. BC evaluation deals with the efficiency and effectiveness of each BC in assisting the Board. Individual Director assessment covers topics which include, amongst others, the Director's attendance, preparedness, candour, participation and contribution. The independence of each INED is also considered as part of this process. The results are compiled by GCS and discussed at NC meeting and shared with the Board on the overall results of the evaluation conducted and improvements recommended where appropriate.

The last performance evaluation was carried out on 19 February 2020 in respect of FY2019. In its assessment, NC took into consideration the individual Director's contribution, with reference to the results of the performance assessment of the individual Director, and the intrinsic independent values demonstrated by INEDs, and concluded that the Board as a whole and its BCs have performed well with the individual's creditability to add value to the Board and BC deliberations and exercise objective judgement in decision-making processes, and each Director has given sufficient time and attention to the affairs of IGB to fulfil their responsibilities, notwithstanding he/she may have multiple listed company board representations and/or other principal commitments. The performance assessment did not raise any governance issues that needed to be addressed.

NC had also reviewed the Board size and composition appropriate to the efficient governance and management of IGB. Considerations that factor into the assessment process included, amongst others, the nature, scale and complexity of the Group's operations, the Board's skillset and the number of Directors needed to discharge the duties of the Board and BCs. NC was satisfied that the size of the Board was not so large as to be unwieldy and the Board collectively have sound and sufficient knowledge and expertise to enable effective governance and oversight.

Corporate Governance Overview Statement
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The Board had considered NC's views, and concurred that each Director has continued to perform effectively and demonstrated commitments to his/her role, including commitment of time to the Board, and where relevant BC responsibilities; the Board has an appropriate mix of skills, personal attributes and experience that would allow the Directors individually, and the Board collectively, to discharge their duties effectively and efficiently; INEDs have the experience and business acumen necessary to carry sufficient weight in the Board's decisions and act in the best interests of SHs, thereby enabling balanced and well-considered decisions to be made; and the size of the Board was appropriate for the scope and nature of the operations of the Group with a balanced exchange of views, robust deliberations and debates among the members, thereby facilitating optimal decision-making. The review also supported the Board's decision to endorse DSRT and DMA standing for re-election.

The Board was also satisfied that this internally facilitated process works well for its size and composition, and as such, the use of an independent consultant was not necessary at this stage.

Practice 6.1
The board has in place policies and procedures to determine the remuneration of directors and SM, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

IGB recognises that its people are one of its key assets. The professional growth and development of its people are central to achieving IGB's mission and strategy. With this in mind, IGB supports levels of remuneration and compensation necessary to attract, motivate, reward and retain quality personnel required to effectively lead and manage the operations and growth of the Group, at a competitive cost. IGB strives to ensure that remuneration packages reflect the relevant duties and responsibilities, are fair and equitable, incorporate rewards clearly and measurably linked to performance both on an individual and on a corporate basis and reflective of market conditions for talent.

IGB has established and maintained a formal and transparent Remuneration Policies and Practices (RPP) for Directors and senior executives. RPP sets out an objective remuneration structure for Directors and senior executives and enables periodic review of the remuneration packages by RC. In its deliberation, RC will take into consideration industry practices and benchmarks against relevant industry to ensure that the remuneration and employment conditions are competitive.

Remuneration of NEDs is based on each Director's level of responsibilities on the Board and its BCs, and is benchmarked against market practices. Board Chairman and AC Chairman are paid a higher fee compared with members of the Board and of such BC in view of the additional responsibility carried by that office. NEDs are paid annual fees and sitting fees for attending meetings of the Board and BCs, which are subject to SH approval. GCEO and DGCEO do not receive any fee nor meeting allowance as they are salaried executives of IGB. Directors are entitled to be reimbursed by IGB for reasonable travelling, accommodation and other expenses that they may incur whilst travelling to or from meetings of the Board or BCs. None of the NEDs has a service contract with IGB.

In establishing the remuneration structure of GCEO, DGCEO and senior executives, IGB adopts a remuneration system that is responsive to the market elements and performance of IGB as well as the individual. The remuneration of GCEO, DGCEO and senior executives comprises base salary, performance bonus and other benefits based on their respective service/employment contracts with IGB. Base salaries are reviewed annually taking into account a variety of factors, such as general economic and market conditions; particular circumstances such as changes in the scope and responsibility of the role; salary levels for comparable roles at relevant comparators; and individual performance. The performance bonus is linked to and determined based on achievement of IGB's key qualitative financial, operational and strategic measures in the year.

Directors and senior executives are indemnified under a Directors' and Officers' Liability Insurance against any liability incurred by them in the discharge of their duties while holding office as Directors and senior executives of IGB. Directors and senior executives shall not be indemnified where there is any negligence, fraud, breach of duty or breach of trust proven against them.

Practice 6.2
The board has a RC to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of the board and SM.
RC has written ToR which deals with its authority and duties and these terms are disclosed on the company's website.

In accordance with its ToR, RC must have at least 3 NEDs, be comprised of a majority of INEDs, and be chaired by an INED. RC comprises 3 INEDs and 1 Non-INED and is chaired by DMA.

RC has oversight of the RPP in the context that these policies and practices fairly and responsibly reward individuals having regard to performance. No Director or senior executive is involved in the deliberation and decision in respect of his/her own individual fees/remuneration.

The remuneration levels for Directors and senior executives are reviewed and approved annually by RC and the Board respectively. To ensure the competitiveness of IGB's remuneration levels, the levels are benchmarked against its peer group and industry generally. The last performance evaluation for Directors and senior executives were carried out on 20 November 2019 and 14 February 2020. RC had considered the quantum of NED fees (in respect of FY2019) and meeting allowances (in respect of year 2020), and had recommended to the Board the annual fees for Board Chairman, AC Chairman and NED be revised upwards by RM20,000 each to RM140,000, RM110,000 and RM100,000 respectively for FY2019, while the meeting allowance remained status quo, RM3,000 for the chair of meeting, and RM2,500 for the members. This recommendation had been approved by the Board and to be endorsed by SH at the 20th AGM.

Corporate Governance Overview Statement
(continued)

In determining the actual quantum of the annual adjustment to base salaries and the year-end performance bonuses for GCEO, DGCEO and senior executives, RC had, in arriving at its decision, considered the individual performances, responsibilities, expertise and complexity of the Group's activities, as well as comparative information obtained from independent remuneration sources within the industry, and had applied its judgement in determining the annual salary increment and bonus quantum for GCEO, DGCEO and senior executives, as well as the bonus pool for the Group, which had been endorsed by the Board.

Practice 7.1
*There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual **directors includes fees, salary, bonus, benefits-in-kind** (BIK) and other emoluments.*

Details of each individual Director's remuneration paid and payable at IGB-level, and Group-level in respect of FY2019 are set out in the table below:

IGB-level	**Fees** RM	**Salary and Bonus**[b] RM	BIK[c] RM	**Meeting Allowance** RM	Total RM
TLC	220,000	-	8,230	25,000	253,230
DSRT	-	6,822,247	33,906	-	6,856,153
LCH	110,000	-	480	27,000	137,480
DMA	100,000	-	480	25,500	125,980
DDZR	100,000	-	480	25,500	125,980
TBL	-	3,048,834	28,248	-	3,077,082
Total	530,000[a]	9,871,081	71,824	103,000	10,575,905

Group-level	**Fees** RM	**Salary and Bonus**[b] RM	BIK[c] RM	**Meeting Allowance** RM	Total RM
TLC	320,000	-	8,230	42,500	370,730
DSRT	-	11,564,259	33,906	-	11,598,165
LCH	110,000	-	480	27,000	137,480
DMA	100,000	-	480	25,500	125,980
DDZR	100,000	-	480	25,500	125,980
TBL	-	3,048,834	28,248	-	3,077,082
Total	630,000	14,613,093	71,824	120,500	15,435,417

Notes:
[a] *Proposed fees of RM530,000 in respect of FY2019 to be approved by SHs at the 20th AGM (FY2018: RM436,667).*
[b] *Salary and Bonus including EPF contributions and fixed allowances.*
[c] *BIK includes car, driver, club membership, mobile expenses, season parking charges and toll.*

Practice 7.2
The board discloses on a named basis the top 5 SM's remuneration component including salary, bonus, BIK and other emoluments in bands of RM50,000.

The Board is of the view that given the confidentiality and sensitivity of staff remuneration matters and the highly competitive human resource environment in which the Group operates and the importance of ensuring stability and continuity of business operations with a competent and experienced SM in place, it is in the best interests of IGB not to disclose the remuneration of its top 5 senior executives (excluding GCEO and DGCEO) on named basis, but in bands of RM50,000, and believes that such disclosure is sufficient for providing transparency to SHs without prejudicing the interests of SHs.

Remuneration paid to the top 5 senior executives in bands of RM50,000 for FY2019 is as follows:

Remuneration Bands	No. of SM	**Salary and Bonus**[a]	BIK[b]	Total
Between RM 800,000 – RM 850,000	2	98.09%	1.91%	100%
Between RM 950,000 – RM1,000,000	1	98.79%	1.21%	100%
Between RM1,050,000 – RM1,100,000	1	98.91%	1.09%	100%
Between RM1,250,000 – RM1,300,000	1	98.27%	1.73%	100%

The annual aggregate remuneration paid to the top 5 senior executives of IGB for FY2019 was RM5,010,278.

Notes:
[a] *Salary and Bonus including EPF contributions and fixed allowances.*
[b] *BIK includes driver, club membership, long service award, season parking charges and mobile devices and expenses.*

Corporate Governance Overview Statement
(continued)

Practice 7.3 (Step Up)
Companies are encouraged to fully disclose the detailed remuneration of each member of SM on a named basis.

IGB has opted not to disclose the remuneration of its top 5 senior executives on named basis as it is important that IGB continues to retain its team of competent and committed senior executives to drive the Group's businesses to greater growth, efficiency and profitability.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Practice 8.1
The chairman of AC is not the chairman of the board.

In accordance with its ToR, AC must have at least 3 members and be comprised of only INEDs. AC comprises 3 INEDs, and is chaired by LCH, the Senior INED. LCH is a fellow member of the Association of Chartered Certified Accountants, United Kingdom and a member of the Malaysian Institute of Accountants (MIA).

Practice 8.2
AC has a policy that requires a former key audit partner to observe a cooling-off period of at least 2 years before being appointed as AC member.

Under AC's ToR, where a firm has been appointed as the external auditor (EA) of IGB, any partner of the firm must not serve or be appointed as AC member until at least 2 years after he/she ceases to be a partner of that firm.

None of AC members are former partners of the incumbent EA, PricewaterhouseCoopers PLT (PwC), the EA of IGB. PwC has a policy of rotating audit partner at least every 7 years and providing an annual declaration of independence.

Practice 8.3
AC has policies and procedures to assess the suitability, objectivity and independence of EA.

AC monitors and reviews the effectiveness of the external audit process for the financial statements of IGB and undertakes a detailed review of the audit plan and audit results report. Any concern with the effectiveness of the external audit process would be reported to the Board. No concerns were raised in respect of IGB Financial Statements FY2019.

AC is tasked with the annual assessment process on the performance and quality of EA and their independence, objective and professionalism. Following this year's evaluation using a questionnaire-based internal review as well as input from Group Chief Financial Officer (GCFO) who has constant contact with PwC team throughout the year, AC was satisfied with PwC's technical competency in terms of their skills, execution of audit plan, reporting and overall performance, and recommended for the endorsement of the Board on the re-appointment of PwC as EA for FY2020 to be submitted for SH approval at the 20th AGM, whereupon the Board has endorsed AC's recommendation.

PwC has provided a confirmation of their independence to AC that they were and had been independent throughout the conduct of the audit engagement in accordance with the provisions of By-Laws on Professional Independence of the MIA and their firm's requirements for the audit of IGB Financial Statements FY2019. The statement of EA's responsibilities on IGB Financial Statements FY2019 is set out in this Annual Report under the heading **Independent Auditors' Report**.

AC has reviewed the non-audit services provided by PwC during FY2019, and was satisfied that given the nature and extent of non-audit services provided and the fees for such services, neither the independence nor the objectivity of PwC was put at risk. An analysis of fees paid to PwC, including a breakdown of fees for non-audit services, is disclosed in **Notes to the Financial Statements** of this Annual Report.

Practice 8.4 (Step Up)
AC should comprise solely of IDs.

AC comprises solely of INEDs, and as such there is a strong and independent element to provide effective oversight for it to function effectively and exercise objective judgements independently.

Practice 8.5
Collectively, AC should possess a wide range of necessary skills to discharge its duties. All AC members should be financially literate and are able to understand matters under the purview of AC including the financial reporting process.
All members of the AC should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

AC is composed of LCH, DMA and DDZR, all of whom have accounting and related financial management expertise or experience to discharge their responsibilities as AC members.

AC is responsible for the oversight and monitoring of IGB's financial reporting and accounting policies, the Group's risk management processes and internal controls, the procedures established to regulate RPT/RRPT, including ensuring compliance with the provisions of MMLR, the GIA's function, including its resources, audit plans and the scope and effectiveness of GIA process and the independence and objectivity of EA on an annual basis.

Corporate Governance Overview Statement
(continued)

AC has full access to and the cooperation of SM and reasonable resources to enable it discharges its function properly. AC generally holds a scheduled meeting at least once every quarter and on such other occasions that necessitate their involvement.

During FY2019, AC reviewed the audit plans from the external and internal auditors to ensure that the scope of the plans have covered sufficiently the audit of the internal controls of IGB. AC has met EA without presence of management twice in FY2019. In the review of IGB Financial Statements FY2019, AC discussed with GCFO the accounting principles that were applied and considered the clarity of key disclosures in the financial statements. In addition, AC reviewed the key audit matters as reported by EA for FY2019. Tasks performed by AC during FY2019 are described in greater details under the heading Audit Committee Report in this Annual Report.

AC takes measures to keep abreast of the changes to accounting standards and issues, which have a direct impact on financial statements, with training conducted by professionals or external consultants. Updates on developments in accounting and governance standards are presented by EA at AC meetings. Details of the training programmes, seminars and conferences that AC members attended during FY2019 are set out in Appendix 1.

Practice 9.1
The board should establish an effective risk management and internal control framework.

Practice 9.2
The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

IGB's 2018 Risk Management Policy and Framework and corresponding reports were based on the Committee of Sponsoring Organisations of the Treadway Commission's (COSO) Enterprise Risk Management (ERM) framework, which was released in 2004 and updated in 2017. COSO was chosen as it is the first worldwide-acknowledged framework for internal controls and is the most accepted standard for ERM.

In May 2019, the Board approved the revised "IGB Risk Management Policy and Framework" and it was renamed "IGB Strategy and Risk Framework" (Framework). This revised Framework is based on the COSO's ERM framework update 2017 - Integrating Strategy with Performance Framework.

This Framework integrates the ERM with business strategies and processes, resulting in better information to support improved decision-making and leads to enhanced performance. This Framework enhances conversation of risk across the whole value cycle of an organisation. This Framework has been communicated in meetings to all heads of business units.

The Framework itself is a set of principles organised into 5 interrelated components:

1. **Governance and Culture**: Governance sets the organisation's tone, reinforcing the importance of, and establishing oversight responsibilities for ERM. Culture pertains to ethical values, desired behaviours, and understanding of risk in the entity.

2. **Strategy and Objective-Setting**: ERM, strategy, and objective-setting work together in the strategic-planning process. A risk appetite is established and aligned with strategy; business objectives put strategy into practice while serving as a basis for identifying, assessing, and responding to risk.

3. **Performance**: Risks that may impact the achievement of strategy and business objectives need to be identified and assessed. Risks are prioritised by severity in the context of risk appetite. The organisation then selects risk responses and takes a portfolio view of the amount of risk it has assumed. The results of this process are reported to key risk stakeholders.

4. **Review and Revision**: By reviewing entity performance, an organisation can consider how well the ERM components are functioning over time and in light of substantial changes, and what revisions are needed.

5. **Information, Communication and Reporting**: ERM requires a continual process of obtaining and sharing necessary information, from both internal and external sources, which flows up, down, and across the organisation.

Each year, in consultation with PIC, AC and GIA, the Board assesses the adequacy and effectiveness of risk management and internal controls of the Group. Based on the Framework established and maintained by IGB, works performed by internal and external auditors, reviews performed by PIC with the support of Group Strategy and Risk (GSR), and assurance from GCEO and GCFO, the Board with the concurrence of AC, was satisfied that the Group's risk management and internal controls put in place during FY2019 were adequate and effective taking into account the nature, scale and complexity of the Group's operations.

An overview of the state of internal control in IGB, which includes the risk management and key internal control processes is described in greater details in this Annual Report under the heading **Statement on Risk Management and Internal Control**, which has been reviewed by PwC.

Corporate Governance Overview Statement
(continued)

Practice 9.3 (Step Up)
The board establishes a Risk Management Committee (RMC), which comprises a majority of IDs, to oversee the company's risk management framework and policies.

PIC assists the Board to oversee the Group's overall strategy and risk framework with their expertise, experience and knowledge of the business, and is supported by GSR division, which monitors and evaluates the effectiveness on an on-going basis.

The IGB culture pertaining to strategy and risks is one of ownership, whereby the business units themselves take ownership of their strategies and risks. They identify and evaluate strategies and risks to ensure the implementation of strategic plans and mitigation actions are in place and aligned with the Framework. Business units will monitor and measure performance of strategic plans, their mitigation actions before submitting strategy and risk reports every half year.

PIC meets quarterly or more often if necessary, to appraise the adequacy and effectiveness of IGB's risk management framework and policies.

Practice 10.1
AC should ensure that internal audit (IA) function is effective and able to function independently.

Practice 10.2
The board should disclose:
- *whether IA personnel are free from any relationships or COI, which could impair their objectivity and independence;*
- *the number of resources in IA department;*
- ***name and qualification of the person responsible for IA; and***
- *whether IA function is carried out in accordance with a recognised framework.*

IGB has in place an adequately resourced GIA Department (GIAD) to support the Board through AC in discharging its duties and governance responsibilities of maintaining a system of internal controls, procedures and processes for safeguarding SHs and the Group's assets. GIA is independent of the functions and activities that it audits and operates under an audit charter mandated by AC, which gives it unrestricted access to review all activities, as well as to all of the Group's documents, records, properties and personnel, including access to AC.

The head of GIA, Christine Ong May Ee, who has a Bachelor of Accountancy (Hons.) (Singapore), Certified Internal Auditor (USA), Certified Risk Management Assurance (USA), Fellow Chartered Accountant (Australia), Fellow member of the Institute of Internal Auditors (IIA) (Malaysia) and Chartered Accountant (Malaysia), reports directly and functionally to AC and administratively to GCEO. To ensure that IA are effectively performed, GIAD recruits and employs suitably qualified staff with the requisite skills and experience, and such staff are also given relevant training and development opportunities to update their technical knowledge and auditing skills. As at 31 December 2019, GIAD has 12 personnel in the team.

GIA adopts a risk-based audit methodology to develop its audit plans, and its activities are aligned to key risks of the Group. Based on risk assessment performed, greater focus and appropriate review intervals are set for higher risk activities, and material internal controls, including compliance with the Group's policies, procedures and regulatory responsibilities. GIA also performs investigations and ad-hoc reviews as and when the need arises, or when requested by management.

GIA subscribes to, and is in conformance with, the International Standards for the Professional Practice of Internal Auditing (Standards) developed by the IIA Malaysia and has incorporated these Standards into its audit practices. Each quarter, GIAD submits reports to AC for review and deliberation. AC reviews and deliberates on the control lapses highlighted by GIA along with audit recommendations as well as management's responses and action plans to rectify these lapses.

During FY2019, GIAD conducted its audit reviews based on the GIA plan approved by AC and issued multiple reports covering all levels of operations within the Group, and monitored the status of management action plans resulting from audit findings to ensure completion and reports progress each quarter to AC. A total of 56 audit reports (including progress reports and special reports) were issued by GIAD for the assignments conducted on the Group based on GIA 2019 Plan, and most findings were rated satisfactory while some required improvements relating to control weaknesses, compliance shortcoming, and documentation anomalies whereby all gaps had since been addressed. GIA is responsible only for the facilitation and assists GSR by assessing the adequacy and effectiveness of the developed or revised systems and procedures. Details of GIA function and activities are disclosed in this Annual Report under the heading Audit Committee Report.

Apart from the usual IA function, GIA's other responsibilities include managing the feedback processes, attending the Group Tender Committee meetings as well as a member of WBC and ABC.

In compliance with the Standards, an external quality assessment review (QAR) of GIAD is conducted at least once every 5 years by a qualified, independent reviewer. A QAR of GIA function was performed by IIA Malaysia in 2015. The review had concluded that GIA function was in conformance with the Standards. The next review would be due in year 2020.

For FY2019, AC is satisfied that GIA function is independent, effective and adequately resourced.

Corporate Governance Overview Statement
(continued)

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

Practice 11.1
The board ensures there is effective, transparent and regular communication with its stakeholders.

IGB is committed to providing SHs with timely communication regarding matters that impact or have the potential to influence the investment performance of IGB. IGB understands its regulatory requirements for continuous disclosure and various other legal obligations as a consequence of its listing on Bursa Securities.

The Board strives to provide timely, open and accurate information of IGB to all stakeholders, including SHs, regulators and the wider investment community. All announcements, reports, quarterly financial results and media statements are released to Bursa Securities and published on IGB's website, providing users with easy access to the most up-to-date financial and corporate information. SHs are able to elect to receive communications from, and send communications to IGB and its share registry electronically. The 'Contact' page on IGB's website provides the email address for contacting IGB and the share registry.

IGB has also provided SHs with contact details for investor relations (**investor-relation@igbbhd.com**) through which they can direct enquiries on investor related matters. The website also contains a facility (**feedback@igbbhd.com**) for SHs to direct queries to IGB. Designated personnel have been assigned to attend or respond to enquiries from SHs and investors.

Practice 11.2
Large Companies are encouraged to adopt integrated reporting based on a globally recognised framework.

IGB's Annual Report 2019 provides stakeholders with a fairly comprehensive overview of the Group's financial and non-financial information including future prospects. Components such as Management Discussion and Analysis, Sustainability Statement, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control form an integral part of the non-financial information. The Board is of the view that IGB's Annual Report 2019 is comprehensive enough for stakeholders to make informed decisions.

The Board recognises the benefits of having an integrated report which establish integrated thinking and reporting that is designed to support sustainable business and financial stability. This recommendation will be satisfied at the appropriate time in IGB's future.

Practice 12.1
Notice for an AGM should be given to SHs at least 28 days prior to the meeting.

The annual report, which contains the AGM notice together with the related circular is issued to SHs at least 28 days before the scheduled date of such meeting to provide sufficient time to SHs to consider the resolutions that will be discussed and decided at the AGM.

AGM notice, which sets out the businesses to be transacted at the AGM with explanatory notes for each resolution proposed to enable SHs to make informed decisions in exercising their voting rights, is also published in a nationally circulated newspapers alongside an announcement on the BursaLINK.

Practice 12.2
All directors attend GMs. The chair of AC, NC, RMC and other committees provide meaningful response to questions addressed to them.

AGM serves as a principal forum for dialogue and interaction between the Board and SHs. IGB is in full support of SH participation at AGM to stay informed of the strategies and goals of the Group. SHs are accorded the opportunity to raise relevant questions on the Group's financial performance and business operational related matters and to communicate their views at AGM.

The Board will ensure the presence of all Board members, particularly the chairperson of each BC to facilitate engagement with SHs and to address any relevant questions and concerns raised by SHs. EA will be available to answer SH questions on the conduct of the audit, and the preparation and content of the Independent Auditors' Report.

At GMs, each distinct issue is proposed as a separate resolution and put to vote by way of electronic polling. An independent scrutineer is appointed to validate the vote tabulation and procedures. The results of the votes cast for and against each resolution and the respective percentages are announced instantaneously at GMs, released to Bursa Securities and uploaded to IGB's website. Minutes of GMs recording the substantive and relevant comments made and questions raised by SHs are available on IGB's website.

Practice 12.3
Listed companies with a large number of SHs or which have meetings in remote locations should leverage technology to facilitate:
- *voting including voting in absentia; and*
- *remote SHs' participation at GMs.*

The Constitution does not allow SHs to vote in absentia at GMs but allows any SH to appoint representative or proxy to attend and vote on his/her behalf at the GMs.

IGB's GMs are held during business hours at venues with accessible transportation links to encourage SH attendance.

Corporate Governance Overview Statement
(continued)

Appendix 1

DIRECTORS' ATTENDANCE AT THE BOARD AND BC MEETINGS, AND AGM OF IGB HELD DURING FY2019

	Board	AC	NC	RC	PIC	AGM
Number of meetings held in FY2019	4	4	1	1	4	1
TLC, Non-INED	4	4[(a)]	1	1	4	1
LCH, Senior INED	4	4	1	1	N.A.[(b)]	1
DMA, INED	4	4	1	1	N.A.[(b)]	1
DDZR, INED	4	4	1	1	N.A.[(b)]	1
DSRT, GCEO	4	4[(a)]	N.A.[(b)]	N.A.[(b)]	4	1
TBL, DGCEO	4	N.A.[(b)]	N.A.[(b)]	1[(a)]	4	1

Notes:
[(a)] *Attendance was by invitation.*
[(b)] *N.A. means not applicable.*

DIRECTORS' TRAINING AND DEVELOPMENT

The Board is committed to the continual enhancement of the capabilities of each Director and the performance of the Board generally. On an ongoing basis, Directors are provided with briefings on changes to accounting standards as well as updates on legal, regulatory and corporate developments relevant to the Group. Individual Directors are also afforded opportunities for continuing education by attending relevant courses and seminars so as to keep themselves updated on developments and changes in the Group's operating environment and to stay abreast of relevant developments in financial, legal and regulatory requirements, and the business trends. GCS keeps Directors informed of the series/talks organised by regulatory bodies as well as facilitates the organisation of in-house training/development programmes.

In FY2019, all Directors had attended or participated in one or more of the following conferences, seminars and training programmes which they have individually or collectively considered as relevant and useful to enhance their business acumen and professionalism in discharging their duties to IGB:

Training Focus	Conferences, Seminars and Training Programme
CG and Sustainability	▪ Bursa Malaysia's Thought Leadership: The Convergence of Digitisation and Sustainability ▪ IGB: Malaysian Anti-Corruption Commission (Amendment) Act 2018 (MACC Act) – Corporate liability on Corruption ▪ Malaysian Institute of Integrity: Executive Talk on Integrity and Governance ▪ Malaysian Institute of Corporate Governance: Preparing for Corporate liability on corruption under MACC Act
Economics, Finance and Accounting	▪ CHK Consultancy Sdn Bhd: Digital Economy and Capital Market Series – Financial Technology, Artificial Intelligence, Big Data and Internet of Things ▪ Corporate Financial Management* ▪ Fin Freedom Sdn Bhd: Financial Master Class – Current issues and trends that affect our capital market, economics, daily financial practice and investment decision ▪ MIA: Integrated Reporting – Communicating Value Creation
Industry	▪ SEQU Offshore Safety Sdn Bhd (SEQU): Tropical Basic Offshore Safety Induction and Emergency Training with Emergency Breathing System and Travel Safely by Boat (Offshore Petroleum Industry Training Organisation, approved) ▪ SEQU: Basic Hydrogen Sulphide Training (Shell Industry Standard) ▪ Small and Medium Enterprise Business Prospecting*

* *LCH as trainer*

Corporate Governance Overview Statement
(continued)

Appendix 2

RRPT MANDATE

IGB had at its 19th AGM obtained RRPT Mandate. Based on the actual amount transacted from the date of the 19th AGM up to the date of this Statement, none of the actual value of RRPT with each related party has exceeded the estimated value by 10% under the mandate. The following table sets forth the RRPT entered by the Group during FY2019 pursuant to the RRPT Mandate:

Related Parties	RRPT Nature	Actual Value RM	Estimated Value RM	Interested Related Parties
IGB Real Estate Investment Trust (IGB REIT)[1]	Lease of space and related facilities	5,970,045		▪ DSRT[a] ▪ TLC[b] ▪ Tan Boon Seng (TBS)[c] ▪ TBL[d] ▪ Tan Chin Nam Sdn Bhd (TCNSB)[e] ▪ Tan Kim Yeow Sdn Bhd (TKYSB)[f] ▪ Wah Seong (M) Trading Co. Sdn Bhd (WSTSB)[g] ▪ Pauline Tan Suat Ming (PTSM)[h] ▪ Tony Tan Choon Keat (TTCK)[i] ▪ Daniel Yong Chen-I (DYCI)[j] ▪ Elizabeth Tan Hui Ning (ETHN)[k] ▪ Gabrielle Tan Hui Chween (GTHC)[l] ▪ Tan Mei Sian (TMS)[m] ▪ Tan Yee Seng (TYS)[n]
	Receipt of chilled water and liquefied petroleum gas	12,852,394		
	Provision of upgrading, repair and maintenance works	631,197		
	Provision of information and communication technology products and services	250,058		
	Provision of tenant sales verification audit and special review	-		
	Management of real estate investment trust	35,498,806		
	TOTAL	55,202,500	70,000,000	
Wah Seong Corporation Berhad group of companies (WSCB Group)[2]	Lease of space and related facilities	1,039,404		
	Purchase of building materials and related products/services	390		
	TOTAL	1,039,794	5,000,000	
WTSB group of companies (WSTSB Group)[3]	Lease of space and related facilities	271,629		
	Purchase of building materials, audio equipment, electrical equipment/appliances and related products and services	8,554,364		
	Receipt of installation and maintenance of light boxes, panels, signage, etc. and advertising	-		
	Provision of information and communication technology products and services	4,935		
	TOTAL	8,830,928	60,000,000	
Subsidiaries of IGB ▪ Cititel Hotel Management Sdn Bhd (CHM)[4] ▪ Tan & Tan Realty Sdn Bhd (TTR)[5] ▪ GTower Sdn Bhd (GTower)[6]	Lease of space and related facilities	5,543,555		
	Provision/receipt of management consultancy and support services	10,194,388		
	Provision of information and communication technology products and services	64,386		
	TOTAL	15,802,329	30,000,000	
Pavilion Projects Sdn Bhd (PPSB)[7]	Receipt of renovation/makeover works	-		▪ TBL[d]
	TOTAL	-	10,000,000	

Corporate Governance Overview Statement
(continued)

Notes:

Related Parties

[1] IGB REIT is a real estate investment trust with principal investment policy of investing, directly and indirectly, in a diversified portfolio of income producing real estate used primarily for retail purposes in Malaysia and overseas as well as real estate related assets.
[2] The principal activities of WSCB Group are investment holding and provision of management services to its subsidiaries; specialised pipe coating and corrosion protection services; engineering, procurement and construction of gas compressors and process equipment; renewable energy and infrastructure materials and services.
[3] The principal activities of WSTSB Group are investment holding, trading in construction and building materials and other related products/ services.
[4] The principal activity of CHM is hotel management services.
[5] The principal activity of TTR is property investment.
[6] The principal activity of GTower is property investment holding.
[7] The principal activities of PPSB are interior furnishing works and general trading.

Interested Related Parties

[a] DSRT is GCEO and Non-Independent Executive Director (NIED) of IGB; Managing Director of IGB REIT Management Sdn Bhd (IGB REIT Management), the Manager of IGB REIT; Non-Independent Non-Executive Chairman of WSCB; a director of certain subsidiaries within IGB Group, WSTSB Group and TKYSB; major SH of IGB and WSCB; major unitholder (UH) of IGB REIT; substantial SH of TKYSB; the father of ETHN and GTHC; and a brother of PTSM and TTCK.
[b] TLC is Non-Independent Non-Executive Chairman of IGB; Non-INED of IGB REIT Management; a director of certain subsidiaries within IGB Group, TCNSB and WSTSB; and a sister of TBS and TBL.
[c] TBS is a director of certain subsidiaries within WSTSB Group; substantial SH of IGB; the father of TMS and TYS; and a brother of TLC and TBL.
[d] TBL is DGCEO and alternate to DSRT on IGB Board; a director of certain subsidiaries within IGB Group, TCNSB and WSTSB Group; a brother of TLC and TBS; the spouse of Low Su Ming and the father of Tan Pei Jun, both of whom are substantial SHs of PPSB.
[e] TCNSB is major SH of IGB and WSCB; major UH of IGB REIT; substantial SH of WSTSB; and person connected to TLC, TBS, TBL, TMS and TYS.
[f] TKYSB is major SH of IGB and WSCB; major UH of IGB REIT; substantial SH of WSTSB; and person connected to DSRT, PTSM, TTCK, DYCI, ETHN and GTHC.
[g] WSTSB is major SH of IGB and WSCB; major UH of IGB REIT; substantial SH of CHM and TTR; and person connected to DSRT, PTSM,TTCK, TCNSB and TKYSB.
[h] PTSM is a director of certain subsidiaries within WSTSB Group and TKYSB; major SH of IGB and WSCB; major UH of IGB REIT; substantial SH of TKYSB; the mother of DYCI; and a sister of DSRT and TTCK.
[i] TTCK is a director of certain subsidiaries within TKYSB Group; major SH of IGB and WSCB; major UH of IGB REIT; substantial SH of TKYSB; and a brother of DSRT and PTSM.
[j] DYCI is NIED of IGB REIT Management; a director of certain subsidiaries within IGB Group; a son of PTSM; and alternate to PTSM on WSTSB board.
[k] ETHN is NIED of IGB REIT Management; a director of certain subsidiaries within IGB Group; a daughter of DSRT; and a sister of GTHC.
[l] GTHC is a director of certain subsidiaries within IGB Group; a daughter of DSRT; and a sister of ETHN.
[m] TMS is a director of certain subsidiaries within IGB Group; the daughter of TBS; the sister of TYS; and alternate to TLC on WSTSB board.
[n] TYS is a director of certain subsidiaries within IGB Group; the son of TBS; the brother of TMS; and alternate to TBL on WSTSB board.

Audit Committee Report

The Audit Committee (AC), formed on 6 May 2002, is to assist the Board of Directors (Board or Directors) in fulfilling its oversight responsibilities for financial reporting process, risk management process, system of internal controls, governance processes, audit process and process for monitoring compliance with laws and regulatory requirements in relation to financial matters.

AC has authority to investigate any matter within its terms of reference which can be viewed on IGB's website, full access to and co-operation from management and full discretion to invite any Director or senior executive to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

AC is pleased to present its report on the activities carried out during the year to 31 December 2019 (FY2019) and to the date of this report in conducting its affairs and discharging its responsibilities.

This Report is current as at 19 February 2020 and has been approved by the Board.

COMPOSITION

AC comprises 3 members, all of whom are Independent Non-Executive Directors. AC is chaired by Lee Chaing Huat (AC Chairman) and the members are Daud Mah bin Abdullah and Dato' Dr. Zaha Rina binti Zahari whose biographies are set out in this Annual Report under the heading **Profile of Directors**. None of AC members are employed by or otherwise affiliated with the external auditor (EA) of IGB. All AC members have accounting or related financial management expertise or experience.

The annual review of the composition and performance of AC, including members' tenure, performance and effectiveness as well as their accountability and responsibilities, was duly assessed via the board annual performance-assessment. Based on the evaluation for FY2019, the Board was satisfied that AC has continued to show strong performance over the years, and AC members, as indicated in their profiles, have sound judgement, objectivity, independent attitude, management experience, integrity, knowledge of the industry, and financially literate. With balanced diversity of skills and experience, they have discharged their functions, duties and responsibilities, supporting the Board in ensuring that the Group uphold appropriate corporate governance (CG) standards.

MEETINGS AND ATTENDANCE

AC meetings in 2019 were pre-arranged in August 2018 together with the Board and other Committee meeting schedules. The schedule of business considered by AC covered the key areas within its remit and is supported by information provided by management, external and internal auditors. Meeting materials via electronic means are delivered within 5 days from the date of the meeting to enable ample time for members to review the information and to obtain such details and explanations where necessary.

4 meetings were held during FY2019 which were attended by all AC members. Group Chief Executive Officer (GCEO) attended all meetings as requested by AC to facilitate direct communication and to seek clarification on audit issues as well as to solicit information in relation to the Group's operations. The meetings were also attended by Group Chief Financial Officer (GCFO), Senior Group General Manager (Finance and Administration), Head of Group Strategy and Risk (GSR), Head of Group Internal Audit (GIA) and Group Company Secretary, upon invitation, to brief and provide comprehensive explanations on their respective reports. AC also had 2 private sessions with EA to enquire about management's co-operation with EA, their sharing of information as well as discuss the results of the audit and any other observations they may have during the audit process and regarding risk management issues, without the presence of management.

AC Chairman also permitted internal and external auditors to contact him at any time that they became aware of incidents or matters in the course of their audits or reviews that needed his attention or that of AC or the Board. Matters of significant concern raised by internal and external auditors noted by AC requiring the Board's notice, direction and approval were highlighted and reported by AC Chairman at the Board meetings. AC minutes were included in Directors' materials for meetings.

SUMMARY OF PRINCIPAL ACTIVITIES

Throughout 2019, AC executed various strategies and actions to discharge its duties and responsibilities effectively. Principal activities performed during FY2019 and to the date of this report are as follows:

(a) Financial Reporting

(i) Evaluated on an ongoing basis the appropriateness, adequacy and efficiency of accounting policies and procedures, compliance with generally accepted accounting practice and overall accounting standards, as well as any related changes discussed and resolved any significant or unusual accounting issues. Introduced measures that, in AC's opinion, would enhance the credibility and objectivity of financial statements and reports prepared about the Group's affairs.

Audit Committee Report
(continued)

(ii) Reviewed the quarterly unaudited financial results of IGB for Q4FY2018, Q1FY2019, Q2FY2019 and Q3FY2019, which were announced via the regulatory information service (BursaLINK) immediately after the Board's approvals, respectively on 26 February 2019, 29 May 2019, 27 August 2019 and 21 November 2019, and IGB Financial Statements FY2018 which were submitted via BursaLINK on 29 April 2019. AC concluded that the quarterly financial results and IGB Financial Statements FY2018 complied with the applicable Malaysian Financial Reporting Standards (MFRS) and regulatory requirements and presented a true and fair view of IGB's financial performance.

(iii) Noted significant changes and amendments to MFRS and other regulatory requirements that could affect the financial reporting of the Group.

(iv) Reviewed the declaration of interim dividend of 3 sen per ordinary share (1 sen cash and 2 sen share dividend) for FY2019, interim dividend of 5% per annum (p.a.) (based on the issue price of RM1.00 per redeemable convertible cumulative preference shares) (RCPS Dividend) for the 6-month from and including 16 February 2019 up to and including 15 August 2019 and interim dividend of 4.3% p.a. (based on the issue price of RM3.28 per redeemable convertible cumulative preference shares) (RCCPS Dividend) for the 6-month from and including 2 March 2019 up to and including 1 September 2019, including the solvency tests required under the Companies Act 2016, ensuring that IGB would remain solvent for the next 12 months after the intended distribution dates, before declaration of the dividends were recommended for the Board's approvals.

(v) Reviewed the declaration of RCPS Dividend of 5% p.a. for the 6-month from and including 16 August 2019 up to and including 13 February 2020 including the requisite solvency test.

The RCPS issued on 16 February 2015 had since matured on 14 February 2020, with 447,999,587 outstanding RCPS were automatically converted into 196,490,540 new ordinary shares of IGB. The RCPS was removed from the Official List of Bursa Malaysia Securities Berhad (Bursa Securities) on 17 February 2020.

Subsequent to FY2019, AC had at its meeting on 19 February 2020, considered and reviewed the financial reporting checklist FY2019 completed by GCFO, and assessed by GCEO, and obtained their assurance, in making its recommendation to the Board, that adequate processes and controls were in place for an effective and efficient process in preparation of IGB Financial Statements FY2019 and, in all material respects, IGB Financial Statements FY2019 complied with the applicable MFRS as well as disclosure provisions of the Bursa Securities' Main Market Listing Requirements (MMLR), and fairly present the results of the operations, cash flow and financial position of the Group. AC had also reviewed IGB's fourth quarter financial results 2019 as well as the declaration of RCCPS Dividend for the 6-month from 2 September 2019 up to and including 1 March 2020 including the requisite solvency test.

(b) External Audit

(i) Reviewed EA's audit report of IGB Financial Statements FY2018 setting out their comments and conclusions on the significant auditing and accounting issues highlighted, including management's judgements, estimates and/or assessments made, and adequateness of disclosures in the financial statements.

(ii) Reviewed, with both EA and management, the audit approach and methodology applied, and in particular of those key audit matters included in the year end EA's report.

(iii) Reviewed EA's audit plan 2019 for the Group, encompassing the planned scope and timing for the year's audit and other examination including the evaluation of internal control systems, to the extent performed as part of the external audit.

(iv) Considered whether the extent of reliance on internal audit by EA was appropriate and whether there were any significant gaps between internal and external audits.

(v) Obtained assurance from EA that their independence has not been impaired.

(vi) Reviewed, in consultation with management, the terms of engagement of PricewaterhouseCoopers PLT (PwC) for the statutory audit of IGB Financial Statements FY2019 in respect of cost, scope and performance, upon confirmation of their independence and objectivity including non-audit services related to tax consultancy and compliance reviews, prior to tabling for the Board's approval.

(vii) Conducted bi-annual private sessions with EA without the presence of management on 26 February 2019 and 21 November 2019 to apprise on matters with regard to the audit and financial statements. No major concerns were highlighted by EA and they had received full support and cooperation from management.

Subsequent to FY2019, AC carried out the following duties at its meeting on 19 February 2020:

(i) Reviewed the results of EA's audit report on the conduct of IGB Financial Statements FY2019, the audit findings together with recommendations, including key audit matters.

(ii) Reviewed and deliberated on matters relating to internal control highlighted by EA in the course of their statutory audit of IGB Financial Statements FY2019.

Audit Committee Report
(continued)

(iii) Evaluated EA's performance and effectiveness, quality of communication and interaction and its independence and objectivity, on the basis of AC meetings and a questionnaire-based internal review. Based on the assessment for FY2019, AC was satisfied with EA's technical competency in terms of their skills, execution of audit plan, reporting and overall performance, and the reasonableness of their audit fees. Requisite assurance was sought and provided by EA that internal governance processes within PwC demonstrate and support the firm's independence. With this, AC had recommended for the endorsement of the Board on the re-appointment of PwC as EA for the financial year ending 31 December 2020 (FY2020). The Board had at its meeting on 19 February 2020 approved AC's recommendation for shareholders' (SHs) approval to be sought at the upcoming 20th AGM on the re-appointment of PwC as EA of the Group for FY2020.

(c) Internal Audit (IA)

The GIA function assists AC in discharging some of its duties and responsibilities, as an integral part of the governance framework. The GIA function provides AC with risk-based independent and objective assurance, advice and insight on the adequacy and effectiveness of internal controls, risk management and governance processes of the Group. GIA carries out its responsibilities in conformance to the International Standards for the Professional Practice of Internal Auditing as confirmed by a quality assurance review conducted by the Institute of Internal Auditors (IIA) Malaysia in 2015. The GIA function also engages in quality improvement programs on an ongoing basis to ensure that IA activities keep up with the latest developments in the internal auditing practices.

The Head of GIA is Christine Ong May Ee, Certified Internal Auditor (USA), Certified Risk Management Assurance (USA), Fellow Chartered Accountant (Australia), Fellow member of the IIA (Malaysia), Chartered Accountant (Malaysia) and Bachelor of Accountancy (Hons.) (Singapore). She is assisted by a team of suitably qualified and experienced internal auditors. The Head of GIA reports to AC functionally to maintain its independence. On an annual basis, AC evaluates the performance of GIA function and obtains confirmation on its independence and objectivity.

The GIA function carries out audit engagements based on the annual plan which is approved by AC. Upon completion of each audit engagement, a report is issued to management who are responsible for ensuring that corrective actions are taken on weaknesses in risk management, controls and governance highlighted in the report within a reasonable time frame. GIA follows up with management on the status of implementation of all audit recommendations every 3 months until all recommendations have been implemented and addressed.

Other than planned assurance engagements that have been included in the GIA's plan, GIA also conducts ad hoc special reviews as and when the need arises or when a significant change in risk has been identified. The scope of these engagements is discussed with management and reported to AC for their approval. All reports issued for such engagements are communicated to the relevant members of management and AC.

The GIA function also provides advisory services to GSR unit in the areas of risk management, sustainability and business continuity. In addition, the Head of GIA is a member of the Whistleblowing Committee (WBC) and Anti Bribery and Corruption (ABC) Committee. GIA manages the Feedback line for the Group. GIA is also invited to attend the IGB Tender Committee meetings and to observe on the tender process.

The following is a summary of GIA's work reviewed and/or approved by AC during FY2019 and to the date of this report:

(i) Reviewed and approved at AC meeting on 14 November 2018, the GIA 2019 Plan to ensure adequate scope and coverage of key risk areas and processes in the operations, compliance with regulations and internal controls of the Group. The planning for the audit involved a risk-based approach which emphasised effective planning and scoping of the audit to suit the size and activities of functional areas and to concentrate audit resources on operational areas that are exposed to a greater degree of risk.

(ii) Reviewed and approved at AC meeting on 21 November 2019, the GIA 2020 Plan focusing on 3 themes – anti-corruption, business continuity and cybersecurity and data protection, and the GIA Charter which was revised to reflect GIA's roles as a member of WBC and ABC.

(iii) Conducted a review on the adequacy of policies and procedures in relation to the corporate liability provision under section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 and reported on the gaps that needed to be put in place before 1 June 2020.

(iv) Performed a CG review in relation to IGB's adherence to the Malaysian Code on Corporate Governance and MMLR.

(v) Reviewed GIA reports on the effectiveness and adequacy of internal controls, risk management and governance process of the Group. A total of 38 GIA reports, including progress reports and special reports, were issued during the year. The audit engagements covered the main business divisions of the Group, namely property development, property management, hotel, construction, support functions, and other investments. AC engaged with management on issues and recommendations raised in the audit reports and obtained assurances that all weaknesses were addressed by management promptly. AC directed management to rectify and improve on internal control and workflow processes promptly and ensure that internal controls continue to operate effectively at all times.

(vi) Monitored the corrective actions taken on outstanding audit issues through progress reports based on submissions by management on the status of implementation of audit recommendations, to ensure that control weaknesses have been addressed.

Audit Committee Report
(continued)

(vii) As part of the audit process, GIA reviewed related party transactions (RPT) in the areas covered under the audit to ensure that proper reporting and approvals have been obtained and that the transactions were conducted at arm's length basis.

(viii) Noted the 18 IA reports issued for IGB Real Estate Investment Trust (IGB REIT) and the minutes of AC meetings submitted by IGB REIT Management Sdn Bhd (IGB REIT Management), which is a significant contributor to the Group's operations. AC was satisfied that the independent board of directors of IGB REIT Management has provided adequate oversight over the operations and financial performance of IGB REIT.

The total cost incurred by GIA division for FY2019 was RM1,696,447.50.

(d) Risks and Control Environment

The Board has assigned oversight of the Group's strategic risk management function to the Policy and Implementation Council (PIC) whose responsibilities include, amongst others, assisting the Board in undertaking the supervisory role in risk management activities of the Group, determining the strategic approach to risk and setting the risk appetite, understanding the significant risks and ensuring the adequacy and reliability of the risk management processes and system of internal controls. Each divisional head will be responsible for the risk at the business unit who will report directly to the Head of GSR, who in turn will report to PIC/GCEO. The GIA function, as part of their audit review, provides objective assurance to AC that the significant business risks are managed appropriately and the strategy and risk framework is operating effectively. Based on the controls and regulation checklist FY2019 completed by the relevant divisional heads, as well as information and explanations given by management and discussion with EA on the results of their audit, AC was generally satisfied with the adequacy and integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, rules, directives and guidelines. No significant irregularity or deficiency in internal controls came to the attention of AC during FY2019.

An overview of the state of internal control in the Group, which includes the risk management and key internal control processes is described in greater details in this Annual Report under the heading **Statement on Risk Management and Internal Control**.

(e) Recurrent RPT (RRPT)

During FY2019, the Group entered into RRPT as disclosed in the **Corporate Governance Overview Statement** contained in this Annual Report. AC reviewed, on a quarterly basis, the RRPT entered into by the Group with related parties, tracked against their mandated thresholds. AC was satisfied that all transactions were in the best interest of the Group, whereby the terms concluded were fair, reasonable and based on commercial viability, and were therefore not deemed detrimental to the interests of minority SHs, and monitoring procedures to regulate such transactions were appropriate and sufficient.

Subsequent to FY2019, AC had at its meeting on 19 February 2020, reviewed the circular in relation to the renewal of SH mandate for RRPT which is set out in the **Circular to Shareholders - RRPT Mandate** to be sought at the upcoming 20th AGM, and having considered, amongst others, the nature of RRPT to be made were intended to meet the ordinary and usual course of business needs of the Group and likely to occur with some degree of frequency and such transactions to be undertaken at arm's length and on normal commercial terms consistent with the Group's usual practices and policies, as well as the procedures and processes established to regulate RRPT, was satisfied that adequate processes and controls were in place for an effective and efficient process in the monitoring, tracking and identifying RRPT in a timely and orderly manner.

(f) Annual Reporting

AC had at its meeting held on 19 February 2020 reviewed the Audit Committee Report and Statement on Risk Management and Internal Control for disclosure in the Annual Report 2019, and whereupon recommendation was submitted and approved by the Board.

TRAINING

During the year, AC members attended various conferences, seminars and training programmes to enhance their knowledge to efficiently discharge their duties as Directors as well as to keep themselves abreast with the changes and updates on technical competencies in their respective fields of expertise. Details of the training that they attended during FY2019 are set out in Appendix 1 of the **Corporate Governance Overview Statement** of this Annual Report.

Statement on Risk Management and Internal Control

The Board of Directors (Board) of IGB Berhad (IGB) is pleased to present the Statement on Risk Management and Internal Control. This Statement is prepared pursuant to Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements (MMLR) and in accordance with the guidelines as set out in the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

This Statement does not cover listed subsidiary companies, associates, or joint ventures as the internal control systems of these companies are managed by the respective management teams.

The Board maintains its overall responsibility to ensure a framework of risk management and internal controls is in place for high level of corporate governance. The Policy and Implementation Council (PIC) assists the Board to oversee IGB and its subsidiaries' (Group) overall strategy and risk framework with their expertise, experience and knowledge of the business, and is supported by the Group Strategy and Risk (GSR) division, which monitors and evaluates the effectiveness on an on-going basis.

RISK MANAGEMENT FRAMEWORK

IGB's 2018 Risk Management framework and corresponding reports were based on the Committee of Sponsoring Organisations of the Treadway Commission's (COSO) Enterprise Risk Management (ERM) framework, which was released in 2004 and updated in 2017. COSO was chosen as it is the first worldwide-acknowledged framework for internal controls and is one of the most widely recognised and applied risk management frameworks in the world.

In May 2019, the Board approved the revision of "IGB Risk Management Policy and Framework" and it was renamed "IGB Strategy & Risk Framework" (Framework). This revised Framework is based on 2017 COSO ERM – Integrating Strategy with Performance framework.

This Framework integrates the ERM with business strategies and processes, resulting in better information to support improved decision-making and leads to enhanced performance. This Framework enhances conversation of risk across the whole value cycle of an organisation. This Framework has been communicated in meetings between GSR with all heads of business units.

The Framework itself is a set of principles organised into five interrelated components:

1. **Governance and Culture**: Governance sets the organisation's tone, reinforcing the importance of, and establishing oversight responsibilities for ERM. Culture pertains to ethical values, desired behaviours, and understanding of risk in the entity.

2. **Strategy and Objective-Setting**: ERM, strategy, and objective-setting work together in the strategic-planning process. A risk appetite is established and aligned with strategy; business objectives put strategy into practice while serving as a basis for identifying, assessing, and responding to risk.

3. **Performance**: Risks that may impact the achievement of strategy and business objectives need to be identified and assessed. Risks are prioritised by severity in the context of risk appetite. The organisation then selects risk responses and takes a portfolio view of the amount of risk it has assumed. The results of this process are reported to key risk stakeholders.

4. **Review and Revision**: By reviewing entity performance, an organisation can consider how well the ERM components are functioning over time and in light of substantial changes, and what revisions are needed.

5. **Information, Communication and Reporting**: ERM requires a continual process of obtaining and sharing necessary information, from both internal and external sources, which flows up, down, and across the organisation.

The Framework is reviewed annually by GSR and updates are presented to PIC and Board to ensure its adequacy as more robust methodologies are introduced.

RISK MANAGEMENT

Risk management is not about eliminating risks but IGB through its robust risk management is mitigating unexpected operations surprises and losses, reducing performance variability, improving resource deployment, identifying and managing entity wide risks and also increasing the range of opportunities.

The IGB culture pertaining to strategy and risks is one of ownership, whereby the business units themselves take ownership on their strategies and risks. They identify and evaluate strategies and risks and implements strategic plans with mitigation actions aligned with the Framework. Business units will monitor and measure performance and submit strategy and risk reports every half year to GSR.

GSR maintains the database for IGB business units' strategies and risks and monitor updates. Business unit's escalation of risks of new and existing investments, strategies or opportunities are reviewed by GSR to ensure that exposures are within the approved risk appetite. In the revised Framework, the existing robust Risk Appetite has been reviewed to reflect the activities required to achieve our strategic objectives. This was approved by the Board in May 2019.

Statement on Risk Management and Internal Control
(continued)

Group Internal Audit (GIA) provides an independent assurance on the adequacy and effectiveness of internal controls in the implementation of the Framework by the business units. Management are responsible to ensure that risk management activities are implemented effectively to manage significant business risks in a timely manner.

To further enhance the Framework in order to provide contingency plans and recovery processes to respond and recover in the event of a disaster, GSR in August 2019 prepared a Business Continuity Management (BCM) Framework for IGB which was endorsed by PIC for adoption. The BCM Framework was disseminated to all business unit senior management and training workshops were conducted to guide business units to prepare their respective Business Continuity Plans (BCP). The BCM Framework provided guidelines for each business unit to develop its BCP incorporating a detailed Emergency Response Plan for each operational site; Group Crisis Management & Communication Plan; Business Impact Analysis to ensure Business Recovery Plans for prompt restoration of mission critical systems is established. All business operations of IGB are currently developing their respective BCPs.

INTERNAL CONTROL PROCESSES

The Board maintains full control and direction over appropriate strategic, financial, organisational and compliance issues. It has delegated to management the implementation of the system of internal controls in the operation of the business units in the Group.

The main pillars of the framework for internal control include:

Organisation & Structure
- Continued maintenance of defined lines of reporting, responsibility and delegated authorities
- Clear and structured boundaries of authority that form a framework of leadership and accountability within the Group
- Instil control-conscious and risk management culture and ensure proper tone at the top for an effective control environment

Anticipation & Accountability
- Regular consortium of all heads of business units to raise and review any and all significant risks and opportunities related to known and emerging changes in the operational and regulatory landscape
- Construction of annual operating budgets and capital expenditure plans by all business units, reviewed and approved by the Group Chief Executive Officer (GCEO) and the Board
- Transparent assessment of performance against approved budgets, with reporting of discrepancy or variance to the Board
- Regular reporting updates of all significant issues, accounting statuses and legal developments to the Board for up-to-date visibility

Compliance & Training
- Standardisation and distribution of operating policies and procedures in line with internal controls, industry best practices and the relevant laws and regulations; to be reviewed regularly and approved by management
- Ongoing investment in training and guidance of staff to ensure they are competent and motivated to excel in their responsibilities, improving retention rate of strong talent
- Maintenance of clear guidelines for conducting hiring, termination and annual performance appraisal processes that uphold a reputation of corporate integrity

The GIA function provides further independent assurance on the adequacy and effectiveness of the risk management and internal control systems as part of their audit review. All reports are brought to the attention of the Board through PIC and Audit Committee (AC).

The Board, through AC, has reviewed the effectiveness of the Group's system of risk management and internal controls. There were no significant internal control aspects that would have resulted in any material losses, contingencies, or uncertainties that would require disclosure in the Group's annual report.

The Board has received assurances from GCEO and Group Chief Financial Officer that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects.

As required by Paragraph 15.23 of the MMLR, the external auditors have reviewed this Statement. Their limited assurance review was performed in accordance with Recommended Practice Guide (RPG) 5 (Revised) issued by the Malaysian Institute of Accountants. RPG 5 (Revised) does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

This Statement is current as at 19 February 2020 and has been approved by the Board.

Sustainability Statement

1. Introduction

The principal activities of the Company during the financial year are those of investment holding and provision of management services. The principal activities of the Group mainly consist of property investment and management, owner and operator of malls, hotel operations, property development, construction, information and communication technology services, the provision of engineering services for water treatment plants and related services, education, investment holding and management of real estate investment trust.

Previously known as Goldis Berhad, we were renamed IGB in 2018 after we acquired the outstanding shares in IGB Corporation Berhad (IGBC) that we did not already own. The acquisition was made by way of a Scheme of Arrangement, resulting in IGBC becoming our wholly owned subsidiary. Today, IGB is one of the largest listed property companies in Malaysia and has a footprint that spans across Asia, Australia, United States (US) and the United Kingdom (UK).

This Sustainability Statement covers the period 1 January 2019 to 31 December 2019, and has been prepared in accordance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements. This statement outlines our approach to sustainability, including how we continue to take steps to integrate sustainability into our policies, structure, management, and operations. It also provides insights into the sustainability strategies that we have adopted.

2. Our Commitment to Sustainability

This year, IGB went through a Visioning Process and established the Vision for the Group – "Creating and Managing Spaces that Work Now and in the Future". This vision is supported by four Core Values – Integrity, Innovation, Quality, and Sustainability.

IGB's sustainability strategy is aligned with our vision of "Creating and Managing Spaces that Work Now and in the Future". We are committed to working in partnership with our community, to create spaces and experiences that improve the economic and social well-being of our stakeholders. We believe however, that it is not enough to have in place formal structures that support sustainability, and that the only way to truly ignite change is through inspiring our people to drive sustainability in the everyday work that they do. It is only through cultivating a culture with sustainability at its core, that we have a chance of building a sustainable business that not only continues to deliver long-term value to our shareholders, but that is able to be a leader of industry for generations to come.

Since the completion of our corporate exercise in 2018, we believe that we are better placed to compete in today's fast-changing and increasingly challenging landscape. Significantly, today, the increasing role of the internet and social media has changed the competitive landscape across industries. Consumers now have unprecedented access to information at their fingertips, and businesses now have direct access to their consumers through various online platforms and social media channels. With the internet penetration increasing year on year, a growing number of companies are channelling their efforts at engaging consumers online. As a result, we are also seeing a change in consumer preferences, in terms of how they seek information and access competing products, as well as how they consume products in the market. Businesses are now required to respond quicker, offer greater flexibility, and have a social conscience. With our leaner structure, we are better placed to adapt and react to changing trends, thus putting us in an improved position to grow our business sustainably for generations to come.

3. Our Sustainability Governance Structure

IGB's Board of Directors (the Board) oversee the Group's sustainability strategies and initiatives. The Board is supported by Sustainability Committees set up within each of our business units. The committees comprise of staff who work closely with the heads of each business to drive sustainability within their organisation. The Board is regularly updated on all matters relating to sustainability throughout the year.

4. Materiality Process

The Group regularly reviews the identified material sustainability issues to ensure that they continue to be relevant to our business. Key to this review is the identification, assessment and documentation of issues that sustainably impact our business as well as our stakeholders. These issues are important as they affect how our stakeholders make decisions, which in turn impact our ability to thrive as a sustainable business in the long run. As such, a critical part of this process is the collation of feedback from both our internal and external stakeholders.

The Group's existing material sustainability issues were reviewed again this year, and it was determined that they continue to remain relevant for our business. The results of this review were documented and tabled for the Board who approved them for the year.

Sustainability Statement
(continued)

Feedback Channels

Table 1: Summary of Stakeholder Feedback Channels

Investors & Media	• Announcements and news releases filed with Bursa Malaysia Securities Berhad, and issued to analysts and media • Annual General Meeting • Dedicated Investor Relations webpage with our announcements and reports relating to our financial results and annual reports • Engagement of key institutional investors through regular meetings
Employees	• Regular employee engagement sessions conducted by senior management • Annual employee surveys and performance appraisals • Feedback received via email • Feedback received at exit Interviews
Customers	• Regular feedback/surveys completed by customers • On-ground events and activities held • Engagement through various social media platforms
Local Communities	• Engagement through on-ground activities held • Planned activities and visits to local charitable organisations • Engagement through various social media platforms
Suppliers & Contractors	• Regular engagement of contractors and suppliers on areas relating to quality of work and commitment to health & safety
Government Agencies & Regulators	• Regular dialogue with Government agencies • Participation in stakeholder consultations organised by Government agencies

(a) Economic: Enriching our Neighbourhoods and Communities

Businesses today can no longer ignore the needs and opinions of their communities. Online platforms have gained an increasing foothold in the court of public opinion and businesses who fail to recognise their importance risk tarnishing their brand image and reputation. Digital media communications have proven to be an effective channel to engage with stakeholders and communities. Our community therefore remains a critical pillar in our sustainability journey, and we work hard to actively engage them to ensure that we are able to quickly respond to their changing needs. Part of this engagement also involves making sure that we continue to support them through giving back to the underprivileged, as well as supporting local businesses and people.

At IGB, we support the local community through hiring local employees, and only hiring foreigners where a local talent cannot be found. At our hotels for example, we do our best to employ only Malaysians for all front office roles, making exceptions for specialised positions such as Head Chef for our speciality restaurants. Foreign employees are hired for back of house roles; however, we endeavour to keep the number of foreign employees to a minimum. Our water treatment business in China also seeks to hire locally, doing their part to provide employment opportunities in the cities in which we have a presence. This in turn helps to support local communities and businesses.

In London, our hotel business also offers apprenticeship programmes to support individuals who would like to build a career in hospitality. The apprenticeship is offered in collaboration with HIT Training, the UK's leading specialist training and apprenticeship provider for the hospitality and catering industry. Individuals learn on the job while working towards obtaining a recognised qualification that will support their career development.

Mid Valley Megamall (MVM) and The Gardens Mall (TGM) also work hard to contribute to the enrichment of their neighbourhoods and communities. Mall facilities at both MVM and TGM are constantly being upgraded, for example. This year, MVM created a Grab lounge located at the North entrance for visitors to use, and also reconfigured the Ground Floor East by repositioning the escalators and tenants to help increase accessibility in the area. TGM also introduced a Grab waiting area located in front of Dome, and completed the upgrading of their escalators which have enhanced safety and performance, as well as improved energy efficiency.

MVM and TGM have also worked with neighbouring malls, hotels and offices, to enhance the vicinity around Mid Valley City, helping to develop a thriving hub that will benefit businesses in the area. The KL Eco City Link Bridge for example, opened in November this year, allowing for greater accessibility and connectivity to the buildings in the area, as well as to the KTM and LRT lines.

(b) Environmental: Taking Steps to Protect and Conserve the Environment

Public pressure on Governments around the world to do more to conserve our planet reached fever pitch this year, as people from all walks of life came out to take part in climate strikes that took place worldwide. Safeguarding our planet however, does not rest in the hands of any single body or organisation, it requires the support of each and every one of us. IGB recognises that we have the ability to reach out to a large number of groups across industries and geography through our businesses. As such, we have a responsibility to play our part to safeguard our planets future through raising awareness around pressing environmental issues, educating our communities, as well as taking steps within our businesses to protect and conserve the environment.

Sustainability Statement
(continued)

Product and Service Responsibility

As a Group with businesses across a variety of industries, it is our responsibility to be conscious of the fact that the business decisions we make today will have a lasting impact on our communities and our planet for generations to come. It is therefore important that we continue to embed a mindset among our employees that support our sustainability journey, so that making good decisions become second nature to us.

One way in which sustainability can be incorporated in development is through built environment planning, design, and construction economics. Both our property development and construction divisions are committed to working towards the adoption of sustainable practices and have done so in projects undertaken. Our construction division, for example, will be using low-emissivity (low-E) glass in the construction of both the Mid Valley Southkey North and South Towers. Low-E glass helps to keep the temperature indoors cool by reflecting away the heat from the outside. This reduces the need for air conditioning.

Recently completed buildings have also been designed to reflect the Group's commitment to sustainability. We are proud that Menara Southpoint received the Silver Green Building Index certification, while Stonor 3, our recently completed residential development in KLCC, was awarded the GreenRE Gold certification under the residential category.

Water Conservation

Access to clean water is a critical component of sustainable development across the world. However, as a result of pollution, climate change, and a growing demand for clean water, the world is facing an ever-growing challenge to ensure that clean water is available to all who need it. To address the mounting challenges we face, everyone must come together to work towards conserving water. As a responsible corporate citizen, IGB's various businesses, have initiated water conservation programmes that directly impact the way in which we operate, as well as sought to educate our communities on how they can play a part in using water responsibly.

The China Water Group continues to improve the discharged water quality in 3rd and 4th tier cities in Eastern China. They work hard to ensure that the discharged water effluence complies with criteria set by the local authorities, doing so through the use of chemicals as well as utilising their plant facilities. In the long run, the business also seeks to ensure that areas surrounding their plants are free of water pollution. They want to be able to identify upstream chemical discharge from factories, and apply appropriate treatments to alleviate the intensity of its toxicity before it enters the main treatment plant. In 2019, the China Water Group successfully increased their capacity to 95,000m^3.

Other businesses within our Group have also taken steps to conserve water. At IGBIS, for example, water pressure in the wash basins have been decreased in a bid to reduce water consumed. At Stonor 3, water efficient fittings that are tested and approved under the Water Efficient Product Labelling Scheme have been installed. Additionally, the development utilises a rainwater harvesting system to collect water which can be used for landscaping purposes. At the Gardens South Tower and the Gardens North Tower, dual flush buttons were installed for toilets on high traffic floors to encourage efficient water consumption and reduce unnecessary water wastage.

At MVM and TGM, efforts to conserve water have also continued. This year, steps were taken to improve the performance of the mall's chiller plant rooms, increasing their efficiency and reducing the amount of water consumed. At TGM, the cold water pipes were changed from a acrylonitrile butadiene system (ABS) to a polypropylene blend (PPR). PPR pipes have consistently proven to be more durable in the long run. Water pressure in the toilets have also been reduced to help decrease the amount of water used overall. Sources of unaccounted water consumption in 2018 were also identified in the year, and steps were taken to address them. As a result, total water consumed by both malls fell marginally from 731,724 cubic metres in 2018 to 731,056 cubic metres in 2019.

The GTower Hotel has installed 13 water sub meters this year, enabling the continuous measurement and monitoring of water consumed. This has allowed them to identify excessive water usage and conduct investigations accordingly. In 2019, water consumption at GTower was 124,428m^3, this compared with 145,968m^3 in 2018.

In London, as part of the refurbishment exercise that will be carried out at the St Giles Hotel in 2020, we will be installing low flow toilets, replacing the traditional 9 litre flush toilets with 6 litre ones. It is anticipated that this will translate to annual water savings of 9,413 m^3 per room. In our hotel in New York, showerheads in all the rooms will be replaced with low flow alternatives which is estimated to save approximately 2,500 m^3 of water per year.

Moving forward, we will continue to monitor our water usage and identify additional areas where efforts can be stepped up to support our water conservation efforts.

Waste Management

Waste contributes to a myriad of problems for the environment including biodiversity loss through the impact to habitats, pollution, overexploitation, as well as climate change. According to the United Nations, nearly 30 percent of food produced worldwide is lost or wasted every year. We are also seeing an increase in electronic waste (e-waste), as well as hazardous waste from industrial as well as non-industrial operations, just to name a few. The pressure on Governments and businesses around the world to reduce as well as effectively manage waste is mounting, and it is becoming clear that everyone needs to play their part if we are to protect and preserve the planet for generations to come.

Sustainability Statement
(continued)

i. *Recycling*

Recycling efforts continued this year with IGBIS as well as our hotels and co-living business kick-starting recycling initiatives. At IGBIS, students have taken this one step further by using the recycled items for arts and crafts, as well as in the makerspace. The markerspace is a place where students have the opportunity to learn to use tools and materials, both physical and virtual, to develop creative projects. This has helped to raise awareness among the students about the amount of recyclable waste that is thrown out, the importance of recycling, as well as educated them on how waste can often be repurposed to construct new and inspired products and designs.

At Stonor 3, recycling bins have also been placed throughout the property. Waste generated by ongoing projects by our construction division is also being categorised as recyclable and non-recyclable before being disposed to approved environmentally-friendly dump sites. MVM and TGM also increased the number of recycling bins available throughout their malls. MVM now has 11 recycling bins in place, while TGM has 42. Various tenants in the malls also carried out recycling initiatives in the year with the support of MVM and TGM.

A waste segregation programme for the F&B tenants in the malls was also started in the year. Support in the run up to the start of the programme was provided, as was education and training for all tenants and their staff. Sufficient time was given to allow them to prepare by purchasing the necessary bins and rubbish bags. During the transition period, manpower was also placed at the refuse chambers to assist all tenants, thus ensuring that the programme ran smoothly and all waste was disposed of correctly. This year, at an estimated conversion rate of 1.5 tonnes per pull (a pull refers to the volume of waste in a standard sized bin collected by our waste disposal contractor), MVM and TGM collected 429 tonnes of recycled waste, this compared to 374 tonnes in 2018.

GTower also continued to encourage tenants to recycle through the provision of recycling bins as well as e-waste bins. In 2019, a total of 14,097 kilograms of recyclable waste was collected, while a total of 330 items of e-waste was collected. This compared with 16,244 kilograms and 297 items in 2018. It should be noted that GTower only started collecting e-waste in May 2018. The reduction in the amount of recyclable waste collected was attributed to a decrease in the number of water bottles collected, as well as a reduction in the amount of newspapers collected. The decrease in the latter was as a result of the GTower Hotel no longer providing newspapers to all guests. Newspapers were only provided to guests upon request.

ii. *Reducing the Quantity of Waste Produced*

This year, in a bid to reduce the amount of waste produced, our hotels have stopped providing newspapers to all rooms to decrease the amount of newspapers discarded every day. Instead, newspapers are now available at the lift landing for guests to browse at their leisure. Our Property Development teams have also made significant strides in reducing the amount of waste they produce. For example, after noticing that the full-sized bottles of water given to potential buyers were rarely finished, the sales team reduced the size of the mineral water bottles given. With the smaller sized bottles, the total amount of plastic used overall has decreased. The teams have also worked to produce user-friendly electronic brochures which can be downloaded using a quick response (QR) code, and have started encouraging potential buyers to review floor plans on an electronic display. Where hardcopy brochures need to be printed, only environmentally-friendly suppliers, who are able to print on recycled paper, are engaged. They have also moved away from promoting properties via traditional print channels, and instead have begun to rely more on digital media for their marketing needs. Our commercial buildings business has also taken steps to reduce paper waste. At the Gardens North Tower and the Gardens South Tower, highly energy efficient hand dryers have been installed at all common toilets, providing tenants with a more environmentally friendly alternative to paper towels.

In a bid to reduce the amount of paper used, a push has been made to digitise work processes within the property development business. Kondoservis for example, has invested in a Doctrix data management system software that enables better organisation and management of all maintenance and compliance records under their management. This software not only increases our efficiency, but also does away with the need for hardcopy records, thus reducing the need for paper. The finance and administration department within our commercial buildings business also implemented electronic billing and electronic notifications in the year. This has led to a reduction of 780 reams of paper, which translates into a cost saving of RM9,500. Moreover, digitising work processes has helped improve efficiency.

Our construction division has also done its part to reduce its impact on the environment. It endeavours to work with designers and consultants to incorporate Industrialised Building Systems (IBS) into projects undertaken. IBS is defined as a construction process that utilises components or building systems that involve prefabricated components and onsite installation. Some of the benefits of IBS are that it promotes less wastage of materials used, increased environmental and construction site cleanliness, a safer and more organised site, as well as helps to reduce the completion time for construction. These all help in reducing the environmental impact of construction on the environment and the amount of waste produced. Additionally, our construction division uses table form and aluminium formwork which also helps reduce construction waste.

To do their part to reduce waste, Co-living @ Damai has created a “Give Away Corner” where tenants can donate items in good condition that other tenants can pick up and use. It is hoped that through this effort, total waste generated over time can be reduced as tenants have less of a reason to buy new products. This initiative also helps our tenants save money.

Sustainability Statement
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At IGBIS, to help educate the school community about how they can reduce waste, a former grade 5 student started the “Elementary School Zero Waste Wednesday”. This initiative has been continued through the collective efforts of the elementary school students and teachers, who work to draw attention to how the school community can adopt a more sustainable approach to their daily activities. For example, by bringing school snacks and lunches in reusable containers, switching off lights and air conditioning when leaving a room, as well as recycling paper and food waste.

iii. Composting Efforts

MVM and TGM have also started composting food again after they were unable to run their food composting machine from September 2018, as the supplier of the compost catalyst material they needed stopped operating. In 2019, they were able to find a new supplier and composting started up again in January. The volume of food composted in 2019 was 3,725 kg, this compared to 2,827 in 2018, and 4,968 in 2017. The team at Stonor 3 has also started collecting organic waste to be turned into compost. The compost made will be used for landscaping purposes within the development.

iv. Moving Forward

We will continue to work towards enhancing existing initiatives that we have in place and will also look at introducing new programmes moving forward. In 2020, for example, our hotels will be taking steps to reduce plastic waste through removing the availability of plastic bottles in the rooms. Instead, water dispensers, will be introduced along the hotel corridors. A pilot project will be undertaken at the St Giles Boulevard Hotel in the first quarter of 2020. The aim is to eliminate the use of over 1 million plastic water bottles a year by the end of 2022. The hotels will also be replacing plastic bottles used for shampoo, lotions, and bath gel with wall mounted dispensers to help reduce the number of single-use plastics consumed.

Energy Conservation

Energy conservation plays a significant role in reducing the impact that we have on our environment through diminishing our reliance on fossil fuels. Fossil fuels are not only limited in supply, the process of converting them into energy contributes to worldwide pollution as well as climate change. As a Group, we recognise that there is a lot we can do to help conserve energy, and as such, across our businesses, we have taken steps to both reduce the energy we consume as well as increase our energy efficiency.

This year, efforts to switch our light fittings across our businesses to the more energy-efficient LED lights continued. Lights are currently being upgraded to LED lights at IGBIS, TGM, as well as across our office buildings including GTower and Menara Tan & Tan. Basement car park lights at GTower and Menara Tan & Tan were also upgraded from fluorescent lighting to LED lighting this year. In the second quarter of 2019, the exercise to change all common lobby and toilet lighting at the Gardens South Tower and the Gardens North Tower was completed.

Additional works are also being carried out in select office buildings to increase energy efficiency as well as reduce energy consumption. At the Gardens South Tower and the Gardens North Tower, for example, photocell sensors have been installed to optimise the lighting levels in the lobby of the buildings. This allows for the maximisation of natural daylight as well as ensures the optimisation of lighting when natural light levels drop. At the Annex Block of Menara IGB, skylight roofing was replaced and new ceiling diffusers were installed. These initiatives allow for the maximisation of natural light in the day and an overall reduction in energy consumption. At GTower and Menara Tan & Tan, electricity submeters have also been installed, which have enabled the continuous measurement and monitoring of energy consumption, which supports the better management of energy consumed.

MVM and TGM also continued to take steps to increase energy efficiency in the malls as well as reduce energy consumed. In 2019, an energy audit consultant was engaged to measure the efficiency of their chiller plants and recommendations to further reduce wastage and increase overall efficiency was taken into account. Based on the recommendations, MVM reduced the pump size of a secondary pump in one of the chiller plants, and both MVM and TGM upgraded some cooling tower parts to improve the condenser water temperature and chiller efficiency. MVM also took steps to reduce the power consumed by its basement car park ventilation fans, while TGM completed the installation of new escalators which are more energy efficient and sensor based.

For new development projects, we also work towards being green certified, which means sustainable designs are incorporated into our plans. At Stonor 3 for example the artificial lighting power density in the common areas are set to at least 60% lower than is generally advised. We have found that this level of lighting is sufficient and also helps reduce overall energy used. All above ground car parks are also naturally ventilated, while basement car parks are equipped with mechanical ventilations with carbon dioxide sensors. Energy efficient lifts with occupancy sensors and cool paint have also been used. Cool paint helps to keep temperatures cooler, thus reducing the dependence on air-conditioning.

This year, IGBIS changed their veranda doors to minimise the loss of air-conditioning through the open doors, thus reducing overall energy consumed.

In London, renovation works for the St Giles Hotel will be commencing in 2020. As part of that project, the hotel will be changing all corridor and room lights to LED lights, and will also be switching from a centralised gas-based heating system to a room by room electric-based heating and cooling system. Although this will increase our use of electricity, gas consumption will go down, and it will allow us to source our electricity from renewable sources which will help reduce the hotels overall carbon footprint.

Sustainability Statement
(continued)

As we move forward, we will continue to find new ways in which we can conserve energy as a Group, implementing new initiatives that support our sustainable growth.

(c) Social: Looking After our Communities

Health and Safety

IGB adopts a proactive approach to health and safety, we work hard to ensure that everyone in our properties are accorded with a reasonable level of care and security. The major components of the Group - our retail, hotel, construction, commercial, property management, and property development businesses - have established Safety, Health, and Environment Committees who meet regularly and conduct safety audits, fire drills, and safety trainings. The committees look into all issues related to safety, health and the work environment, noting down any gaps and promptly addressing them to ensure that improvements are constantly being made. Fire drills are organised every 6 months, and an employee on every floor is identified and trained to be a fire marshal so that there is someone who knows what to do in the event of a crisis or emergency.

We meticulously note down all health and safety incidents that occur on our properties, working with the appropriate authorities where necessary, and conducting our own internal investigations so that we can continually improve our response to emergencies as well as work to minimise the recurrence of incidents where possible.

We also take the health of our employees very seriously and provide them with a comprehensive medical package. Annual health and eye checks are encouraged and organised for staff at all levels, and all staff are provided with health and dental medical cards for outpatient and specialist medical treatments. Managerial level employees are also given a budget to undergo a comprehensive medical check-up at appointed medical centres. All staff are also covered by the Group Hospitalisation and Group Personal Accident insurance scheme, which is offered on top of the SOCSO coverage received.

IGB also actively seeks to educate our employees about good health practices and encourages them to be active outside of work. For example, throughout the year, we invite doctors and healthcare professional to give talks in our offices on a variety of topics.

Malaysia experienced severe haze for a prolonged period in September and October this year. To safeguard the health and safety of our employees, pollutant particle measurements were taken regularly which informed our decision making, and we actively encouraged all employees to take precautionary steps to protect themselves, including staying indoors as much as possible and drinking lots of fluids to keep hydrated. We also distributed face masks to all staff and worked to ensure that we had a sufficient supply. Additionally, health checks were also provided to all employees.

In London, our hotels have launched #IAMWELL, a programme that promotes good mental health through ensuring that all staff has access to the support they need at work and that they have the peace of mind that they have a safe space to go to should they need help. As part of the launch, all employees and their family members have access to the Employee Assistance Programme, where they can speak to a qualified counsellor in confidence 24 hours a day, 7 days a week, without any charge.

Human Capital Management

People are the heart and soul of our organisation and are responsible for our continued success. A large part of being able to be a sustainable business, is our ability to continue to attract and retain the right people to support our growth. To do this, we believe that there are three main areas that we need to focus on in our approach to human capital management. They are organisation culture, talent development, and compensation.

i. Organisation Culture

We work hard to cultivate a dynamic work culture that draws from a diverse pool of employees with a broad range of experiences. We strongly believe that it is through active engagement of our employees that we can get the best out of them. As such, we promote a work environment in which people are encouraged to share their views across all levels, strike a balance between work and their personal lives, and get to know their colleagues both in and out of the work place. It is our belief that by doing so, we will be able to create a positive and supportive work environment, as well as retain and attract employees who are dynamic and keen to work in an organisation where they can make a difference, and see their ideas become actionable plans. In 2019 for example, we launched the IGB Innovative Challenge which encourages employees to submit ideas that could positively impact their division or company. Participants who win are recognised and receive a reward.

We are excited that the Group will be implementing the top two winning ideas submitted through the IGB Innovative Challenge. The first idea was to help promote greater cohesion amongst our employees through creating a shared space that all employees can access. In 2020, we will be launching “The Backyard”, a multi-functional employee lounge where staff can unwind. The space will offer a dining area, a games area, a meditation space, a library, discussion rooms, as well as vending machines. The second idea was to launch an online platform for our employees. In 2020, we will also be launching the “IGB Community”, an online platform that will house everything our employees need to know about the Group. The site will include information about employee events and activities, list all available staff discounts and promotions, and house the staff directory and corporate information, including profiles of all new recruits, amongst others. We are very excited about these new initiatives and believe that they support our overall objective of cultivating a dynamic work culture that actively engages all employees.

Sustainability Statement
(continued)

Table 2: Diversity within the Group, by Ethnicity

Ethnicity	% of Total Staff	
	2018	2019
Malay	53	59
Chinese	26	24
Indian	9	9
Other	12	8

Table 3: Diversity within the Group, by Gender

Gender	% of Total Staff	
	2018	2019
Male	60	60
Female	40	40

Table 4: Diversity within the Group, by Age

Age	% of Total Staff	
	2018	2019
18-30	37	39
31-40	32	29
41-50	18	19
51-60	11	10
Above 60	2	2

Though we set high standards for our employees at work, we also encourage them to lead healthy lifestyles and find a work-life balance that works for them. To help facilitate this, we offer all employees subsidised monthly gym memberships, as well as organise various sporting activities and tournaments such as bowling, table tennis, and badmintons. We have also sponsored 200 staff, allowing them to participate in the Mid Valley City Charity Run 2019 as well as other external sporting events. In London, we host the St Giles Olympics every year to foster teamwork and create a sense of common ground across the company.

We also believe that it is important for employees to get to know each other outside the formal work environment. To that end, we organise monthly birthday celebrations, staff department lunches, as well as host an annual dinner and a Chinese New Year event.

This year, to help integrate staff across all levels and businesses, we introduced a new corporate t-shirt which non-uniformed employees can wear at work. Since it was introduced, many employees have chosen to wear the t-shirt, which has also helped to enhance our brand and identity.

ii. Talent Development

We believe that it is our responsibility to ensure that our employees reach their full potential. This benefits them at a personal level, which in turn allows them to positively contribute to our growth. A training analysis is conducted every year to determine any skill gaps as well as help us prepare our annual training calendar. All staff are provided both on-the-job training, skills-based training for specific job functions, communication and customer service development, as well as a variety of compulsory training programmes. Staff are also encouraged to undertake longer term certifications, including diploma and graduate level programmes. A “Tuition Reimbursement Scheme” is available to staff at all levels. IGB also accepts undergraduate applicants looking to undertake their industrial training with us. Many of these trainees go on to take up full time jobs.

Sustainability Statement
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IGB's training programmes for the year are broken down as below:

Training Type	Percentage of Total Training Hours
Safety & Health	22
Technical	13
Financial	11
Compliance	11
Communication	9
Human Relations	6
Others (including Innovation, Leadership, Customer Service, Marketing, Negotiation, Critical Thinking, Analytics, and Branding)	28

We continually work to enhance the training we provide our employees and work to offer greater opportunities as well as a broader range of training year on year. In 2019, a total of 15,908 training hours was achieved, this compared with 12,622 in 2018.

In London this year, our hotel business established a partnership with the University of Surrey. Through the partnership, senior managers within the business will be able to gain key educational tools to support continued professional growth and development. They will have the opportunity to enhance their knowledge and gain more experience through the Master Degree Apprenticeship in International Hospitality, Tourism, and Events Management that is offered by the University. The hotel business in London also launched the St Giles Leadership Development Programme, which seeks to develop supervisors and junior managers into confident and competent leaders. The programme provides them with an opportunity to learn new skills and prepare them to take on new responsibilities in the future. Participants learn a broad range of skills including people management, communication, finance, as well as leadership.

iii. Compensation

IGB believes that if we expect our employees to give their best at work, it is important that we recognise their efforts through providing competitive compensation packages. To ensure that we are aligned with the industry, we participate in two salary surveys each year conducted by professional consultancies such as Korn Ferry Hay Group and Willis Towers Watson. The survey collates the remuneration practices and policies of over 700 companies in Malaysia. We also participate in Human Resources Network Groups, where human resource practitioners from shopping malls and property developers around Malaysia get together and share industry information, including innovative ideas, changes in statutes, as well as employee surveys. Through these, we are able to keep up to date with industry events and trends, and ensure that our compensation packages remain competitive and in line with industry best practices.

As part of their compensation package, all our employees receive insurance, sick leave, access to panel doctors, and medical benefits, amongst others. Group Human Capital also organises various healthcare events and campaigns that employees can participate in. For example, this year they carried out an eye screening campaign, as well as health screenings and health talks for all employees in the Group.

IGB takes human capital management very seriously and adopts consistent and equitable labour policies and practices in the reward and development of all of its employees, regardless of ethnicity, age, or gender. We strive to provide a safe work environment that contributes to their overall well-being. We do not tolerate any form of discrimination, and have in place an official "Feedback Communication Channel" and a "Whistle Blowing" hotline that enables feedback to be made to management anonymously. All reports are taken very seriously and are thoroughly investigated. Appropriate actions are taken if required.

Supporting Communities

Our communities remain the backbone of our business and are critical to our ability to thrive in the long run. We continue to believe that as a responsible member of our community, we must do what we can to support and enrich the lives of those around us. This not only extends to our businesses as part of their day to day operations, but also to their efforts to support our communities through corporate social responsibility (CSR) initiatives carried out. This year, the various businesses within the Group continued to support a wide range of CSR programmes, working with local organisations to help support a sustained future for everyone.

Sustainability Statement
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i. Festive Celebrations

i. Chinese New Year

MVM organised a festive Chinese New Year outing for 39 senior citizens from the Rumah Victory Elderly Home. The senior citizens watched a lion dance performance before being treated to a delicious Nyonya-fusion lunch at Chuck Two Sons. All senior citizens also received a celebratory red packet ("Ang Pow"). The Rumah Victory Elderly Home is one of the centres under the purview of Rumah Victory, a non-profit organisation in Kuala Lumpur that seeks to offer new hope for a purposeful life for those in need.

Senior citizens from the Rumah Victory Elderly Home celebrating Chinese New Year at MVM

ii. Hari Raya

MVM invited 86 children from Pertubuhan Kebajikan Al-Firdausi to celebrate Hari Raya with a fun-filled day at the mall. The children had the opportunity to play a variety of games at the different fun zones at The Rift, before heading over to Good2U to buy some new clothes for the festive season. The day ended with a Buka Puasa dinner at the Boulevard Hotel, where the children received a celebratory green packet ("Duit Raya"). Pertubuhan Kebajikan Al-Firdausi is a welfare organisation that supports underprivileged children.

Enjoying a Buka Puasa meal at the Boulevard Hotel

TGM supported Teach For Malaysia (TFM) during Hari Raya, helping to raise awareness about the good work that the organisation does as they strive to end education inequity in Malaysia. From 17 May to 9 June 2019, a booth was set up on the ground floor of TGM to help educate the public about TFM, as well as help the organisation raise funds and grow their donor base.

Sustainability Statement
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In Penang, the St Giles Wembley Hotel invited orphans from Persatuan Anak Yatim Balik Pulau to a Buka Puasa dinner at the hotel. The orphanage looks after children from the ages of two years until 17 years of age.

Orphans from Persatuan Anak Yatim Balik Pulau at St Giles Wembley, Penang

iii. Christmas

MVM invited 40 children from Pusat Penjagaan Kanak-Kanak Cacat Taman Megah to spend a day at the mall where they were treated to some shopping at Good2U as well as Popular Bookstore. The children also enjoyed a festive feast at Nando's before catching a movie at the Golden Screen Cinemas.

This year, staff of the mall also carried out a special festive initiative during the Christmas period. A Weave.Fun booth was set up in the mall to sell a variety of special hand-woven products made by MVM employees. All proceeds collected were donated to Assisi Palliative Care, Pusat Penjagaan Kanak-Kanak Cacat Taman Megah, United Voice and Yayasan Chow Kit. On-ground events further supported the charitable efforts carried out during the Christmas period. Ticket sales from "Come Meet Santa" (RM10 per ticket) and a percentage of all sales from Falemy Homemade Cookies, Bloop by Irina and totally cooked by Chrissy, were also donated to charity.

Customers browsing the Weave Fun booth

Total funds raised and donated to various homes during Christmas amounted to RM60,000.

Christmas saw TGM extend their support for TFM by setting up an information booth at the North Palm from 27 November to 25 December 2019. The booth helped further raise awareness about the organisation's mission and the good work that it has continued to do in Malaysia to end education inequity. It also helped TFM raise funds through donations collected and grow their donor base. A total of RM6,568 was raised at the booth.

To wrap up TGM's collaboration with TFM in 2019, representatives from TFM were invited to attend TGM's first ever tree lighting ceremony. At the ceremony, a mock cheque of RM30,000 was presented to Dzameer Dzulkifli, Managing Director and Co-Founder of TFM, by Antony Barragry, Chief Executive Officer of The Gardens Mall.

Sustainability Statement
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ii. Sponsorships and Charitable Support

i. IGB's Support for HOPE Worldwide Malaysia

This year, IGB worked closely with HOPE Worldwide Malaysia (HOPE), a non-profit, non-governmental, and non-religious organisation that seeks to help the underprivileged living in Kuala Lumpur and Selangor. Our efforts to support the organisation were concentrated on three main programmes. The first was the Food Distribution Programme which seeks to provide food and basic necessities to 110 underprivileged families every month. To support this effort, our employees volunteered to help hand out the food items to the families. We also supported HOPE through our recycling efforts. Recycling bins were placed on every floor in our office, and employees were encouraged to use them. The money collected from these items were donated to HOPE every month.

IGB staff who participated in the Food Distribution Programme

IGB staff handing out food to the underprivileged

Our employees also participated in a t-shirt recycling programme. Employees were encouraged to donate pre-owned t-shirts which were then converted into tote bags. The bags were given out to participants of the "Good Earth Run 2019", which took place on 10 November 2019. Our employees not only donated their t-shirts to support the cause, many of them also participated in the run, helping to raise funds for HOPE.

T-shirts collected for the "Good Earth Run 2019"

IGB staff who participated in the "Good Earth Run 2019"

ii. IGB International School Student-led Initiative to Support Yayasan Chow Kit

In 2018, one of IGBIS's students initiated an outreach programme with Yayasan Chow Kit, a 24-hour crisis and drop-in centre that provides meals, activities, therapy, case management, and educational programmes for at-risk children in Chow Kit. The initiative has garnered tremendous student support, and has continued to grow in strength. Children from Yayasan Chow Kit were invited to the IGBIS campus this year to participate in student run activities related to sports, arts, music, and dance, amongst others. The children from Yayasan Chow Kit had the opportunity to learn various skills through the experience and make new friends with our students.

IGBIS students with visiting students from Yayasan Chow Kit

Sustainability Statement
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iii. Mid Valley City Charity Run 2019

The Mid Valley City Charity Run 2019 was held on 22 September this year. Jointly organised by TGM and MVM, the run is in its 6th year. Due to the haze that engulfed Malaysia for much of September, and with the health and safety of the participants in mind, a decision was made to change the route of the run so that it would be shorter, with a majority of the course indoors. The 5-kilometre run and warm-up session was also cancelled and participants were encouraged to walk the amended route. The walk ended with an indoor exercise session. A total of RM100,000 was raised and channelled to TFM through registration fees collected.

Participants at the Mid Valley City Charity Run 2019

In conjunction with the run, an interactive exhibition was set up in the North Palm of TGM from 13 to 22 September. The exhibition sought to engage shoppers and encourage them to learn about TFM. Shoppers who came up to the exhibition were approached by TFM volunteers pretending to be students who would then share their challenges in education with them. Through this, shoppers were able to get a glimpse into a typical day of a TFM Fellow as they teach children in schools that serve underprivileged communities. TFM Fellows comprise of outstanding fresh graduates, as well as young professional. The Fellows volunteer to teach full-time for 2 years at public schools that serve Malaysia's underprivileged communities, while completing a Postgraduate Diploma in Education. As part of the Fellowship, these individuals are also tasked to lead an initiative that benefits the broader communities that they serve. They do this by identifying and developing a sustainable solution for a problem faced by the community in their region.

iv. MVM Sponsorships and Rental Waivers in Support of Charitable Organisations

Throughout the year, MVM also lent their support to various organisations through offering free promotional spaces for campaigns and programmes, as well as monetary support through sponsorships. The organisations supported this year are set out below.

TSM Blood Donation Drive	Promotional Space Rental Waiver of RM5,000
DBKL Tax Assessment Collection Counter 2019 (January & August 2019)	Promotional Space Rental Waiver of RM34,000
High Profile Police Programme	Promotional Space Rental Waiver of RM1,200
CSR Project Denim Angel	Promotional Space Rental Waiver of RM3,600
Commercial Kombi Van by Ms Read	Promotional Space Rental Waiver of RM1,700
United Voice	Promotional Space Rental Waiver of RM9,700
Miss Focus Point Dazzling 2019 Charity Ball	Sponsorship of RM5,000
Malaysia Aeon Foundation Charity Gala Dinner	Sponsorship of RM20,000

Sustainability Statement
(continued)

iii. Supporting Communities

i. The Lost Towel Project

IGBIS parent Ms Hilda Lujan and grade 11 student Izzy Wihlborg

Under the guidance of IGBIS parent Ms Hilda Lujan and grade 11 student Izzy Wihlborg, IGBIS collaborated with The Lost Towel Project to launch personalised towels in the four IGBIS house colours. The towels were sold at the school uniform shop, and all proceeds went towards supporting the refugee artisan who embroidered the purchased towel, as well as the Chin refugee women's organisation – Mang Tha.

The Lost Towel Project seeks to provide a community of Chin Refugee Women with a safe and sustainable income through the sale of ethically produced sports towels. The women personalise the towels by embroidering names or logos onto them, and through their sales are able to provide for themselves, their families, and their community.

ii. IGB International School Students participate in EPIC Homes project

Student Participants of the Epic Homes Project

This year, IGBIS collaborated with Mont Kiara International School, coming together to build a home for an Orang Asli family through the Epic Homes organisation. Epic Homes seeks to bridge the urban and rural divide through building homes for underprivileged communities. The organisation is currently focused on helping the Orang Asli, the indigenous people of Peninsular Malaysia.

13 students from IGBIS participated in this initiative, attending a Basic Builder Workshop hosted by Epic Homes, before starting work on building a home for the recipient family. The workshop provided them with an overview of the initiative, equipped them with basic knowledge of building and the use of different tools, as well as provided them with information on the safety aspects of the project.

Sustainability Statement
(continued)

iii. IGB International School Students Teach English in Kathmandu, Nepal

IGBIS student teaching English to students at Sri Seeta Balbikash School in Kathmandu

A group of IGBIS students spent 3 days teaching English at the Sri Seeta Balbikash School in Kathmandu Nepal. Participants taught English to both kindergarten students as well as students from grade 6 to 8.

iv. Supporting Teach for Malaysia Week

Ms Gabrielle Tan, Director of Marketing at TGM, with TFM Fellows and Students during TFM Week

As part of their outreach programme, TFM invited Ms Gabrielle Tan, Director of Marketing at TGM, to be part of their 2019 TFM Week. Ms Tan was given the opportunity to co-teach a science class with a TFM Fellow on 15 July 2019.

v. IGB Hotels Supporting Local Communities

Cititel Mid Valley Hotel's Social Club reached out to their local community this year. Volunteers from the hotel helped an underprivileged family living in a village in Ulu Langat build a toilet for their home, as well as give it a fresh coat of paint.

St Giles Wembley in Penang also continued with their charitable efforts, visiting homes in the year including Pusat Jagaan Sinar Ceria, the Penang Handicapped Welfare Association, Pertubuhan Anak Kesayangan Pulau Pinang, and Persatuan Anak Yatim Balik Pulau. Staff from our hotel volunteered their time to help clean and decorate the homes in preparation for major festive celebrations such as Ramadan, Chinese New Year, Deepavali, and Christmas. They also donated basic items like food, played games with the kids, as well as spent time with the elderly. During Ramadan, the orphans from Persatuan Anak Yatim Balik Pulau were invited to the hotel to buka puasa.

vi. Hotels with Heart

Hotels with Heart is the St Giles' charitable fundraising initiative whose purpose is to find ways to alleviate youth homelessness and support underprivileged and at-risk children and youths. The St Giles Hotels in London has supported Centrepoint, a charity that provides accommodation and support to homeless people aged 16 to 25, for many years now. However, in October 2019, Hotels with Heart chose to partner with Street Child United, a London-based organisation whose mission is to change the negative perceptions and treatment of street children everywhere. In 2019, Hotels with Heart raised £13,869. More than 80% of the funds raised went towards supporting Street Child United as well as Centrepoint. The remaining 20% was used to cover expenses related to activities carried out in support of the charities, with a portion being rolled over for use in 2020.

Sustainability Statement
(continued)

iv. Championing a Cause

i. 24 Hour Race

IGBIS had the privilege of hosting the annual 24-Hour Race in Kuala Lumpur again this year. The race is part of a global movement that seeks to raise awareness and funds to combat slavery. This year, over 1,000 students participated through taking part in a running relay endurance race, which took place over a period of 24 hours, or through volunteering their time to help with event management. We are proud to have raised RM338,000 through our efforts, which will go towards supporting A21, a non-profit and non-governmental child advocacy centre in Pattaya, Thailand.

Student Participants at the 24 Hour Race

This year, IGBIS also held a 24 Minute Race which saw children as young as 5 years of age participate. Students from grades 1 through 12 took part in the 24 minute relay races organised by the school, and were cheered on by their parents who were invited to watch. Nearly 70% of IGBIS' grade 9 to 12 students were involved in the 24 Hour Race, and with the 24 Minute Race, the entire school had the opportunity to participate in the movement.

Students running at the 24 Minute Race

ii. Supporting the Development of Chess in Malaysia

IGB's Co-Founder, Dato' Tan Chin Nam, was an avid supporter of chess throughout his life. This year MVM assisted with the 16th Malaysia Chess Festival 2019, which was held from 9th to 18th August 2019. The event saw the participation of 1,362 chess players from 36 countries. The 46th Selangor Open Chess Tournament 2019 was also held at the Cititel Mid Valley Hotel from 26 April to 1 May 2019.

IGB Berhad supported both events, donating RM331,080 to the 16th Malaysia Chess Festival 2019, and RM30,600 to the 46th Selangor Open Chess Tournament 2019. The donations were presented to the Dato' Tan Chin Nam Foundation.

Sustainability Statement
(continued)

5. Looking Ahead

Sustainability lies in the hands of each and every one of us. As a community, we have a responsibility to play our part to ensure that we protect our planet. As a business, we have a responsibility to work together with our communities to support that effort, playing our role to ensure that future generations are able to enjoy our planet just as we have.

IGB remains resolute in our commitment to drive sustainability within the Group, and recognises that our sustainability journey cannot be accomplished alone. We must continue to work hand in hand with our community, including our neighbours, if we want to build a strong and sustainable business that will last for generations.

We appreciate that as a Group we still have room to improve. We will continue to work towards imbedding a framework that supports our sustainability journey, and that facilitates communication, collaboration, monitoring, and reporting of sustainability initiatives across our business. We are extremely proud of what we have achieved to date, and as a Group remain committed to continuing to take great strides to make impactful decisions that will positively effect both our business as well as our communities for years to come.

IGB BERHAD

THE MALL, MID VALLEY SOUTHKEY

Reports and Financial Statements

For The Financial Year Ended 31 December 2019

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Directors' Report
for the financial year ended 31 December 2019

The Directors are pleased to present their report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

DIRECTORS

The Directors in office since the date of the last report are:

Tan Lei Cheng
Dato' Seri Robert Tan Chung Meng
Lee Chaing Huat
Daud Mah bin Abdullah @ Mah Siew Whye
Dato' Dr. Zaha Rina binti Zahari
Tan Boon Lee (alternate director to Dato' Seri Robert Tan Chung Meng)

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

PRINCIPAL ACTIVITIES AND CORPORATE INFORMATION

The principal activities of the Company during the financial year are those of investment holding and the provision of management services. The principal activities of the Group mainly consist of property investment and management, owner and operator of malls, hotel operations, property development, construction, information and communication technology services, provision of engineering services for water treatment plants and related services, education, investment holding and management of real estate investment trust.

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

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

Level 32, The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	**366,193**	**121,654**
Attributable to:		
Owners of the parent	**208,665**	**121,654**
Non-controlling interests	**157,528**	**-**
	366,193	**121,654**

Directors' Report
for the financial year ended 31 December 2019
(continued)

DIVIDENDS

Dividends paid since the end of the previous financial year are as follows:

	RM'000
An Interim Single Tier dividend of 4.5% per annum (based on the issue price of RM1.00 per Redeemable Convertible Cumulative Preference Shares ("RCPS")) for the six months period from and including 16 August 2018 up to and including 15 February 2019 was paid on 29 March 2019.	10,178
An Interim Single Tier dividend of 4.3% per annum (based on the issue price of RM3.28 per Redeemable Convertible Cumulative Preference Shares ("RCCPS")) for the six months period from and including 2 September 2018 up to and including 1 March 2019 was paid on 29 March 2019.	4,026
An Interim Single Tier dividend of 5.0% per annum (based on the issue price of RM1.00 per RCPS) for the six months period from and including 16 February 2019 up to and including 15 August 2019 was paid on 27 September 2019.	11,305
An Interim Single Tier dividend of 4.3% per annum (based on the issue price of RM3.28 per RCCPS) for the six months period from and including 2 March 2019 up to and including 1 September 2019 was paid on 27 September 2019.	4,008
An Interim Single Tier dividend of 3.0 sen per ordinary share (comprising 1.0 sen cash dividend and 2.0 sen dividend-in-specie by distributing 4,880,966 treasury shares) for the financial year ended 31 December 2019 was paid on 4 October 2019.	18,837

On 21 November 2019, the Directors declared an Interim Single Tier dividend of 5.0% per annum (based on the issue price of RM1.00 per RCPS) for the six months period from and including 16 August 2019 up to and including 13 February 2020 which was paid on 14 February 2020 and on 19 February 2020 an Interim Single Tier dividend of 4.3% per annum (based on the issue price of RM3.28 per RCCPS) for the six months period from and including 2 September 2019 up to and including 1 March 2020 which was paid on 27 March 2020.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year have been disclosed in the financial statements.

SHARE CAPITAL

During the financial year, the number of ordinary shares of the Company increased from 689,519,720 to 690,152,033 by the allotment of:

i) 56,447 ordinary shares arising from the conversion of 128,700 RCPS at a conversion price of RM2.28. The said conversion also resulted in the decrease of the number of RCPS from 452,337,850 to 452,209,150.

ii) 575,866 ordinary shares arising from the conversion of 575,866 RCCPS at a conversion price of RM3.28. The said conversion also resulted in the decrease of the number of RCCPS from 57,087,141 to 56,511,275.

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

Pursuant to IGB's Notice to RCPS Holders dated 14 January 2020, RCPS Holders were informed that the RCPS which were issued on 16 February 2015, "will mature at 5.00 p.m. on 14 February 2020 (Maturity Date). All outstanding RCPS at the Maturity Date will be automatically converted into new IGB Shares on the market day immediately following the Maturity Date at the conversion ratio of 2.28 RCPS into 1 new IGB Share". The RCPS were removed from the Official List of Bursa Malaysia Securities Berhad with effect from 9.00 a.m. on 17 February 2020. The outstanding number of RCPS of 447,999,587 were automatically converted into 196,490,540 new ordinary shares in IGB.

TREASURY SHARES

In the current financial year, shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting on 29 May 2019, approved the Company's plan to purchase its own shares up to a maximum of 10% of the total number of issued shares of the Company. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

During the financial year, the Company repurchase 8,237,100 of its ordinary share capital from the open market for RM21,902,730. The average price paid for these shares repurchased was RM2.66 per share.

An Interim Single Tier dividend of 2.0 sen dividend-in-specie was paid on 4 October 2019 by distributing 4,880,966 of the Company's treasury shares for RM12,050,350. The average cost of these shares was RM2.47 per share.

As at 31 December 2019, the number of outstanding ordinary shares in issue after the set off of treasury shares is 681,485,479 (2018: 684,209,300).

Directors' Report

for the financial year ended 31 December 2019
(continued)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the fees and other emoluments paid as disclosed in Note 8) by reason of a contract made by the Company or by 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, except as disclosed in Note 36 to the financial statements.

Except as disclosed above, neither during nor at the end of the financial year was the Company a party to any arrangement whose object or objects was to enable the 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.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares, debentures in the Company or its subsidiaries or its holding company or subsidiaries of the holding company during the financial year except as follows:

	Number of ordinary shares			
In the Company	**1.1.2019**	**Additions**	**Disposals**	**31.12.2019**
Tan Lei Cheng				
Direct	9,249,651	66,544	-	**9,316,195**
Indirect *	3,862,176	7,751	-	**3,869,927**
Dato' Seri Robert Tan Chung Meng				
Direct	1,545,509	11,118	-	**1,556,627**
Indirect *	193,277,776	1,390,480	-	**194,668,256**
Daud Mah bin Abdullah @ Mah Siew Whye				
Direct	99,458	715	-	**100,173**
Tan Boon Lee				
Direct	4,261,380	30,656	-	**4,292,036**

	Number of RCPS			
In the Company	**1.1.2019**	**Additions**	**Disposals**	**31.12.2019**
Tan Lei Cheng				
Direct	6,674,738	-	-	**6,674,738**
Indirect *	2,915,613	-	(33,900) [1]	**2,881,713**
Dato' Seri Robert Tan Chung Meng				
Direct	1,112,631	-	-	**1,112,631**
Indirect *	142,988,143	-	-	**142,988,143**
Daud Mah bin Abdullah @ Mah Siew Whye				
Direct	76,400	-	-	**76,400**
Tan Boon Lee				
Direct	3,118,035	-	-	**3,118,035**

	Number of RCCPS			
In the Company	**1.1.2019**	**Additions**	**Disposals**	**31.12.2019**
Dato' Seri Robert Tan Chung Meng				
Direct	2,414,634	-	-	**2,414,634**
Tan Boon Lee				
Direct	2,567,560	-	-	**2,567,560**

Directors' Report
for the financial year ended 31 December 2019
(continued)

DIRECTORS' INTERESTS (continued)

In GTower Sdn Bhd				**Number of ordinary shares**
(subsidiary)	**1.1.2019**	**Additions**	**Disposals**	**31.12.2019**
Tan Lei Cheng				
Direct	321,429	71,429	-	**392,858**
Tan Boon Lee				
Direct	428,571	-	-	**428,571**

In IGB Real Estate Investment Trust				**Number of units**
(subsidiary)	**1.1.2019**	**Additions**	**Disposals**	**31.12.2019**
Tan Lei Cheng				
Direct	1,853,742	-	-	**1,853,742**
Indirect *	345,722	-	-	**345,722**
Dato' Seri Robert Tan Chung Meng				
Direct	14,739,081	-	-	**14,739,081**
Indirect *	1,900,140,097	14,017,647	-	**1,914,157,744**
Tan Boon Lee				
Direct	1,705,025	-	-	**1,705,025**

* *Deemed interest held by other corporations, by virtue of Section 8(4) of the Act.*
[1] *Ceased as deemed interest.*

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

DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 8 to the financial statements.

INDEMNITY AND INSURANCE COSTS

The Group and Company maintain multiple corporate liability insurance policies for the Directors and principal officers of the Group and Company throughout the financial year, which provides appropriate insurance cover for the Directors and principal officers of the Group and Company. The amount of insurance premium paid by the Group and Company for the financial year ended 31 December 2019 amounted to RM125,500 (2018: RM203,270) and RM125,500 (2018: RM26,880) respectively.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and Company were prepared the Directors took reasonable steps:

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

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

Directors' Report
for the financial year ended 31 December 2019
(continued)

OTHER STATUTORY INFORMATION (continued)

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

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

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

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

(c) At the date of this report, there does not exist:

(i) any charge on the assets of the Group and Company which has arisen since the end of the financial year which secures the liability of any other person; or

(ii) any contingent liability of the Group and Company which has arisen since the end of the financial year.

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

(e) 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 misleading.

(f) In the opinion of the Directors:

(i) the results of the Group and Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) except as disclosed in Note 37 to the financial statements, 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 and the Company for the financial year in which this report is made.

SUBSIDIARIES

Details of subsidiaries are set out in Note 17 to the financial statements.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 7 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 19 May 2020.

Dato' Seri Robert Tan Chung Meng
Group Chief Executive Officer

Lee Chaing Huat
Director

Income Statements
for the financial year ended 31 December 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Revenue	6	**1,436,479**	1,302,010	**251,902**	3,483,591
Cost of sales		**(676,028)**	(579,828)	**-**	-
Gross profit		**760,451**	722,182	**251,902**	3,483,591
Other operating income		**41,219**	43,742	**2,642**	354
Administrative expenses		**(192,322)**	(192,130)	**(49,864)**	(21,814)
Other operating expenses		**(5,086)**	(13,890)	**(16)**	(408)
Profit from operations	7	**604,262**	559,904	**204,664**	3,461,723
Finance income	9	**26,770**	44,291	**2,709**	935
Finance costs	9	**(171,902)**	(132,886)	**(53,462)**	(64,856)
Share of net profits of associates and joint ventures	18	**3,969**	9,282	**-**	-
Profit before taxation		**463,099**	480,591	**153,911**	3,397,802
Tax expense	10	**(96,906)**	(89,076)	**(32,257)**	(8,317)
Profit for the financial year		**366,193**	391,515	**121,654**	3,389,485
Attributable to:					
Owners of the parent		**208,665**	235,643	**121,654**	3,389,485
Non-controlling interests		**157,528**	155,872	**-**	-
Profit for the financial year		**366,193**	391,515	**121,654**	3,389,485
Earnings per share (sen):					
Basic	11(a)	**30.66**	35.24		
Diluted	11(b)	**22.59**	25.86		

Statements of Comprehensive Income
for the financial year ended 31 December 2019

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Profit for the financial year	**366,193**	391,515	**121,654**	3,389,485
Other comprehensive income/(loss):				
Currency translation differences:				
Equity holders	**900**	(28,349)	**-**	-
Non-controlling interests	**(1)**	(2,042)	**-**	-
Share of other comprehensive income of:				
associates and joint ventures	**11,746**	(10,508)	**-**	-
Items that may subsequently be reclassified to profit or loss	**12,645**	(40,899)	**-**	-
Net change in financial assets at fair value through other comprehensive income	**(832)**	29,519	**(570)**	29,519
Other comprehensive income for the financial year, net of tax	**11,813**	(11,380)	**(570)**	29,519
Total comprehensive income for the financial year	**378,006**	380,135	**121,084**	3,419,004
Attributable to:				
Owners of the parent	**220,479**	226,305	**121,084**	3,419,004
Non-controlling interests	**157,527**	153,830	**-**	-
Total comprehensive income for the financial year	**378,006**	380,135	**121,084**	3,419,004

Statements of Financial Position

as at 31 December 2019

	Note	Group			Company	
		31.12.2019	31.12.2018 Restated	01.01.2018 Restated	2019	2018
		RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS						
NON-CURRENT ASSETS						
Property, plant and equipment	12	**1,506,475**	1,633,907	1,633,541	**2,178**	220
Inventories	13	**442,200**	435,542	286,576	**-**	-
Investment properties	14	**3,921,642**	3,522,105	2,931,959	**-**	-
Long term prepaid lease	15	**-**	369	395	**-**	-
Intangible assets	16	**6,335**	17,590	17,899	**-**	-
Subsidiaries	17	**-**	-	-	**6,390,386**	6,390,490
Associates and joint ventures	18	**852,328**	833,559	847,471	**-**	-
Financial assets at fair value through other comprehensive income	21	**92,634**	93,761	54,870	**92,634**	93,563
Concession receivables	19	**129,468**	114,936	104,979	**-**	-
Deferred tax assets	20	**28,806**	22,060	27,559	**-**	-
Contract cost asset	23	**765**	1,141	1,516	**-**	-
		6,980,653	6,674,970	5,906,765	**6,485,198**	6,484,273
CURRENT ASSETS						
Inventories	13	**500,829**	462,258	590,700	**-**	-
Concession receivables	19	**5,206**	3,925	4,061	**-**	-
Amounts owing from subsidiaries	32	**-**	-	-	**71,805**	39,905
Amounts owing from associates and joint ventures	22	**97,416**	90,752	88,866	**-**	-
Receivables and contract assets	23	**274,326**	246,365	198,894	**1,922**	245
Tax recoverable		**7,271**	23,163	18,158	**-**	1,418
Cash held under Housing Development Accounts	24	**48,305**	32,309	26,020	**-**	-
Deposits, cash and bank balances	24	**693,808**	1,030,955	1,561,873	**71,004**	200,351
		1,627,161	1,889,727	2,488,572	**144,731**	241,919
Asset classified as held-for-sale	25	**-**	800	-	**-**	-
		1,627,161	1,890,527	2,488,572	**144,731**	241,919
TOTAL ASSETS		**8,607,814**	8,565,497	8,395,337	**6,629,929**	6,726,192

Statements of Financial Position

as at 31 December 2019
(continued)

	Note	Group 31.12.2019 RM'000	Group 31.12.2018 Restated RM'000	Group 01.01.2018 Restated RM'000	Company 2019 RM'000	Company 2018 RM'000
EQUITY AND LIABILITIES						
Equity attributable to owners of the parent						
Share capital	26	**886,344**	884,327	645,030	**886,344**	884,327
Treasury shares	27	**(21,777)**	(11,925)	(5,722)	**(21,777)**	(11,925)
Redeemable Convertible Cumulative Preference Shares	26	**502,531**	504,038	365,847	**502,531**	504,038
Other reserves	29	**22,168**	10,105	27,273	**28,016**	28,337
Retained earnings		**2,225,106**	2,048,461	1,678,340	**4,077,653**	3,975,174
		3,614,372	3,435,006	2,710,768	**5,472,767**	5,379,951
Non-controlling interests		**97,309**	107,271	1,322,847	**-**	-
TOTAL EQUITY		**3,711,681**	3,542,277	4,033,615	**5,472,767**	5,379,951
LIABILITIES						
NON-CURRENT LIABILITIES						
Payables and contract liabilities	30	**18,693**	-	-	**-**	-
Deferred tax liabilities	20	**150,107**	142,597	143,195	**10,325**	11,400
Redeemable Convertible Cumulative Preference Shares	28	**31,646**	49,256	31,746	**31,646**	49,256
Interest bearing bank borrowings	31	**2,533,501**	3,419,856	2,856,048	**330,200**	1,248,000
		2,733,947	3,611,709	3,030,989	**372,171**	1,308,656
CURRENT LIABILITIES						
Payables and contract liabilities	30	**809,627**	709,371	670,984	**8,927**	1,520
Amounts owing to subsidiaries	32	**-**	-	-	**92,440**	6,798
Amounts owing to associates	22	**19**	4	4	**-**	-
Current tax liabilities		**25,337**	49,258	92,831	**7,721**	-
Redeemable Convertible Cumulative Preference Shares	28	**17,225**	26,096	17,096	**17,225**	26,096
Interest bearing bank borrowings	31	**1,309,978**	626,782	549,818	**658,678**	3,171
		2,162,186	1,411,511	1,330,733	**784,991**	37,585
TOTAL LIABILITIES		**4,896,133**	5,023,220	4,361,722	**1,157,162**	1,346,241
TOTAL EQUITY AND LIABILITIES		**8,607,814**	8,565,497	8,395,337	**6,629,929**	6,726,192

Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2019

Group	Note	Share capital (Note 26)	Treasury shares (Note 27)	Redeemable convertible cumulative preference shares (Note 26)	Other reserves (Note 29)	Retained earnings	Total	Non-controlling interests	Total equity
		Attributable to owners of the parent							
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2019									
At 1 January 2019		884,327	(11,925)	504,038	10,105	2,048,461	3,435,006	107,271	3,542,277
Comprehensive income									
Profit for the financial year		-	-	-	-	208,665	208,665	157,528	366,193
Other comprehensive income		-	-	-	11,814	-	11,814	(1)	11,813
Total comprehensive income for the financial year		-	-	-	11,814	208,665	220,479	157,527	378,006
Transfer of loss on disposal of equity investment at fair value through other comprehensive income to retained earnings		-	-	-	249	(249)	-	-	-
Transactions with owners									
Issuance of ordinary shares		-	-	-	-	-	-	2,500	2,500
Share buy-back		-	(21,902)	-	-	-	(21,902)	-	(21,902)
Conversion of Redeemable Convertible Cumulative Preference Shares ("RCPS and RCCPS") into ordinary shares		2,017	-	(1,507)	-	(89)	421	-	421
Dividends paid to ordinary shareholders	33	-	12,050	-	-	(18,837)	(6,787)	-	(6,787)
Dividends paid to non-controlling interests		-	-	-	-	-	-	(182,834)	(182,834)
Changes in ownership interests in subsidiaries that do not result in a loss of control		-	-	-	-	(12,845)	(12,845)	12,845	-
Total transactions with owners		2,017	(9,852)	(1,507)	-	(31,771)	(41,113)	(167,489)	(208,602)
At 31 December 2019		886,344	(21,777)	502,531	22,168	2,225,106	3,614,372	97,309	3,711,681

Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2018
(continued)

		Attributable to owners of the parent							
Group	Note	Share capital (Note 26) RM'000	Treasury shares (Note 27) RM'000	Redeemable convertible cumulative preference shares (Note 26) RM'000	Other reserves (Note 29) RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
2018									
At 1 January 2018		645,030	(5,722)	365,847	27,273	1,678,340	2,710,768	1,322,847	4,033,615
Comprehensive income									
Profit for the financial year		-	-	-	-	235,643	235,643	155,872	391,515
Other comprehensive income		-	-	-	(9,338)	-	(9,338)	(2,042)	(11,380)
Total comprehensive income for the financial year		-	-	-	(9,338)	235,643	226,305	153,830	380,135
Transactions with owners									
Issuance of ordinary shares		173,426	-	-	-	-	173,426	20,285	193,711
Issuance of RCCPS		-	-	187,206	-	-	187,206	-	187,206
Share buy-back		-	(6,203)	-	-	-	(6,203)	-	(6,203)
Conversion of RCPS and RCCPS into ordinary shares		65,871	-	(49,015)	-	6	16,862	-	16,862
Dividends paid to ordinary shareholders	33	-	-	-	-	(13,733)	(13,733)	-	(13,733)
Dividends paid to non-controlling interests		-	-	-	-	-	-	(157,173)	(157,173)
Changes in ownership interests in subsidiaries that do not result in a loss of control		-	-	-	(7,830)	148,205	140,375	(1,232,518)	(1,092,143)
Total transactions with owners		239,297	(6,203)	138,191	(7,830)	134,478	497,933	(1,369,406)	(871,473)
At 31 December 2018		884,327	(11,925)	504,038	10,105	2,048,461	3,435,006	107,271	3,542,277

Company Statement of Changes in Equity

for the financial year ended 31 December 2019

Company	Note	Share capital (Note 26) RM'000	Treasury shares (Note 27) RM'000	Redeemable convertible cumulative preference shares (Note 26) RM'000	Other reserves (Note 29) RM'000	Retained earnings RM'000	Total equity RM'000
2019							
At 1 January 2019		884,327	(11,925)	504,038	28,337	3,975,174	5,379,951
Comprehensive income							
Profit for the financial year		-	-	-	-	121,654	121,654
Other comprehensive income		-	-	-	(570)	-	(570)
Total comprehensive income		-	-	-	(570)	121,654	121,084
Transfer of loss on disposal of equity investment at fair value through other comprehensive income to retained earnings		-	-	-	249	(249)	-
Transactions with owners							
Share buy-back		-	(21,902)	-	-	-	(21,902)
Conversion of RCPS and RCCPS into ordinary shares		2,017	-	(1,507)	-	(89)	421
Dividends paid to ordinary shareholders	33	-	12,050	-	-	(18,837)	(6,787)
Total transactions with owners		2,017	(9,852)	(1,507)	-	(18,926)	(28,268)
At 31 December 2019		886,344	(21,777)	502,531	28,016	4,077,653	5,472,767

Company Statement of Changes in Equity

for the financial year ended 31 December 2018

(continued)

Company	Note	Share capital (Note 26) RM'000	Treasury shares (Note 27) RM'000	Redeemable convertible cumulative preference shares (Note 26) RM'000	Other reserves (Note 29) RM'000	Retained earnings RM'000	Total equity RM'000
2018							
At 1 January 2018		645,030	(5,722)	365,847	(1,182)	601,259	1,605,232
Comprehensive income							
Profit for the financial year		-	-	-	-	3,389,485	3,389,485
Other comprehensive income		-	-	-	29,519	-	29,519
Total comprehensive income for the financial year		-	-	-	29,519	3,389,485	3,419,004
Transactions with owners							
Issuance of ordinary shares		173,426	-	-	-	(1,843)	171,583
Issuance of RCCPS		-	-	187,206	-	-	187,206
Share buy-back		-	(6,203)	-	-	-	(6,203)
Conversion of RCPS and RCCPS into ordinary shares		65,871	-	(49,015)	-	6	16,862
Dividends paid to ordinary shareholders	33	-	-	-	-	(13,733)	(13,733)
Total transactions with owners		239,297	(6,203)	138,191	-	(15,570)	355,715
At 31 December 2018		884,327	(11,925)	504,038	28,337	3,975,174	5,379,951

Statements of Cash Flows

for the financial year ended 31 December 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Operating activities					
Cash receipts from customers		**1,439,022**	1,289,991	**9,200**	-
Cash paid to suppliers and employees		**(769,772)**	(716,310)	**(35,275)**	(12,647)
Cash flows from/(used in) operations		**669,250**	573,681	**(26,075)**	(12,647)
Dividends received		**-**	-	**242,979**	650,293
Interests received		**-**	-	**1,962**	763
Interests paid		**(180,066)**	(170,713)	**(50,448)**	(58,108)
Income taxes refunded		**19,191**	57	**1,675**	-
Income taxes paid		**(122,563)**	(132,583)	**(25,850)**	-
Net cash generated from operating activities		**385,812**	270,442	**144,243**	580,301
Investing activities					
Additional investment in:					
Subsidiaries		**-**	(14,849)	**-**	(54,000)
Associates and joint ventures		**(1,835)**	-	**-**	-
Financial assets at fair value through other comprehensive income	21	**(912)**	(9,372)	**(912)**	(9,436)
Additions in:					
Investment properties	14	**(220,457)**	(546,030)	**-**	-
Intangible assets	16	**(684)**	-	**-**	-
Proceeds from disposal of:					
Asset classified as held-for-sale	25	**2,500**	-	**-**	-
Financial assets at fair value through other comprehensive income	21	**1,271**	-	**1,271**	-
Proceeds from redemption of preference shares in joint ventures		**-**	3,500	**-**	-
Property, plant and equipment:					
Additions	12	**(63,387)**	(41,433)	**(2,727)**	(184)
Disposals		**2,076**	342	**1**	15
Advances to subsidiaries:					
Advances		**-**	-	**(89,925)**	(1,425)
Repayments		**-**	-	**52,660**	55,758
Repayments from associates and joint ventures		**2,153**	-	**-**	-
Advances to associates and joint ventures		**(8,623)**	(253)	**-**	-
Interests received		**21,648**	41,119	**-**	-
Dividends received from associates and joint ventures		**4,069**	69	**-**	-
Deposits held with trustees		**(5,438)**	(9,423)	**-**	-

Statements of Cash Flows
for the financial year ended 31 December 2019
(continued)

	Note	Group		Company	
		2019	**2018**	**2019**	**2018**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Investing activities (continued)					
Acquisition of additional interests in a subsidiary from non-controlling interests		**-**	-	**-**	(658,371)
Movement of fixed deposits with maturity of more than 3 months		**3,314**	244,070	**-**	-
Deposits with licensed bank		**(76)**	(2,019)	**-**	-
Net cash used in investing activities		**(264,381)**	(334,279)	**(39,632)**	(667,643)
Financing activities					
Acquisition of additional interests in a subsidiary from non-controlling interests		**-**	(658,371)	**-**	-
Dividends paid to:					
Non-controlling interests		**(184,889)**	(200,390)	**-**	-
Ordinary shareholders	33	**(6,787)**	(13,733)	**(6,787)**	(13,733)
Holders of RCPS and RCCPS	33	**(29,517)**	(23,273)	**`(29,517)**	(23,273)
Purchase of treasury shares	27	**(21,902)**	(6,203)	**(21,902)**	(6,203)
Repayments of borrowings		**(329,100)**	(506,672)	**(261,500)**	(365,000)
Proceeds from borrowings		**127,076**	1,145,389	**-**	685,200
Repayments of lease		**(406)**	-	**-**	-
Issuance of new ordinary shares to non-controlling interests		**2,500**	32,336	**-**	-
Advances from subsidiaries:					
Advances		**-**	-	**124,770**	-
Repayments		**-**	-	**(39,020)**	(650)
Net cash (used in)/generated from financing activities		**(443,025)**	(230,917)	**(233,956)**	276,341
Net (decrease)/increase in cash and cash equivalents during the financial year		**(321,594)**	(294,754)	**(129,345)**	188,999
Currency translation differences		**(1,756)**	2,753	**(2)**	1
Cash and cash equivalents at 1 January		**1,001,634**	1,293,635	**200,051**	11,051
Cash and cash equivalents at 31 December	24	**678,284**	1,001,634	**70,704**	200,051

Statements of Cash Flows

for the financial year ended 31 December 2019
(continued)

The reconciliation of liabilities arising from financing activities is as follows:

Group	Borrowings RM'000	RCPS and RCCPS RM'000	Lease liabilities RM'000	Total RM'000
At 1 January 2019	**4,046,638**	**75,352**	**-**	**4,121,990**
Adoption of MFRS 16	**-**	**-**	**19,549**	**19,549**
As restated	**4,046,638**	**75,352**	**19,549**	**4,141,539**
Cash flows:				
Interest paid	**(180,022)**	**-**	**(44)**	**(180,066)**
Proceeds from borrowings	**127,076**	**-**	**-**	**127,076**
Repayments of borrowings	**(329,100)**	**-**	**-**	**(329,100)**
Repayments of lease	**-**	**-**	**(406)**	**(406)**
Dividend paid	**-**	**(29,517)**	**-**	**(29,517)**
Non-cash changes:				
Amortisation of transaction cost	**1,238**	**3,441**	**-**	**4,679**
Interest charged during the financial year	**178,235**	**-**	**44**	**178,279**
Conversion to ordinary shares	**-**	**(405)**	**-**	**(405)**
Translation differences	**(586)**	**-**	**-**	**(586)**
At 31 December 2019	**3,843,479**	**48,871**	**19,143**	**3,911,493**
At 1 January 2018	3,405,866	48,842	-	3,454,708
Cash flows:				
Interest paid	(170,713)	-	-	(170,713)
Proceeds from borrowings	1,145,389	-	-	1,145,389
Repayments of borrowings	(506,672)	-	-	(506,672)
Dividend paid	-	(23,273)	-	(23,273)
Non-cash changes:				
Amortisation of transaction cost	260	4,544	-	4,804
Issuance of RCCPS	-	61,255	-	61,255
Interest charged during the financial year	173,562	-	-	173,562
Conversion to ordinary shares	-	(16,016)	-	(16,016)
Translation differences	(1,054)	-	-	(1,054)
At 31 December 2018	4,046,638	75,352	-	4,121,990

Statements of Cash Flows

for the financial year ended 31 December 2019
(continued)

The reconciliation of liabilities arising from financing activities is as follows (continued):

Company	Borrowings RM'000	RCPS & RCCPS RM'000	Amounts owing to subsidiaries RM'000	Total RM'000
At 1 January 2019	**1,251,171**	**75,352**	**6,798**	**1,333,321**
Cash flows:				
Interest paid	**(48,964)**	**-**	**(1,484)**	**(50,448)**
Proceeds from borrowings	**-**	**-**	**-**	**-**
Repayments of borrowings	**(261,500)**	**-**	**-**	**(261,500)**
Dividend paid	**-**	**(29,517)**	**-**	**(29,517)**
Advances from subsidiaries	**-**	**-**	**124,770**	**124,770**
Repayments of advances received from subsidiaries	**-**	**-**	**(39,020)**	**(39,020)**
Non-cash changes:				
Interest charged during the financial year	**48,171**	**-**	**1,496**	**49,667**
Amortisation of transaction cost	**-**	**3,441**	**-**	**3,441**
Management fee charges	**-**	**-**	**6**	**6**
Payment on behalf by subsidiary	**-**	**-**	**(126)**	**(126)**
Conversion to ordinary shares	**-**	**(405)**	**-**	**(405)**
At 31 December 2019	**988,878**	**48,871**	**92,440**	**1,130,189**
At 1 January 2018	928,955	48,842	7,171	984,968
Cash flows:				
Interest paid	(57,907)	-	(201)	(58,108)
Proceeds from borrowings	685,200	-	-	685,200
Repayments of borrowings	(365,000)	-	-	(365,000)
Dividend paid	-	(23,273)	-	(23,273)
Repayments of advances received from subsidiaries	-	-	(650)	(650)
Repayments received on advances provided to subsidiary	-	-	607	607
Payment on behalf of subsidiaries	-	-	(44)	(44)
Non-cash changes:				
Issuance of RCCPS	-	61,255	-	61,255
Interest charged during the financial year	59,923	-	207	60,130
Amortisation of transaction cost	-	4,544	-	4,544
Management fee charges	-	-	(659)	(659)
Payment on behalf by subsidiary	-	-	367	367
Conversion to ordinary shares	-	(16,016)	-	(16,016)
At 31 December 2018	1,251,171	75,352	6,798	1,333,321

Notes to the Financial Statements
for the financial year ended 31 December 2019

1 GENERAL INFORMATION

The principal activities of the Group mainly consist of property investment and management, owner and operator of malls, hotel operations, property development, construction, information and communication technology services, provision of engineering services for water treatment plants and related services, education, investment holding and management of real estate investment trust. The principal activities of the Company during the financial year are those of investment holding and the provision of management services.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) 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 of the Group and of the Company 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 period. 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 judgements are based on the Directors' best knowledge of current events and actions, actual results may differ from these estimates.

The comparative financial information of the Group has been restated due to the reclassification of certain investments previously classified as associates. The details of the restatement are disclosed in Note 18(c).

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 4.

(i) Standards and amendments to standards and interpretation that are effective and are applicable to the Group and the Company

The Group and the Company have applied the following standards, amendments and improvements for the first time for the financial year beginning on 1 January 2019:

- MFRS 16 'Leases'

  The Group has adopted MFRS 16 for the first time in the 2019 financial statements with the date of initial application ("DIA") of 1 January 2019 by applying the simplified retrospective transition method.

  The practical expedients elected and the detailed impacts of the changes in the accounting policies on leases are disclosed in Note 2(y). The details of the accounting policies on leases are disclosed separately in Note 2(i).

- Amendments to MFRS 128 'Long-term Interests in Associates and Joint Ventures'

- Amendments to MFRS 9 'Prepayment Features with Negative Compensation'

- Amendments to MFRS 119 'Plan Amendment, Curtailment or Settlement'

- IC Interpretation 23 'Uncertainty over Income Tax Treatments'

- Annual Improvements to MFRS 2015 – 2017 cycle

Other than the adoption of MFRS 16, the adoption of the other amendments listed above did not have any impact on the current period or any prior period and is not likely to affect future periods.

Notes to the Financial Statements
for the financial year ended 31 December 2019
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(ii) Standards and amendments to standards and interpretation that are early adopted by the Group and the Company

There are no new standards and amendments to standards and interpretation that are early adopted by the Group and the Company.

(iii) Standards and amendments to standards and interpretation that are applicable to the Group and the Company but are not yet effective

A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 January 2019.

- The Conceptual Framework for Financial Reporting (Revised 2018)
- Amendments to MFRS 101 and MFRS 108 'Definition of Material'
- Amendments to MFRS 3 'Definition of a Business' (effective 1 January 2020) revise the definition of a business. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs.

  The amendments provide guidance to determine whether an input and a substantive process are present, including situation where an acquisition does not have outputs. To be a business without outputs, there will now need to be an organised workforce. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets.

  In addition, the revised definition of the term 'outputs' is narrower, focusses on goods or services provided to customers, generating investment returns and other income but excludes returns in the form of cost savings.

  The amendments introduce an optional simplified assessment known as 'concentration test' that, if met, eliminates the need for further assessment. Under this concentration test, if substantially all of the fair value of gross assets acquired is concentrated in a single identifiable asset (or a group of similar assets), the assets acquired would not represent a business.

  The amendments shall be applied prospectively.
- IFRIC agenda decisions on 'Borrowing Costs'

  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 for the purpose of capitalisation of borrowing costs. On 20 March 2019, the Malaysian Accounting Standard Board announced that an entity shall apply the change in accounting policy as a result of the IFRIC Agenda Decision to financial statements not later than annual periods beginning on or after 1 July 2020.

Based on the Group's preliminary assessment, the adoption of these new standards and amendments to standards and interpretations will not have any material impact on the financial statements of the Group in the year of initial application.

(b) Consolidation

(i) 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 activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Notes to the Financial Statements

for the financial year ended 31 December 2019
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Consolidation (continued)

(i) Subsidiaries (continued)

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statements (see Note 2 (e)(i) on goodwill).

Acquisition-related costs are expensed as 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 fair value at the acquisition date and any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

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 income statement, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(ii) Changes in ownership interests in subsidiaries without change of control

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.

(iii) Disposal of subsidiaries

When the Group ceases to consolidate because of a loss of control, 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 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 or liabilities. This may mean that amounts 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 sold.

(iv) Joint arrangements

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

Notes to the Financial Statements

for the financial year ended 31 December 2019
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Consolidation (continued)

(iv) Joint arrangements (continued)

The Group's interest in a joint venture is accounted for in the financial statements by the equity method of accounting. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture, including any long-term interests that, in substance, form part of the Group's net investment in the joint ventures, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint ventures.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. An impairment loss is recognised for the amount by which the carrying amount of the joint venture exceeds its recoverable amount. The Group presents the impairment loss adjacent to 'share of results of joint ventures' in the income statement.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to equity account its joint venture because of a loss of joint control, 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 a joint venture is reduced but joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

(v) Associates

Associates are all entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions, but not control over those policies.

Investments in associates are accounted for using equity method of accounting. Under the equity method, the investment 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 acquisition.

The Group determines at each reporting date whether there is any objective evidence that the investment is impaired. An impairment loss is recognised for the amount by which the carrying amount of the associate exceeds its recoverable amount. The Group presents the impairment loss adjacent to 'share of results of associates' in the income statement.

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. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Where 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 and liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Notes to the Financial Statements

for the financial year ended 31 December 2019
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Consolidation (continued)

(v) Associates (continued)

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 and loss.

(vi) Investments in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries 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.

(c) Property, plant and equipment

Property, plant and equipment are initially stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (see Note 2(p) on borrowings and borrowing costs).

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 cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in the income statements during the financial years in which they are incurred.

Freehold land is not depreciated as it has an infinite life. Other property, plant and equipment are depreciated on the straight line method to allocate the cost to their residual values over their estimated useful lives, summarised as follows:

Buildings, including hotel properties	25 to 100 years
Leasehold land	50 to 99 years
Plant and machinery	5 to 10 years
Furniture, fixtures, fittings and equipment	3 to 10 years
Motor vehicles	5 years

Depreciation on assets under construction commences when the assets are ready for their intended use.

<u>Accounting policies applied from 1 January 2019</u>

From 1 January 2019, leased assets (including leasehold land) are presented as a separate category of assets in the property, plant and equipment. See accounting policy Note 2(i) on right-of-use assets for these assets.

<u>Accounting policies applied until 31 December 2018</u>

Until 31 December 2018, leased assets (including leasehold land) under lease arrangement classified as finance lease (refer to accounting policy Note 2(i) on finance leases applied until 31 December 2018) is amortised in equal instalments over the period of the respective leases that range from 50 to 99 years.

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of the reporting period. The Group carries out assessment on residual values and useful lives of assets on an annual basis. There was no adjustment arising from the assessment performed in the financial year.

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 2(f) on impairment of non-financial assets).

Gains and losses on disposals are determined by comparing net disposal proceeds with carrying amount and are included in income statements.

Notes to the Financial Statements
for the financial year ended 31 December 2019
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Investment properties

Investment properties, comprising principally land, development rights and buildings are held for long term rental yields or for capital appreciation or both, and are not substantially occupied by the Group. Building fittings that are attached to the buildings are also classified as investment properties. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (see Note 2(p) on borrowings and borrowing costs).

Investment property is measured initially at cost, including professional fees for legal services, property transfer taxes, other transaction costs and borrowing costs if the investment property meets the definition of a qualifying asset.

After initial recognition, investment property is stated at cost less any accumulated depreciation and impairment losses. At each reporting date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 2(f) on impairment of non-financial assets). Freehold land is not depreciated as it has an infinite life. Assets under construction and land held for future development, both held for long term rental yields or for capital appreciation or both, are depreciated when the assets are ready for their intended use. Investment properties are depreciated on the straight line basis to allocate the cost to their residual values over their estimated useful lives, summarised as follows:

Right-of-use asset	10 to 99 years
Property investment – Retail	33 to 99 years
Property investment – Commercial	10 to 99 years

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Transfer of a property to, or from, investment property is only made when there is a change of use.

Investment property is derecognised either when it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are included in the profit and loss.

<u>Right-of-use assets that meet the definition of investment property</u>

Right-of-use assets that meet the definition of investment property in accordance with MFRS 140 is presented in the statement of financial position as investment property. Subsequent measurement of the right-of-use asset is consistent with those investment properties owned by the Group.

(e) Intangible assets

(i) Goodwill

Goodwill or negative goodwill represents the excess or deficit of the cost of acquisition of subsidiaries, jointly controlled entities and associates over the fair value of the Group's share of the identifiable net assets at the date of acquisition.

Goodwill on acquisitions of subsidiaries is included in the statement of financial position as intangible assets whereas negative goodwill is recognised immediately in the income statements.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less cost to sell. Any impairment losses on goodwill is recognised immediately as an expense and is not subsequently reversed. Gains and losses on the disposal of a subsidiary include the carrying amount of goodwill relating to the subsidiary 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, identified according to operating segment (see Note 2(f) on impairment of non-financial assets).

Goodwill on acquisition of jointly controlled entities and associates is included in investments in jointly controlled entities and investments in associates. Such goodwill is tested for impairment as part of the overall balance.

Notes to the Financial Statements
for the financial year ended 31 December 2019
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Intangible assets (continued)

(ii) Building software development cost

Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

(i) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
(ii) management intends to complete the intangible asset and use or sell it;
(iii) there is an ability to use or sell the intangible asset;
(iv) it can be demonstrated how the intangible asset will generate probable future economic benefits;
(v) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
(vi) the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Research expenditure is recognised as an expense when incurred.

Capitalised development costs recognised as intangible assets are amortised from the point at which the asset is ready for use on a straight line basis over its useful life, not exceeding 5 years.

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 value may not be recoverable (see Note 2(f) on impairment of non-financial assets).

(iii) Licenses

Acquired licenses are shown at historical cost. Licenses 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 the acquired licenses over their estimated useful lives of 10 to 50 years.

(f) Impairment of non-financial assets

Non-financial assets 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 levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment is charged to the profit and loss unless it reverses a previous revaluation, in which case it is charged to revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the profit and loss. Reversals of impairment loss is recognised immediately in profit and loss and shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

(g) Financial instruments

(i) Financial assets

<u>Classification</u>

The Group and the Company classifies its financial assets in the following 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

<u>Recognition</u>

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

Notes to the Financial Statements
for the financial year ended 31 December 2019
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial instruments (continued)

(i) Financial assets (continued)

<u>Measurement</u>

At initial recognition, the Group measures 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 business model for managing the asset and the cash flow characteristics of the asset. The Group reclassified debt investments when and only when its business model for managing those assets changes.

There are two measurement categories into which the Group classifies its debt instruments:

(i) 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 income/expenses together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.

(ii) 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 income/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 income/expenses, and impairment expenses are presented as separate line item in the statement of comprehensive income.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has 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 right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the income statement and statement of comprehensive income as applicable.

<u>Subsequent measurement – Impairment</u>

Impairment for debt instruments and financial guarantee contracts

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

The Group's and Company's trade and other receivables, accrued billings, amounts due from related companies (subsidiaries, associates and joint ventures), contract assets, concession receivables and financial guarantee contracts are subject to the ECL model.

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

Notes to the Financial Statements
for the financial year ended 31 December 2019
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial instruments (continued)

(i) Financial assets (continued)

Subsequent measurement – Impairment (continued)

Impairment for debt instruments and financial guarantee contracts (continued)

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 expects to receive, over the remaining life of the financial instrument.

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.

(i) General 3-stage approach for other receivables, financial guarantee contracts issued, amount owing from subsidiaries, associates and joint ventures

At each reporting date, the Group measures ECL through loss allowance at an amount equal to 12- month 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 3(b) sets out the measurement details of ECL.

(ii) Simplified approach for trade receivables, accrued billings, concession receivables and contract assets

The Group applies the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables, accrued billings, contract assets and concession receivables.

Significant increase in credit risk

The Group considers 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 compares 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:
- internal credit rating;
- 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;
- 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.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

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.

Notes to the Financial Statements

for the financial year ended 31 December 2019
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial instruments (continued)

(i) Financial assets (continued)

Subsequent measurement – Impairment (continued)

Definition of default and credit-impaired financial assets

The Group defines 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 defines a financial instrument as default, when the counterparty fails to make contractual payment within 90 days of when they fall due.

Qualitative criteria:
The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group considers 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
- the debtor is insolvent

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

Groupings of instruments for ECL are measured on collective basis.

(i) Collective assessment

Trade receivables and contract assets arising from property development activities have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress for property development activities and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Trade receivables and accrued billings from other sources and concession receivables have been grouped based on shared credit risk characteristics and the days past due.

(ii) Individual assessment

Trade receivables and contracts assets which are in default or credit-impaired are assessed individually.

Amounts due from related companies are assessed on individual basis for ECL measurement, as credit risk information is obtained and monitored for each entity.

Write-off

(i) Trade receivables, accrued billings, concession receivables and contract assets.

Trade receivables, accrued billings, concession 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 a failure to make contractual payments for a period of greater than 90 days past due.

(ii) Other receivables and amounts owing from subsidiaries, associates and joint ventures

The Group and the Company writes 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 may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

Notes to the Financial Statements

for the financial year ended 31 December 2019
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial instruments (continued)

(ii) Financial liabilities

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

Financial liabilities are recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial liabilities are recognised initially, they are measured at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

The Group classifies its financial liabilities in the following categories: other financial liabilities and financial guarantee contracts. The classification depends on the purpose for which the financial liabilities were issued. Management determines the classification of its financial liabilities at initial recognition.

(i) Other financial liabilities

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in the profit and loss when the other financial liabilities are derecognised, and through the amortisation process.

(ii) Financial guarantee contracts

Financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the expected credit loss model under MFRS 9 "Financial instruments" and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15 "Revenue from Contracts with Customers", where appropriate.

(iii) De-recognition

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group and the Company has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or expired.

(iv) Financial instruments recognised in the statements of financial position

The particular recognition method adopted for financial instruments recognised in the statements of financial position is disclosed in the individual accounting policy statements associated with each item.

(v) Fair value estimation for disclosure purposes

The fair value of publicly traded securities is based on quoted market prices at the reporting date.

In assessing the fair value of non-traded financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date.

The fair value of financial assets and financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate for each type of the financial liabilities of the Group.

The fair values for financial assets (less any estimated credit adjustments) and financial liabilities with a maturity of less than one year are assumed to approximate their fair values.

(vi) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is presented in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Notes to the Financial Statements

for the financial year ended 31 December 2019
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Service concession arrangement

A portion of the Group's assets are within the framework of concession contracts granted by the government ("the grantor"). In order to fall within the scope of concession contract, a contract must satisfy the following two criterias:

- The grantor controls or regulates what services the operator must provide with the infrastructure assets, to whom it must provide them, and at what price; and
- The grantor controls the significant residual interest in the infrastructure assets at the end of the term of the arrangement.

Such infrastructure assets are not recognised by the Group as property, plant and equipment but as financial assets as described below.

The Group recognises the consideration received or receivable as a financial asset to the extent that it has an unconditional right to receive cash or another financial asset for the construction and operating services. Financial assets are accounted for in accordance with the accounting policy set out in Note 2(g)(i).

The Group recognises revenue from construction and operation of infrastructure assets in accordance with its revenue recognition policy set out in Note 2(t).

(i) Leases

Accounting policies applied till 31 December 2018

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

(a) Accounting by lessor

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on the straight line basis over the lease period.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are recognised in the income statements when incurred. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the year in which termination takes place.

(b) Accounting by lessee

Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of lease term.

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to the carrying amount of the leased assets and recognised as an expense in the statement of comprehensive income over the lease term on the same basis as the lease expense.

Accounting policies applied from 1 January 2019

(a) Accounting by lessee

Leases are recognised as right-of-use ('ROU') asset and a corresponding liability at the date on which the leased asset is available for use (i.e. the commencement date).

Contracts may contain both lease and non-lease components. Consideration in the contract is allocated to the lease and non-lease components based on their relative stand-alone prices.

Notes to the Financial Statements

for the financial year ended 31 December 2019
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Leases (continued)

Accounting policies applied from 1 January 2019 (continued)

(a) Accounting by lessee (continued)

Lease Term

In determining the lease term, facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option are considered. 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 lease term in reassessed upon the occurrence of a significant event or change in circumstances that is within the control of the Group and the Company and affect whether the Group and the Company are reasonably certain to exercise an option not previously included in the determination of lease term. A revision in lease term results in remeasurement of the 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 reasonable certain to exercise a purchase option, the ROU assets are depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain measurement of the lease liabilities.

The Group presents ROU assets within 'Property, plant and equipment' and 'Investment properties' in the statement of financial position.

Lease liabilities

Lease liabilities are initially measured at the present value of the 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 at the commencement date;
- Amounts expected to be payable under residual value guarantees;
- The exercise price of a purchase and extension options if it is reasonably certain to exercise that options; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising that option.

Lease payments are discontinued 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 the statement of comprehensive income 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 payment that depend on sales are recognised in the statement of comprehensive income in the period in which the condition that triggers those payments occurs.

The Group presents lease liabilities within 'Payables and contract liabilities' in the statement of financial position. Interest expense on the lease liability is presented within the finance cost in the statement of comprehensive income.

Notes to the Financial Statements

for the financial year ended 31 December 2019
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Leases (continued)

Accounting policies applied from 1 January 2019 (continued)

(a) Accounting by lessee (continued)

Short-term leases and leases of low value assets

Short-term leases are leases with a lease term of twelve (12) months or less. Payments associated with short-term leases and low-value assets are recognised on a straight-line basis as an expense in the statement of comprehensive income.

(b) Accounting by lessor

As a lessor, the Group and the Company determine at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group and the Company make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to the ownership of the underlying asset to the lessee. As part of this assessment, the Group and the Company consider 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 the 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 investment is subject to impairment under MFRS 9 “Financial Instruments”. 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.

When assets are leased out under an operating lease, the asset is included in the lessor’s statement of financial position based on the nature of asset.

Rental income on operating leases is recognised over the term of the lease on a straight-line basis. Rental income is shown net of rebates and discounts. Rental income includes base rent, percentage rent and other rent related income from tenants. Base rent is recognised on a straight-line basis over the lease term. Percentage rent is recognised based on sales reported by tenants. When the Group and the Company provide incentives or rebates to the tenants, the cost of incentives or rebates is capitalised as deferred lease incentive and is recognised over the lease term, on a straight-line basis, as a reduction of rental income. Initial direct cost incurred by the Group and the Company in negotiating and arranging an operating lease is recognised as an asset (deferred lease incentive) and amortised over the lease term on the same basis as the rental income.

Separating lease and non-lease components

If an arrangement contains 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 the stand-alone selling prices in accordance with the principles in MFRS 15 “Revenue from Contracts with Customers”.

(j) Asset classified as held-for-sale

Non-current assets are classified as assets held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

Notes to the Financial Statements

for the financial year ended 31 December 2019
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group. 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 and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment (see Note 2(g)(i) on impairment of financial assets).

(l) Inventories

(i) Completed properties

The cost of completed properties is stated at the lower of historical cost and net realisable value. Historical cost includes, where relevant, cost associated with the acquisition of land, including all related costs incurred subsequent to the acquisition necessary to prepare the land for its intended case, related development costs to projects, direct building costs and other costs of bringing the inventories to their present location and condition.

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

(ii) Hotel operating supplies

Cost is determined using the first-in, first-out method and comprises food and beverage, printing and stationeries and guestroom supplies.

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

(iii) Land held for property development

The cost of land held for property development is stated at the lower of cost and net realisable value. The cost of land held for property development consists of the purchase price of the land, professional fees, stamp duties, commissions, conversion fees, other relevant levies and direct development cost incurred in preparing the land for development.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary to make the sale.

Land held for property development for which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle, is classified as non-current asset.

Land held for property development is transferred to property development costs (under current assets) when development activities have commenced and where development activities can be completed within the Group's normal operating cycle.

(iv) Property development costs

Cost is determined based on a specific identification basis. Property development costs comprising costs of land, land enhancement costs, direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors that meet the definition of inventories are recognised as an asset and are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable selling expenses. The property development costs is subsequently recognised as an expense in income statements when or as the control of the asset is transferred to the customer.

Property development costs for which work has been undertaken and development activities are expected to be completed within the Group's normal operating cycle, is classified as current asset.

(v) Other inventories

Cost is determined using the first-in, first-out method. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity).

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

Notes to the Financial Statements

for the financial year ended 31 December 2019
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Cash and cash equivalents

For the purpose of the statements of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short-term and 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.

Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents in the statement of cash flows.

In the statements of financial position, bank overdrafts are shown within borrowings in current liabilities.

(n) Share capital

(i) Classification

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

(ii) Share issue costs

Incremental costs directly attributable to the issue of new shares or options are deducted against share premium account.

(iii) Dividend distribution

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

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

(iv) Purchase of own shares

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

(v) Earnings per share

<u>Basic earnings per share</u>

Basic earnings per share is calculated by dividing:

(i) the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and

(ii) by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year and excluding treasury shares.

<u>Diluted earnings per share</u>

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

(i) the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and

(ii) the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Notes to the Financial Statements

for the financial year ended 31 December 2019
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Trade payables

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

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

(p) Borrowings and borrowing cost

(i) Borrowings

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

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

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

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

(ii) Borrowing costs

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

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

(q) Current and deferred income tax

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

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

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

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

Notes to the Financial Statements

for the financial year ended 31 December 2019
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Current and deferred income tax (continued)

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

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

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

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

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

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

(r) Employee benefits

(i) Short-term employee benefits

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

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

(ii) Defined contribution plans

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

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

(iii) Termination benefits

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

Notes to the Financial Statements

for the financial year ended 31 December 2019
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Contingent assets and contingent liabilities

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

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

(t) Revenue/income recognition

(i) Revenue from contracts with customers

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

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

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

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

(i) <u>Revenue from hotel room and sale of food and beverages</u>

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

(ii) <u>Revenue from property development, comprising residential and commercial properties and construction contract</u>

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

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

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

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

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

Notes to the Financial Statements

for the financial year ended 31 December 2019
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Revenue/income recognition (continued)

(i) Revenue from contracts with customers (continued)

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

(iii) Rendering of services and management fees

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

(iv) Revenue from service concession arrangement

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

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

(v) Car park revenue

Car park income is recognised upon services being rendered.

(vi) Utilities revenue

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

(vii) Service charges

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

(viii) Others

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

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

(ii) Lease income on operating leases

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

(iii) Interest income

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

(iv) Dividend income

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

Notes to the Financial Statements

for the financial year ended 31 December 2019
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Foreign currencies

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

Non-monetary items that are measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences related to the changes in amortised cost are recognised in profit and loss, and other changes in the carrying amount are recognised in other comprehensive account.

(iii) Group companies

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

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

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

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

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

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

Notes to the Financial Statements

for the financial year ended 31 December 2019
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Foreign currencies (continued)

(iv) Net investment hedge

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

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

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

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

(v) Deferred revenue

Deferred revenue represents unearned revenue from school fees, web-site maintenance contracts, leasing and car park operations which will be recognised in profit or loss upon expiry, utilisation or performance of services.

(w) Segment reporting

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

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

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

(x) Compound financial instruments

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Changes in accounting policy

As disclosed in Note 2(a)(i), the Group and the Company have adopted MFRS 16, which resulted in changes in accounting policy and classification in the financial statements.

Under the simplified retrospective transition method, the 2018 comparative information was not restated and continued to be reported under the previous accounting policies under MFRS 117 "Leases" and IC Interpretation 4 "Determining whether an Arrangement Contains A Lease". From 1 January 2019, the Group recognises the leases in accordance with its accounting policy set out in Note 2(i).

In addition, the Group has elected not to reassess whether a contract is, or contains a lease at the DIA. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying MFRS 117 and IC Interpretation 4.

Upon adoption of MFRS 16, the Group recognised lease liability amounting to RM19.5 million and a corresponding ROU asset of the same amount. The Group has also reclassified the carrying amount as of 1 January 2019 of leasehold land within property, plant and equipment and prepaid lease rentals amounting to RM1.6 million and RM475,000 respectively to ROU assets, as disclosed in Note 12.

<u>The Group as a lessor</u>

The Group, principally as a lessor, continue to classify the leases as operating leases. In addition, the Group applied MFRS 15 "Revenue from Contracts with Customers" to allocate the consideration in the contract to each lease and non-lease components.

As a lessor, the Group is not required to make any adjustment on transition, except for the reassessment of existing operating subleases at the DIA. The Group has assessed that its existing leases have no sublease component.

There is no impact to the opening retained earnings upon the adoption of MFRS 16.

i) Adjustments as at 1 January 2019

As at 1 January 2019, the change in accounting policy has affected the following items:

- Property, plant and equipment (Note 12)
- Long term prepaid lease (Note 15)
- Lease liabilities (Note 30)

<u>The Group as a lessee</u>

i) Leases classified as operating leases under MFRS 117

On adoption of MFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of MFRS 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019.

ROU assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid lease payments.

In applying MFRS 16 for the first time, the Group has applied the following practical expedients permitted by the standard to leases previously classified as operating leases under MFRS 117:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the ROU asset at the DIA; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Notes to the Financial Statements
for the financial year ended 31 December 2019
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Changes in accounting policy (continued)

The Group as a lessee (continued)

ii) Measurement of lease liabilities on 1 January 2019

The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.57% per annum.

The reconciliation between the operating lease commitments disclosed applying MFRS 117 at 31 December 2018 to the lease liabilities recognised at 1 January 2019 is as follows:

	RM'000
Operating lease commitments disclosed as at 31 December 2018	22,539
Discounted using the lessee's incremental borrowing rate of at the DIA	21,738
(Less):	
Short-term and low value leases recognised on a straight-line basis as expense	(2,189)
Lease liabilities recognised as at 1 January 2019	19,549
Of which are:	
Current lease liabilities	450
Non-current lease liabilities	19,099
	19,549

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

(a) Market risk

(i) Foreign currency exchange risk

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

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

Notes to the Financial Statements
for the financial year ended 31 December 2019
(continued)

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Market risk (continued)

(i) Foreign currency exchange risk (continued)

As at 31 December 2019, the Group's and the Company's GBP, AUD and USD denominated net monetary assets are as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net monetary assets denominated in:				
GBP	**80,578**	78,866	**-**	-
AUD	**43,430**	58,870	**-**	-
USD	**28,193**	65,649	**146**	964

The effects to the Group's and the Company's profit before tax, had these GBP, AUD and USD strengthened by 10% (2018: 10%) against RM are as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Increase to profit before tax if the currency had strengthened by 10% (2018: 10%)				
GBP	**8,058**	7,887	**-**	-
AUD	**4,343**	5,887	**-**	-
USD	**2,819**	6,565	**15**	96

A 10% (2018: 10%) weakening of the above currencies against RM as at 31 December 2019 would have an equal but opposite effect on the above currencies to the amount shown above, on the basis that all other variables remain constant.

Except as disclosed above, other foreign currency exchange risks exposures are not material and did not have any significant impact on the financial statements of the Group and of the Company at 31 December 2019, hence sensitivity analysis is not presented.

(ii) Cash flow interest rate risk

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

The information on maturity dates and effective interest rates of these borrowings is disclosed in Note 31.

The Group's and Company's interest rate exposure is co-related with changes in cost of funds ("COF") of the lenders. The impact on the Group's and Company's profit after tax arising from changes in COF of the lenders by 25 (2018: 25) basis points arising from the Group's and Company's floating rate term loan and revolving credits with all other variables being held constant, would be as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
(Increase)/Decrease to profit after tax:				
COF increase by 25 (2018: 25) basis points	**(4,992)**	(3,620)	**(1,874)**	(2,371)
COF decrease by 25 (2018: 25) basis points	**4,992**	3,620	**1,874**	2,371

Notes to the Financial Statements

for the financial year ended 31 December 2019
(continued)

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Credit risk

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

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

- Credit risk arising from property development activities

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

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

- Credit risk arising from property investment – commercial and retail

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

The Group applies the simplified approach which requires expected lifetime losses to be recognised from initial recognition of trade receivables, accrued billing and contract assets. To measure the expected credit loss, the expected loss rates are based on the historical payment profiles of the receivables and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on factors affecting the ability of the trade receivables to settle the receivables.

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

Notes to the Financial Statements
for the financial year ended 31 December 2019
(continued)

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Credit risk (continued)

Credit risk arising from trade receivables, accrued billing and contract assets (continued)

Group

	Not due RM'000	1-90 days RM'000	91-120 days RM'000	>121 days RM'000	Total RM'000
As at 31 December 2019					
Trade receivables (gross)	**89,880**	**24,237**	**3,998**	**2,122**	**120,237**
Accrued billing (gross)	**10,357**	**-**	**-**	**-**	**10,357**
Total	**100,237**	**24,237**	**3,998**	**2,122**	**130,594**
Expected credit loss	**-**	**(1,038)**	**(2,918)**	**(2,007)**	**(5,963)**
Total (net)	**100,237**	**23,199**	**1,080**	**115**	**124,631**
Expected loss rate	**0%**	**4.28%**	**72.99%**	**94.58%**	
As at 31 December 2018					
Trade receivables (gross)	51,311	14,290	3,210	1,953	70,764
Accrued billing (gross)	9,789	-	-	-	9,789
Contract assets (gross)	45,363	-	-	-	45,363
Total	106,463	14,290	3,210	1,953	125,916
Expected credit loss	-	(1,168)	(2,412)	(1,477)	(5,057)
Total (net)	106,463	13,122	798	476	120,859
Expected loss rate	0%	8.17%	75.14%	75.63%	

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

	Group	
	2019 RM'000	**2018 RM'000**
At 1 January	**5,057**	4,873
Provision for impairment of receivables	**3,442**	3,369
Bad debts recovered	**(87)**	(63)
Receivables written off during the financial year as uncollected	**(184)**	(15)
Reversal of impairment loss	**(2,265)**	(3,107)
At 31 December	**5,963**	5,057

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

Notes to the Financial Statements

for the financial year ended 31 December 2019
(continued)

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Credit risk (continued)

Credit risk arising from other receivables

The other receivables impairment are assessed individually to determine whether there was objective evidence that an impairment had been incurred but not yet identified. The Group's other receivables mainly comprise of deposits placed with utilities companies all of which are not past due. Hence, the Group and the Company has determined that the other receivables are performing, and there is no indication that the amounts are not collectible and therefore the ECL allowance is not material.

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January	**1,768**	1,903	**300**	450
Provision for impairment	**211**	15	**-**	-
Bad debts recovered	**(150)**	(150)	**-**	-
Reversal of impairment loss	**(4)**	-	**(150)**	(150)
At 31 December	**1,825**	1,768	**150**	300

Credit risk arising from concession receivables

Concession receivables was recognised to the extent that the Group has an unconditional right to receive cash for the construction and operating service of the water waste treatment plant. Credit risks are assessed to be low as the concession receivables are receivables from the respective province's local authorities. There is no indication that the amounts are not collectible as based on historical trend, payments were received within the expected periods. Hence, the ECL allowance is not material.

Credit risk arising from amounts owing from associates

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

Credit risk arising from amounts owing due from joint ventures

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

Credit risk arising from deposits with licensed banks

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

Credit risk arising from amounts owing from subsidiaries

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

Notes to the Financial Statements

for the financial year ended 31 December 2019
(continued)

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Credit risk (continued)

Credit risk arising from amounts owing from subsidiaries (continued)

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

Company	2019 RM'000	2018 RM'000
At 1 January	**1,000**	-
Provision for impairment	**15,663**	1,000
Reversal of impairment	**(70)**	-
At 31 December	**16,593**	1,000

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

Company	2019 RM'000	2018 RM'000
Corporate guarantees provided to banks on subsidiaries' facilities	**40,930**	41,360

Maximum exposure to credit risk

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented in the statement of financial position.

(c) Price risk

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

The Group's investments in the debt and equity securities are listed on the Singapore Stock Exchange.

(d) Liquidity and cash flow risks

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

As at 31 December 2019, the Group held cash and cash equivalents of RM678,284,000 (2018: RM1,001,634,000) that are expected to readily generate cash inflows for managing liquidity risk.

Notes to the Financial Statements

for the financial year ended 31 December 2019
(continued)

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Liquidity and cash flow risks (continued)

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

Group	Less than 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 3 years RM'000	Over 3 years RM'000	Total RM'000
2019					
Payables and contract liabilities (excluding deferred revenue and contract liabilities)	**766,727**	**-**	**-**	**-**	**766,727**
Lease liabilities	**450**	**450**	**450**	**19,000**	**20,350**
Interest bearing bank borrowings	**1,423,207**	**1,450,455**	**1,257,367**	**-**	**4,131,029**
Amounts owing to associates	**19**	**-**	**-**	**-**	**19**
RCPS and RCCPS	**19,276**	**7,970**	**7,970**	**19,926**	**55,142**
	2,209,679	**1,458,875**	**1,265,787**	**38,926**	**4,973,267**
2018					
Payables and contract liabilities (excluding deferred revenue and output tax)	672,122	-	-	-	672,122
Interest bearing bank borrowings	773,775	1,159,603	1,316,524	1,252,800	4,502,702
Amounts owing to associates	4	-	-	-	4
RCPS and RCCPS	29,538	19,360	8,052	28,180	85,130
	1,475,439	1,178,963	1,324,576	1,280,980	5,259,958

Notes to the Financial Statements
for the financial year ended 31 December 2019
(continued)

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Liquidity and cash flow risks (continued)

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

Company	Less than 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 3 years RM'000	Over 3 years RM'000	Total RM'000
2019					
Payables and contract liabilities (excluding deferred revenue, output tax and contract liabilities)	**8,927**	**-**	**-**	**-**	**8,927**
Interest bearing bank borrowings	**681,777**	**344,399**	**-**	**-**	**1,026,176**
Amounts owing to subsidiaries	**92,440**	**-**	**-**	**-**	**92,440**
Corporate guarantees provided to banks on subsidiaries' facilities	**40,930**	**-**	**-**	**-**	**40,930**
RCPS and RCCPS	**19,276**	**7,970**	**7,970**	**19,926**	**55,142**
	843,350	**352,369**	**7,970**	**19,926**	**1,223,615**
2018					
Payables and contract liabilities (excluding deferred revenue, output tax and contract liabilities)	1,520	-	-	-	1,520
Interest bearing bank borrowings	58,160	966,138	332,697	-	1,356,995
Amounts owing to subsidiaries	6,798	-	-	-	6,798
Corporate guarantees provided to banks on subsidiaries' facilities	41,360	-	-	-	41,360
RCPS and RCCPS	29,538	19,360	8,052	28,180	85,130
	137,376	985,498	340,749	28,180	1,491,803

Notes to the Financial Statements

for the financial year ended 31 December 2019
(continued)

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Capital risk management

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

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

The debt to equity ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (excluding payables and contract liabilities) less deposit, cash and bank balances. Total equity is as shown in the statement of financial position.

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

The gearing ratios were as follows:

	2019	2018
Group	**RM'000**	**RM'000**
Interest bearing liabilities	**3,892,350**	4,121,990
Less: Deposits, cash and bank balances (including cash held under Housing Development Accounts)	**(742,113)**	(1,063,264)
Interest bearing net debts	**3,150,237**	3,058,726
Total equity	**3,711,681**	3,542,277
Gearing ratio	**0.85:1.00**	0.87:1.00
Company		
Interest bearing liabilities	**1,037,749**	1,326,523
Less: Deposits, cash and bank balances	**(71,004)**	(200,351)
Interest bearing net debts	**966,745**	1,126,172
Total equity	**5,472,767**	5,379,951
Gearing ratio	**0.18:1.00**	0.21:1.00

Notes to the Financial Statements

for the financial year ended 31 December 2019
(continued)

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(f) Financial instruments by category

Group 2019	Financial assets at fair value through other comprehensive income RM'000	Financial assets at amortised cost RM'000	Total RM'000
Assets as per statement of financial position			
Non-current			
Financial assets at fair value through other comprehensive income	92,634	-	92,634
Concession receivables	-	129,468	129,468
Current			
Concession receivables	-	5,206	5,206
Amounts owing from associates and joint ventures	-	97,416	97,416
Trade and other receivables (excluding deferred lease incentives, prepayments and input tax)	-	196,118	196,118
Cash held under Housing Development Accounts	-	48,305	48,305
Deposits, cash and bank balances	-	693,808	693,808
Total	92,634	1,170,321	1,262,955

Group 2019	Financial liabilities at amortised cost RM'000	Total RM'000
Liabilities as per statement of financial position		
Non-current		
Interest bearing bank borrowings	2,533,501	2,533,501
RCPS and RCCPS	31,646	31,646
Trade and other payables	18,693	18,693
Current		
Trade and other payables (excluding deferred revenue and contract liabilities)	767,177	767,177
Interest bearing bank borrowings	1,309,978	1,309,978
Amounts owing to associates	19	19
RCPS and RCCPS	17,225	17,225
Total	4,678,239	4,678,239

Notes to the Financial Statements
for the financial year ended 31 December 2019
(continued)

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(f) Financial instruments by category (continued)

Group 2018	Financial assets at fair value through other comprehensive income RM'000	Financial assets at amortised cost RM'000	Total RM'000
Assets as per statement of financial position			
Non-current			
Financial assets at fair value through other comprehensive income	93,761	-	93,761
Concession receivables	-	114,936	114,936
Current			
Concession receivables	-	3,925	3,925
Amounts owing from associates and joint ventures	-	90,752	90,752
Trade and other receivables (excluding deferred lease incentives, prepayments, input tax and contract assets)	-	153,072	153,072
Cash held under Housing Development Accounts	-	32,309	32,309
Deposits, cash and bank balances	-	1,030,955	1,030,955
Total	93,761	1,425,949	1,519,710

Group 2018	Financial liabilities at amortised cost RM'000	Total RM'000
Liabilities as per statement of financial position		
Non-current		
Interest bearing bank borrowings	3,419,856	3,419,856
RCPS and RCCPS	49,256	49,256
Current		
Trade and other payables (excluding deferred revenue)	672,122	672,122
Interest bearing bank borrowings	626,782	626,782
Amounts owing to associates	4	4
RCPS and RCCPS	26,096	26,096
Total	4,794,116	4,794,116

Notes to the Financial Statements
for the financial year ended 31 December 2019
(continued)

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(f) Financial instruments by category (continued)

Company	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
2019	**RM'000**	**RM'000**	**RM'000**
Assets as per statement of financial position			
Non-current			
Financial assets at fair value through other comprehensive income	92,634	-	92,634
Current			
Amounts owing from subsidiaries	-	71,805	71,805
Trade and other receivables (excluding prepayments and input tax)	-	1,090	1,090
Deposits, cash and bank balances	-	71,004	71,004
Total	92,634	143,899	236,533

Company	Financial liabilities at amortised cost	Total
2019	**RM'000**	**RM'000**
Liabilities as per statement of financial position		
Non-current		
Interest bearing bank borrowings	330,200	330,200
RCPS and RCCPS	31,646	31,646
Current		
Trade and other payables	8,927	8,927
Interest bearing bank borrowings	658,678	658,678
Amounts owing to subsidiaries	92,440	92,440
RCPS and RCCPS	17,225	17,225
Total	1,139,116	1,139,116

Notes to the Financial Statements
for the financial year ended 31 December 2019
(continued)

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(f) Financial instruments by category (continued)

Company 2018	Financial assets at fair value through other comprehensive income RM'000	Financial assets at amortised cost RM'000	Total RM'000
Assets as per statement of financial position			
Non-current			
Financial assets at fair value through other comprehensive income	93,563	-	93,563
Current			
Amounts owing from subsidiaries	-	39,905	39,905
Trade and other receivables (excluding prepayments and input tax)	-	244	244
Deposits, cash and bank balances	-	200,351	200,351
Total	93,563	240,500	334,063

Company 2018	Financial liabilities at amortised cost RM'000	Total RM'000
Liabilities as per statement of financial position		
Non-current		
Interest bearing bank borrowings	1,248,000	1,248,000
RCPS and RCCPS	49,256	49,256
Current		
Trade and other payables	1,520	1,520
Interest bearing bank borrowings	3,171	3,171
Amounts owing to subsidiaries	6,798	6,798
RCPS and RCCPS	26,096	26,096
Total	1,334,841	1,334,841

(g) Fair values

The carrying amounts of financial assets and liabilities such as deposits, cash and bank balances, current receivables and payables approximate their fair values due to the relatively short-term maturity of these financial instruments.

Fair value estimation

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

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

Notes to the Financial Statements
for the financial year ended 31 December 2019
(continued)

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(g) Fair values (continued)

Fair value estimation (continued)

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Level 1				
Financial assets at fair value through other comprehensive income:				
Trading securities	-	1,432	-	1,234
Level 3				
Financial assets at fair value through other comprehensive income:				
Equity securities	92,634	92,329	92,634	92,329
	92,634	93,761	92,634	93,563

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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 as follows:

(a) Valuation of property development inventories

Property development inventories (including land held for property development) are carried at the lower of cost or net realisable value estimated at the expected selling price less costs to sell.

Property development projects are long term in nature, hence judgement is required in assessing net realisable value particularly in:

- assessing the valuation of property development inventories where independent valuations are performed by independent valuers;
- estimating the budgeted cost to complete the property development for which inherent uncertainties may arise from estimating future costs which are impacted by changes in material prices and exchange rates; and
- estimating forecast selling prices.

Changes in these estimates can significantly affect the valuation of these inventories.

During the financial year, there is no material write down of property development inventories recorded in the financial statements of the Group.

(b) Valuation of investment properties and hotel properties

The Group performs a valuation assessment of its investment properties and hotel properties whenever circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. Hence judgement is required in assessing the fair values and its value in use particularly for:

- assessing the methodology used in the fair value calculations undertaken by valuers;
- assessing the market inputs used in management's assessment of fair values based on the market approach; and
- assessing the management inputs and assumptions used in the value-in-use calculations.

Notes to the Financial Statements

for the financial year ended 31 December 2019
(continued)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(b) Valuation of investment properties and hotel properties (continued)

Changes to any of these assumptions to the methodology, market inputs or management's inputs and assumptions would affect the amount of impairment.

During the financial year, there is no material impairment recorded in the financial statements of the Group.

5 SEGMENT REPORTING

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

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

The Group is organised into five main business segments:

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

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

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

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

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

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

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

Notes to the Financial Statements
for the financial year ended 31 December 2019
(continued)

5 SEGMENT REPORTING (continued)

(a) Analysis by business segment

Group 2019	Property investment - retail RM'000	Property investment - commercial RM'000	Property development RM'000	Hotel RM'000	Construction RM'000	Others RM'000	Total RM'000
Segment revenue	740,432	205,260	150,956	278,951	326,679	240,199	1,942,477
Inter-segment revenue	(66,839)	(28,056)	-	(4,423)	(326,679)	(80,001)	(505,998)
Revenue from external customers	673,593	177,204	150,956	274,528	-	160,198	1,436,479
Segment results	470,520	84,210	75,541	70,638	2,563	(39,345)	664,127
Unallocated corporate expenses							(59,865)
Profit from operations							604,262
Finance income	9,651	690	6,289	8,011	387	1,742	26,770
Finance costs	(86,904)	(20,770)	(1,684)	(4,220)	-	(58,324)	(171,902)
Share of results of associates and joint ventures	-	1,015	2,523	(1,011)	-	1,442	3,969
Profit before taxation							463,099
Taxation	(58,888)	(15,514)	(8,996)	(13,405)	(1,736)	1,633	(96,906)
Profit for the financial year							366,193
The timing of revenue from contract with customers							
- Point in time	-	-	(298)	52,085	-	-	51,787
- Over time	167,423	62,888	147,380	222,422	-	159,852	759,965
	167,423	62,888	147,082	274,507	-	159,852	811,752
Other information							
Assets	2,780,828	1,897,712	879,906	1,503,608	21,502	555,698	7,639,254
Segment assets							
Associates and joint ventures	-	56,753	234,894	538,406	-	22,275	852,328
							8,491,582
Unallocated assets							116,232
Total assets							8,607,814
Liabilities							
Segment liabilities	2,457,144	448,228	100,457	129,683	262,851	1,302,326	4,700,689
Unallocated liabilities							195,444
Total liabilities							4,896,133

Notes to the Financial Statements
for the financial year ended 31 December 2019
(continued)

5 SEGMENT REPORTING (continued)

(a) Analysis by business segment (continued)

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

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

Notes to the Financial Statements

for the financial year ended 31 December 2019
(continued)

5 SEGMENT REPORTING (continued)

(a) Analysis by business segment (continued)

Group 2018	Property investment - retail RM'000	Property investment - commercial RM'000	Property development RM'000	Hotel RM'000	Construction RM'000	Others RM'000	Total RM'000
Segment revenue	585,794	193,625	166,786	306,980	648,605	198,775	2,100,565
Inter-segment revenue	(56,299)	(23,424)	-	(6,342)	(648,605)	(63,885)	(798,555)
Revenue from external customers	529,495	170,201	166,786	300,638	-	134,890	1,302,010
Segment results	355,042	59,092	102,837	96,060	875	10,923	624,829
Unallocated corporate expenses							(64,925)
Profit from operations							559,904
Finance income	8,587	2,842	9,219	13,152	66	10,425	44,291
Finance costs	(53,060)	(11,893)	(2,145)	(4,752)	-	(61,036)	(132,886)
Share of results of associates and joint ventures	-	1,920	1,778	5,089	-	495	9,282
Profit before taxation							480,591
Taxation	(25,929)	(25,558)	(11,459)	(20,146)	(3,334)	(2,650)	(89,076)
Profit for the financial year							391,515
The timing of revenue from contract with customers							
- Point in time	-	-	7,335	59,477	-	-	66,812
- Over time	126,934	60,148	155,756	241,140	-	134,684	718,662
	126,934	60,148	163,091	300,617	-	134,684	785,474
Other information							
Assets							
Segment assets	2,562,446	1,847,631	858,804	1,523,888	43,652	526,349	7,362,770
Associates and joint ventures	-	55,737	229,719	526,165	-	21,938	833,559
							8,196,329
Unallocated assets							369,168
Total assets							8,565,497
Liabilities							
Segment liabilities	2,322,135	455,115	156,430	128,102	204,741	1,544,842	4,811,365
Unallocated liabilities							211,855
Total liabilities							5,023,220

Notes to the Financial Statements

for the financial year ended 31 December 2019
(continued)

5 SEGMENT REPORTING (continued)

(a) Analysis by business segment (continued)

Group 2018	Property investment - retail RM'000	Property investment - commercial RM'000	Property development RM'000	Hotel RM'000	Construction RM'000	Others RM'000	Total RM'000
Incurred for the financial year:							
- Property, plant and equipment	2,684	2,753	1,711	28,251	134	5,900	41,433
- Investment properties	519,679	154,488	-	-	-	125	674,292
Depreciation:							
- Property, plant and equipment	3,004	6,964	860	43,990	167	7,232	62,217
- Investment properties	21,830	21,492	-	-	-	-	43,322
Amortisation:							
- Intangible assets	-	-	-	-	240	69	309
- Long term prepaid lease	-	-	-	26	-	-	26
Write-off of:							
- Property, plant and equipment	99	233	4	1	-	383	720

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

Notes to the Financial Statements
for the financial year ended 31 December 2019
(continued)

6 REVENUE

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Lease income:				
Retail malls	**469,344**	369,416	**-**	-
Office buildings	**118,275**	113,736	**-**	-
Rent related	**37,108**	33,384	**-**	-
	624,727	516,536	**-**	-
Contract with customers:				
Hotel room revenue	**221,784**	240,457	**-**	-
Property development revenue				
Sale of properties	**143,099**	150,842	**-**	-
Sale of land	**(298)**	7,335	**-**	-
Others	**-**	826	**-**	-
Sale of food and beverages	**52,085**	59,477	**-**	-
Rendering of services	**42,293**	36,778	**-**	-
Service concession arrangement	**75,196**	60,368	**-**	-
Car park	**54,081**	49,866	**-**	-
Utilities	**68,524**	58,102	**-**	-
Management services	**-**	-	**10,499**	2,646
Service charges	**151,267**	116,953	**-**	-
Others	**3,721**	4,470	**-**	-
	811,752	785,474	**10,499**	2,646
Dividend income (gross)	**-**	-	**241,403**	3,480,945
	1,436,479	1,302,010	**251,902**	3,483,591
Revenue from contract with customers is represented by:				
Point in time	**51,787**	66,812	**-**	-
Over time	**759,965**	718,662	**10,499**	2,646
	811,752	785,474	**10,499**	2,646

Notes to the Financial Statements

for the financial year ended 31 December 2019
(continued)

7 PROFIT FROM OPERATIONS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit from operations is stated after charging:				
Auditors' remuneration (statutory audit fees):				
- PricewaterhouseCoopers PLT Malaysia	**1,440**	1,484	**112**	93
- Firm other than member firm of PricewaterhouseCoopers International Limited	**200**	230	**-**	-
Tax and other non-audit services:				
- PricewaterhouseCoopers PLT	**176**	165	**-**	-
- PricewaterhouseCoopers Taxation Services	**405**	453	**53**	49
- Firm other than member firm of PricewaterhouseCoopers International Limited	**61**	74	**-**	-
Property development costs, land held for property development and cost of completed units sold	**75,697**	88,186	**-**	-
Depreciation:				
- property, plant and equipment (Note 12)	**60,306**	62,217	**765**	50
- investment properties (Note 14)	**72,396**	43,322	**-**	-
Depreciation of long-term prepaid lease (Note 15)	**-**	26	**-**	-
Amortisation of intangible assets (Note 16)	**301**	309	**-**	-
Low value/short term leases				
- plant and equipment	**1,326**	841	**-**	-
- building	**863**	594	**3,453**	-
Operating lease rental	**-**	440	**-**	1,000
Repair and maintenance of investment properties	**35,413**	27,305	**-**	-
Staff costs (includes Directors' remuneration as disclosed in Note 8)				
- Salaries*	**197,139**	195,180	**34,916**	5,416
- Defined contribution plan*	**19,817**	20,645	**3,769**	537
Net foreign exchange loss – realised	**-**	-	**11**	239
Net foreign exchange loss – unrealised	**-**	1,950	**2**	-
Write-off of property, plant and equipment	**2,769**	720	**-**	3
Write-off of investment properties	**466**	-	**-**	-
Loss on disposal of property, plant and equipment	**204**	36	**3**	-
Provision for impairment:				
- trade and other receivables (Note 3(b))	**3,653**	3,384	**-**	-
- amount owing from subsidiaries (Note 3(b))	**-**	-	**15,663**	1,000
- intangible assets (Note 16)	**11,638**	-	**-**	-
Quit rent and assessment	**37,435**	32,341	**-**	-
Utilities	**138,382**	110,370	**206**	30
Bad debts written off	**184**	15	**-**	-
and crediting:				
Reversal of impairment loss:				
- trade and other receivables (Note 3(b))	**2,269**	3,107	**150**	150
- amounts owing from subsidiaries (Note 3(b))	**-**	-	**70**	-
- property, plant and equipment	**-**	5	**-**	-
Bad debts recovered	**237**	213	**-**	-
Net foreign exchange gain – realised	**1,085**	2,041	**-**	-
Net foreign exchange gain – unrealised	**4**	-	**-**	1
Gain on disposal of assets classified as held-for-sale	**1,700**	-	**-**	-
Gain on disposal of property, plant and equipment	**1,531**	155	**-**	-
Exhibition business	**2,206**	2,007	**-**	-

* Staff cost and defined contribution plan for the Group of RM3,927,339 (2018: RM6,057,000) and RM444,242 (2018: RM636,000) respectively were capitalised into inventory in progress and investment property in progress.

Notes to the Financial Statements

for the financial year ended 31 December 2019
(continued)

8 DIRECTORS' REMUNERATION

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

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Fees	**887**	1,387	**437**	442
Salaries, bonus and allowances	**20,730**	20,300	**8,813**	882
Defined contribution plan	**1,654**	2,380	**559**	106
Benefits-in-kind	**33**	264	**-**	1
Executive share option scheme	**-**	721	**-**	-
	23,304	25,052	**9,809**	1,431

9 FINANCE INCOME AND COSTS

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Interest income on:				
Deposits with licensed banks	**21,103**	37,930	**1,984**	935
Concession receivables	**4,750**	4,752	**-**	-
Late payments from tenants	**670**	501	**-**	-
Amount owing from subsidiaries	**-**	-	**725**	-
Others	**247**	1,108	**-**	-
Total finance income	**26,770**	44,291	**2,709**	935
Interest expense on:				
Term loans, revolving credits and Medium Term Notes	**167,367**	127,620	**48,171**	59,923
RCPS and RCCPS (Note 28)	**3,441**	4,544	**3,441**	4,544
Amounts owing to subsidiaries	**-**	-	**1,496**	207
Lease liabilities	**44**	-	**-**	-
Others	**1,050**	722	**354**	182
Total finance costs	**171,902**	132,886	**53,462**	64,856
Net finance costs	**145,132**	88,595	**50,753**	63,921

Notes to the Financial Statements
for the financial year ended 31 December 2019
(continued)

10 TAXATION

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian tax	**92,405**	80,955	**33,315**	265
Foreign tax	**3,541**	5,648	**-**	-
	95,946	86,603	**33,315**	265
Deferred tax	**960**	2,473	**(1,058)**	8,052
	96,906	89,076	**32,257**	8,317
Current tax:				
Current financial year	**96,604**	89,214	**33,580**	265
Over accrual in prior financial year	**(658)**	(2,611)	**(265)**	-
	95,946	86,603	**33,315**	265
Deferred tax: (Note 20)				
Origination and reversal of temporary differences	**960**	2,473	**(1,058)**	8,052
Tax expense	**96,906**	89,076	**32,257**	8,317

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

	Group		Company	
	2019	2018	2019	2018
	%	%	%	%
Malaysian tax rate	**24**	24	**24**	24
Tax effects of:				
Different tax rates	**-***	1*	**-**	-
Share of results of associates and joint ventures	**-***	-*	**-**	-
Expenses not deductible for tax purposes	**6**	7	**11**	-*
Income not subject to tax	**(9)**	(13)	**(14)**	(24)
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	**(2)**	-*	**-**	-
Current year tax losses and deductible temporary differences not recognised	**2**	1	**-**	-
Over accrual of tax in prior financial year	**-***	(1)	**-***	-
Temporary differences arising from RCPS and RCCPS	**-***	-*	**-***	-*
Effective tax rate	**21**	19	**21**	-*

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

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

Notes to the Financial Statements
for the financial year ended 31 December 2019
(continued)

11 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share of the Group is calculated by dividing the profit attributable to equity holders of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year, excluding ordinary shares purchased by the Company and held as treasury shares (Note 27).

Group		**2019**	**2018**
Profit attributable to equity holders of the Company	**RM'000**	**208,665**	235,643
Weighted average number of ordinary shares in issue	**'000**	**680,615**	668,769
Basic earnings per share	**sen**	**30.66**	35.24

(b) Diluted earnings per share

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

Group		**2019**	**2018**
Profit attributable to equity holders of the Company	**RM'000**	**208,665**	235,643
Add: Interest on RCPS and RCCPS saved as a result of conversion	**RM'000**	**3,441**	4,544
Less: Tax relief thereon	**RM'000**	**(784)**	(1,132)
Adjusted earnings	**RM'000**	**211,322**	239,055
Weighted average number of ordinary shares in issue	**'000**	**680,615**	668,769
Adjustments for potential dilutive ordinary shares on conversion of RCPS and RCCPS	**'000**	**254,849**	255,481
Weighted average number of ordinary shares for diluted earnings per share	**'000**	**935,464**	924,250
Diluted earnings per share	**sen**	**22.59**	25.86

12 PROPERTY, PLANT AND EQUIPMENT

Group

	Freehold land RM'000	Leasehold land RM'000	ROU asset - Leasehold land (Note 12(b)) RM'000	Hotel properties (Note 12 (a)) RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture, fixtures, fittings and equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Cost										
At 1 Jan 2019, as previously reported	113,009	2,338	-	1,584,287	318,047	32,286	150,832	7,890	84,464	2,293,153
Adoption of MFRS 16	-	(2,338)	22,651	-	-	-	-	-	-	20,313
As restated	113,009	-	22,651	1,584,287	318,047	32,286	150,832	7,890	84,464	2,313,466
Additions	-	-	-	4,208	2,090	1,257	10,527	656	67,342	86,080
Written off	-	-	-	(4,712)	-	(1,174)	(4,023)	-	(248)	(10,157)
Disposals	(130)	-	-	(971)	-	(59)	(1,375)	(138)	(56)	(2,729)
Transfer (Note 14)										
- from investment properties	-	-	-	-	110,233	47,109	-	-	-	157,342
- to investment properties	(53,401)	-	-	(29,946)	(221,233)	(6,314)	(48,662)	-	-	(359,556)
Reclassification	-	-	-	-	16	-	398	-	(414)	-
Currency translation differences	-	-	(18)	(4,640)	-	-	(26)	(5)	-	(4,689)
At 31 December 2019	59,478	-	22,633	1,548,226	209,153	73,105	107,671	8,403	151,088	2,179,757
Accumulated depreciation										
At 1 Jan 2019, as previously reported	-	743	-	457,389	47,320	22,364	125,298	6,132	-	659,246
Adoption of MFRS 16	-	(743)	1,032	-	-	-	-	-	-	289
As restated	-	-	1,032	457,389	47,320	22,364	125,298	6,132	-	659,535
Charge for the financial year	-	-	588	45,632	2,046	1,681	9,824	535	-	60,306
Written off	-	-	-	(2,335)	-	(1,158)	(3,895)	-	-	(7,388)
Disposals	-	-	-	(914)	-	(17)	(949)	(100)	-	(1,980)
Transfer (Note 14)										
- from investment properties	-	-	-	-	26,167	47,024	-	-	-	73,191
- to investment properties	-	-	-	(18,287)	(38,389)	(4,448)	(48,616)	-	-	(109,740)
Currency translation differences	-	-	(9)	(625)	-	-	(3)	(5)	-	(642)
At 31 December 2019	-	-	1,611	480,860	37,144	65,446	81,659	6,562	-	673,282
Net book value										
At 31 December 2019	59,478	-	21,022	1,067,366	172,009	7,659	26,012	1,841	151,088	1,506,475

12 PROPERTY, PLANT AND EQUIPMENT (continued)

Group (continued)

	Freehold land RM'000	Leasehold land RM'000	Hotel properties (Note 12 (a)) RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture, fixtures, fittings and equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Cost									
At 1 January 2018	114,084	2,365	1,601,120	316,670	35,872	158,018	7,575	20,874	2,256,578
Additions	-	-	5,343	4,070	695	6,724	1,286	23,315	41,433
Written off	-	-	(738)	-	(9)	(8,080)	(13)	(52)	(8,892)
Disposals	-	-	(1,414)	-	-	(4,411)	(941)	-	(6,766)
Transfer from investment properties (Note 14)	-	-	-	-	-	-	-	40,824	40,824
Transfer to assets held for sale (Note 25)	(1,075)	-	-	(2,733)	(4,272)	(1,870)	-	-	(9,950)
Reclassification	-	-	-	40	-	457	-	(497)	-
Currency translation differences	-	(27)	(20,024)	-	-	(6)	(17)	-	(20,074)
At 31 December 2018	113,009	2,338	1,584,287	318,047	32,286	150,832	7,890	84,464	2,293,153
Accumulated depreciation									
At 1 January 2018	-	726	417,444	41,132	21,120	127,527	6,585	-	614,534
Charge for the financial year	-	30	44,129	6,326	1,376	9,846	510	-	62,217
Written off	-	-	(738)	-	(4)	(7,417)	(13)	-	(8,172)
Disposals	-	-	(1,335)	-	-	(4,267)	(941)	-	(6,543)
Transfer to assets held for sale (Note 25)	-	-	-	(138)	(128)	(386)	-	-	(652)
Currency translation difference	-	(13)	(2,111)	-	-	(5)	(9)	-	(2,138)
At 31 December 2018	-	743	457,389	47,320	22,364	125,298	6,132	-	659,246
Accumulated impairment losses									
At 1 January 2018	275	-	-	2,595	4,144	1,489	-	-	8,503
Reversal of impairment	-	-	-	-	-	(5)	-	-	(5)
Transfer to assets held for sale (Note 25)	(275)	-	-	(2,595)	(4,144)	(1,484)	-	-	(8,498)
At 31 December 2018	-	-	-	-	-	-	-	-	-
Net book value									
At 31 December 2018	113,009	1,595	1,126,898	270,727	9,922	25,534	1,758	84,464	1,633,907

Notes to the Financial Statements
for the financial year ended 31 December 2019
(continued)

12 PROPERTY, PLANT AND EQUIPMENT (continued)

Group (continued)

(a) Hotel properties

Group	Freehold land RM'000	Hotel buildings RM'000	Plant and machinery RM'000	Furniture fittings and equipment RM'000	Total RM'000
2019					
At cost					
At 1 January 2019	**153,837**	**1,030,405**	**125,278**	**274,767**	**1,584,287**
Additions	**-**	**559**	**389**	**3,260**	**4,208**
Written off	**-**	**(2,943)**	**-**	**(1,769)**	**(4,712)**
Disposals	**-**	**-**	**(26)**	**(945)**	**(971)**
Transfer to investment properties (Note 14)	**-**	**(14,216)**	**(830)**	**(14,900)**	**(29,946)**
Reclassification	**-**	**(4,946)**	**4,946**	**-**	**-**
Currency translation differences	**(991)**	**(3,162)**	**(381)**	**(106)**	**(4,640)**
At 31 December 2019	**152,846**	**1,005,697**	**129,376**	**260,307**	**1,548,226**
Accumulated depreciation					
At 1 January 2019	**-**	**124,189**	**89,507**	**243,693**	**457,389**
Charge for the financial year	**-**	**21,001**	**15,767**	**8,864**	**45,632**
Written off	**-**	**(592)**	**-**	**(1,743)**	**(2,335)**
Disposals	**-**	**-**	**(21)**	**(893)**	**(914)**
Transfer to investment properties (Note 14)	**-**	**(2,558)**	**(830)**	**(14,899)**	**(18,287)**
Currency translation differences	**-**	**(455)**	**(100)**	**(70)**	**(625)**
At 31 December 2019	**-**	**141,585**	**104,323**	**234,952**	**480,860**
Net book value					
At 31 December 2019	**152,846**	**864,112**	**25,053**	**25,355**	**1,067,366**
2018					
At cost					
At 1 January 2018	158,104	1,043,456	126,571	272,989	1,601,120
Additions	-	555	407	4,381	5,343
Written off	-	-	-	(738)	(738)
Disposals	-	-	(61)	(1,353)	(1,414)
Currency translation differences	(4,267)	(13,606)	(1,639)	(512)	(20,024)
At 31 December 2018	153,837	1,030,405	125,278	274,767	1,584,287
Accumulated depreciation					
At 1 January 2018	-	104,001	78,967	234,476	417,444
Charge for the financial year	-	21,654	10,977	11,498	44,129
Written off	-	-	-	(738)	(738)
Disposals	-	-	(60)	(1,275)	(1,335)
Currency translation differences	-	(1,466)	(377)	(268)	(2,111)
At 31 December 2018	-	124,189	89,507	243,693	457,389
Net book value					
At 31 December 2018	153,837	906,216	35,771	31,074	1,126,898

Notes to the Financial Statements

for the financial year ended 31 December 2019
(continued)

12 PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Hotel properties (continued)

Group	2019 RM'000	2018 RM'000
Net book value of property, plant and equipment pledged as security for borrowings (Note 31)	-	243,643

Company	Furniture, fixtures, fittings and equipment	
	2019 **RM'000**	2018 RM'000
Cost		
At 1 January	**909**	944
Additions	**2,727**	184
Disposals	**(12)**	(110)
Written off	**-**	(109)
At 31 December	**3,624**	909
Accumulated depreciation		
At 1 January	**689**	840
Charge for the financial year	**765**	50
Disposals	**(8)**	(95)
Written off	**-**	(106)
At 31 December	**1,446**	689
Net book value		
At 31 December	**2,178**	220

(b) Right-of-use asset – leasehold land

(i) The Group's leasing activities and how it is accounted for

The Group leases lands for its business operations. The leases primarily comprise of a land used for hotel business operations for a period of 25 years, which consist of extension and termination option as described in Note 12(b)(ii) below. Other leasehold lands for the purpose of the Group's property development and water treatment operations were leased for a period of 99 years.

(ii) Extension and termination option

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

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

Notes to the Financial Statements
for the financial year ended 31 December 2019
(continued)

12 PROPERTY, PLANT AND EQUIPMENT (continued)

(b) Right-of-use asset – leasehold land (continued)

(iii) Lease liabilities (included in payables and contract liabilities)

Group	RM'000
At 1 January 2019 (Upon adoption of MFRS 16)	**19,549**
Add: Interest expense on discounting	**44**
Less: Lease payments	**(450)**
At 31 December 2019	**19,143**
Represented by:	
Current	**450**
Non-current	**18,693**
	19,143

(iv) Amount recognised in statement of comprehensive income

The statement of profit or loss shows the following amounts relating to leases:

Group	2019 RM'000
Depreciation charge of right-of-use assets	**588**
Interest expense (included in finance cost)	**44**
Low value/short term leases (Note 7)	**2,189**

(v) Amount recognised in statement of cash flows

Group	2019 RM'000
Cash used in financing activities	
- Repayment of lease	**406**
- Interest paid	**44**

Notes to the Financial Statements

for the financial year ended 31 December 2019
(continued)

13 INVENTORIES

Group	Note	2019 RM'000	2018 RM'000
Non-current			
Land held for property development	(a)	**442,200**	435,542
Current			
Property development costs	(b)	**187,280**	348,460
At cost:			
Completed properties	(c)	**311,647**	111,695
Hotel operating supplies and raw materials		**1,741**	1,973
At net realisable value:			
Finished goods		**161**	130
		500,829	462,258

(a) Land held for property development

Group	Note	At cost RM'000	At net realisable value RM'000	Total RM'000
At 1 January 2019				
Land and development costs		**262,220**	**173,322**	**435,542**
Costs incurred during the financial year: Development costs		**6,658**	**-**	**6,658**
		6,658	**-**	**6,658**
At 31 December 2019		**268,878**	**173,322**	**442,200**
At 1 January 2018				
Land and development costs		113,254	173,322	286,576
Costs incurred during the financial year: Development costs		321	-	321
Transfer from property development cost: Land and development costs	13(b)	148,645	-	148,645
		148,966	-	148,966
At 31 December 2018		262,220	173,322	435,542

Land held for property development at cost of RM74,029,000 (2018: RM73,833,000) have been charged as security for interest bearing bank borrowings as disclosed in Note 31.

Notes to the Financial Statements
for the financial year ended 31 December 2019
(continued)

13 INVENTORIES (continued)

(b) Property development costs

Group	Note	2019 RM'000	2018 RM'000
At cost			
At 1 January			
Land and development costs		**448,011**	539,482
Accumulated costs charged to income statements		**(99,551)**	(18,882)
		348,460	520,600
Less completed development properties:			
Land and development costs		**(1,260)**	-
Accumulated costs charged to income statements		**1,260**	-
Add land and development costs:			
Costs incurred during the financial year		**114,354**	108,891
Costs recognised to income statement in current financial year		**(73,367)**	(80,669)
Transfer to inventories - land held for property development	13(a)	**-**	(148,645)
Transfer to inventories - completed properties	13(c)	**(202,167)**	(51,717)
At 31 December		**187,280**	348,460
Property development costs are analysed as follows:			
At cost			
Land and development costs		**358,943**	448,011
Accumulated costs charged to income statement		**(171,663)**	(99,551)
		187,280	348,460
Land and development costs charged as security for borrowings	31	**9,483**	175,666
Interest costs capitalised as property development costs		**3,210**	2,855
Costs to obtain or fulfil contract recognised as an expense in the income statements in current financial year		**2,395**	4,096

(c) Completed properties

Group	Note	2019 RM'000	2018 RM'000
At cost			
At 1 January		**111,695**	67,495
Sales cancellation		**115**	-
Transfer from property development costs	13(b)	**202,167**	51,717
Disposals during the financial year		**(2,330)**	(7,517)
At 31 December		**311,647**	111,695

Notes to the Financial Statements

for the financial year ended 31 December 2019
(continued)

14 INVESTMENT PROPERTIES

Group	Right-of-use asset RM'000	Land held for future development RM'000	Property investment -retail RM'000	Property investment-commercial RM'000	Capital work-in-progress RM'000	Total RM'000
2019						
Cost						
At 1 January 2019, as previously reported	**-**	**158,593**	**1,402,379**	**1,421,719**	**1,356,536**	**4,339,227**
Adoption of MFRS 16	**158,593**	**(158,593)**	**-**	**-**	**-**	**-**
As restated	**158,593**	**-**	**1,402,379**	**1,421,719**	**1,356,536**	**4,339,227**
Additions	**-**	**-**	**-**	**212**	**306,522**	**306,734**
Reclassification	**-**	**-**	**1,454,963**	**-**	**(1,454,963)**	**-**
Transfer (Note 12)						
- from property, plant and equipment	**-**	**-**	**-**	**359,556**	**-**	**359,556**
- to property, plant and equipment	**-**	**-**	**-**	**(157,342)**	**-**	**(157,342)**
Written off	**(466)**	**-**	**-**	**-**	**-**	**(466)**
At 31 December	**158,127**	**-**	**2,857,342**	**1,624,145**	**208,095**	**4,847,709**
Accumulated depreciation						
At 1 January 2019	**-**	**-**	**536,270**	**280,852**	**-**	**817,122**
Charge for the financial year	**-**	**-**	**45,081**	**27,315**	**-**	**72,396**
Transfer (Note 12)						
- from property, plant and equipment	**-**	**-**	**-**	**109,740**	**-**	**109,740**
- to property, plant and equipment	**-**	**-**	**-**	**(73,191)**	**-**	**(73,191)**
At 31 December	**-**	**-**	**581,351**	**344,716**	**-**	**926,067**
Net book value						
At 31 December	**158,127**	**-**	**2,275,991**	**1,279,429**	**208,095**	**3,921,642**
2018						
Cost						
At 1 January	-	168,043	1,402,379	775,099	1,360,238	3,705,759
Additions	-	466	-	745	673,081	674,292
Reclassification	-	(9,916)	-	645,875	(635,959)	-
Transfer to property, plant and equipment (Note 12)	-	-	-	-	(40,824)	(40,824)
At 31 December	-	158,593	1,402,379	1,421,719	1,356,536	4,339,227
Accumulated depreciation						
At 1 January	-	-	514,440	259,360	-	773,800
Charge for the financial year	-	-	21,830	21,492	-	43,322
At 31 December	-	-	536,270	280,852	-	817,122
Net book value						
At 31 December	-	158,593	866,109	1,140,867	1,356,536	3,522,105

Notes to the Financial Statements
for the financial year ended 31 December 2019
(continued)

14 INVESTMENT PROPERTIES (continued)

Direct operating expenses from investment properties that generated rental income for the Group during the financial year amounted to approximately RM362,271,000 (2018: RM273,565,000).

Included in direct operating expenses of the Group's investment properties were the following expenses:

Group	2019 RM'000	2018 RM'000
Depreciation of investment properties	**72,396**	43,322
Quit rent and assessment	**26,405**	23,343
Repairs and maintenance	**35,413**	27,305
Staff costs	**100,774**	85,160
Utilities	**74,984**	45,520
Others	**52,299**	48,915
	362,271	273,565

Group	Fair value 2019 RM'000	Fair value 2018 RM'000	Level	Valuation technique
Land held for future development	**158,127**	183,800	3	Market approach
Retail malls	**6,420,000**	4,960,000	3	Income approach
Commercial properties	**2,715,816**	2,135,965	3	Income approach
Total	**9,293,943**	7,279,765		

The fair value of the investment properties above were estimated based on either valuation by independent qualified valuers or 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 completes.

The fair value of the investment properties is determined based on income approach and market approach using Level 3 inputs in the fair value hierarchy of MFRS 13 'Fair Value Measurement'. The fair value of the investment properties based on income approach 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. The fair value of the investment properties based on market approach is derived from market evidences of transacted prices per square foot for similar properties in which the values have been adjusted for key attributes such as property size, location and date of transaction.

The Level 3 inputs (unobservable inputs) include:

Term rental	-	the expected rental that the investment properties are expected to achieve and is derived from the current passing rental, including revision upon renewal of tenancies during the year;
Reversionary rental	-	the expected rental that the investment properties are expected to achieve upon expiry of term rental;
Car park income	-	refers to rental on car park bays;
Other income	-	comprising percentage rent, advertising income and others;
Outgoings	-	comprising quit rent and assessment, utilities costs, reimbursable manpower costs, repair and maintenance, insurance premium, asset enhancement expenses and other general expenses;
Capitalisation rate	-	based on actual location, size and condition of the investment properties and taking into account market data at the valuation date based on the valuers' knowledge of the factors specific to investment properties;
Allowance for void	-	refers to allowance provided for vacancy periods, marketing and rent free periods; estimated price psf for which a property should exchange on the date of valuation
Price per square foot ("psf")	-	between a willing buyer and a willing seller.

Notes to the Financial Statements

for the financial year ended 31 December 2019
(continued)

14 INVESTMENT PROPERTIES (continued)

Investment property with net book value of RM2,034,064,000 (2018: RM1,584,421,000) have been charged as security for borrowings as disclosed in Note 31.

Included in the Group's investment properties' additions during the financial year were interest expense capitalised amounting to RM18,721,000 (2018: RM43,087,000).

15 LONG TERM PREPAID LEASE

Group	2019 RM'000
At cost	
At 1 January 2019, as previously reported	**658**
Adoption of MFRS 16 (Note 12(b))	**(658)**
As restated	**-**
Accumulated amortisation	
At 1 January 2019, as previously reported	**289**
Adoption of MFRS 16 (Note 12(b))	**(289)**
As restated	**-**
Net book value	
At 1 January 2019, as previously reported	**369**
Adoption of MFRS 16 (Note 12(b))	**(369)**
As restated	**-**

Group	2018 RM'000
At cost	
At 1 January/31 December	658
Accumulated amortisation	
At 1 January	263
Charge for the financial year	26
At 31 December	289
Net book value	
At 31 December	369

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for the financial year ended 31 December 2019
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16 INTANGIBLE ASSETS

Group	Building software development cost	License	Goodwill	Total
	RM'000	RM'000	RM'000	RM'000
2019				
Cost				
At 1 January	**1,531**	**6,100**	**14,238**	**21,869**
Additions	**684**	**-**	**-**	**684**
At 31 December	**2,215**	**6,100**	**14,238**	**22,553**
Accumulated amortisation				
At 1 January	**1,339**	**340**	**-**	**1,679**
Charge for the financial year	**61**	**240**	**-**	**301**
At 31 December	**1,400**	**580**	**-**	**1,980**
Accumulated impairment losses				
At 1 January	**-**	**-**	**2,600**	**2,600**
Charge for the financial year	**-**	**-**	**11,638**	**11,638**
At 31 December	**-**	**-**	**14,238**	**14,238**
Net book value				
At 31 December	**815**	**5,520**	**-**	**6,335**
2018				
Cost				
At 1 January/31 December	1,531	6,100	14,238	21,869
Accumulated amortisation				
At 1 January	1,279	91	-	1,370
Charge for the financial year	60	249	-	309
At 31 December	1,339	340	-	1,679
Accumulated impairment losses				
At 1 January/31 December	-	-	2,600	2,600
Net book value				
At 31 December	192	5,760	11,638	17,590

The transfer of cost from property, plant and equipment to intangible assets at the end of the financial year ended 31 December 2018 refers to an advertising license granted to a subsidiary of the Group in exchange for services performed.

Impairment test for goodwill

Goodwill acquired in a business combination is allocated, at acquisition, to the Group's cash-generating units ('CGUs') that are expected to benefit from that business combination.

Notes to the Financial Statements

for the financial year ended 31 December 2019
(continued)

16 INTANGIBLE ASSETS (continued)

Impairment test for goodwill (continued)

A summary of the goodwill allocation to the Group's CGUs is shown as follows:

Group	2019 RM'000	2018 RM'000
G City Club Hotel Sdn. Bhd. ("GCity")	**-**	11,638

The Group undertakes an annual test for impairment of its cash generating units to which goodwill is allocated. During the current financial year ended, the Group has recognised a full impairment of the goodwill recognised from the acquisition of G City based on its value-in-use which has been adversely affected due to stiff competition and increased supply in the market despite tourist arrivals have plateaued in recent years.

The value-in-use calculation applies a discounted cash flow model using cash flow projection based on forecast and projection approved by management covering a five-year period for G City. The forecast and projection reflects management's expectation of revenue growth, operating costs and margin for the cash-generating unit based on past experience.

The rates used in the cash flow projection have been determined based on projected growth rate for the market in which the cash-generating unit participate. The discount rate applied to the cash flows forecast is benchmarked against local peers at the date of assessment of the cash-generating unit.

The following assumptions have been applied in the value-in-use calculation:

	2019	2018
Occupancy rate	**+3%**	+5%
Average room rates	**+3%**	+2%
Pre-tax discount rate	**10%**	10%

Based on the value-in-use calculation, the carrying amount is in excess of the recoverable amount, by RM11,638,000. Accordingly, the Group has made a full impairment loss during the financial year.

17 SUBSIDIARIES

Company	2019 RM'000	2018 RM'000
Investment in subsidiaries, at cost		
Quoted ordinary shares	**2,791,124**	2,791,124
Unquoted ordinary shares	**3,607,254**	3,607,254
Less: Accumulated impairment losses	**(8,006)**	(8,006)
	6,390,372	6,390,372
Advances to subsidiaries	**14**	118
Total	**6,390,386**	6,390,490

The market value of the quoted ordinary shares is RM3,276,537,555 (2018: RM2,999,158,714) which consist of shares in IGB Real Estate Investment Trust (IGB REIT) (2018: IGB REIT).

Ordinary shares of subsidiaries with a carrying value of RM4.55 billion (2018: RM2.49 billion) have been charged as security for borrowings as detailed in Note 31(a).

Notes to the Financial Statements

for the financial year ended 31 December 2019
(continued)

17 SUBSIDIARIES (continued)

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

	SKM 31.12.2019 RM'000	IGB REIT 31.12.2019 RM'000
Proportion of ordinary shares and voting rights held by non-controlling interests (%)	30.00	46.95
(a) Summarised statement of comprehensive income:		
Net profit for the financial year	5,766	293,870
Total comprehensive income for the financial year	5,766	293,870
Total comprehensive income attributable to non-controlling interests	1,730	137,972
Dividends paid to non-controlling interests	-	152,490
(b) Summarised statement of financial position:		
Current assets	144,031	255,675
Current liabilities	(234,738)	(238,082)
Net current (liabilities)/assets	(90,707)	17,593
Non-current assets	1,440,351	881,485
Non-current liabilities	(1,003,246)	(1,199,285)
Net non-current assets/(liabilities)	437,105	(317,800)
Net assets/(liabilities)	346,398	(300,207)
Attributable to:		
Owners of the parent	242,479	(159,260)
Non-controlling interests	103,919	(140,947)
	346,398	(300,207)
(c) Summarised statement of cash flows:		
Net cash flows from operating activities	47,178	392,541
Net cash flows (used in)/generated from investing activities	(168,189)	5,568
Net cash flows generated from/(used in) financing activities	69,992	(380,653)
Net (decrease)/increase in cash and cash equivalents during the financial year	(51,019)	17,456
Cash and cash equivalents at 1 January	104,735	179,632
Cash and cash equivalents at 31 December	53,716	197,088

The controlling interests of the other subsidiaries totalling to RM134,337,000 (2018: RM144,119,000) were individually immaterial.

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(continued)

17 SUBSIDIARIES (continued)

		SKM 31.12.2018 RM'000	IGB REIT 31.12.2018 RM'000
Proportion of ordinary shares and voting rights held by non-controlling interests (%)		30.00	47.14
(a)	**Summarised statement of comprehensive income:**		
	Net profit for the financial year	38,654	280,679
	Total comprehensive income for the financial year	38,654	280,679
	Total comprehensive income attributable to non-controlling interests	11,596	132,312
	Dividends paid to non-controlling interests	-	196,761
(b)	**Summarised statement of financial position:**		
	Current assets	163,075	235,002
	Current liabilities	(172,965)	(237,250)
	Net current liabilities	(9,890)	(2,248)
	Non-current assets	1,226,164	906,326
	Non-current liabilities	(875,642)	(1,199,025)
	Net non-current assets/(liabilities)	350,522	(292,699)
	Net assets/(liabilities)	340,632	(294,947)
	Attributable to:		
	Owners of the parent	238,442	(155,909)
	Non-controlling interests	102,190	(139,038)
		340,632	(294,947)
(c)	**Summarised statement of cash flows:**		
	Net cash flows from operating activities	16,447	383,808
	Net cash flows (used in)/generated from investing activities	(309,477)	153,242
	Net cash flows generated from/(used in) financing activities	280,000	(469,113)
	Net (decrease)/increase in cash and cash equivalents during the financial year	(13,030)	67,937
	Cash and cash equivalents at 1 January	117,765	111,695
	Cash and cash equivalents at 31 December	104,735	179,632

Notes to the Financial Statements

for the financial year ended 31 December 2019
(continued)

17 SUBSIDIARIES (continued)

Details of the subsidiaries are as follows:

	Name of company	Principal activities	Country of incorporation	Group's effective interest (%) 2019	2018
*	AFMS Solutions Sdn. Bhd.	Research and development of automated facilities management solution system	Malaysia	**100.00**	100.00
	Elements Integrative Health Sdn. Bhd.	Integrated healthcare and wellness	Malaysia	**100.00**	100.00
	GoldChina Sdn. Bhd.	Investment holding	Malaysia	**100.00**	100.00
	Goldis Capital Sdn. Bhd.	Dormant	Malaysia	**100.00**	100.00
	Goldis Water Sdn. Bhd.	Investment holding	Malaysia	**100.00**	100.00
	Goldis Yu Sdn. Bhd.	Provision of money lending services to related companies	Malaysia	**100.00**	100.00
	GTower Sdn. Bhd.	Property investment holding	Malaysia	**80.00**	80.00
	G Fish (Asia) Sdn. Bhd. [1]	Aquaculture operations	Malaysia	**96.67**	96.67
	IGB Corporation Berhad	Investment holding and property development	Malaysia	**100.00**	100.00
	IGB Real Estate Investment Trust [2]	Real estate investment trust	Malaysia	**53.05**	52.86
	Lautan Bumimas Sdn. Bhd.	Dormant	Malaysia	**51.00**	51.00
	Macro Lynx Sdn. Bhd.	Provision of broadband internet access services, web enabling services, supply and service of computer and related products	Malaysia	**100.00**	100.00
	Multistock Sdn. Bhd.	Investment trading and investment holding	Malaysia	**100.00**	100.00
	Silver Sanctuary Sdn. Bhd.	Property investment holding	Malaysia	**100.00**	100.00
	Steady Paramount Sdn. Bhd.	Property investment holding	Malaysia	**100.00**	100.00
	Triple Hallmark Sdn. Bhd.	Investment holding	Malaysia	**100.00**	100.00
	<u>Held by Elements Integrative Health Sdn. Bhd.</u>				
	Elements Wellness Sdn. Bhd.	Wellness consultation and health services	Malaysia	**100.00**	100.00
	Elements Medical Fitness Sdn. Bhd.	Dormant	Malaysia	**100.00**	100.00
	<u>Held by GoldChina Sdn. Bhd.</u>				
*	Crest Spring Pte. Ltd.	Investment holding	Singapore	**100.00**	100.00
	<u>Held by Crest Spring Pte. Ltd.</u>				
*	Crest Spring (Shanghai) Co. Ltd.	Provision of engineering services for pure water and waste water treatment plants and related services	The People's Republic of China	**100.00**	100.00
*	New Water Co. Ltd.	Concession for management, operations and maintenance of waste water treatment plant	The People's Republic of China	**100.00**	100.00

Notes to the Financial Statements
for the financial year ended 31 December 2019
(continued)

17 SUBSIDIARIES (continued)

	Name of company	Principal activities	Country of incorporation	Group's effective interest (%) 2019	2018
	Held by Crest Spring (Shanghai) Co. Ltd.				
*	Jiang Su Crest Spring Co. Ltd.	Investment holding and consultancy services in water treatment	The People's Republic of China	**100.00**	100.00
*	Lianyungang Ganyu Xin Cheng Sewage Treatment Co. Ltd.	Concession for management, operations and maintenance of waste water treatment plant	The People's Republic of China	**100.00**	100.00
*	Yantai Xin Cheng Wastewater Treatment Co. Ltd.	Concession for management, operations and maintenance of waste water treatment plant	The People's Republic of China	**100.00**	100.00
	Held by Goldis Water Sdn. Bhd.				
*	Goldis Water Pte. Ltd.	Investment holding	Singapore	**100.00**	100.00
	Held by Goldis Water Pte. Ltd.				
*	ZouCheng XinCheng Waste Water Co. Ltd.	Concession for management, operations and maintenance of waste water treatment plant	The People's Republic of China	**100.00**	100.00
	Held by G Fish (Asia) Sdn. Bhd.				
	OM3 Fish (Asia) Sdn. Bhd.	Dormant	Malaysia	**96.67**	96.67
	OM3 Fish Development Sdn. Bhd.	Dormant	Malaysia	**96.67**	96.67
	OM3 Fish Services Sdn. Bhd.	Dormant	Malaysia	**96.67**	96.67
	Held by Macro Lynx Sdn. Bhd.				
	Mines Fiberlynx Sdn. Bhd.	Provision of broadband internet access services, web enabling services, supply and service of computer and related products	Malaysia	**100.00**	100.00
	MLynx Sdn. Bhd.	Provision of broadband internet access services, web enabling services, supply and service of computer and related products	Malaysia	**100.00**	100.00
	MVC Fiberlynx Sdn. Bhd.	Provision of broadband internet access services, web enabling services, supply and service of computer and related products	Malaysia	**100.00**	100.00
	Held by Triple Hallmark Sdn. Bhd.				
	G City Club Hotel Sdn. Bhd.	Hotel operations	Malaysia	**100.00**	100.00
	Sonata Vision Sdn. Bhd.	Food and beverage operations	Malaysia	**100.00**	100.00

Notes to the Financial Statements
for the financial year ended 31 December 2019
(continued)

17 SUBSIDIARIES (continued)

	Name of company	Principal activities	Country of incorporation	Group's effective interest (%) 2019	2018
	Held by IGB Corporation Berhad and its subsidiaries				
	Amandamai Dua Sdn. Bhd. [3]	Property development	Malaysia	**100.00**	100.00
	Angkasa Gagah Sdn. Bhd. [3]	Property development	Malaysia	**100.00**	100.00
	Arabayu Sepakat Sdn. Bhd. [3]	Property investment and property development	Malaysia	**100.00**	100.00
*	Asian Equity Limited [4]	Investment holding	British Virgin Islands	**55.00**	55.00
	Atar Deras Sdn. Bhd. [3]	Property development	Malaysia	**100.00**	100.00
*	Auspicious Prospects Ltd. [5]	Investment holding	Liberia	**100.00**	100.00
	Belimbing Hills Sdn. Bhd. [3]	Property development	Malaysia	**100.00**	100.00
*	Beswell Limited [6]	Investment holding	Hong Kong	**100.00**	100.00
	Bintang Buana Sdn. Bhd. [3]	Property development	Malaysia	**100.00**	90.00
	Central Review (M) Sdn. Bhd. [3]	Hotelier	Malaysia	**100.00**	100.00
	Cipta Klasik (M) Sdn. Bhd. [3]	Property development	Malaysia	**100.00**	70.00
	Cititel Hotel Management Sdn. Bhd.	Hotel management services	Malaysia	**60.00**	60.00
	Corpool Holdings Sdn. Bhd.	Investment holding	Malaysia	**100.00**	100.00
	Danau Bidara (M) Sdn. Bhd. [3]	Property investment	Malaysia	**100.00**	100.00
	Detik Harapan Sdn. Bhd.	Educational institution	Malaysia	**60.00**	60.00
	Dimensi Magnitud Sdn. Bhd.	Property investment	Malaysia	**70.00**	70.00
	Distinctive Ace Sdn. Bhd. [7]	Property investment and property development	Malaysia	**50.00 + 1 share**	50.00 + 1 share
	Earning Edge Sdn. Bhd. [8]	Investment holding	Malaysia	**65.00**	65.00
	Eastwind Alliance Sdn. Bhd. [3]	Property investment and property development	Malaysia	**100.00**	100.00
	Ensignia Construction Sdn. Bhd.	Building construction	Malaysia	**100.00**	100.00
	Ensignia Southkey City Sdn. Bhd. [9]	Building construction	Malaysia	**70.00**	70.00
	Future Pinnacle Sdn. Bhd. [10]	Property development	Malaysia	**100.00**	100.00
*	Grapevine Investments Pte. Ltd.	Investment holding	Singapore	**100.00**	100.00
	Great Union Properties Sdn. Bhd.	Dormant	Malaysia	**100.00**	100.00
	Harta Villa Sdn. Bhd. [3]	Property development	Malaysia	**100.00**	100.00
	ICDC Holdings Sdn. Bhd.	Investment holding	Malaysia	**100.00**	100.00
	Idaman Spektra Sdn. Bhd.	Property investment	Malaysia	**100.00**	100.00
	IGB Development Management Services Sdn. Bhd.	Project management services	Malaysia	**100.00**	100.00
	IGB International School Sdn. Bhd.	Property investment	Malaysia	**100.00**	100.00
	IGB International Ventures Sdn. Bhd.	Investment holding	Malaysia	**100.00**	100.00
	IGB Project Management Services Sdn. Bhd.	Project management services	Malaysia	**100.00**	100.00
	IGB Properties Sdn. Bhd.	Property investment and management	Malaysia	**100.00**	100.00
	IGB Property Management Sdn. Bhd.	Property investment and management	Malaysia	**100.00**	100.00
	IGB REIT Capital Sdn. Bhd. [17]	Special purpose vehicle to raise financing	Malaysia	**53.05**	52.86
	IGB REIT Management Sdn. Bhd.	Management of real estate investment trust	Malaysia	**100.00**	100.00

Notes to the Financial Statements
for the financial year ended 31 December 2019
(continued)

17 SUBSIDIARIES (continued)

	Name of company	Principal activities	Country of incorporation	Group's effective interest (%) 2019	2018
	Held by IGB Corporation Berhad and its subsidiaries (continued)				
	Innovation & Concept Development Co. Sdn. Bhd. [11]	Property development	Malaysia	**100.00**	100.00
	IST Building Products Sdn. Bhd.	Trading of building materials	Malaysia	**100.00**	100.00
	IT&T Engineering & Construction Sdn. Bhd.	Investment holding	Malaysia	**100.00**	100.00
	Kemas Muhibbah Sdn. Bhd. [12]	Property development	Malaysia	**100.00**	100.00
	Kondoservis Management Sdn. Bhd. [3]	Management services	Malaysia	**100.00**	100.00
	Lagenda Sutera (M) Sdn. Bhd. [6]	Hotelier	Malaysia	**100.00**	100.00
*	Lingame Company Limited	Investment holding	Hong Kong	**100.00**	100.00
	Majestic Path Sdn. Bhd. [6]	Investment holding	Malaysia	**100.00**	100.00
	Megan Prestasi Sdn. Bhd.	Investment holding	Malaysia	**100.00**	100.00
	Mid Valley City Sdn. Bhd.	Management services/service provider	Malaysia	**100.00**	100.00
	Mid Valley City Developments Sdn. Bhd.	Property development	Malaysia	**100.00**	100.00
	Mid Valley City Energy Sdn. Bhd.	Selling and distribution of utilities	Malaysia	**100.00**	100.00
	Mid Valley City Enterprise Sdn. Bhd.	Hotelier	Malaysia	**100.00**	100.00
	Mid Valley City Gardens Sdn. Bhd.	Management services/service provider	Malaysia	**100.00**	100.00
	Mid Valley City Hotels Sdn. Bhd.	Hotelier	Malaysia	**100.00**	100.00
	Mid Valley City North Tower Sdn. Bhd.	Property investment	Malaysia	**100.00**	100.00
	Mid Valley City Property Services Sdn. Bhd. [13]	Building and maintenance services	Malaysia	**100.00**	100.00
	Mid Valley City South Tower Sdn. Bhd.	Property investment	Malaysia	**100.00**	100.00
	Mid Valley City Southpoint Sdn. Bhd.	Property investment	Malaysia	**100.00**	100.00
	Millennium Living Sdn. Bhd. [3]	Property investment	Malaysia	**100.00**	100.00
	Murni Properties Sdn. Bhd.	Property investment	Malaysia	**100.00**	100.00
	MVC Centrepoint North Sdn. Bhd.	Property investment	Malaysia	**100.00**	100.00
	MVC Centrepoint South Sdn. Bhd.	Property investment	Malaysia	**100.00**	100.00
	MVC CyberManager Sdn. Bhd.	MSC cybercentre at Mid Valley City	Malaysia	**100.00**	100.00
	MVEC Exhibition and Event Services Sdn. Bhd.	Exhibition services	Malaysia	**100.00**	100.00
	MVS Centrepoint North Tower Sdn. Bhd.	Property investment	Malaysia	**100.00**	100.00
	MVS Centrepoint South Tower Sdn. Bhd.	Property investment	Malaysia	**100.00**	100.00
	MVS North Tower Sdn. Bhd.	Property investment	Malaysia	**100.00**	100.00
	MVS Northpoint Hotel Sdn. Bhd.	Hotelier	Malaysia	**100.00**	100.00
	MVS South Tower Sdn. Bhd.	Property investment	Malaysia	**100.00**	100.00
	MVS Southpoint Hotel Sdn. Bhd.	Hotelier	Malaysia	**100.00**	100.00
	Nova Pesona Sdn. Bhd. [3]	Property development	Malaysia	**100.00**	100.00
	OPT Ventures Sdn. Bhd. [3]	Property development and investment	Malaysia	**100.00**	70.00
	Outline Avenue (M) Sdn. Bhd. [3]	Property development	Malaysia	**89.57**	89.57
	Pacific Land Sdn. Bhd.	Investment holding	Malaysia	**100.00**	100.00
*	Pacific Land Pte. Ltd. [6]	Investment holding	Singapore	**100.00**	100.00
	Pangkor Island Resort Sdn. Bhd.	Hotelier	Malaysia	**100.00**	100.00

Notes to the Financial Statements
for the financial year ended 31 December 2019
(continued)

17 SUBSIDIARIES (continued)

	Name of company	Principal activities	Country of incorporation	Group's effective interest (%) 2019	2018
	Held by IGB Corporation Berhad and its subsidiaries (continued)				
	Pekeliling Land Sdn. Bhd.	Property holding	Malaysia	**100.00**	100.00
	Penang Garden Sdn. Bhd.	Property development and investment	Malaysia	**100.00**	100.00
	Permata Efektif (M) Sdn. Bhd. [3]	Property development	Malaysia	**100.00**	100.00
	Plaza Permata Management Services Sdn. Bhd.	Property management services	Malaysia	**100.00**	100.00
	Prima Condominium Sdn. Bhd.	Investment holding	Malaysia	**100.00**	100.00
	Primanah Property Sdn. Bhd.	Property development	Malaysia	**100.00**	100.00
	Puncak Megah (M) Sdn. Bhd.	Investment holding	Malaysia	**100.00**	100.00
	Rapid Alpha Sdn. Bhd.	Hotelier	Malaysia	**100.00**	100.00
	Reka Handal Sdn. Bhd. [3]	Property development	Malaysia	**75.00**	75.00
	Riraiance Enterprise Sdn. Bhd.	Investment holding	Malaysia	**100.00**	100.00
	Salient Glory City Sdn. Bhd.	Hotelier	Malaysia	**100.00**	100.00
	Southkey Megamall Sdn. Bhd.	Property investment	Malaysia	**70.00**	70.00
*	St Giles Hotels (Asia) Limited [14]	Hotel management services	Labuan	**60.00**	60.00
	Tanah Permata Sdn. Bhd. [6]	Hotelier	Malaysia	**100.00**	100.00
	Tan & Tan Developments Berhad	Property development, project management services and investment holding	Malaysia	**100.00**	100.00
	Tan & Tan Realty Sdn. Bhd. [3]	Property investment	Malaysia	**80.00**	80.00
*	Tank Stream Holdings Pty. Ltd. [15]	Investment holding	Australia	**100.00**	100.00
	The Gardens Theatre Sdn. Bhd.	Lease auditorium space for performing arts	Malaysia	**100.00**	100.00
	TTD Sdn. Bhd. [3]	Hotelier	Malaysia	**100.00**	100.00
	Verokey Sdn. Bhd.	Property investment	Malaysia	**100.00**	100.00
*	Wilmer Link Limited [16]	Investment holding	British Virgin Islands	**58.00**	58.00

Notes:

1 - Held by IGB and Goldis Yu Sdn. Bhd., 74.17% and 22.5% respectively.
2 - Held by IGB, IGB REIT Management Sdn. Bhd. and Tan & Tan Developments Berhad, 48.85%, 4.18% and 0.02% respectively.
3 - Held by Tan & Tan Developments Berhad.
4 - Held by Pacific Land Sdn. Bhd. and TTD Sdn. Bhd., 35.0% and 20.0% respectively.
5 - Held by Lingame Company Limited.
6 - Held by Pacific Land Sdn. Bhd.
7 - Held by Megan Prestasi Sdn. Bhd.
8 - Held by Pacific Land Sdn. Bhd. and TTD Sdn. Bhd., 45.0% and 20.0% respectively.
9 - Held by Ensignia Construction Sdn. Bhd.
10 - Held by TTD Sdn. Bhd.
11 - Held by ICDC Holdings Sdn. Bhd.
12 - Held by IGB Project Management Services Sdn. Bhd.
13 - Held by Mid Valley City Developments Sdn. Bhd.
14 - Held by Cititel Hotel Management Sdn. Bhd.
15 - Held by Pacific Land Sdn. Bhd. and IGBC, 19.6% and 80.4% respectively.
16 - Held by IGB International Ventures Sdn. Bhd.
17 - Held by IGB Real Estate Investment Trust via MTrustee Berhad.

* Companies audited by firms other than PricewaterhouseCoopers PLT Malaysia

Notes to the Financial Statements
for the financial year ended 31 December 2019
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18 ASSOCIATES AND JOINT VENTURES

	31.12.2019 RM'000	31.12.2018 Restated (Note 18(c)) RM'000	01.01.2018 Restated (Note 18(c)) RM'000
As at 31 December			
Investment in:			
Associates	**337,780**	332,375	337,175
Joint ventures	**514,548**	501,184	510,296
	852,328	833,559	847,471

	31.12.2019 RM'000	31.12.2018 RM'000
Financial year ended 31 December		
Share of results of:		
Associates	**(686)**	7,276
Joint ventures	**4,655**	2,006
	3,969	9,282
Share of other comprehensive income/(loss) of:		
Associates	**7,116**	(12,007)
Joint ventures	**4,630**	1,499
	11,746	(10,508)
Total comprehensive income/(loss)		
Associates	**6,430**	(4,731)
Joint ventures	**9,285**	3,505
	15,715	(1,226)

(a) Associates

Group	31.12.2019 RM'000	31.12.2018 Restated (Note 18(c)) RM'000	01.01.2018 Restated (Note 18(c)) RM'000
At cost			
Unquoted shares in Malaysia	**28,409**	28,369	28,369
Unquoted shares outside Malaysia	**25,905**	25,905	25,905
	54,314	54,274	54,274
Group's share of post-acquisition results and reserves	**290,124**	284,759	289,559
	344,438	339,033	343,833
Less: Accumulated impairment losses	**(6,658)**	(6,658)	(6,658)
At 31 December	**337,780**	332,375	337,175

Notes to the Financial Statements

for the financial year ended 31 December 2019
(continued)

18 ASSOCIATES AND JOINT VENTURES (continued)

(a) Associates (continued)

Set out below are associates of the Group as at 31 December 2019, which, in the opinion of the Directors, are material to the Group. The associates as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. In the opinion of the Directors, all the other associates are immaterial to the Group.

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

	2019		2018	
	Ravencroft Investments Incorporated	New Commercial Investments Limited	Ravencroft Investments Incorporated	New Commercial Investments Limited
	RM'000	RM'000	RM'000	RM'000
Summarised statement of comprehensive income				
Revenue	**58,555**	**9,497**	56,365	9,639
Other income	**16,395**	**-**	18,584	-
Total expense before interest and taxation	**(41,871)**	**(4,227)**	(15,849)	(8,226)
Interest income	**8,220**	**922**	7,214	769
Interest expense	**(4,226)**	**(2,146)**	(4,421)	(2,176)
Profit before taxation	**37,073**	**4,046**	61,893	6
Income tax	**(8,192)**	**(1,236)**	(8,895)	(1,236)
Net profit/(loss) for the financial year	**28,881**	**2,810**	52,998	(1,230)
Other comprehensive income/(loss)	**8,763**	**1,929**	(14,803)	(3,425)
Total comprehensive income/(loss)	**37,644**	**4,739**	38,195	(4,655)
Summarised statement of financial position				
Cash and cash equivalents	**307,423**	**19,061**	266,812	13,878
Other current assets (excluding cash and cash equivalents)	**172,697**	**90,737**	152,693	86,681
Total current assets	**480,120**	**109,798**	419,505	100,559
Other current liabilities (including trade and other payables and provisions)	**(234,270)**	**(80,674)**	(227,755)	(76,232)
Total current liabilities	**(234,270)**	**(80,674)**	(227,755)	(76,232)
Non-current assets	**287,246**	**122,797**	301,911	122,349
Financial liabilities (excluding trade and other payables and provisions)	**(87,572)**	**(24,763)**	(85,781)	(24,257)
Total non-current liabilities	**(87,572)**	**(24,763)**	(85,781)	(24,257)
Net assets	**445,524**	**127,158**	407,880	122,419

Notes to the Financial Statements

for the financial year ended 31 December 2019
(continued)

18 ASSOCIATES AND JOINT VENTURES (continued)

(a) Associates (continued)

Reconciliation of summarised financial information

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

	Ravencroft Investments Incorporated RM'000	New Commercial Investments Limited RM'000	Total RM'000
2019			
Net assets as at 1 January	**407,880**	**122,419**	**530,299**
Net profit for the financial year	**28,881**	**2,810**	**31,691**
Other comprehensive income	**8,763**	**1,929**	**10,692**
Net assets as at 31 December	**445,524**	**127,158**	**572,682**
Interest in associates (%)	**49.47**	**49.55**	**-**
Share of net assets/carrying amount of in interest in associates	**220,401**	**63,007**	**283,408**
2018			
Net assets as at 1 January	369,685	127,074	496,759
Net profit for the financial year	52,998	(1,230)	51,768
Other comprehensive income	(14,803)	(3,425)	(18,228)
Net assets as at 31 December	407,880	122,419	530,299
Interest in associates (%)	49.47	49.55	-
Share of net assets/carrying amount of interest in associates	201,778	60,659	262,437

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

Group	31.12.2019 RM'000	31.12.2018 Restated (Note 18(c)) RM'000	01.01.2018 Restated (Note 18(c)) RM'000
Carrying amounts of interest in associates	54,372	69,938	91,327
Share of associates' (loss)/profit	(16,365)	(18,332)	3,904
Share of associates' other comprehensive profit/(loss)	1,825	(2,987)	(3,422)
Dividend received/receivable during the financial year	1,105	69	167

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18 ASSOCIATES AND JOINT VENTURES (continued)

(a) Associates (continued)

Details of the associates are as follows:

	Name of company	Principal activities	Country of incorporation	Group's effective interest (%) 2019	Group's effective interest (%) 2018
*	Cititel Express Pty Limited [3]	Investment holding	Australia	**39.00**	39.00
*	Cititel International Hospitality Limited [4]	Hotelier	Guernsey	**49.47**	49.47
*	DMV Sdn. Bhd. [5]	Property development	Malaysia	**38.45**	38.45
*	Hicom Tan & Tan Sdn. Bhd. [2]	Property development	Malaysia	**50.00**	50.00
	Jutanis Sdn. Bhd. [2]	Property development	Malaysia	**45.00**	45.00
*	Merchant Firm Ltd. [4]	Investment holding	British Virgin Islands	**49.47**	49.47
*	New Commercial Investments Limited [7]	Investment holding	British Virgin Islands	**49.55**	49.55
	Orion Corridor Sdn. Bhd. [6]	Leasing of aircrafts	Malaysia	**24.74**	24.74
*	Pacific Land Co., Ltd [8]	Investment holding	Thailand	**48.90**	48.90
*	One WSM Property (KL) Sdn. Bhd. [2]	Real estate agents	Malaysia	**40.00**	-
*	Ravencroft Investments Incorporated [9]	Investment holding	British Virgin Islands	**49.47**	49.47
*	St Giles Hotel [6]	Construction and hotel management	Republic of Congo	**49.47**	49.47
*	St Giles Hotel, Inc [10]	Hotelier	United States of America	**49.47**	49.47
*	St Giles Hotel Limited [9]	Hotelier	United Kingdom	**49.47**	49.47
*	St Giles Hotel, LLC [11]	Hotelier	United States of America	**49.47**	49.47
*	St Giles Hotel (Heathrow) Limited [7]	Hotelier	United Kingdom	**49.55**	49.55
*	St Giles Hotel (Manila) Inc [6]	Hotelier	Philippines	**49.47**	49.47
*	Technoltic Engineering Sdn. Bhd. [1]	Servicing, maintenance and installation of elevators	Malaysia	**40.00**	40.00
*	Tentang Emas Sdn. Bhd. [2]	Investment holding	Malaysia	**49.00**	49.00

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

* Companies audited by firms other than PricewaterhouseCoopers PLT Malaysia.

Notes to the Financial Statements
for the financial year ended 31 December 2019
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18 ASSOCIATES AND JOINT VENTURES (continued)

(b) Joint ventures

Group	31.12.2019 RM'000	31.12.2018 Restated (Note 18(c)) RM'000	01.01.2018 Restated (Note 18(c)) RM'000
At cost			
Unquoted shares in Malaysia	**39,550**	39,550	43,050
Unquoted shares outside Malaysia	**67,444**	65,649	65,649
Amounts owing by joint venture	**337,297**	331,012	342,404
	444,291	436,211	451,103
Group's share of post-acquisition results and reserves	**70,257**	64,973	61,467
	514,548	501,184	512,570
Less: Accumulated impairment losses	**-**	-	(2,274)
At 31 December	**514,548**	501,184	510,296

During the financial year the Group subscribe to additional ordinary shares issued by its joint venture Mahanathee Chao Praya Co. Ltd. in proportion of the Group's shareholding amounted to RM1,794,964.

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

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

Set out below are joint ventures of the Group as at 31 December 2019. The investment in joint ventures have share capital consisting solely of ordinary shares, which are held directly by the Group. In the opinion of the Directors, the other joint ventures are immaterial to the Group.

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

Notes to the Financial Statements

for the financial year ended 31 December 2019
(continued)

18 ASSOCIATES AND JOINT VENTURES (continued)

(b) Joint ventures (continued)

2018	Black Pearl Limited RM'000	Mahanathee Chao Phraya Co. Ltd. RM'000
Summarised statement of comprehensive income		
Other income	-	-
Administrative expense	(2,270)	(208)
Loss before taxation	(2,270)	(208)
Income tax	-	-
Net loss for the financial year	(2,270)	(208)
Other comprehensive income	394	2,718
Total comprehensive (loss)/income	(1,876)	2,510
Summarised statement of financial position		
Cash and cash equivalents	813	133
Other current assets (excluding cash and cash equivalents)	604	-
Total current assets	1,417	133
Other current liabilities (including trade and other payables and provision)	(4,669)	(606)
Total current liabilities	(4,669)	(606)
Non-current assets	684,954	154,710
Financial liabilities (excluding trade and other payables and provision)	(693,359)	-
Total non-current liabilities	(693,359)	-
Net (liabilities)/assets	(11,657)	154,237

Notes to the Financial Statements
for the financial year ended 31 December 2019
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18 ASSOCIATES AND JOINT VENTURES (continued)

(b) Joint ventures (continued)

Reconciliation of summarised financial information

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

	Black Pearl Limited	Mahanathee Chao Phraya Co. Ltd.	Total
	RM'000	RM'000	RM'000
2019			
Net (liabilities)/assets as at 1 January	**(11,657)**	**154,237**	**142,580**
Issuance of shares during the year	**-**	**3,663**	**3,663**
Net loss for the financial year	**(2,110)**	**(362)**	**(2,472)**
Other comprehensive (loss)/income	**(283)**	**9,710**	**9,427**
Net (liabilities)/assets as at 31 December	**(14,050)**	**167,248**	**153,198**
Interest in joint venture (%)	**50.0**	**49.0**	**-**
Share of net (liabilities)/assets	**(7,025)**	**81,952**	**74,927**
Amounts owing to corporate shareholders	**307,205**	**-**	**307,205**
Carrying amount of interest in joint venture	**300,180**	**81,952**	**382,132**
2018			
Net (liabilities)/assets as at 1 January	(9,781)	151,727	141,946
Net loss for the financial year	(2,270)	(208)	(2,478)
Other comprehensive income	394	2,718	3,112
Net (liabilities)/assets as at 31 December	(11,657)	154,237	142,580
Interest in joint venture (%)	50.0	49.0	-
Share of net (liabilities)/assets	(5,828)	75,576	69,748
Amounts owing to corporate shareholders	300,920	-	300,920
Carrying amount of interest in joint venture	295,092	75,576	370,668

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

	31.12.2019	31.12.2018 Restated (Note 18(c))	01.01.2018 Restated (Note 18(c))
Group	**RM'000**	**RM'000**	**RM'000**
Carrying amounts of interest in joint ventures	**132,416**	130,516	128,528
Share of joint ventures' profit	**5,887**	3,243	4,408
Share of joint ventures' other comprehensive income	**14**	(30)	(16)
Dividend received/receivable during the financial year	**4,000**	-	-

Notes to the Financial Statements
for the financial year ended 31 December 2019
(continued)

18 ASSOCIATES AND JOINT VENTURES (continued)

(b) Joint ventures (continued)

Details of the joint ventures are as follows:

	Name of company	Principal activities	Country of Incorporation	Group's effective interest (%) 2019	2018
*	Black Pearl Limited [1]	Property development	Guernsey	**50.00**	50.00
*	Blackfriars Limited [2]	Property investment	Guernsey	**50.00**	50.00
*	Blackfriars Project Management Limited [1]	Provision of project management	United Kingdom	**50.00**	50.00
^	Hampshire Properties Sdn. Bhd. [3]	Property development and property investment	Malaysia	**50.00**	50.00
^	Kumpulan Sierramas (M) Sdn. Bhd. [3]	Property development	Malaysia	**50.00**	50.00
^	Kundang Properties Sdn. Bhd. [4]	Property development	Malaysia	**50.00**	50.00
*	Mahanathee Chao Phraya Co. Ltd. [5]	Property development	Thailand	**49.00**	49.00
^	Permata Alasan (M) Sdn. Bhd. [3]	Property development and property investment	Malaysia	**50.00**	50.00

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

* Companies audited by firms other than PricewaterhouseCoopers PLT Malaysia.
^ Reclassified from investment in associates to investment in joint ventures (Note 18(c))

(c) Restatement of associates and joint ventures

During the financial year, the Group reassessed its interest in certain investments previously classified as associates. Management has revisited the terms of the shareholders agreement and taking into account the effective shareholdings and board representation in these entities, the Group is of the view that these entities should be accounted for and classified as joint ventures instead of associates as the key decisions of these entities require unanimous consent of all parties and the contractual terms give the shareholders joint control of the entities collectively.

Notes to the Financial Statements
for the financial year ended 31 December 2019
(continued)

18 ASSOCIATES AND JOINT VENTURES (continued)

(c) Restatement of associates and joint ventures (continued)

The impact of reclassification on consolidated statement of financial position are set out as follow:

	Prior to reclassification	Reclassification	After reclassification
	RM'000	RM'000	RM'000
01.01.2018			
Associates	464,732	(127,557)	337,175
Joint ventures	382,739	127,557	510,296
Amounts owing by associates	42,869	(4,192)	38,677
Amounts owing by joint ventures	45,997	4,192	50,189
31.12.2018			
Associates	462,417	(130,042)	332,375
Joint ventures	371,142	130,042	501,184
Amounts owing by associates	37,210	(593)	36,617
Amounts owing by joint ventures	53,542	593	54,135

19 CONCESSION RECEIVABLES

	2019	2018
Group	**RM'000**	**RM'000**
Non-current	**129,468**	114,936
Current	**5,206**	3,925
	134,674	118,861

The Group has entered into service concession arrangements with the government of the People's Republic of China to construct and operate waste water treatment plants for a period ranging from 22 to 25 years. The terms of arrangement allow the Group to maintain and manage these treatment plants and receive consideration based on usage and rates as determined by the grantor for the entire duration of the concession subject to a minimum water volume calculated based on the waste water treatment plants normal capacity.

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

	2019	2018
Group	**RM'000**	**RM'000**
Fair value	**136,649**	121,011

The fair values are based on cash flows discounted based on the discount rate of 4.34% (2018: 4.37%). The fair values are within level 3 of the fair value hierarchy.

Notes to the Financial Statements
for the financial year ended 31 December 2019
(continued)

20 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	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deferred tax assets	**28,806**	22,060	**-**	-
Deferred tax liabilities	**(150,107)**	(142,597)	**(10,325)**	(11,400)
Deferred tax liabilities (net)	**(121,301)**	(120,537)	**(10,325)**	(11,400)

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January	**(120,537)**	(115,636)	**(11,400)**	(693)
(Charged)/Credited to statements of comprehensive income:				
Property, plant and equipment and investment properties	**8,054**	(11,811)	**(90)**	6
RCPS and RCCPS	**784**	1,132	**784**	1,132
Unutilised tax losses and unabsorbed capital allowances	**(5,743)**	4,611	**-**	(32)
Rental received in advance	**5,204**	1,945	**-**	-
Provision and others	**(9,259)**	1,650	**364**	(9,158)
	(960)	(2,473)	**1,058**	(8,052)
Charged to equity:				
RCPS and RCCPS	**17**	(2,655)	**17**	(2,655)
Currency translation difference	**179**	227	**-**	-
At 31 December	**(121,301)**	(120,537)	**(10,325)**	(11,400)

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Subject to income tax				
Deferred tax assets (before offsetting)				
Property, plant and equipment	**3,306**	3,230	**-**	-
Provisions and others	**13,345**	9,560	**-**	-
Unutilised tax losses and unabsorbed capital allowances	**9,534**	15,277	**-**	-
Rental received in advance	**14,005**	8,801	**-**	-
	40,190	36,868	**-**	-
Offsetting	**(11,384)**	(14,808)	**-**	-
Deferred tax assets (after offsetting)	**28,806**	22,060	**-**	-

Notes to the Financial Statements

for the financial year ended 31 December 2019
(continued)

20 DEFERRED TAX (continued)

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Deferred tax liabilities (before offsetting)				
Property, plant and equipment and investment properties	**(126,443)**	(134,421)	**(90)**	-
RCPS and RCCPS	**(1,441)**	(2,242)	**(1,441)**	(2,242)
Others	**(33,607)**	(20,742)	**(8,794)**	(9,158)
	(161,491)	(157,405)	**(10,325)**	(11,400)
Offsetting	**11,384**	14,808	**-**	-
Deferred tax liabilities (after offsetting)	**(150,107)**	(142,597)	**(10,325)**	(11,400)

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

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

	2019	2018
Group	RM'000	RM'000
Unutilised tax losses		
- expiry by year of assessment 2025	**213,383**	221,750
- expiry by year of assessment 2026	**39,333**	-
Deductible temporary differences	**579,458**	516,904
	832,174	738,654
Deferred tax assets not recognised at 24% (2018: 24%)	**199,722**	177,277

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
At 1 January	**93,761**	-	**93,563**	-
Reclassification	**-**	54,870	**-**	54,608
As restated at 1 January	**93,761**	54,870	**93,563**	54,608
Addition	**912**	9,372	**912**	9,436
Fair value loss	**(570)**	29,519	**(570)**	29,519
Disposal	**(1,271)**	-	**(1,271)**	-
Expired	**(198)**	-	**-**	-
At 31 December	**92,634**	93,761	**92,634**	93,563

Notes to the Financial Statements
for the financial year ended 31 December 2019
(continued)

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Dividends from equity investments held at fair value through other comprehensive income recognised in profit or loss in other income:				
Related to equity instruments derecognised	**16**	-	**16**	-
Related to investments held at end of financial year	**-**	37	**-**	37
	16	37	**16**	37

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Quoted shares in Malaysia	**-**	198	**-**	-
Quoted shares outside Malaysia	**-**	1,234	**-**	1,234
Unquoted shares outside Malaysia	**92,634**	92,329	**92,634**	92,329
	92,634	93,761	**92,634**	93,563

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
MYR	**-**	198	**-**	-
EURO	**-**	821	**-**	821
SGD	**-**	413	**-**	413
USD	**92,634**	92,329	**92,634**	92,329
	92,634	93,761	**92,634**	93,563

The Group and the Company have irrevocably elected to reclassify the financial assets at initial recognition to present its fair value changes in other comprehensive income. The Group and the Company consider this classification to be more relevant as these instruments represent strategic investments and are not held for trading purpose.

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

Notes to the Financial Statements

for the financial year ended 31 December 2019
(continued)

22 AMOUNTS OWING FROM/(TO) ASSOCIATES AND JOINT VENTURES

Group	31.12.2019 RM'000	31.12.2018 Restated Note 18(c)) RM'000	01.01.2018 Restated Note 18(c)) RM'000
Amounts owing from associates	**43,770**	39,877	41,937
Less: Allowance for impairment	**(3,936)**	(3,260)	(3,260)
	39,834	36,617	38,677
Amounts owing from joint ventures	**57,582**	54,135	50,189
Total	**97,416**	90,752	88,866
Amounts owing to associates	**(19)**	(4)	(4)

The amounts owing from associates and joint ventures represent advances which are unsecured, interest free (2018: interest free) and payable on demand, except for an amount owing from associate of RM16,348,000 (2018: RM19,954,000), which carries interest at a rate of 5.5% (2018: 5.5%) per annum.

The amounts owing to associates are unsecured, interest free (2018: interest free) and repayable on demand.

23 RECEIVABLES AND CONTRACT ASSETS

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Non-current				
Contract cost asset	**765**	1,141	**-**	-
Current				
(A) Trade and other receivables				
Trade receivables	**120,237**	70,764	**-**	-
Accrued billing in relation to rental income	**10,357**	9,789	**-**	-
Less: Provision for impairment	**(5,963)**	(5,057)	**-**	-
	124,631	75,496	**-**	-
Other receivables	**41,459**	56,417	**196**	528
Deposits	**31,853**	22,927	**1,044**	16
Less: Provision for impairment	**(1,825)**	(1,768)	**(150)**	(300)
	71,487	77,576	**1,090**	244
(B) Contract assets in relation to property development activities	**-**	45,363	**-**	-
Deferred lease incentives	**63,483**	7,984	**-**	-
Input tax	**9,049**	30,473	**-**	-
Prepayments	**5,676**	9,473	**832**	1
Total	**274,326**	246,365	**1,922**	245

Notes to the Financial Statements
for the financial year ended 31 December 2019
(continued)

23 RECEIVABLES AND CONTRACT ASSETS (continued)

The carrying amounts of trade and other receivables as at 31 December 2019 and 31 December 2018 approximated their fair values.

As at 31 December 2019, included in trade receivables is an amount of RM32,526,000 (2018: RM9,414,000) being stakeholder sum for property development.

The remaining contractual billings to customers from property development activities amounted to RM921,000 (2018: RM109,693,000) and will be billed progressively upon the fulfilment of contractual milestones. The contractual billings period for property development ranges between 1 to 2 years.

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

(A) Trade and other receivables

The aging analysis of these trade and other receivables are disclosed in Note 3(b).

(B) Contract assets

The contract assets and contract liabilities as at 31 December 2019 and 31 December 2018 were not impacted by significant changes in contract terms.

Group	2019 RM'000	2018 RM'000
Net carrying amount of contract assets and liabilities is analysed as follows:		
At 1 January		
Contract assets	**45,363**	4,694
Contract liabilities	**-**	(11,800)
	45,363	(7,106)
Property development revenue recognised during the financial year	**127,619**	150,842
Less: Billings during the financial year	**(179,092)**	(98,373)
At 31 December	**(6,110)**	45,363
At 31 December		
Contract assets	**-**	45,363
Contract liabilities	**(6,110)**	-
	(6,110)	45,363

Revenue recognised in the current financial year ended 31 December 2019 for the Group that was included in the contract liabilities for property development as at 1 January 2019 is Nil (1 January 2018: RM11,800,000).

Notes to the Financial Statements
for the financial year ended 31 December 2019
(continued)

24 CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks	**541,867**	782,556	**52,638**	166,476
Cash and bank balances	**151,941**	248,399	**18,366**	33,875
Deposits, cash and bank balances	**693,808**	1,030,955	**71,004**	200,351
Cash held under Housing Development Accounts (Note 24(a))	**48,305**	32,309	**-**	-
Less: Restricted cash (Note 24(b))	**(59,809)**	(54,296)	**(300)**	(300)
Less: Fixed deposit with maturity of more than 3 months	**(4,020)**	(7,334)	**-**	-
Cash and cash equivalents	**678,284**	1,001,634	**70,704**	200,051

Deposits with licensed banks of the Group and the Company as at 31 December 2019 both have an average maturity period of 40 days (2018: 36 days) and 14 days (2018: 6 days) respectively.

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

	Group		Company	
	2019	2018	2019	2018
	%	%	%	%
Deposits with licensed banks:				
RM	**3.14**	3.47	**3.13**	3.41
USD	**1.55**	2.32	**-**	2.20

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

(a) Cash held under Housing Development Accounts

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

The weighted average effective interest rates of bank balances under Housing Development Accounts during the financial year were 1.95% (2018: 2%) per annum.

(b) Restricted cash

Deposits pledged have been placed with licensed banks as securities for certain secured interest bearing bank borrowings of the Group and of the Company (Note 31), and are not available for use by the Group and the Company.

Included in the Group's deposits placed with licensed banks is an amount of RM58,519,000 (2018: RM53,006,000), which is maintained in a Debt Service Reserve Account with a facility agent to cover a minimum of 6 months interest as follows:

	2019	2018
Group	RM'000	RM'000
Mid Valley City Southpoint Sdn. Bhd.	**2,095**	2,019
IGB REIT Capital Sdn. Bhd.	**28,421**	27,461
Southkey Megamall Sdn. Bhd.	**28,003**	23,526
	58,519	53,006

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25 ASSET CLASSIFIED AS HELD-FOR-SALE

On 26 November 2018, OM3 Fish Services Sdn Bhd, entered into a sale and purchase agreement for the disposal of its land and its related assets for a cash consideration of RM2,500,000.

The movements during the financial year relating to asset classified as held-for-sale are as follows:

Group	2019 RM'000	2018 RM'000
At 1 January	**800**	-
Completion of disposal	**(800)**	-
Transfer from property, plant and equipment (Note 12)	**-**	800
At 31 December	**-**	800

26 SHARE CAPITAL

Group and Company	Group and Company 2019		Group and Company 2018	
	Number of shares '000	Value RM'000	Number of shares '000	Value RM'000
Issued and fully paid				
Ordinary shares:				
At 1 January	**689,520**	**884,327**	611,474	645,030
Issued during the financial year	**632**	**2,017**	78,046	239,297
At 31 December	**690,152**	**886,344**	689,520	884,327
RCPS:				
At 1 January	**452,338**	**364,916**	453,493	365,847
Converted during the financial year	**(129)**	**(104)**	(1,155)	(931)
At 31 December	**452,209**	**364,812**	452,338	364,916
RCCPS:				
At 1 January	**57,087**	**139,122**	-	-
Issued during the financial year	**-**	**-**	76,818	187,206
Converted during the financial year	**(576)**	**(1,403)**	(19,731)	(48,084)
At 31 December	**56,511**	**137,719**	57,087	139,122

During the financial year, the number of ordinary shares of the Company increased from 689,519,720 to 690,152,033 by the allotment of:

i) 56,447 ordinary shares arising from the conversion of 128,700 RCPS at a conversion price of RM2.28. The said conversion also resulted in the decrease of the number of RCPS from 452,337,850 to 452,209,150.

ii) 575,866 ordinary shares arising from the conversion of 575,866 RCCPS at a conversion price of RM3.28. The said conversion also resulted in the decrease of the number of RCCPS from 57,087,141 to 56,511,275.

In prior financial year, the Company issued 76,817,705 RCCPS at RM3.28 each to the shareholders of IGB Corporation Berhad (IGBC) other than the Company.

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

The liability component and details of the RCPS and RCCPS issued is set out in Note 28.

Notes to the Financial Statements

for the financial year ended 31 December 2019
(continued)

27 TREASURY SHARES

In the current financial year, shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting on 29 May 2019, approved the Company's plan to purchase its own shares up to a maximum of 10% of total number of issued shares of the Company. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

During the financial year, the Company repurchase 8,237,100 of its ordinary share capital from the open market for RM21,902,730. The average price paid for these shares repurchased was RM2.66 per share.

An interim Single Tier dividend of 2.0 sen, dividend-in-specie was paid on 4 October 2019 by distributing 4,880,966 of the Company's treasury shares for RM12,050,350. The average cost of these shares was RM2.47 per share.

As at 31 December 2019, a total of 8,666,554 (2018: 5,310,420) ordinary shares were held as treasury shares. The cost of treasury shares as at 31 December 2019 and 31 December 2018 is summarised as follows:

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

			Cost per share		Average
	No. of shares	**Total cost**	**Low**	**High**	**cost per share**
2018		**RM**	**RM**	**RM**	**RM**
At 1 January	2,858,020	5,721,421			2.00
Repurchased in 2018:					
October	352,900	891,742	2.43	2.57	2.53
November	705,300	1,817,378	2.50	2.61	2.58
December	1,394,200	3,494,395	2.39	2.57	2.51
Total repurchased in 2019	2,452,400	6,203,515			2.53
At 31 December	5,310,420	11,924,936			2.25

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(continued)

27 TREASURY SHARES (continued)

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

As at 31 December 2019, the number of outstanding ordinary shares in issue after the setting off treasury shares against equity was 681,485,479 (2018: 684,209,300) ordinary shares.

28 REDEEMABLE CONVERTIBLE CUMULATIVE PREFERENCE SHARES

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

The main features of the RCPS are as follows:

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

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

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

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

- (a) when the dividend or part of the dividend on the RCPS is in arrears for more than six (6) months;
- (b) on a proposal to reduce the Company's share capital in accordance with Section 116 or 117 of the Companies Act 2016;
- (c) on a proposal for the disposal of the whole of the Company's property, business and undertaking;
- (d) on a proposal that affects rights attached to the RCPS;
- (e) on a proposal to wind up the Company; and
- (f) during the winding-up of the Company.

(v) The RCPS shall rank pari passu among themselves, and will rank ahead in regards to payment of dividends in all classes of shares of the Company.

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

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

The main features of the RCCPS are as follows:

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

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

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

Notes to the Financial Statements

for the financial year ended 31 December 2019
(continued)

28 REDEEMABLE CONVERTIBLE CUMULATIVE PREFERENCE SHARES (continued)

The main features of the RCCPS are as follows: (continued)

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

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

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

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

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

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

			2019	2018
	RCPS	RCCPS	Total	Total
Group and Company	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Liabilities component:				
At 1 January	**31,666**	**43,686**	**75,352**	48,842
RCCPS issued during the financial year	**-**	**-**	**-**	61,255
Amortisation of interest expense (Note 9)	**1,086**	**2,355**	**3,441**	4,544
Dividends paid (Note 33)	**(21,483)**	**(8,034)**	**(29,517)**	(23,273)
Converted into ordinary shares	**(9)**	**(396)**	**(405)**	(16,016)
At 31 December	**11,260**	**37,611**	**48,871**	75,352
Represented by:				
Current	**11,260**	**5,965**	**17,225**	26,096
Non-current	**-**	**31,646**	**31,646**	49,256
	11,260	**37,611**	**48,871**	75,352

The fair values of the liabilities component of the RCPS and RCCPS at 31 December 2019 amounted to RM48,871,000 (2018: RM75,352,000). The fair values are calculated using cash flows discounted at rates based on the borrowing rates of 5.79% and 5.97% respectively (2018: 5.79% and 5.97%) and are within Level 3 of the fair value hierarchy.

Notes to the Financial Statements

for the financial year ended 31 December 2019
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29 OTHER RESERVES

Group	Share option reserve RM'000	Available-for-sale reserve RM'000	Fair value through other comprehensive income reserve RM'000	Exchange fluctuation reserve RM'000	Total RM'000
2019					
At 1 January	**-**	**-**	**28,337**	**(18,232)**	**10,105**
Currency translation differences	**-**	**-**	**-**	**12,646**	**12,646**
Net change in fair values of financial assets at fair value through other comprehensive income	**-**	**-**	**(832)**	**-**	**(832)**
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to retained earnings	**-**	**-**	**249**	**-**	**249**
At 31 December	**-**	**-**	**27,754**	**(5,586)**	**22,168**
2018					
At 1 January	7,830	(1,182)	-	20,625	27,273
Reclassification	-	1,182	(1,182)	-	-
As restated at 1 January	7,830	-	(1,182)	20,625	27,273
Currency translation differences	-	-	-	(38,857)	(38,857)
Net change in fair values of financial assets at fair value through other comprehensive income	-	-	29,519	-	29,519
Share option exercised/lapsed	(7,830)	-	-	-	(7,830)
At 31 December	-	-	28,337	(18,232)	10,105

Company	Financial assets at fair value through other comprehensive income RM'000
2019	
At 1 January	**28,337**
Net change in fair values of financial assets at fair value through other comprehensive income	**(570)**
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to retained earnings	**249**
At 31 December	**28,016**
2018	
At 1 January	-
Reclassification	(1,182)
Net change in fair values	29,519
At 31 December	28,337

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for the financial year ended 31 December 2019
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30 PAYABLES AND CONTRACT LIABILITIES

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Current				
Trade and other payables:				
Trade payables	**285,808**	180,399	**-**	-
Trade accruals	**40,057**	33,801	**-**	-
Other payables	**83,938**	101,496	**129**	440
Accruals	**92,378**	115,978	**8,798**	1,080
Deposits received from tenants and customers	**264,546**	240,448	**-**	-
Lease liabilities (Note 12(b))	**450**	-	**-**	-
Deferred revenue	**36,340**	37,249	**-**	-
Contract liabilities in relation to property development activities (Note 23)	**6,110**	-	**-**	-
	809,627	709,371	**8,927**	1,520
Non-Current				
Lease liabilities (Note 12(b))	**18,693**	-	**-**	-
Total	**828,320**	709,371	**8,927**	1,520

Included in trade and other payables of the Group is retention sum of RM66,739,000 (2018: RM73,941,000).

31 INTEREST BEARING BANK BORROWINGS

		Group		Company	
	Note	2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Non-current					
Secured:					
Revolving credits	(a)	**330,200**	1,248,000	**330,200**	1,248,000
Term Loans	(b)	**8,570**	97,189	**-**	-
Medium Term Notes	(c)	**2,194,731**	2,074,667	**-**	-
		2,533,501	3,419,856	**330,200**	1,248,000
Current					
Secured:					
Revolving credits	(a)	**754,915**	119,686	**658,678**	3,171
Term Loans	(b)	**92,940**	45,163	**-**	-
Medium Term Notes	(c)	**16,547**	16,313	**-**	-
Unsecured:					
Revolving credits	(a)	**445,576**	445,620	**-**	-
		1,309,978	626,782	**658,678**	3,171
Total:					
Revolving credits	(a)	**1,530,691**	1,813,306	**988,878**	1,251,171
Term Loans	(b)	**101,510**	142,352	**-**	-
Medium Term Notes	(c)	**2,211,278**	2,090,980	**-**	-
		3,843,479	4,046,638	**988,878**	1,251,171

Notes to the Financial Statements
for the financial year ended 31 December 2019
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31 INTEREST BEARING BANK BORROWINGS (continued)

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revolving credits:				
RM	**1,489,761**	1,771,946	**988,878**	1,251,171
USD	**40,930**	41,360	**-**	-
	1,530,691	1,813,306	**988,878**	1,251,171
Term loans:				
RM	**90,000**	135,163	**-**	-
RMB	**11,510**	7,189	**-**	-
	101,510	142,352	**-**	-
Medium Term Notes:				
RM	**2,211,278**	2,090,980	**-**	-
Total	**3,843,479**	4,046,638	**988,878**	1,251,171

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	%	**%**	**%**	**%**
Revolving credits:				
RM	**4.25**	4.67	**4.28**	4.66
USD	**3.09**	3.66	**-**	-
Term loans:				
RM	**4.30**	4.62	**-**	-
RMB	**5.70**	5.70	**-**	-
Medium Term Notes:				
RM	**4.75**	4.78	**-**	-

Notes to the Financial Statements
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31 INTEREST BEARING BANK BORROWINGS (continued)

Estimated fair values

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

	2019		2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Group	RM'000	RM'000	RM'000	RM'000
Revolving credits	**1,530,691**	**1,530,691**	1,813,306	1,813,306
Term Loans	**101,510**	**101,510**	142,352	142,352
Medium Term Notes	**2,211,278**	**2,242,617**	2,090,980	2,101,015
	3,843,479	**3,874,818**	4,046,638	4,056,673
Company				
Revolving credits	**988,878**	**988,878**	1,251,171	1,251,171

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

	Maturity profile			Total carrying amount
	< 1 year	1 - 2 years	2 - 5 years	
Group	RM'000	RM'000	RM'000	RM'000
2019				
Revolving credits:				
Floating interest rate, secured	**754,915**	**330,200**	**-**	**1,085,115**
Floating interest rate, unsecured	**445,576**	**-**	**-**	**445,576**
Term loans, secured:				
Floating interest rate	**92,940**	**4,409**	**4,161**	**101,510**
Medium Term Notes, secured:				
Floating interest rate	**1,647**	**995,446**	**-**	**997,093**
Fixed interest rate	**14,900**	**-**	**1,199,285**	**1,214,185**
	1,309,978	**1,330,055**	**1,203,446**	**3,843,479**
2018				
Revolving credits:				
Floating interest rate, secured	119,686	917,800	330,200	1,367,686
Floating interest rate, unsecured	445,620	-	-	445,620
Term loans, secured:				
Floating interest rate	45,163	93,006	4,183	142,352
Medium Term Notes, secured:				
Floating interest rate	1,413	-	875,642	877,055
Fixed interest rate	14,900	-	1,199,025	1,213,925
	626,782	1,010,806	2,409,050	4,046,638

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31 INTEREST BEARING BANK BORROWINGS (continued)

	Maturity profile			Total carrying
	< 1 year	**1 - 2 years**	**2 - 5 years**	**amount**
Company	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2019				
Revolving credits:				
Floating interest rate, secured	**658,678**	**330,200**	**-**	**988,878**
2018				
Revolving credits:				
Floating interest rate, secured	3,171	917,800	330,200	1,251,171

(a) Revolving credits

A. The Company has a Revolving Credit ("RC 1") of up to RM804,000,000 with a tenure of 5 years from 31 October 2015 and bears a floating interest rate of aggregate effective cost of funds and a margin of 0.6% (2018: 0.6%) per annum.

The RC 1 is secured by way of a Memorandum of Deposit over shares in IGB Corporation Berhad ("IGBC") and IGB REIT, including but not limited, in all cases, to bonus shares, rights shares and other new shares or rights entitlements at a minimum coverage of at least 1.5 times the loan amount.

B. On 26 February 2018, the Company obtained an additional Revolving Credit ("RC 2") of up to RM351,000,000 with a tenure of 3 years from 26 February 2018 and bears a floating interest rate of aggregate effective cost of funds and a margin of 0.9% per annum.

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

C. Other than the RC 1 and RC 2 above, the other RC's of the Group are secured by way of:

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

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

(iii) Deposits pledged with licensed banks (Note 24); and

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

D. Undrawn revolving credit facility of the Company is secured by way of fixed deposits amounting to RM300,000 placed with a licensed bank (Note 24) and fixed charge on the freehold land of a subsidiary company together with a 30-storey commercial building constructed thereon (Note 14).

(b) Term loans

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

A. A subsidiary had a TL of RM45 million with a tenure of five (5) years and bears a floating interest rate of the aggregate cost of funds and a margin of 1.2% (2018: 1.2%) per annum. During the current financial year an amount of RM45 million was fully repaid.

The TL was secured against a lienholder's caveat over the development land included within inventory of property development costs of the subsidiary company (Note 13(b)).

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31 INTEREST BEARING BANK BORROWINGS (continued)

(b) Term loans (continued)

B. Another subsidiary has a TL of RM90 million with the following terms:

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

(b) bears a floating interest rate of the aggregate cost of funds and a margin of 0.7% (2018: 0.7%) per annum.

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

C. On 26 November 2018, a subsidiary obtained a TL of China Ren Min Bi ("RMB") 40 million with a tenure of five (5) years from the date of first drawdown not later than 30 August 2023, with the following terms:

(a) the TL is repayable in instalment basis with the first instalment starting from 18 months after the date of first drawdown and the subsequent instalments falling due on every 6 months following the previous instalment;

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

(c) secured by:

(i) Letter of awareness issued by the Company;

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

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

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

(c) Medium Term Notes ("MTN")

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

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

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

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

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

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

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

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31 INTEREST BEARING BANK BORROWINGS (continued)

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

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

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

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

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

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

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

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

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

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

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

On 20 December 2016, SKM issued the first RM300 million nominal value of 8 years MTN Programme with maturity date on 20 December 2021. In financial year 2017, 2018 and 2019, SKM further issued RM300 million, RM280 million and RM120 million respectively of the nominal value of 8 years MTN Programme, all with the same maturity date. The proceeds were utilised to part finance the development and construction of Mid Valley Megamall, Southkey ("MVM Southkey"). The weighted average effective interest rate of the 8 years MTN Programme as at 31 December 2019 was 5.17% (2018: 5.22%) per annum.

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

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

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

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

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

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

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

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

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

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

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

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

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31 INTEREST BEARING BANK BORROWINGS (continued)

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

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

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

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

32 AMOUNTS OWING FROM/(TO) SUBSIDIARIES

	Company	
	2019	**2018**
	RM'000	**RM'000**
Amount owing from subsidiaries	**88,398**	40,905
Less: Provision for impairment	**(16,593)**	(1,000)
	71,805	39,905
Amount owing to subsidiaries	**92,440**	6,798

The amounts owing from subsidiaries are unsecured, repayable on demand and carry interest rates of 4.88% (2018: nil %) per annum.

The amounts owing to subsidiaries are unsecured, have no fixed terms of repayment and carry interest rates of 3.47% (2018: nil %) per annum.

The carrying amounts of owing from/(to) subsidiaries as at 31 December 2019 and 31 December 2018 approximated their fair values.

33 DIVIDENDS

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

	2019		2018	
	Gross dividend per share	**Amount of dividend, net of tax**	**Gross dividend per share**	**Amount of dividend, net of tax**
	%	**RM'000**	**%**	**RM'000**
RCPS				
Single tier	**2.25**	**10,178**	2.00	9,070
Single tier	**2.50**	**11,305**	2.25	10,177
	4.75	**21,483**	4.25	19,247
RCCPS				
Single tier	**2.15**	**8,034**	2.15	4,026
Ordinary shares				
First interim single tier (sen)	**3.00**	**18,837**	2.00	13,733

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

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

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for the financial year ended 31 December 2019
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33 DIVIDENDS (continued)

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

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

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

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

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

34 RENTALS RECEIVABLES UNDER NON-CANCELLABLE OPERATING LEASE

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

Group	2019 RM'000	2018 RM'000
Less than 1 year	**534,090**	391,574
1 – 2 years	**386,315**	262,536
2 – 3 years	**158,714**	130,451
3 – 4 years	**33,010**	34,927
4 – 5 years	**30,064**	30,584
> 5 years	**148,563**	171,269
	1,290,756	1,021,341

35 CAPITAL COMMITMENTS

Group	2019 RM'000	2018 RM'000
Approved and contracted for:		
Property, plant and equipment	**102,201**	25,866
Investment properties	**49,941**	127,005
Others	**1,733**	20,531
	153,875	173,402

Notes to the Financial Statements

for the financial year ended 31 December 2019
(continued)

36 SIGNIFICANT RELATED PARTY DISCLOSURES

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

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

Key management compensation is as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Salaries, bonus and allowances	**42,564**	38,800	**17,834**	2,371
Defined contribution plan	**4,149**	4,472	**1,575**	288
ESOS	**-**	1,443	**-**	-
Other short-term benefits	**364**	1,464	**1**	737
	47,077	46,179	**19,410**	3,396

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

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

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

Notes to the Financial Statements

for the financial year ended 31 December 2019
(continued)

36 SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

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

Group	2019 RM'000	2018 RM'000
Light boxes rental, pedestrian bridge and office rental:		
Strass Media Sdn. Bhd.	**1,141**	986
Provision of management and consultancy services:		
Cahaya Utara Sdn. Bhd.	**-**	581
Lease of space and related facilities:		
Wasco Management Services Sdn. Bhd.	**1,050**	1,060
Purchase of building materials and related services:		
Wah Seong (Malaya) Trading Co Sdn. Bhd.	**5,803**	16,993
Project management fees		
Black Pearl Limited	**3,740**	-
Interest charged		
Cititel Express Pty Ltd	**(3,188)**	2,722
Company		
Advances to subsidiaries	**89,925**	1,425
Repayments to subsidiaries	**52,660**	55,758
Advances from subsidiaries	**124,770**	-
Repayments from subsidiaries	**39,020**	650
Dividend income from:		
IGBC*	**77,804**	3,435,019
GTower Sdn. Bhd.	**4,800**	6,400
IGB REIT	**158,799**	39,526
Rental of premises payable to GTower Sdn. Bhd.	**-**	1,000
Rental of premises payable to Mid Valley City South Tower Sdn. Bhd.	**3,453**	-
Fees from management services receivable from:		
GTower Sdn. Bhd.	**330**	1,063
IGB REIT Management Sdn. Bhd.	**1,700**	-
Tan & Tan Development Berhad	**1,432**	-

Notes to the Financial Statements

for the financial year ended 31 December 2019
(continued)

36 SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

The significant related party balances are as follows:

Group	2019 RM'000	2018 RM'000
Amount owing from associate:		
New Commercial Investments Limited	**21,800**	21,355
Amount owing from joint venture:		
Black Pearl Limited	**57,380**	53,342
Company		
Amount owing from subsidiaries:		
IGB REIT	**37,993**	39,526
IGB Corporation Berhad	**27,096**	-
Gold China Sdn. Bhd.	**2,176**	-
Amount owing to subsidiaries:		
IGB Corporation Berhad	**-**	(217)
Macro Lynx Sdn. Bhd.	**(3,910)**	(3,865)
AFMS Solutions Sdn. Bhd.	**(2,220)**	(2,548)
Atar Deras Sdn. Bhd.	**(3,950)**	-
Corpool Holdings Sdn. Bhd.	**(1,420)**	-
Idaman Spektra Sdn. Bhd.	**(3,000)**	-
Murni Properties Sdn. Bhd.	**(1,650)**	-
Tan & Tan Developments Berhad	**(35,000)**	-
IGB Properties Sdn. Bhd.	**(3,250)**	-
Mid Valley City North Tower Sdn. Bhd.	**(5,650)**	-
Mid Valley City South Tower Sdn. Bhd.	**(9,700)**	-
MVC Centrepoint South Sdn. Bhd.	**(4,400)**	-
Salient Glory City Sdn. Bhd.	**(11,250)**	-
Mid Valley City Gardens Sdn. Bhd.	**(2,300)**	-
IGB Property Management Sdn. Bhd.	**(3,800)**	-

37 SUBSEQUENT EVENT DISCLOSURE

(a) RCPS

Pursuant to the Company's Notice to RCPS Holders dated 14 January 2020, RCPS Holders were informed that the RCPS which were issued on 16 February 2015, "will mature at 5.00 p.m. on 14 February 2020 (Maturity Date). All outstanding RCPS at the Maturity Date will be automatically converted into new IGB Shares on the market day immediately following the Maturity Date at the conversion ratio of 2.28 RCPS into 1 new IGB Share". The RCPS were removed from the Official List of Bursa Malaysia Securities Berhad with effect from 9.00 a.m. on 17 February 2020. The outstanding number of RCPS of 447,999,587 were automatically converted into 196,490,540 new ordinary shares in IGB.

Notes to the Financial Statements
for the financial year ended 31 December 2019
(continued)

37 SUBSEQUENT EVENT DISCLOSURE (continued)

(b) Proposed IGB Commercial REIT

On 21 November 2019, the Company announced to Bursa Malaysia Securities Berhad a proposal to establish and list IGB Commercial REIT comprising of an initial 9 properties currently held by IGB Group, ie Menara IGB, Centrepoint North, Centrepoint South, The Gardens North Tower, The Gardens South Tower, Blocks 25 & 27, Boulevard offices, all of which are located at Mid Valley City, Kuala Lumpur and Menara Tan & Tan and GTower, both located along Jalan Tun Razak, Kuala Lumpur. Pursuant thereto, the relevant companies in the Group which own these 9 properties, are in negotiations to sell their properties to the proposed IGB Commercial REIT.

(c) Covid-19

The Covid-19 outbreak has developed rapidly in 2020 with a significant number of infections, both domestically and globally. The outlook for the world economy is grim as Governments around the world impose lockdowns that have impacted communities across the board. Businesses across all sectors are now struggling to stay afloat and an increasing proportion of the global working population face unemployment.

The Company will not be spared. Our reliance on the retail, office, hospitality and services sectors means that demand for goods and services we provide have dropped, particularly with the prolonged Movement Control Order (MCO) imposed by the Malaysian Government. Despite this, we recognise that during this time, it is important that we support our communities where we can and will extent rental support to our mall and commercial office tenants, as well as offer special discounted rates to our hotel guests.

Based on a preliminary assessment, we expect that the current situation will have a negative impact on the Group's financial results for the financial year ending 31 December 2020 mainly as a result of lower rental revenue with rental rebates and discounts to be given to retail and office tenants and lower revenue from the hotel division arising from lower occupancy rates and room rates from hotels in the Group which are affected by the MCO which began on 18 March 2020.

At this point in time, it's too early to quantify the financial effects on the Group's results for the financial year ending 31 December 2020 depending on the duration of the Covid-19 crisis and continued negative impact on economic activities. The Group has taken steps to mitigate the impact of this pandemic outbreak by taking measures to reduce operating expenses as well as assessing the various government assistance measures which may be applicable to the Group and will continue to monitor the situation and take appropriate actions to minimise the impact.

38 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors dated 19 May 2020.

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

We, Dato' Seri Robert Tan Chung Meng and Lee Chaing Huat, being two of the Directors of IGB Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 62 to 171 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 2019 and of the financial performance of the Group and of the Company for the financial year ended 31 December 2019, in accordance with Malaysian Financial Reporting Standards, International Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 19 May 2020.

Dato' Seri Robert Tan Chung Meng
Group Chief Executive Officer

Lee Chaing Huat
Director

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

I, Chai Lai Sim, the Officer primarily responsible for the financial management of IGB Berhad, do solemnly and sincerely declare that the financial statements set out on pages 62 to 171 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Chai Lai Sim
(MIA No. 5127)

Subscribed and solemnly declared by the abovenamed Chai Lai Sim at Kuala Lumpur in the Federal Territory on 19 May 2020.

Mohan A.S. Maniam (No. W710)
Commissioner for Oaths

Independent Auditors' Report to the Members of IGB Berhad

(Incorporated in Malaysia)
(Registration No. 200001013196 (515802-U))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of IGB Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, 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 2019 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 62 to 171.

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' Code of Ethics for Professional Accountants ("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 the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

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

Key audit matters

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

Independent Auditors' Report to the Members of IGB Berhad

(Incorporated in Malaysia)
(Registration No. 200001013196 (515802-U))
(continued)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Valuation of hotel properties The carrying amount of the Group's hotel properties in Malaysia amounted to RM867.8 million as at 31 December 2019. The overall gross operating revenue and gross operating profit for the Group's hotel properties have declined as compared to 2018 due to stiff competition from online platforms and excessive supply in the market despite tourist arrivals have plateaued in recent years. Arising from the indicators above, management has performed assessments on the carrying amounts of the affected hotels against fair value determined by independent valuers or value-in-use calculations. The assessments of fair values and value-in-use calculations involve significant judgements and estimation that could result in material misstatement. *Refer to Note 4(b) (Critical Accounting Estimates and Judgements) and Note 12 (Property, plant and equipment).*	Our audit procedures included the following: • reviewed the appropriateness of value-in-use model used to determine the recoverable amount for respective hotel properties; • assessed the key assumptions used by the management to reflect the current market condition of the hotel industry; • challenged the underlying assumptions used by management based on the latest approved budgets; • assessed the appropriateness of terminal yield rate used by management, with reference to comparable hotel properties in the market; and • tested the mathematical accuracy of the model. Based on the procedures above, no material exceptions were noted.

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

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Corporate Overview section, Business Review section, Governance section and the Directors Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the financial statements

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

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

Independent Auditors' Report to the Members of IGB Berhad

(Incorporated in Malaysia)
(Registration No. 200001013196 (515802-U))
(continued)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

Independent Auditors' Report to the Members of IGB Berhad

(Incorporated in Malaysia)
(Registration No. 200001013196 (515802-U))
(continued)

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 17 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

GAN WEE FONG
03253/01/2021 J
Chartered Accountant

Kuala Lumpur
19 May 2020

Statistical Report
as at 30 April 2020

Class of Shares : Ordinary Shares
Issued Shares : 888,501,558
Treasury Shares : 12,244,054
Voting Rights : One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%#
Less than 100	571	12.83	19,016	0.00
100 - 1,000	422	9.48	210,877	0.02
1,001 - 10,000	2,586	58.13	9,084,844	1.04
10,001 - 100,000	702	15.78	18,886,784	2.16
100,001 to less than 5% of Issued Shares	165	3.71	462,791,272	52.81
5% and above of Issued Shares	3	0.07	385,264,711	43.97
Total	4,449	100.00	876,257,504#	100.00

Note:
Excluding 12,244,054 treasury shares retained by IGB as per record of depositors as at 30 April 2020

30 LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS
(Excluding 12,244,054 treasury shares)

	Name of Shareholders	No. of Shares	%
1.	Tan Chin Nam Sendirian Berhad	123,519,661	14.10
2.	Wah Seong (Malaya) Trading Co. Sdn Bhd	99,390,449	11.34
3.	Tan Kim Yeow Sendirian Berhad	64,888,964	7.40
4.	Tan Chin Nam Sendirian Berhad	63,677,539	7.27
5.	HSBC Nominees (Asing) Sdn Bhd Exempt An for Bank Julius Baer & Co Ltd (Singapore BCH)	36,856,376	4.21
6.	CIMB Group Nominees (Asing) Sdn Bhd Exempt An for DBS Bank Ltd (SFS-PB)	33,644,297	3.84
7.	HSBC Nominees (Asing) Sdn Bhd Exempt An for The HongKong and Shanghai Banking Corporation Limited (HBAP-SGDIV-ACCL)	32,214,270	3.68
8.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Wang Tak Majujaya Sdn Bhd (PB)	25,508,696	2.91
9.	DB (Malaysia) Nominee (Asing) Sdn Bhd Deutsche Bank AG Singapore for Pangolin Asia Fund	20,752,880	2.37
10.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	19,863,187	2.27
11.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Tan Boon Seng (PB)	19,271,397	2.20
12.	Wah Seong (Malaya) Trading Co. Sdn Bhd	18,432,091	2.10
13.	Maybank Securities Nominees (Tempatan) Sdn Bhd Maybank Kim Eng Securities Pte Ltd for Tan Kim Yeow Sendirian Berhad	16,420,641	1.87
14.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Bank Berhad (EDP 2)	15,189,898	1.73
15.	Wah Seong Enterprises Sdn Bhd	15,040,942	1.72
16.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Tan Chin Nam Sendirian Berhad (PB)	14,883,339	1.70
17.	AmanahRaya Trustees Berhad Public Smallcap Fund	13,132,034	1.50

Statistical Report
as at 30 April 2020
(continued)

	Name of Shareholders	No. of Shares	%
18.	Tan Lei Cheng	12,243,711	1.40
19.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Tan Chin Nam Sendirian Berhad (PB)	11,424,402	1.30
20.	Scanstell Sdn Bhd	11,362,443	1.30
21.	CIMSEC Nominees (Asing) Sdn Bhd CIMB for Wang Tak Company Limited (PB)	8,328,241	0.95
22.	Tan Boon Lee	7,645,999	0.87
23.	Amanahraya Trustees Berhad Public Strategic Smallcap Fund	7,275,808	0.83
24.	Classlant Sdn Bhd	6,575,243	0.75
25.	Tentang Emas Sdn Bhd	6,503,723	0.74
26.	Tan Kim Yeow Sendirian Berhad	6,144,663	0.70
27.	HSBC Nominees (Asing) Sdn Bhd Exempt An for Credit Suisse (SG BR-TST-Asing)	5,868,859	0.67
28.	Wah Seong (Malaya) Trading Co. Sdn Bhd	5,536,345	0.63
29.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Chin Nam Sendirian Berhad (KLC)	5,500,000	0.63
30.	Lim Kuan Gin	5,393,296	0.61

SUBSTANTIAL SHAREHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest*	
Name of Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
Tan Chin Nam Sendirian Berhad	224,004,941	25.57	203,055,661	23.18
Tan Kim Yeow Sendirian Berhad	87,454,268	9.98	169,928,077	19.39
Pauline Tan Suat Ming	352,517	0.04	257,382,345	29.38
Dato' Seri Robert Tan Chung Meng	2,794,623	0.32	257,382,345	29.38
Tony Tan Choon Keat	-	-	257,382,345	29.38
Wah Seong (Malaya) Trading Co. Sdn Bhd	136,925,287	15.63	33,002,790	3.77
Tan Boon Seng	2,556,198	0.29	54,831,819	6.26
HSBC Holdings plc	-	-	67,108,055	7.66
HSBC Asia Holdings Limited	-	-	67,108,055	7.66
The HongKong and Shanghai Banking Corporation Limited	-	-	67,108,055	7.66
HSBC International Trustee (Holdings) Pte Ltd	-	-	67,108,055	7.66
HSBC International Trustee Limited	-	-	67,108,055	7.66

Note:
* *Deemed interest held by other corporations by virtue of Section 8(4) of the Companies Act 2016*

Statistical Report
as at 30 April 2020
(continued)

Class of Shares	:	Redeemable Convertible Cumulative Preference Shares (RCCPS)
Issued RCCPS	:	56,498,575
Issue Price	:	RM3.28
Issued Date	:	2 March 2018
Conversion Ratio	:	1 RCCPS : 1 Ordinary Share
Maturity Date	:	2 March 2025
Voting Rights	:	The RCCPS holders shall not carry any right to vote at any general meeting of IGB except for the right to vote in person or by proxy or by attorney at such meeting in each of the following circumstances:- (a) when the dividend or part of the dividend payable on RCCPS is in arrears for more than 6 months; (b) on a proposal to reduce IGB's share capital; (c) on a proposal for the disposal of the whole of the IGB's property, business and undertaking; (d) on a proposal that affects rights and privileges attached to the RCCPS; (e) on a proposal to wind up IGB; and (f) during the winding-up of IGB.

DISTRIBUTION OF RCPS HOLDINGS

Range of RCCPS holdings	No. of RCCPS Holders	%	No. of RCCPS	%
Less than 100	22	6.34	1,041	0.00
100 - 1,000	64	18.44	38,982	0.07
1,001 - 10,000	183	52.74	742,153	1.32
10,001 - 100,000	57	16.43	1,803,909	3.19
100,001 to less than 5% of issued RCCPS	19	5.47	15,203,748	26.91
5% and above of Issued RCCPS	2	0.58	38,708,742	68.51
Total	347	100.00	56,498,575	100.00

30 LARGEST RCCPS HOLDERS

	Name of RCCPS Holders	No. of RCCPS	%
1.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	35,823,892	63.41
2.	AmanahRaya Trustees Berhad Public Dividend Select Fund	2,884,850	5.11
3.	AmanahRaya Trustees Berhad Public Sector Select Fund	2,818,824	4.99
4.	Dato' Seri Robert Tan Chung Meng	2,414,634	4.27
5.	Tan Boon Lee	2,414,634	4.27
6.	AmanahRaya Trustees Berhad Public Savings Fund	1,980,203	3.51
7.	AmanahRaya Trustees Berhad Public Far-East Property & Resorts Fund	1,097,609	1.94
8.	AmanahRaya Trustees Berhad PB Growth Sequel Fund	903,073	1.60
9.	CIMB Group Nominees (Asing) Sdn Bhd Exempt An for DBS Bank Ltd (SFS-PB)	589,734	1.04
10.	AmanahRaya Trustees Berhad PB Dividend Builder Equity Fund	497,656	0.88
11.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	433,952	0.77
12.	Chai Lai Sim	402,841	0.71
13.	Loh Hon Guen	383,730	0.68

Statistical Report
as at 30 April 2020
(continued)

	Name of RCCPS Holders	No. of RCCPS	%
14.	AmanahRaya Trustees Berhad Public Regular Savings Sequel Fund	281,707	0.50
15.	Teoh Jian Meng	199,851	0.35
16.	Tunku Sara Binti Tunku Ahmad Yahaya	170,714	0.30
17.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Amara Investment Management Sdn Bhd for Tan Boon Lee	152,926	0.27
18.	Ong Ah Kim	120,719	0.21
19.	Soo Choon Swee	112,183	0.20
20.	Ong Shien Jin	105,000	0.19
21.	CIMSEC Nominess (Tempatan) Sdn Bhd CIMB Bank for Douglas Cheng Heng Lee (PBCL-0G0627)	100,509	0.18
22.	Tan Kim Seng	90,146	0.16
23.	Lee Chai Tin	85,317	0.15
24.	Chin Yin Kee	80,769	0.14
25.	Yoong Swee Ping	80,007	0.14
26.	Ong Kek Poh	73,569	0.13
27.	Teow Yang Sock	71,714	0.13
28.	Alpha Banyan Holdings Sdn Bhd	65,034	0.12
29.	Clarence Gerard Boudville	64,430	0.11
30.	Khoo Kim Leng	62,094	0.11

DIRECTORS' INTERESTS IN IGB AND RELATED CORPORATIONS

	IGB								IGB Real Estate Investment Trust				GTower Sdn Bhd	
	Ordinary shares				RCCPS				Units				Ordinary Shares	
	Direct Interest		Deemed Interest*		Direct Interest		Deemed Interest*		Direct Interest		Deemed Interest*		Direct Interest	
Name of Directors	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Tan Lei Cheng	16,879,409	1.93	5,133,836	0.59	-	-	-	-	1,853,742	0.05	345,722	0.01	392,858	0.79
Dato' Seri Robert Tan Chung Meng	2,794,623	0.32	257,382,345	29.38	2,414,634	4.27	-	-	14,939,081	0.42	1,904,279,182	53.57	-	-
Daud Mah Bin Abdullah @ Mah Siew Whye	133,681	0.02	-	-	-	-	-	-	-	-	-	-	-	-
Tan Boon Lee (Alternate Director to Dato' Seri Robert Tan Chung Meng)	8,125,293	0.93	-	-	2,567,560	4.54	-	-	1,705,025	0.05	-	-	428,571	0.86

Note:
* *Deemed interest held by other corporations by virtue of Section 8(4) of the Companies Act 2016*

Notice of Virtual Twentieth Annual General Meeting

NOTICE IS HEREBY GIVEN of the Twentieth Annual General Meeting (20th AGM) of IGB Berhad (IGB or Company) to be held by remote communication through an internet webcast at **https://tiih.online** with the Broadcast Venue at Matahari 3 & 4, Level 5, Cititel Mid Valley, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia on Monday, 29 June 2020 at 2.30 p.m. to transact the following business:

AGENDA

Ordinary Business

1. To receive the Financial Statements of IGB for the year ended 31 December 2019 together with reports of Directors and Auditors thereon (Financial Statements and Reports FY2019).

2. To re-elect the following Directors who retire in accordance with IGB's Constitution:

   (a) Dato' Seri Robert Tan Chung Meng **(Resolution 1)**
   (b) Daud Mah bin Abdullah @ Mah Siew Whye **(Resolution 2)**

3. To approve the payment of Directors' fees and meeting allowances:

   (a) Directors' fees of RM530,000 in respect of FY2019 (FY2018: RM436,667); and
   (b) Meeting allowances up to an amount of RM185,000 for the year 2020. **(Resolution 3)**

4. To re-appoint Messrs PricewaterhouseCoopers PLT (PwC) having consented to act as Auditors of IGB for the financial year ending 31 December 2020 and to authorise the Directors to fix their remuneration. **(Resolution 4)**

Special Business

5. To consider and, if thought fit, to pass the following ordinary resolutions:

   (a) Retention of Independent Non-Executive Director (INED)

   "THAT Daud Mah bin Abdullah @ Mah Siew Whye shall continue to serve as INED until IGB's AGM in 2021 notwithstanding that his tenure as INED has exceeded a cumulative term of 12 years." **(Resolution 5)**

   (b) Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016 (Sections 75 and 76 Mandate)

   "THAT the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Companies Act 2016 (Act), to allot and issue not more than 10% of the total number of issued shares (excluding treasury shares) of IGB at any time at such price, upon such terms and conditions, for such purposes and to such person(s) as the Directors may in their absolute discretion deem fit and expedient in the interest of IGB and that such authority shall continue to be in force until IGB's AGM in 2021." **(Resolution 6)**

   (c) Share Buyback Mandate (SBB Mandate)

   "THAT the Directors be and are hereby authorised to make market purchases of the ordinary shares in IGB (Shares) on such terms and in such manner as the Directors may, in their discretion deem fit, provided that at the time of purchase:

   (i) the aggregate number of Shares to be purchased and/or held by IGB shall not exceed 10% of the total number of issued Shares; and

   (ii) the funds allocated for the purchase of Shares shall not exceed its retained profits,

   THAT the Directors be and are hereby authorised to deal with the Shares so purchased in their absolute discretion (which may be distributed as dividends, resold, transferred, cancelled and/or in any other manner as prescribed by the Act and the relevant rules, regulations and/or requirements);

   AND THAT the SBB Mandate, unless revoked or varied by IGB in general meeting, shall continue for the period ending on the date of the AGM to be held in 2021." **(Resolution 7)**

Notice of Virtual Twentieth Annual General Meeting
(continued)

(d) Recurrent Related Party Transactions Mandate (RRPT Mandate)

"THAT authorisation of the shareholders be and is hereby accorded to IGB and its subsidiary companies (Group) to enter into all arrangements and/or transactions involving the interests of the Related Parties as specified in Section 2.0, Part B of the Statement/Circular to Shareholders dated 5 June 2020 (Statement/Circular), provided that such arrangements and/or transactions are:

(i) recurrent transactions of a revenue or trading nature;
(ii) necessary for the Group's day-to-day operations;
(iii) carried out in the ordinary course of business, at arm's length and on normal commercial terms not more favourable to the Related Parties than those generally available to the public; and
(iv) not detrimental to the minority shareholders of IGB

THAT the RRPT Mandate, unless revoked or varied by IGB in general meeting, shall continue for the period ending on the date of the AGM to be held in 2021;

AND THAT the Directors be and are hereby authorised to do all such acts, matters, deeds and things as they may consider expedient or necessary or in the interests of IGB to give effect to the RRPT Mandate and/or this resolution." **(Resolution 8)**

6. To transact any other business of which due notice shall have been duly given in accordance with the Act.

By Order of the Board of Directors

Tina Chan
Group Company Secretary
(MAICSA 7001659/SSM PC No. 201908000014)

Kuala Lumpur
5 June 2020

Explanatory Notes of each item on Agenda:

(1) Financial Statements and Reports FY2019
Agenda 1 is for presentation of the Financial Statements and Reports FY2019 to shareholders in accordance with Sections 248(2) and 340(1) of the Act for discussion, and no voting is required.

(2) Re-election of Directors
The Constitution requires one-third of the Directors to retire and stand for re-election at every AGM (1/3-rotation rule). Dato' Seri Robert Tan Chung Meng (DSRT) and Daud Mah bin Abdullah @ Mah Siew Whye (DMA) are obliged to retire from office pursuant to the 1/3-rotation rule and being eligible, have offered themselves for re-election.

The performance of DSRT and DMA was assessed via the annual board performance-assessment. Nomination Committee, with the concurrence of the Board (without participation by DSRT and DMA), having regard to the individual Director's role, contribution and performance, had deemed it appropriate for shareholders to re-elect the 2 retiring Directors to continue their offices and/or serving as INED as they have the appropriate skills and experience required to contribute to an effective Board.

Biographical details of DSRT and DMA are set out in the Annual Report 2019 (AR2019) under the heading **Profile of Directors**.

(3) Payment of Fees and Meeting Allowances
Fees are payable to the Non-Executive Chairman (NEC) and Non-Executive Directors (NEDs) only. Evaluation of fees for NEC and NEDs are performed once a year. Remuneration Committee (RC) (with the Board's concurrence and without participation by the relevant NEC and NEDs) had recommended that the annual fees for NEC, the Chair of Audit Committee (AC) and NED be raised to RM140,000, RM110,000 and RM100,000 respectively, and to be approved by the shareholders at the 20th AGM while the meeting allowances, to maintain status quo, whereupon the Board had endorsed RC's recommendation. The annual fee of RM80,000 to NEC, as a non-executive member of the Policy and Implementation Council remained unchanged, whereupon the Board had endorsed RC's recommendation.

The remuneration of each Director is disclosed in AR2019 under the heading **Corporate Governance Overview Statement**.

Notice of Virtual Twentieth Annual General Meeting
(continued)

(4) Re-appointment of Auditors
The appointment of PwC ends at the conclusion of the 20th AGM. AC had undertaken an annual assessment of PwC, and being satisfied with their technical competency and audit independence, recommended the re-appointment of PwC as Auditors for the financial year ending 31 December 2020, whereupon the Board had endorsed AC's recommendation.

Details of the assessment and criteria used by AC on its review are set out in AR2019 under the heading **Audit Committee Report**.

(5) Retention of INED
DMA (more than 12 years as independent Director) was retained as INED at the 19th AGM on 29 May 2019, and his term of office shall end at the conclusion of the 20th AGM.

NC had assessed the performance and independence of DMA, and was satisfied that his independence has not been compromised by his long relationship with the Board, and he would be able to continue exercising independent judgement to provide input to the Board in discharging his responsibilities in an independent manner with integrity and competency, and recommended the retention of DMA as INED through a single-tier voting process at the 20th AGM, whereupon the Board had endorsed NC recommendation.

DMA's profile is set out in AR2019 under the heading **Profile of Directors**.

(6) Sections 75 and 76 Mandate
Shareholders should note that by approving Resolution 6 relating to the Sections 75 and 76 Mandate, shareholders will be authorising the Directors to allot and issue up to 10% of the total number of issued shares (excluding treasury shares) of IGB without the need to convene a general meeting. The mandate, if granted, will provide flexibility to IGB for any strategic acquisition opportunities involving equity or partly equity or such purposes as the Directors consider to be in the interest of IGB.

(7) SBB Mandate
Shareholders should note that by approving Resolution 7 relating to the SBB Mandate, shareholders will be authorising the Directors to buy back and/or hold from time to time Shares not exceeding 10% of the issued Shares on such terms and in such manner as the Directors may deem fit and expedient in the interest of IGB, the details of which are set out in **Part A of the Statement/Circular**.

(8) RRPT Mandate
Shareholders should note that by approving Resolution 8 relating to the RRPT Mandate, shareholders will be authorising IGB Group to enter into RRPT with the Related Parties during the mandate period, the details of which are set out in **Part B of the Statement/Circular**.

(9) Voting Procedures
All resolutions set out in this Notice of 20th AGM will be put to vote by way of poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements. For these resolutions to be passed more than 50% of the votes cast must be in favour. The poll results will be announced through BursaLINK and will be posted on IGB's website at **www.igbbhd.com** as soon as possible following the 20th AGM.

(10) Abstention from Voting
(a) Directors who have a personal interest with respect to Resolutions 1, 2, 3 and 5 will abstain from voting on the motions at the 20th AGM.

(b) DSRT, Tan Lei Cheng and Tan Boon Lee and persons connected to them will abstain from voting on Resolution 8 relating to the RRPT Mandate.

Notes:

1. Shareholders are advised that the Broadcast Venue is **NOT** the venue for the 20th AGM.
2. A Shareholder is entitled to appoint 1 or 2 proxies (none of whom need be a Shareholder of IGB).
3. A Shareholder, who is an authorised nominee, may appoint not more than 2 proxies in respect of each securities account held; whereas, an exempt authorised nominee may appoint multiple proxies in respect of each securities account held.
4. Where a Shareholder appoints 2 proxies, the appointment shall be invalid unless the proportion of the shareholdings to be represented by each proxy is specified.
5. Only Shareholders registered in the Record of Depositors – 20th AGM as at 18 June 2020 shall be entitled to participate and vote at the 20th AGM via Remote Participation and Voting (RPV) facility.
6. Proxy Form and power of attorney or other authority, if any, under which it is signed or certified or office copy of such power or authority, to be deposited at the Share Registrar of IGB, Tricor Investor & Issuing House Services Sdn. Bhd. (TIIH), Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or to be submitted electronically via TIIH Online website at **https://tiih.online** not later than 2.30 p.m. on Saturday, 27 June 2020.
7. AR2019 and Statement/Circular can be viewed and downloaded at **www.igbbhd.com**.

Administrative Guide

1. Virtual AGM

This year's 20th AGM of IGB will be held virtually. Shareholders can participate online using their smartphone, tablet or computer. By participating online, Shareholders will be able to view a live webcast of the 20th AGM, ask questions online and submit their votes in real time. Shareholders may send questions ahead of the 20th AGM to **corporate-enquiry@igbbhd.com** by 25 June 2020 at the latest. The Board will answer the questions (related to the business of the 20th AGM) at its dutiful and free discretion in the 20th AGM.

The Board encourages Shareholders to participate and vote remotely at the 20th AGM using the RPV facility by logging into the TIIH Online website at **https://tiih.online**. As usual, Shareholders may also provide proxy voting instruction before the meeting by completing the Proxy Form, or to appoint the Chair of the meeting as their proxy with voting instruction. All valid proxy forms (along with a copy of My Kad and/or the original certificate of appointment), whether submitted electronically or in hard copy to TIIH not later than 2.30 p.m. on 27 June 2020, will be included in the poll to be taken at the 20th AGM. In view of the current Coronavirus situation and the related safe-distancing measures which may make it difficult for Shareholders to submit completed Proxy Forms by post/by hand, Shareholders are strongly encouraged to submit completed Proxy Forms electronically via TIIH Online website at **https://tiih.online**. In addition, Shareholders are advised to afford themselves ample time to complete the log in process in advance of the commencement of the 20th AGM.

Holders of redeemable convertible cumulative preference shares are allowed to participate (but disallowed to vote) at the 20th AGM via RPV.

2. RPV

The guidance notes for RPV are detailed below:

	Procedure	**Action**
	BEFORE IGB 20th AGM	
(a)	Sign up as user of TIIH Online	▪ Using your computer, access the website at **https://tiih.online**. Sign up as a user under the "e-Services" (refer to the tutorial guide posted on the homepage). If you are already a user with TIIH Online, you are not required to sign up. ▪ You will be notified via e-mail your remote participation is available for registration at TIIH Online.
(b)	Submit your request	▪ Registration is open until 2.30 p.m. on Sunday, 28 June 2020. ▪ Login your user ID and password and select the corporate event: **"(REGISTRATION) IGB 20th AGM"**. ▪ Read and agree to the Terms and Conditions and confirm the Declaration. ▪ Select "Register for Remote Participation and Voting". ▪ Review your registration and proceed to register. ▪ System will send an e-mail notifying your registration for remote participation is received and to be verified. ▪ After verification of your registration against the Record of Depositors – 20th AGM, the system will send you an e-mail, approving or rejecting your registration for remote participation.
	IGB 20th AGM DAY	
(c)	Login to TIIH Online	▪ Login your user ID and password for remote participation at the 20th AGM from 2.10 p.m. i.e. 20 minutes before the commencement of the 20th AGM at 2.30 p.m. on Monday, 29 June 2020.
(d)	Participate through Live Streaming	▪ Select the corporate event: **"(LIVE STREAM MEETING) IGB 20th AGM"** to engage in the 20th AGM proceedings remotely. ▪ If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will try to respond to questions (related to the business of the 20th AGM) submitted by remote participants during the 20th AGM, as timing and circumstances permit. ▪ Take note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at the location of the remote participants.
(e)	Online Remote Voting	▪ Select the corporate event: **"(REMOTE VOTING) IGB 20th AGM"**. ▪ Read and agree to the Terms and Conditions and confirm the Declaration. ▪ Voting session commences from 2.30 p.m. on Monday, 29 June 2020 until a time when the Chairman announces the completion of the voting session of the 20th AGM. ▪ Select the CDS account that represents your shareholdings. ▪ Indicate your votes for the resolutions that are tabled for voting. ▪ Confirm and submit your votes.
(f)	End of RPV	▪ Upon the announcement by the Chairman on the closure of the 20th AGM, the live streaming will end.

Note:
Should you need assistance on the RPV, please contact TIIH's Help Lines at 011-40805616/ 011-40803168/ 011-40803169/ 011-40803170 or e-mail to **tiih.online@my.tricorglobal.com**.

Administrative Guide
(continued)

3. e-Proxy

The guidance notes for submission of e-Proxy are detailed below:

	Procedure	Action
(a)	Sign up as User with TIIH Online	▪ Using your computer, access the website at **https://tiih.online**. Sign up as a user under the “e-Services” (refer to the tutorial guide posted on the homepage). If you are already a user with TIIH Online, you are not required to sign up.
(b)	Proceed with submission of e-Proxy	▪ Login with your user name (i.e. email address) and password. ▪ Select the corporate event: “Submission of Proxy Form”. ▪ Read and agree to the Terms and Conditions and confirm the Declaration. ▪ Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. ▪ Appoint your proxy(s) or Chairman and insert the required details of your proxy(s). ▪ Indicate your voting instructions - FOR or AGAINST, otherwise your proxy will decide your vote. ▪ Review and confirm your proxy(s) appointment. ▪ Print e-Proxy for your record.

4. Enquiry

Should you need assistance on RPV and e-Proxy submission, please contact the following persons at TIIH:

(a) Puan Ros Sakila: +603 2783 9277 (Sakila@my.tricorglobal.com)
(b) Encik Mohammad Amirul: +603 2783 9263 (Mohammad.Amirul@my.tricorglobal.com)

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IGB BERHAD
200001013196 (515802-U)

PROXY FORM – 20TH AGM

CDS Account No.	
No. of Shares Held	

*I/We (full name as per NRIC No./Certificate of Incorporation) ____________________

NRIC No./Company No. ____________________ of (full address) ____________________

____

being a member of IGB hereby appoint the following person(s):

Name of proxy, NRIC No. & Address **No. of Shares to be represented by proxy**

1. ____________________ ____________________

____

2. ____________________ ____________________

____

or, both of whom failing, the Chairman of the 20th AGM as my/our proxy to participate and to vote for me/us on my/our behalf, at the 20th AGM of IGB to be broadcast by webcast (instructions to participate as set out in the Administrative Guide) at the following date and time:

Date : Monday, 29 June 2020
Time : 2.30 p.m.
Broadcast Venue : Matahari 3 & 4, Level 5, Cititel Mid Valley, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia.

I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the 20th AGM as indicated here under. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion.

No.	Ordinary Resolution	First Proxy		Second Proxy	
		For*	Against*	For*	Against*
1.	Re-election of Dato' Seri Robert Tan Chung Meng as Director				
2.	Re-election of Daud Mah bin Abdullah @ Mah Siew Whye as Director				
3.	Payment of Directors' Fees and Meeting Allowances				
4.	Re-appointment of PricewaterhouseCoopers PLT as Auditors				
5.	Retention of Daud Mah bin Abdullah @ Mah Siew Whye as INED				
6.	Sections 75 and 76 Mandate				
7.	SBB Mandate				
8.	RRPT Mandate				

* If you wish to exercise all your votes "For" or "Against", please tick (√) within the box provided.

Dated this ________ day of ____________________ 2020

____
Signature/Common Seal of Shareholder

Notes:
1. A Shareholder is entitled to appoint 1 or 2 proxies (none of whom need be a Shareholder of IGB).
2. A Shareholder, who is an authorised nominee, may appoint not more than 2 proxies in respect of each securities account held; whereas, an exempt authorised nominee may appoint multiple proxies in respect of each securities account held.
3. Where a Shareholder appoints 2 proxies, the appointment shall be invalid unless the proportion of the shareholdings to be represented by each proxy is specified.
4. Only Shareholders registered in the Record of Depositors – 20th AGM as at 18 June 2020 shall be entitled to participate and vote at the 20th AGM via RPV facility.
5. Proxy Form and power of attorney or other authority, if any, under which it is signed or certified or office copy of such power or authority, to be deposited at TIIH, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or to be submitted electronically via TIIH Online website at **https://tiih.online** not later than 2.30 p.m. on Saturday, 27 June 2020.
6. AR2019 and Statement/Circular can be viewed and downloaded at **www.igbbhd.com**.

Fold this flap for sealing

Fold along this line (2)

PROXY FORM

AFFIX
RM0.80
STAMP

The Company Secretary
IGB Berhad 200001013196 (515802-U)
c/o Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3, Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur

Fold along this line (1)

www.igbbhd.com

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