IWCITY
Iskandar Waterfront City Berhad
196801000661 (8256-A)

ANNUAL REPORT

A Member of
Iskandar Waterfront
Holdings Group

2020

VISION

To become a leading integrated property developer and builder that focus on community living and quality development.

MISSION

Building a sustainable development area that promotes quality & innovative products and excellent services that meets customer's need and ultimatrly ensuring equitable shareholder's returns.

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CORPORATE CALENDAR

FINANCIAL RESULTS

27 February
Announcement of the unaudited quarterly report on consolidated results for the financial period ended 31 December 2019

25 June
Announcement of the unaudited quarterly report on consolidated results for the financial period ended 31 March 2020

26 August
Announcement of the unaudited quarterly report on consolidated results for the financial period ended 30 June 2020

25 November
Announcement of the unaudited quarterly report on consolidated results for the financial period ended 30 September 2020

AGM

30 June
Issuance of Annual Report for financial year ended 31 December 2019 and Circular for Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

30 July
51st Annual General Meeting

BOARDROOM CHANGES

16 April
Resignation of En. Mohd Salleh bin Othman as an Independent Non-Executive Director

ABOUT US

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Hj. Ayub bin Mion
Independent Non-Executive Chairman

Tan Sri Dato' Lim Kang Hoo
Executive Vice Chairman

Datuk Lim Keng Guan
Executive Director

Wong Khai Shiuan
Executive Director / Chief Executive Officer

Khoo Boon Ho
Senior Independent Non-Executive Director

Bernard Hilary Lawrence
Independent Non-Executive Director

Lim Foo Seng
Independent Non-Executive Director

Dato' Hj. Mohd Noorazam bin Dato' Hj. Osman
Non-Independent Non-Executive Director

Lim Chen Herng
Alternate Director to Tan Sri Dato' Lim Kang Hoo

AUDIT COMMITTEE
Khoo Boon Ho
Chairman

Dato' Hj. Ayub bin Mion
Lim Foo Seng

NOMINATION COMMITTEE
Bernard Hilary Lawrence
Chairman

Dato' Hj. Ayub bin Mion
Khoo Boon Ho

REMUNERATION COMMITTEE
Lim Foo Seng
Chairman

Dato' Hj. Ayub bin Mion
Bernard Hilary Lawrence

RISK MANAGEMENT COMMITTEE
Lim Foo Seng
Chairman

Bernard Hilary Lawrence
Khoo Boon Ho

TENDER APPROVAL COMMITTEE
Tan Sri Dato' Lim Kang Hoo
Wong Khai Shiuan
Khoo Boon Ho

COMPANY SECRETARIES
Yong May Li (LS 0000295)
(SSM PC No.202008000285)
Wong Chee Yin (MAICSA 7023530)
(SSM PC No. 202008001953)
Lim Aik Yong (MAICSA 7054965)
(SSM PC No. 202008000995)

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Fax No : 07-332 8096

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Jalan Skudai, 80200 Johor Bahru
Johor Darul Ta'zim
Tel No : 07-233 3888
Fax No : 07-233 3777

AUDITOR
Messrs. Ernst & Young PLT
B-15, Medini 9,
Persiaran Medini Sentral 1,
Bandar Medini Iskandar,
79250 Iskandar Puteri,
Johor Darul Ta'zim.
Tel No : 07-288 3111
Fax No : 07-288 3112

SHARE REGISTRAR
Messrs. Tricor Investor Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A
Vertical Business Suite Avenue 3, Bangsar South
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E-mail : is.enquiry@my.tricorglobal.com
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Fax: 03-2783 9222

STOCK EXCHANGE LISTING
Main Market,
Bursa Malaysia Securities Berhad
Stock Code: 1589
Stock Name: IWCITY
Sector: Property

WEBSITE
www.iwcity.com.my

CORPORATE STRUCTURE

SUBSIDIARIES

100%
SUCCESS STRAITS SDN BHD
201501033627 (1158947-H)
(Property Development)

100%
TRILLION GREENCITY SDN BHD
201501033356 (1158676-W)
(Dormant)

100%
TEBRAU BAY CONSTRUCTIONS SDN BHD
197801005845 (42888-D)
(Construction)

100%
BAYOU BAY DEVELOPMENT SDN BHD
199601019330 (391682-P)
(Property Development)

100%
BAYOU MANAGEMENT SDN BHD
200401007966 (646470-K)
(Property Holding and Development)

100%
TEBRAU BAY SDN BHD
199601042357 (414710-X)
(Property Development and Construction)

100%
SOUTHERN CREST DEVELOPMENT SDN BHD
200301011263 (613683-D)
(Investment Holding)

ASSOCIATES

49%
ASET NUSANTARA DEVELOPMENT SDN BHD
199701011878 (427374-T)
(In liquidation)

20%
GREENLAND TEBRAU SDN BHD
201501006982 (1132314-P)
(Property Development)

FROM THE BOARD AND THE MANAGEMENT

CHAIRMAN'S STATEMENT

On behalf of the Board and the Company, it is my pleasure to present to you IWCity Annual Report 2020.

Dear Valued Shareholders,

Foreword

On behalf of the Board of Directors of Iskandar Waterfront City Berhad ("IWCity"), I hope that all Malaysians continuing to stay safe and healthy amidst the current COVID-19 pandemic. Malaysia's Gross Domestic Product ("GDP") contracted 3.4 per cent for the fourth quarter of 2020 as compared to a decline of 2.6 per cent in the preceding quarter. For overall year 2020, Malaysia's GDP contracted 5.6 per cent as compared to 4.3 per cent in 2019. The last economic contraction was in 2009 (-1.5%) and the worst since 1998 (-7.4%).

Zooming in to the Iskandar region in Johor, Iskandar Malaysia's investments as of December 2020 totalled RM 340.3 billion, of which 60 per cent or RM202.2 billion has been realised. Within that, 59 per cent was from domestic investment while the remaining 41 per cent was from foreign investment, with China being the highest investor with an investment value of RM54.6 billion. This is followed by Singapore with investments worth RM24.3 billion; United States (RM8.39 billion); Japan (RM5.86 billion) and other countries such as Netherlands, South Korea, India and United Kingdom.

In 2020, various Movement Control Order ("MCO") phases were implemented in the country since 18 March 2020 and continues to be sporadically reimposed to curb the outbreak of COVID-19. Thus, the performance of economic activities following the domestic supply and demand factors and the influence of the external sector has led the Malaysian economy to record negative growth for the three consecutive quarters for year 2020.

Nevertheless, as history and past economic trends have demonstrated, there will eventually be a recovery rebound from any downturn regardless of the severity of a pandemic. Although year 2020 in essence has been volatile throughout, the economy is now on the road to recovery.

Company's Performance

The year 2020 presented strong global and domestic headwinds with volatility in financial markets and the unprecedented Covid-19 global pandemic that forced lockdowns to be imposed in every affected country. This inevitably had adversely impact on the world and the domestic economy.

Against this challenging environment, the Group achieved lower revenue of RM108 million for its financial year ended 2020 ("FYE 2020") as compared to RM219 million for the previous financial year ended 2019. Despite the lower revenue, the Group recorded a lower loss after tax of RM1.68 million compared to previous year's loss of RM4.05 million.

2020 was a challenging year for construction and property development sector, upon which the Group substantially relies. Nonetheless, the Group has managed to overcome the prevalent obstacles and managed to deliver a noteworthy result.

CHAIRMAN'S STATEMENT CONT'D

Property Development

The construction sector contracted 13.9 per cent from negative 12.4 per cent in the preceding quarter. This is in line with average of value work done per project decreased in the fourth quarter of 2020. For the year under review, IWCity continues to focus on both its "Botanika" and "Danga Sutera" projects. Following Botanika's completion and handover of the first tower in 2019, the second tower comprising of another 264 units is nearing completion upon the resumption of swift construction progress following the uplifting of the initial MCO.

Danga Sutera is a gated mixed development comprising of 645 landed residential units with clubhouse facilities and a commercial plot for future development. Phase 1 consists of 525 units of super linked landed residential enjoyed brisk sales and was duly completed and handed over in June 2020. At present, the Group continues to focus on the construction of the remaining 120 units of semi-detached houses which has received encouraging uptake and response as a result of innovative design and efficient use of space.

Prospects

In terms of the property sector, new launches plunged severely in 2020 due to many developers taking a more prudent stance for risk mitigation. Similarly IWCity is focusing on the construction and sale for its ongoing projects while also taking the opportunity to strategise and plan for projects to be launched under more favourable conditions.

On a positive note, several stimulus packages targeted at the property development sector were announced in Budget 2020 which comprised of the Home Ownership Campaign ("HOC"), Real Property Gain Tax ("RPGT") and Stamp Duty reliefs, Rent-To-Own schemes and the lowering of the foreign purchaser floor price threshold which are all aimed at enhancing the affordability portfolio for a large section of prospective property buyers.

Year 2020 also saw the launch of the Johor – Singapore Rapid Transit System ("RTS") which is poised to be a major catalyst to the transport system between our two countries which will have a direct positive impact on the Johor state economy once complete in 2026.

Therefore with resilience combined with prudent planning, IWCity aims to weather out the effects of the pandemic and has positioned itself on a recovery route and thereafter towards sustainability.

Additional Listing of the Company Shares

The Company had on 23 April 2021 completed a Private Placement of 83,738,885 new IWCity Shares, representing 10% of the total existing number of issued IWCity Shares at the subscription price of RM0.48 per Share. The total gross proceeds of approximately RM40.2 million had been raised and would significantly improve the Group's liquidity and the general working capital.

Corporate Governance

The Board strongly believes that corporate governance plays a key role in ensuring sustainability and stability for the Group's continued success. I am pleased to note that the Group continues to practice a high level of corporate governance where the Company continues to maintain at least half of the Board comprises Independent Directors which is in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, to ensure good governance with check-and-balance measures in place. The Board has worked with the Management to ensure the highest compliance to the recommendations of the Malaysian Code on Corporate Governance ("MCCG") 2017 in year 2020, and will continue to ensure the demonstration of good practice, within the Group, in compliance with the MCCG 2021 which was issued by Securities Commission Malaysia on 28 April 2021.

Dividend policy

In view of the unstable macro market, the Covid-19 pandemic affecting the business environment and the performance of the Group, the Board does not consider it to be prudent to recommend the declaration of any dividend for the financial year ended 31 December 2020.

Acknowledgements

On behalf of the Board, I would like to convey my gratitude to our shareholders, valued customers, business associates, bankers, government and local authorities, and vendors for their continuing support and trust. I would also like to extend our appreciation towards our management team and employees for their efforts and commitment to navigate through the difficult period during FYE 2020.

I would like to extend my heartfelt appreciation to my fellow Board members for your dedication, commitment, valuable advice, and contribution to the Board.

The Board remained optimistic in delivering its business obligations and to strike a balance in its financial results, while operating in business environment impacted by Covid-19 pandemic. We hold the responsibility that you have entrusted to us in high regard. We shall look forward to an even challenging year ahead and we also endeavour to deliver a better financial year ending 2021.

Stay well and stay safe.

DATO' HJ AYUB BIN MION

Chairman

Dated: 27 May 2021

MANAGEMENT DISCUSSION AND ANALYSIS

We are pleased to present the Management Discussion and Analysis ("MD&A") for 2020 which is intended to provide readers with the highlights of Iskandar Waterfront City Berhad ("IWCity" or "the Group") as we remain committed to be a premier property developer.

Introduction

IWCity is an investment holding company and its subsidiaries are mainly involved in property development, property land-banking and construction. As one of the largest owners of waterfront land in Eastern Johor Bahru, our vision is to become a leading integrated property player focusing on community living and quality development. The Group has completed and sold thousands of residential and commercial properties to-date. The Group has also contributed significantly to the Johorean society by constructing thousands of low-cost homes for the benefit of the community.

The Group's main focus is on landed township development products. The Group's recent township development is sited in the area of Skudai, which is within a matured residential and commercial township with comprehensive neighborhood amenities. It was developed under the name of Danga Sutera, a gated mixed development project comprising of 645 landed residential units with clubhouse facilities and a commercial plot for future development.

The Group's current projects also include, Botanika, which comprises of 3 tower blocks, totaling 792 condominium units and 40 waterfront villas which are constructed on a 12 acre site fronting the Tebrau River in Bakar Batu, approximately 10km east of the City Centre.

Review of the Group's Business and Operations

The year of 2020 presented strong global and domestic headwinds with volatility in financial markets and the unprecedented Covid-19 global pandemic that forced lockdowns to be imposed in every affected country which inevitably had adversely impacted the world and our domestic economy.

Despite the disruptions caused by the imposition of the various Movement Control Orders ("MCOs") and the associated re-implementations, we persevered and managed to complete, the first phase of Danga Sutera; 525 units of super-linked landed component with the Certificate of Completion and Compliance ("CCC") and handed over to our purchasers in June 2020. We were granted the necessary extension of time for development affected by the MCO from the Ministry of Housing & Local Government for the super-linked landed houses. We had also benefitted from government initiatives to assist homeownership under the Home Ownership Campaign ("HOC") by providing stamp duty exemption for the residential properties where certain sales which were realised in the current financial year was attributable to this HOC.

Building construction for both of our on-going development; Botanika Tower B and Danga Sutera 2-storey semi-detached houses are progressing well after our business operations resumed when the government allowed certain sectors to operate again with strict adherence to the Covid-19 standard operating procedures ("SOP").

Our Group had offically launched the 2-storey semi-detached houses and 2 bungalow lands under Phase 2 of Danga Sutera in Feb 2020. The take-up for the 2-storey semi-detached houses during the launch was encouraging due to its quality, attractive design, spacious layout and competitive value proposition. There are 34 units in total with two types of land area sizes, of 43' x 70' and 43' x 85 and comes with a built-up area of approximately 3,300 square feet. These 2-storey semi-detached houses are set within a gated and guarded community.

In view of the MCOs and the adherence to Covid-19 SOP, the Group recognises the need to quickly adapt to the "new norm". Our Group also ventured into virtual reality ("VR") technology in our sales and marketing initiatives for our Botanika and Danga Sutera projects with particular focus on the show units where virtual walkthroughs to the respective show units on the development projects are enabled to provide an immersive experience to the end-purchasers.

Digital marketing on various social media platforms to garner leads and increase brand awareness are continuously leveraged upon together with adoption of strategic sales agents with a wider network of customers. We had also engaged notary services from a solicitor in Singapore to facilitate the signing of sales and purchase agreement by the purchasers who are unable to come into Malaysia due to the MCOs.

Our construction sector recorded a minimum revenue of RM5.2 million from the rescued project of Taman Bayou Tebrau, squatter resettlement and Pengerang projects. The contribution from construction is low as these projects are near to completion except for the relocation of squatters at Senibong and also due to construction activities being halted due to the MCOs.

Review of the Group's Business and Operations Cont'd

In March 2020, we enhanced our integrity, governance and anti-corruption framework pursuant to the Section 17A of the Malaysian Anti-Corruption Commission Act 2009 which took effect from 1 June 2020 by adopting the Anti-Bribery and Corruption Policy. The Group is committed to conducting its business in a legal, ethical and responsible manner in compliance with all prevailing applicable laws, regulations and guidelines.

The highlights of the IWCity Group's financial information for the past 5 financial years are as follows:

	<--------------------Financial year ended 31 December-------------------->				
	2020	**2019 (Restated)**	**2018 (Restated)**	**2017 (Restated)**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	108,247	219,048	122,058	267,632	76,596
Earnings before interest, taxes, depreciation and amortization (**"EBITDA"**)	24,519	21,663	6,111	69,287	(3,255)
Finance costs	22,475	23,550	20,585	4,434	12,108
Profit/(Loss) before taxation	1,518	(2,496)	(15,066)	64,178	(14,918)
(Loss)/Profit after taxation	(1,677)	(4,052)	(9,186)	45,674	(16,026)
Net assets (**"NA"**)	765,024	766,701	770,753	779,939	600,845
Total assets	1,560,937	1,878,600	1,819,945	1,747,917	1,357,771
Borrowings	187,149	251,447	238,172	238,843	142,387
Liabilities/Equity (times)	1.04	1.45	1.36	1.24	1.26
(Loss)/Earnings per share (sen)	(0.20)	(0.48)	(1.10)	5.58	(2.28)
NA per share (sen)	91	92	93	93	82
Dividend per share (RM)	-	-	-	-	-

Highlights of IWCity's share prices traded on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia") for the past 5 financial years are as follows:

	<---------------------Financial year ended 31 December-------------------->				
	2020	**2019**	**2018**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Year high	0.93	1.09	1.45	3.29	1.14
Year low	0.28	0.44	0.37	0.80	0.75
Year close	0.58	0.88	0.42	1.37	0.90
Market capitalisation (as at the financial year end) (RM'000)	481,499	736,902	351,703	1,147,223	663,030

Review of Financial Results and Financial Condition

For the financial year ended 31 December 2020 ("FYE 2020"), the Group recorded a revenue and profit before tax of RM108.3 million and RM1.5 million respectively as compared to the revenue and loss before tax of RM219.0 million and RM2.5 million respectively in the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS CONT'D

Review of Financial Results and Financial Condition Cont'd

The revenue and profit before tax were mainly derived from the property development segment. The revenue decreased by 50.6% in the current financial year as compared to the previous financial year after taking into account the effects of the Covid-19 pandemic. Revenue for the current financial year to date had declined mainly due to a lower number of properties that were sold together with lower contributions from work done on the properties under development and construction sector as construction activities were halted during the MCO. The completion of the super-linked landed component houses under Danga Sutera during the year also resulted in lower contributions to the revenue for the year.

Despite with the lower revenue, the Group recorded a profit before tax of RM1.5 million in FYE 2020 as compared with a loss before tax of RM2.5 million in FYE 2019. The profit before tax of RM1.5 million was attributable to the increase in gross profit margins achieved by the Group during the FYE 2020 of 40.09% as compared to 13.61% for the FYE 2019. The strong gross profit margin in 2020 was in turn due to its on-going leading Danga Sutera project and also revision of the budgeted costs for construction project.

Administrative expenses increased by RM10.4 million from RM9.3 million in FYE 2020 to RM19.7 million in FYE 2019, mainly due to a one-off project management expense amounting to RM10.6 million being recorded in FYE 2020. Whereas, a marginal decrease of 5.50% or RM75,000 was recorded in selling and marketing expenses from RM1.4 million for the FYE 2019 to RM1.3 million for the FYE 2020.

Finance costs has also decreased from RM23.6 million in FYE 2019 to RM22.5 million for FYE 2020, representing a decline of RM1.1 million or 4.6% as a result of the repayment of borrowings and the reductions in the interest rates.

As at 31 December 2020, the Group had total assets of RM1.56 billion and total liabilities of RM0.80 billion. This is compared to total assets of RM1.88 billion and total liabilities of RM1.11 billion as at 31 December 2019. The decrease in total assets of the Group was related to the realisation of the inventory properties and decrease in the trade & other receivables arising from the offset of deposit received against receivable and also decrease in contract assets in the FYE 2020 as compared to the FYE 2019. The Group's cash and bank balances decreased by RM4.3 million or 9.2% from RM45.9 million for the FYE 2019 to RM41.7 million for the FYE 2020.

The trade and other payables of the Group decreased by RM243.6 million or 33.2% from RM734.6 million for the FYE 2019 to RM490.9 million for the FYE 2020, mainly due to the offset of the deposit received against the receivable and payments made to contractors.

The Group's total borrowings decreased by RM64.3 million or 25.6% from RM251.4 million for the FYE 2019 to RM187.1 million for the FYE 2020, mainly due to repayment of borrowings as part of our scheduled repayment and via redemption from the Danga Sutera development.

There was no major capital expenditure incurred for FYE 2020.

Anticipated or known risks

(i) Business risks

Property development is subject to certain business risks inherent to the industry including but not limited to, changes in general economic conditions, government regulations, inflation, competition from existing players and new entrants, shortage of labour for project completion, disruption in supply of building materials, disease outbreaks, non-renewal of licences and risks relating to the financing of projects.

Notwithstanding the above, the Group continues to limit and mitigate these risks through the implementation of prudent business strategies, continuous review of the operations and marketing strategies, efforts taken to improve efficiency, as well as close monitoring of the development projects undertaken. There can be no assurance that any of these risks will not have a material adverse impact on the Group.

(ii) Strategic landbank risks

As a significant portion of the Group's landbank comprise of waterfront properties, land reclamation has been a necessary and recurring activity for the Group. In addition, the 228 acres located in Plentong that has been alienated by the Government to IWCity is largely submerged and will require extensive reclamation. During the course of land reclamation, the Group may be exposed to operational risks, which include amongst others, unstable soil conditions post-reclamation, which may result in possible erosion or cave-in of land. In the event of such incidents occurring, the Group may incur substantial financial losses as well as possible damage in reputation.

Anticipated or known risks Cont'd

(ii) Strategic landbank risks Cont'd

Notwithstanding the above, the Board is confident the Group has the necessary experience to oversee the successful completion of the required reclamation works. Furthermore, the Board shall take all measures to secure the necessary approvals and the Group has and will continue to engage reputable construction and reclamation companies with the necessary experience and capabilities to undertake the required works.

(iii) Delays in commencement and completion

The timely completion of property development projects is dependent on many external factors, including obtaining the necessary approvals from the relevant authorities including land offices, planning authorities and local councils as scheduled, securing construction materials in adequate amounts and the satisfactory performance by appointed contractors.

Ability to execute projects in a timely and cost-effective manner as the projects undertaken may be affected by external factors, which may be beyond the Group's control. Delays in construction of property development projects undertaken by the Group's third-party sub-contractors will have an adverse effect on the completion of our property development projects.

To mitigate this, the Group endeavours to closely monitor its sub-contractors as well as the progress of the development projects in its efforts to achieve the development projects' timely completion.

(iv) Cost of materials and development projects

The materials used in the development projects of the Group generally represent a significant portion of development cost. These materials are global commodities, of which their availability and prices depend on local and global market conditions. The volatility in fuel prices, the revision of electricity tariffs and the control measures on commodity prices and additional taxes implemented by the Government have added further uncertainty to the costs to be incurred by property developers. As building materials are key inputs for construction of building, structures and infrastructures, fluctuations in its prices will affect the Group's cost and profitability, especially in projects where the selling prices of the Group's development properties have been fixed.

In a situation where the Group has already launched a project and the cost of raw materials increases above its budgeted costs, the Group would be faced with reduced profit margins. Any material adverse fluctuation in transportation and material costs will also affect the Group's profit margins the risk exists when the Group is unable to pass on any increased costs to the purchasers of the Group's development properties but nevertheless, all measures are taken to minimise this risk.

(v) Financing and interest rate risks

The Group's working capital requirements for development and construction activities may be partially funded via interest-bearing bank borrowings. As such, future fluctuations in interest rates could have material effects on the Group's interest and principal payments. There can be no assurances that the Group's performance will not be affected in the event of adverse changes in interest rates.

Notwithstanding the above, the funds available to the Group are expected to be sufficient for the Group to meet its financial obligations.

(vi) Other risks

The coronavirus, or Covid-19, has brought the whole world to a standstill, and the property market is no exception with mounting pressure on the supply and demand. Business sentiment is at its lowest level, with many operations severely impacted by the outbreak. The sense of uncertainty will lead to slower demand as businesses and occupiers will likely continue to postpone major expansion or relocation decisions. During economic instability, real estate transaction volumes typically moderate. In light of the various MCOs implemented in our country from 18 March 2020 to-date, there are disruptions to the property transaction process, including difficulties in continuing construction of properties, conducting property viewings and title searches, etc. Such unforeseen risks have directly impacted our business operations and business function.

Anticipated or known risks Cont'd

(vi) Other risks Cont'd

Our Group continues to prioritise workforce safety, health and well-being in the "new norm" by implementing measures at all our offices and sales gallery such as contactless temperature checks, emphasising the usage of face masks within the organisation, implementing hand sanitiser stations, increased the frequency of cleaning and sanitising of the premises, compulsory requirement for workers and employees of contractors at our project offices and sites to undergo Covid-19 swab tests to be certified Covid-19 free prior to commencement of projects, postponing group events and trainings, conducting meetings via virtual platforms including its future General Meetings, Board and management meetings, implementing work-from-home ("WFH") arrangements as well as educating and reminding all employees of adherence of the SOP.

Forward Looking Statement

The coming financial year 2021 is expected to be extremely challenging for the Group in view of the unprecedented changes in the socio-economic landscape largely caused by the Covid-19. The Group takes cognisance of the changing trends to cater to different and new lifestyles that is expected to be the new norm such as space for social distancing, work or study-from-home and incorporate the flexibility of these features in our product design after thorough study where possible. Given the continued uncertainty posed by the Covid-19 pandemic, the Group continues to monitor both global and local developments closely and remain proactive and vigilant in mitigating any potential impacts to the businesses of the Group. Nevertheless, the Group is hopeful that the Covid-19 pandemic will recede and be eradicated over time and strongly believing in our products, with an innovative concept, pricing and location will sustain favorable patronage from the homebuyers' market. Also, considering the on-going national Covid-19 immunisation programs, we hope that our national economy will be able to recover and the lives of Malaysians will improve which will in turn restore overall business confidence and improve the country's economic growth.

The Group notes and welcomes the stimulus measures announced for the property sector such as the re-introduction of the HOC with full/partial waiver of stamp duties on instruments of transfers and loan agreements for residential properties priced between RM300,000 and RM2.5million, the exemption of Real Property Gain Tax ("RPGT") for individuals, limited to disposal of three units of residential homes per person and the lifting of the 70% maximum Loan to Value Ratio for the financing on the homebuyer's third residential property priced RM600,000 and above.

Barring any unforeseen circumstances and subject to the macro market, the Group will continue to supply a wide range of premium quality products, ranging from deluxe residences with high-end finishes and facilities to sizable landed units with practical and efficient layouts within the township of its development. We will also refine our business strategies, as and when required, to adapt to the changes to the industries and our businesses. The Group continues to derive its revenue mainly from the current Botanika Project and Danga Sutera Project.

The Group will strive to enhance its operational efficiencies, manage costs and cash flows with the aim of achieving improved results and ensure sustainable long-term growth for the Group.

We are confident that our present management team built up over the last few years will be able to cope with the changing environment.

DIRECTORS' PROFILES

DATO' HJ. AYUB BIN MION

Independent Non-Executive Chairman

Malaysian

Male

Age 74

Dato' Ayub was appointed to the Board on 3 March 2004 as Non-Independent, Non-Executive Director and was then re-designated as Independent Non-Executive Director on 28 January 2014. He graduated with a Bachelor of Arts (Hons.), Degree from University Malaya in 1970. He joined the Johor State Civil Service on 14 June 1970 and served the Land Administration for 17 years. His last post was Deputy Director of Land and Mines, Johor, 1982-1986.

He retired as the State Secretary of Johor. Upon his retirement in 2003, he was appointed as Development Advisor to the State Government. At the same time, he was appointed as the Chairman of Cahaya Jauhar Sdn Bhd, a joint venture company between the State Government and UEM Land Sdn Bhd. The company was responsible for planning and developing 'Kota Iskandar', the New Administrative Centre of Johor in Iskandar Puteri.

Dato' Ayub was appointed to QSR Brands Berhad and KFC Holdings (Malaysia) Berhad's Board from 2011 till 2013. He also holds directorship in several private limited companies.

Dato' Ayub does not have any family relationships with any Director and/or major shareholder of the Company.

TAN SRI DATO' LIM KANG HOO

Executive Vice Chairman

Malaysian

Male

Age 66

Tan Sri Dato' Lim was appointed to the Board on 3 July 2012. He was then appointed as Executive Vice Chairman on 14 August 2012.

Tan Sri Dato' Lim is a businessman and entrepreneur with more than 49 years of experience and has interests in a variety of businesses including construction, master development, property development and investment, plantations and trading of building materials. He started his involvement in the construction industry soon after having a few years of his secondary education, assisting the family construction business. His dynamism and vision coupled with experience saw the companies that he leads grow by leaps and bound.

At present, he is the Group Executive Chairman of Ekovest Berhad, and an Executive Vice Chairman of PLS Plantations Berhad, all of which are listed on the Main Market of Bursa Malaysia Securities Berhad and also a Director of several other private limited companies. His vast experience in the construction industry had been instrumental to the growth and development of the Iskandar Waterfront Holdings Group.

Tan Sri Dato' Lim is the father of Mr. Lim Chen Herng. He is also the uncle of Datuk Lim Keng Guan and Mr. Wong Khai Shiuan.

MR. WONG KHAI SHIUAN

Executive Director cum Chief Executive Officer

Malaysian

Male

Age 39

Mr. Wong Khai Shiuan has been on the Board since 18 February 2014. He was appointed as Chief Executive Officer on 17 June 2015.

He graduated in 2003 with a Bachelor of Arts in Business Information Systems & Accounting from the University of Middlesex, UK.

He has been with the Iskandar Waterfront Holdings ("IWH") Group since year 2003 serving in various capacities and during his tenure has amassed considerable experience in management and property development & investment. Prior to joining the IWH Group, he worked with Knusford Berhad in the marketing department. He is a director of Iskandar Waterfront Sdn Bhd and several other private companies.

He is a nephew of Tan Sri Dato' Lim Kang Hoo and cousin of Datuk Lim Keng Guan and Mr. Lim Chen Herng.

DATUK LIM KENG GUAN

Executive Director
Malaysian
Male
Age 57

Datuk Lim was appointed to the Board on 5 July 2013.

Datuk Lim holds a Diploma in Quantity Surveying and has acquired more than 30 years of in-depth commercial experience in property development, construction and related activities. This includes building and civil engineering works, design and build, turnkey projects, trading in building materials, reconditioning and rental of machinery.

He was previously Project Director of PLS Plantation Berhad, which is listed on the Main Market of Bursa Malaysia Securities Berhad. In the year 2000, he joined the Iskandar Waterfront Holdings ("IWH") Group of Companies and was appointed Group Head of Procurement and Contract Administration where he was instrumental in the extensive upgrading and reclamation works carried out by the IWH Group of Companies. Datuk Lim is presently Executive Chairman of Lim Seong Hai Holdings Sdn Bhd and also holds directorships in other private limited companies.

Datuk Lim is the nephew of Tan Sri Dato' Lim Kang Hoo and cousin to Mr. Wong Khai Shiuan and Mr. Lim Chen Herng.

MR. KHOO BOON HO

Senior Independent Non-Executive Director
Malaysian
Male
Age 81

Mr. Khoo was appointed to the Board on 15 July 2003.

Mr. Khoo, an accountancy graduate from Australia was admitted as a member of the Australian Society of Accountants in 1962. He is also a Fellow of the Institute of Certified Public Accountants of Singapore. Upon graduation, he joined a Singapore Public Accountant firm, as an auditor before joining Boustead Holdings Berhad in 1963. He was the Group Financial Controller when he resigned in 1975 to join Boustead Singapore Limited, a public limited company. He was the Deputy Managing Director when he left Boustead Singapore. He is also a member of The Institute of Internal Auditors Malaysia.

He also holds directorship in several private limited companies.

Mr. Khoo does not have any family relationships with any Director and/or substantial shareholder of the Company.

MR. BERNARD HILARY LAWRENCE

Independent Non-Executive Director
Malaysian
Male
Age 54

Mr. Bernard was appointed to the Board on 1 September 2009.

At undergraduate level, Mr. Bernard holds a Bachelor Degree in Law (Hons) from the University of Warwick, Conventry, England. In terms of post graduate qualifications, he holds a Masters Degree in Law from the University of Malaya and is a Barrister of Grays Inn, London and Post Graduate Diploma in International Commercial Arbitration from Chartered Institute of Arbitrators. He is also a KLRCA empanelled CIPAA Adjudicator and actively adjudicates construction disputes.

Since graduating from the University of Warwick, England in 1990, Mr. Bernard has garnered considerable experience having served as a Head of Legal Department for a local bank, as a Legal Adviser to a subsidiary of Telekom Malaysia Berhad and as a Group Legal Adviser to the Articulate Group of Companies. Since 2001, he has been the Managing Partner of Messrs B H Lawrence, Advocates & Solicitors. Mr Bernard has 30 years of experience in the corporate and legal sectors. He is also an Independent Non-Executive Director of Knusford Berhad, a public company listed on Main Market of Bursa Malaysia Securities Berhad.

He does not have any family relationships with any Director and/or substantial shareholder of the Company.

DIRECTORS' PROFILES CONT'D

DATO' HJ. MOHD NOORAZAM BIN DATO' HJ. OSMAN

Non-Independent Non-Executive Director
Malaysian
Male
Age 53

Dato' Hj. Mohd Noorazam bin Dato' Hj. Osman was appointed to the Board of Iskandar Waterfront City Berhad on 7 June 2018.

He graduated with a Bachelor of Arts (Hons) Government and Public Policy from Northumbria University, New Castle Upon Tyne, United Kingdom in 1990.

He joined the Johor Civil Service in May 1991 and was posted to Johor Bahru District Land Office as Assistant District and Land Administrator effective June 1991. In 1995, he became the Private Secretary to the former Chief Minister of Johor, Tan Sri Dato' Haji Abdul Ghani bin Othman. Thereafter, he was assigned to be the Assistant Director of Johor State Economic Planning Unit (UPENJ). In 2003, he became Senior Assistant Director (Macro and Privatization) UPENJ until 2006, when he was promoted to the post of Deputy Director 1 in UPENJ. During the same period, he was also holding the post of Director (GM) of Syarikat Air Johor Holdings Sdn Bhd. In 2013, he became the District Officer of Kota Tinggi and subsequently the District Officer of Muar in January 2017. In November 2017, he was appointed as Chief Executive Officer of Sports Johor Sdn. Bhd., a wholly owned subsidiary of Kumpulan Prasarana Rakyat Johor Sdn Bhd. ("KPRJ"), primarily responsible for development of sports in Johor and main organizer for SUKMA Johor 2020.

With effect from 5 June 2018, he holds the position Chief Executive Officer of KPRJ, the first Johor Government Officer to hold such a post.

He does not have any family relationship with any Director and/or substantial shareholder of the Company.

MR. LIM FOO SENG

Independent Non-Executive Director
Malaysian
Male
Age 51

Mr. Lim Foo Seng was appointed to the Board of Directors of Iskandar Waterfront City Berhad on 11 October 2013.

He is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He started his career in Deloitte Kassim Chan, an international accounting firm, from 1989 till 1995.

Thereafter, he joined Arab-Malaysian Corporation Berhad Group ("Amcorp Group") in 1995 and left Amcorp Group in 2003 where his last position with Amcorp Group was a Chief Financial Officer of MCM Technologies Berhad, a subsidiary company of Amcorp Group which was formerly listed on the then MESDAQ Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia"),

He joined Quest Technology Sdn Bhd ("Quest") in 2003 as a Chief Financial Officer and subsequently, from 2005 to 2008, he served as an Executive Director for Quest's immediate holding company, Ruby Quest Berhad, a company listed on the then MESDAQ Market of Bursa Malaysia. From 2008 to 2009, he was an Executive Director of Asia Bioenergy Technologies Berhad, a company listed on the then MESDAQ Market of Bursa Malaysia. Thereafter in late 2009, he set up and co-owned an investment holding company in which he subsequently disposed of his stakes and resigned as director in 2011. Subsequently, he embarked into retail industry where he was the Head of Strategic Planning for Aivoria Group Sdn Bhd and Winn Worldwide Sdn Bhd from 2011 to 2013 and 2014 to 2017, respectively.

Currently, he is the Chief Strategy Officer of Nova Pharma Solutions Bhd, a company involved in the provision of engineering services for pharmaceutical and biotechnology industries and listed on the LEAP Market of Bursa Malaysia.

He was appointed as Non-Independent Non-Executive Director of Econframe Berhad and Independent Non-Executive Director of Knusford Berhad on 1 February 2021 and 4 December 2013 respectively, both of which are public companies listed on Bursa Malaysia.

He does not have any family relationship with any Director and/or substantial shareholder of the Company.

MR. LIM CHEN HERNG

- Alternate Director to Tan Sri Dato' Lim Kang Hoo
- Malaysian
- Male
- Age 34

Mr. Lim Chen Herng was appointed to the Board on 8 July 2015.

He graduated with a Bachelor of Science (Honours) in Business Management from Royal Holloway and Bedford New College, University of London, United Kingdom in 2008. He has been with the family business since his graduation, with management exposure in the property development, construction, finance, oil & gas and plantation sectors.

He also sits on the Board of several private limited companies, most notably the master developer Iskandar Waterfront Holdings Sdn Bhd, one of the substantial shareholders of Iskandar Waterfront City Berhad. At present, he is the Group Executive Director of Iskandar Waterfront Holdings Sdn Bhd where he oversees the Group's business development, financial performance, investment, divestment and other business ventures. Besides, he is also sitting on the Board of Knusford Berhad and acting as alternate director to Tan Sri Dato' Lim Kang Hoo in PLS Plantations Berhad, both of which are public companies listed on the Main Market of Bursa Malaysia Securities Berhad.

He is a son of Tan Sri Dato' Lim Kang Hoo and cousin of Datuk Lim Keng Guan and Mr. Wong Khai Shiuan.

CONFLICT OF INTEREST

There is no conflict of interest between the Directors and the Group except for the recurrent related party transactions where the Directors have interest, as disclosed in the Note 31 of the Audited Financial Statements.

CONVICTION FOR OFFENCES

None of the Directors have been convicted for any offences (except traffic offences) within the past 5 years or any public sanction or penalty imposed by relevant regulatory bodies during the financial year.

KEY SENIOR MANAGEMENT'S PROFILES

TAN SRI DATO' LIM KANG HOO

- Executive Vice Chairman
- Malaysian
- Male
- Age 66

Tan Sri Dato' Lim was appointed to the Board on 3 July 2012. He was then appointed as Executive Vice Chairman on 14 August 2012.

Tan Sri Dato' Lim is a businessman and entrepreneur with more than 49 years of experience and has interests in a variety of businesses including construction, master development, property development and investment, plantations and trading of building materials. He started his involvement in the construction industry soon after having a few years of his secondary education, assisting the family construction business. His dynamism and vision coupled with experience saw the companies that he leads grow by leaps and bound.

At present, he is the Group Executive Chairman of Ekovest Berhad, and an Executive Vice Chairman of PLS Plantations Berhad, all of which are listed on the Main Market of Bursa Malaysia Securities Berhad and also a Director of several other private limited companies. His vast experience in the construction industry had been instrumental to the growth and development of the Iskandar Waterfront Holdings Group.

Tan Sri Dato' Lim is the father of Mr. Lim Chen Herng. He is also the uncle of Datuk Lim Keng Guan and Mr. Wong Khai Shiuan.

MR. WONG KHAI SHIUAN

- Executive Director cum Chief Executive Officer
- Malaysian
- Male
- Age 39

Mr. Wong Khai Shiuan has been on the Board since 18 February 2014. He was appointed as Chief Executive Officer on 17 June 2015.

He graduated in 2003 with a Bachelor of Arts in Business Information Systems & Accounting from the University of Middlesex, UK.

He has been with the Iskandar Waterfront Holdings ("IWH") Group since year 2003, serving in various capacities and during his tenure has amassed considerable experience in management and property development & investment. Prior to joining the IWH Group he worked with Knusford Berhad in the marketing department. He is a director of Iskandar Waterfront Sdn Bhd and several other private companies.

He is a nephew of Tan Sri Dato' Lim Kang Hoo and cousin of Datuk Lim Keng Guan and Mr. Lim Chen Herng.

DATUK LIM KENG GUAN

- Executive Director
- Malaysian
- Male
- Age 57

Datuk Lim was appointed to the Board on 5 July 2013.

Datuk Lim holds a Diploma in Quantity Surveying and has acquired more than 30 years of in-depth commercial experience in property development, construction and related activities. This includes building and civil engineering works, design and build, turnkey projects, trading in building materials, reconditioning and rental of machinery.

He was previously Project Director of PLS Plantation Berhad, which is listed on the Main Market of Bursa Malaysia Securities Berhad. In the year 2000, he joined the Iskandar Waterfront Holdings ("IWH") Group of Companies and was appointed Group Head of Procurement and Contract Administration where he was instrumental in the extensive upgrading and reclamation works carried out by the IWH Group of Companies. Datuk Lim is presently Executive Chairman of Lim Seong Hai Holdings Sdn Bhd and also holds directorships in other private limited companies.

Datuk Lim is the nephew of Tan Sri Dato' Lim Kang Hoo and cousin to Mr. Wong Khai Shiuan and Mr. Lim Chen Herng.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Iskandar Waterfront City Berhad ("Company") takes cognisance of the importance of adopting high standards of corporate governance in the Company as well as its subsidiaries (collectively, the "Group") in order to safeguard stakeholders' interests as well as enhancing shareholder value.

Pursuant to Paragraph 15.25 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), this Corporate Governance Overview Statement ("Statement") sets out the Company's application of the 3 Principles and observation of the Practices and Recommendations, of the Malaysian Code on Corporate Governance 2017 ("MCCG 2017") issued by the Securities Commission Malaysia, for the financial year ended 31 December 2020 ("FYE 2020").

This Statement is to be read with the Corporate Governance Report 2020 ("CGR"), which is made available on the Company's website at www.iwcity.com.my . Where a specific Principle or Practice of the MCCG 2017 has not been observed during the financial year, the non-observation, including reasons thereof, and the alternative practice adopted, if any, is mentioned in the CGR.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

The Board recognises its key role in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:

- Review, evaluate, adopt and approve the strategic plans and policies for the Group;
- Oversee and monitor the conduct of the businesses and financial performance and major capital commitments of the Group;
- Review and adopt budgets and financial results of the Group, monitor compliance with applicable accounting standards and the integrity and adequacy of accurate financial information disclosure;
- Review and approve any major corporate proposals, new business ventures or joint ventures of the Group;
- Ensure adequate measures are taken to protect all assets of the group and maximise their potential;
- Review, evaluate and approve any material acquisitions or disposals of undertakings and assets in the Group;
- Identify principal risks and assess the appropriate risk management systems to be implemented to manage these risks;
- Establish and oversee a succession planning programme for the Group, including the remuneration and compensation policy thereof;
- Establish, review and implement corporate communication policies with the shareholders, investors, other key stakeholders and the public;
- Review and determine the adequacy and integrity of the internal control systems and management information of the Group; and
- Develop a corporate code of conduct to address, amongst others, any conflicts of interest relating to directors, major shareholders and/or management.

To assist in the discharge of its stewardship role, the Board has established Board Committees, namely the Audit Committee, Nomination Committee, Remuneration Committee, Risk Management Committee and Tender Approval Committee ("TAC") to examine specific issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.

All Board Committees with the exception of TAC, comprise only of Independent Non-Executive Directors. TAC being an operational unit, comprises of two Executive Directors and an Independent Non-Executive Director.

Board Charter

The Board is aware of the need to clearly demarcate the duties and responsibilities of the Board, Board Committees and Management, including the limits of authority accorded, in order to provide clarity and guidance to Directors and Management. The Board has in place a Board Charter, setting out, inter-alia, the roles of the Board, Board Committees, Executive and Non-Executive Directors and Management. The Charter serves as a reference point for Board activities to enable Directors to carry out their stewardship role and discharge their fiduciary duties towards the Company. The Board shall update the Charter as and when need arises to reflect changes to the Company's policies, procedures as well as to comply with the latest regulations and legislations.

The full Charter is available on the Company's website.

Board Charter Cont'd

The number of meetings of the Board and Board Committees held during the year were:

Types of Meetings	Number of Meetings
Board of Directors	4
Audit Committee	4
Nomination Committee	1
Remuneration Committee	1
Risk Management Committee	2
Tender Approval Committee	2

The role of the Independent Non-Executive Chairman of the Board and the Executive Vice Chairman ("EVC") are separate with each having a clear scope of duties and responsibilities. The distinct and separate roles of the Chairman and the EVC, with a clear division of functions and responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision making. This crucial partnership dictates the long-term success of the Group. The Chairman plays a crucial and pivotal role in ensuring the leadership, effectiveness, conduct and governance of the Board, whilst the EVC has overall responsibility for the operational and business units, organisational effectiveness, implementation of Board policies, directives, strategies and decisions. The Board has delegated to the EVC the day-to-day management of the Group, supported by the Chief Executive Officer ("CEO") and/or Executive Director with a team of experienced senior management. The EVC is responsible for the executive function of the Group's business and leading Management in implementing decisions and pursuing corporate objectives as approved by the Board. He may however delegate some of the day-to-day management to the CEO and/or the Executive Director while Non-Executive Directors do not participate in the day-to-day management of the Company, they contribute their expertise and experience to the development and monitoring of its corporate strategy.

Code of Ethics, Conduct and Whistle-blowing Policy and Anti-Bribery and Anti-Corruption Policy

The Board recognises the importance of having in place a Code of Ethics and Conduct, setting out the standards of conduct expected from Directors and employees, to engender good corporate behaviour and has formalised such a Code, including uploading the same on the Company's website. Meanwhile, the Board Charter sets out provision for disclosure and conflict of interest to be observed by Directors. The Company's Terms and Conditions of Service for employees also include provisions on conduct, which highlight, amongst others, the need to refrain from accepting any forms of gifts or inducement from interested or potentially interested parties.

The Board has established and adopted a Whistle-Blowing Policy and Guidelines, which outlines when, how and to whom a concern may be properly raised about the actual or potential corporate fraud or breach of regulatory requirements involving employee, Management or Director in the Group.

The Board has in accordance with the requirements of Bursa Malaysia adopted the Anti-Bribery and Anti-Corruption Policy, to prevent corrupt practices, and to provide a measure of assurance and a defence against corporate liability for corruption under section 17A of the Malaysian Anti-Corruption Commission Act 2009.

The Code of Ethics and Conduct, Whistle Blowing Policy and Anti-Bribery and Anti-Corruption Policy are all made available on the Company's website.

Sustainability of Business

The Board is mindful of the importance of business sustainability and in conducting the Group's business, the impact on the environmental, social and governance aspects is considered in the Group's corporate strategies.

The sustainability initiatives and activities undertaken by the Group for the financial year ended 31 December 2020 are disclosed in the "Sustainability Statement" on Page 37, provided in this Annual Report.

Supply of and Access to Information

The Board is supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters, by way of Board reports or upon specific requests, for decisions to be made on an informed basis and for an effective discharge of the Board's responsibilities. Any Director may at any time, request for additional information.

Timely dissemination of meeting agenda, including the relevant Board and Board Committees papers to all Directors prior to the Board and Board Committees meetings to give effect to Board decisions and to deal with matters arising from such meetings, is observed. Board members are furnished with pertinent explanation and information on relevant issues and recommendations by Management. The issues are then deliberated and discussed thoroughly by the Board before a decision is made.

In addition, Board members are updated on the Group's activities and its operations on a regular basis. All Directors have access to information of the Company on a timely basis in an appropriate manner and quality necessary to enable them to discharge their duties and responsibilities.

Senior Management of the Group and external advisers are invited to attend Board meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda. Besides direct access to Management, Directors may obtain independent professional advice at the Company's expense, if considered necessary, in furtherance of their duties. However, during the year, the Directors did not encounter any situations requiring such advice. This procedure is formalised in the Company's Board Charter.

Directors have unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretaries, who are qualified, experienced and competent on statutory and regulatory requirements, on the resultant implications of any changes in regulatory requirements to the Company and Directors in relation to their duties and responsibilities. The Company Secretaries, who oversee adherence to Board policies and procedures, brief the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretaries attend all Board and Board Committee meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly. The removal of the Company Secretaries, if any, is a matter for the Board, as a whole, to decide.

Composition of The Board

The Board currently comprises eight (8) members, three (3) of whom are Executive Directors, one (1) Non-Independent Non-Executive Director, four (4) Independent Non-Executive Directors and one (1) Alternate Director. This composition fulfils the requirements as set out under MMLR of Bursa Malaysia, which stipulates that at least two (2) Directors or one-third of the Board, whichever is higher, must be Independent and in compliance with MCCG 2017, of which at least half of the board comprises independent directors. The profile of each Director is set out in this Annual Report. The Directors, with their different backgrounds and specializations, collectively bring with them a wide range of knowledge, skills, experience and expertise in areas such as public administration, property development, construction, quantity surveying, building and civil engineering, information systems, accounting and audit and legal.

Nomination Committee

The Nomination Committee ("NC"), established by the Board with specific terms of reference which is available on the Company's website, comprises the following Directors as its members:

- Mr. Bernard Hilary Lawrence (Chairman)
- Dato' Hj. Ayub bin Mion
- Mr. Khoo Boon Ho

The NC is primarily responsible for recommending suitable appointments to the Board, taking into consideration the Board structure, size, composition and the required mix of expertise and experience which the Director should bring to the Board. It is also tasked to assess the effectiveness of the Board as a whole, the Board Committees and the contribution of each Director.

The final decision on the appointment of Director in respect of a candidate recommended by the Nomination Committee rests with the Board. The Company Secretaries ensure that all appointments are properly made upon obtaining all necessary information from the Director.

Nomination Committee Cont'd

During the financial year under review, the NC met once which was attended by all members and carried out an assessment of the Board, Board Committees and individual Directors in relation to their performance and contribution towards meeting the needs of the Company. The evaluation took into consideration the competency, experience, character, integrity and time availability, including the mix of skills, of the Directors concerned.

The NC also recommended to the Board those on Directors who are retiring at the forthcoming Annual General Meeting ("AGM") for re-election. In addition, NC informed the Board on the two Independent Non-Executive Directors who have served the Board for more than a cumulative term of 9-year, are subject to re-designation as Non-independent Directors. Given that the majority of the NC are the Directors involved in this matter, the Committee has abstained from making any recommendation to the Board but letting the Board to deliberate and recommend the continuation in office of the Independent Non-Executive Directors who have been in office, exceeded the 9-year tenure. The Board, after assessed their expertise in corporate, legal and finance matters and their significant contribution to the effectiveness of the Board and the Board Committees as a whole, proposed for the said Directors be retained as Independent Non-Executive Directors, subject to the approval to be obtained at the forthcoming AGM.

A Board diversity policy has been formalised to ensure that the Board comprises Directors of the required mix of skills and experience to assist the Company in achieving its objectives. However, insofar as Board diversity is concerned, the Board does not intend to set out any specific policy on targets for women Director, age or ethnicity composition in the Board. The Board believes that the on-boarding process of Directors should not be based on any gender, age or ethnic discrimination and instead evaluation of suitable candidates should be solely based on the candidates' competency, character, time availability, integrity and experience in meeting the needs of the Company, including, where appropriate, the ability of the candidates to act as Independent Non-Executive Directors, as the case may be.

Remuneration Committee

The Remuneration Committee("RC"), established by the Board with specific terms of reference, comprises the following Independent Non-Executive Directors:

- Mr. Lim Foo Seng (Chairman)
- Dato' Hj. Ayub bin Mion
- Mr. Bernard Hilary Lawrence

RC assists the Board in recommending the remuneration of Directors. The RC meets as and when required to review Directors' remuneration. The Board has defined its remuneration policy in its Board Charter that all Executive Directors are remunerated based on the Group's performance whilst the remuneration of the Non-Executive Directors is determined in accordance with their experiences and the level of responsibilities assumed. RC noted that all Executive Directors other than an Executive Director who holds Chief Executive Officer's position, did not benefit from any remuneration package in the previous years since their appointments. During FYE 2020, all the Board members received the same amounts of Directors' fees (other than the Chairman and the Audit Committee's Chairman).

In all instances, the deliberations of the Directors' remuneration are conducted with the Directors concerned abstaining from discussions on their individual remuneration. During the year, the Committee met once which was attended by all members.

Remuneration Committee Cont'd

In compliance with the MMLR of Bursa Malaysia, the remuneration paid to the Directors, in aggregation as follows:

FOR THE YEAR 2020	Fees and allowances RM '000	Salaries and other emoluments RM '000	Estimated value of benefits in kind RM '000	**TOTAL RM '000**
Company				
Executive directors				
Tan Sri Dato' Lim Kang Hoo	36	3,196	-	**3,232**
Datuk Lim Keng Guan	38	-	-	**38**
Wong Khai Shiuan	42	2,725	34	**2,801**
Lim Chen Herng (alternate director to Tan Sri Dato' Lim Kang Hoo)	1	-	-	**1**
Non-Executive directors				
Dato' Ayub bin Mion	77	-	-	**77**
Khoo Boon Ho	54	-	-	**54**
Bernard Hilary Lawrence	40	-	-	**40**
Mohd Salleh Othman	11	-	-	**11**
Lim Foo Seng	42	-	-	**42**
Dato' Hj. Mohd Noorazam Bin Dato' Hj. Osman	38	-	-	**38**
SUB-TOTAL	**379**	**5,921**	**34**	**6,334**
Subsidiaries				
Datin Paduka Hjh Aminah binti Hashim	38	-	-	**38**
Dato' Hj. Md Zahari bin Md. Zin	38	-	-	**38**
TOTAL	**455**	**5,921**	**34**	**6,410**

Director's Remuneration

Also, the details of the remuneration of the senior management which consists of the Executive Directors and Chief Executive Officer, have also been disclosed under the remuneration of the individual directors, and the bands of the said personnel are as follows:

Remuneration band (RM)	**Group**
Executive directors and key senior management	
Up to 50,000	1
2,800,001 to 2,850,000	1
3,200,001 to 3,250,000	1
Total	**3**

Tender Approval Committee

The Tender Approval Committee ("TAC"), established by the Board, is headed by the following directors of the Company, one of whom is an Independent Non-Executive Director:

- Tan Sri Dato' Lim Kang Hoo
- Mr. Wong Khai Shiuan
- Mr. Khoo Boon Ho

In the absence of any of Executive Directors, any Director may nominate other persons to attend the meeting. Besides, there are some senior managements acting as the members of the TAC to assist the Board in the deliberation of the relevant tenders. The TAC meets regularly to review and award tenders for expenditure in excess of RM25,000. At all times the Independent Director has attended the meetings during the year.

The TAC invites and considers Tenders for the supply of goods or services or works to be undertaken which are necessary for carrying out the objective of Procurement and Contract Administration and shall make decisions or recommendations on the acceptance or rejection of such Tenders.

The TAC ensures that procurement is geared to achieve the high quality of goods, services and construction which commensurate with the objectives. The TAC ensures accountability and transparency in all matters pertaining to tendering, procurement and contracting and also ensures the selection of all contractors and service providers is made on transparent, fair and cost-effective basis.

Reinforce Independence of the Board

The Independent Non-Executive Directors bring to bear objective and independent views, advice and judgment on interests, not only of the Company, but also of shareholders and stakeholders. Independent Non-Executive Directors are essential for protecting the interests of shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality. The Board has appointed Mr. Khoo Boon Ho as the Senior Independent Non-Executive Director to whom concerns may be conveyed by shareholders and other stakeholders.

The Board recognizes the importance of establishing criteria on independence to be used in the annual assessment of its Independent Non-Executive Directors. The definition on independence accords with the MMLR of Bursa Malaysia. The independent directors also have made declaration of their Independence Status on a yearly basis to the Company. At end of the financial year, there are two Independent Non-Executive Directors, namely Mr. Khoo Boon Ho and Mr. Bernard Hilary Lawrence, who have served the Board for a cumulative period exceeding nine (9) years. Following the assessment on the tenure, contribution and independence of both Mr. Khoo and Mr. Bernard, the Board then recommended that both Mr. Khoo and Mr. Bernard to continue their service as the Independent Non-executive Directors, for the next financial year. Key justifications for them be recommended for the continuance as Independent Non-Executive Directors are as follows:

- fulfils the criteria under the definition of Independent Non-Executive Director as stated in the MMLR and, therefore, are able to bring independent and objective judgment to the Board;
- their skills, competence and experience are pivotal in relation to the needs of the Board Committees, Nomination Committee and also TAC in their deliberations;
- their time commitment to the Company as evidenced by their meeting attendances at Board, Board Committee meetings and/or TAC Meetings; and
- they have been with the Company long enough to understand the Group's business operations which enable them to contribute actively during deliberations or discussions at the Board Committees and/or TAC Meetings.

Additionally, the Board is of the view that the independence of Directors cannot be assessed only based on the length of service, but that the true independence emanates from intellectual honesty, manifested through a genuine commitment to serve the best interests of the Company.

Foster Commitment of Directors

The Board ordinarily meets at least four (4) times a year, scheduled well in advance before the end of the preceding financial year to facilitate the Directors in planning their meeting schedule for the year. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. Board and Board Committee papers, which are prepared by Management, provide the relevant facts and analysis for the convenience of Directors. The meeting agenda, relevant reports and Board papers are furnished to Directors and Board Committee members well before the meeting to allow the Directors sufficient time to study for effective discussion and decision-making during meetings. At the quarterly Board meetings, the Board reviews the business performance of the Group and discusses major strategic, operational and financial issues. The Chairman of the Audit Committee briefs the Directors at each Board meeting the salient matters noted by the Audit Committee and which require the Board's attention or direction. All pertinent issues discussed at Board meetings in arriving at decisions and conclusions are properly recorded by the Company Secretaries by way of minutes of meetings and the minutes are circulated in a timely manner.

Board Meetings

There were four (4) Board meetings held during the financial year ended 31 December 2020, with details of Directors' attendance set out below:

Name of Director	Attendance
Dato' Hj. Ayub bin Mion	4/4
Tan Sri Dato' Lim Kang Hoo	2/4
Datuk Lim Keng Guan	4/4
Wong Khai Shiuan	4/4
Khoo Boon Ho	4/4
Bernard Hillary Lawrence	4/4
Lim Foo Seng	4/4
Dato' Hj. Mohd Noorazam bin Dato' Hj. Osman	4/4
Mohd Salleh Othman	1/1 *
Lim Chen Herng (alternate director to Tan Sri Dato' Lim Kang Hoo)	2/4

** resigned on 16 April 2020.*

It is the practice of the Company for Directors to devote sufficient time and efforts to carry out their responsibilities. All the Directors have met the stipulations of the MMLR on attendance at Board meeting.

Directors' Training – Continuing Education Programmes

The Board is mindful of the importance for its members to undergo continuous training to be apprised of changes to regulatory requirements and the impact such regulatory requirements have on the Group.

During the financial year, all Directors attended the in-house training organised by Tricor Axceleasia Sdn Bhd entitled Corporate Liability Awareness.

In addition, Tan Sri Dato' Lim Kang Hoo, Mr. Lim Foo Seng, Mr. Bernard Hilary Lawrence and Mr. Lim Chen Herng attended another training entitled Corporate Liability Act – Defence Mechanisms for Managements and the Company, during the financial year.

The Directors continue to undergo relevant training programmes to further enhance their skills and knowledge in the discharge of their stewardship role.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

It is the Board's commitment to present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of each reporting period and financial year, primarily through the quarterly announcement of Group's results to Bursa Malaysia, the annual financial statements of the Group and of the Company as well as the message to shareholders in the Annual Report.

Audit Committee

In assisting the Board to discharge its duties on financial reporting, the Board has established an Audit Committee ("AC"), comprising exclusively Independent Non-Executive Directors as below:

- Mr. Khoo Boon Ho (Chairman)
- Dato' Hj. Ayub bin Mion
- Mr. Lim Foo Seng

The detailed composition of the AC, including its roles and responsibilities, are set out in the AC Report of page 30 in this Annual Report. One of the key responsibilities of the AC in its specific terms of reference is to ensure that the financial statements of the Group and of the Company comply with applicable financial reporting standards in Malaysia. Such financial statements comprise the quarterly financial report announced to Bursa Malaysia and the annual statutory financial statements.

A policy governing the provision of non-audit services by the external auditors, in view of maintaining their independence and objectivity, has been developed and adopted by the AC.

In assessing the independence of external auditors, the AC requires written assurance by the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants.

Risk Management Committee

The Board has established a risk management process to identify, evaluate, control, report and monitor significant risks faced by the Group. Periodic reporting of risk issues, including mitigating measures, is made by Management to the Risk Management Committee ("RMC").

The RMC, established by the Board with specific terms of reference, comprises the following Independent Non-Executive Directors:

- Mr. Lim Foo Seng (Chairman)
- Mr. Bernard Hilary Lawrence
- Mr. Khoo Boon Ho

The risk management framework of the Group seeks to, amongst others, formalize the Board's risk appetite, use of key risk indicators and risk parameters, risk treatment plans and the formation of a RMC, assisted by the management to follow up on risk management matters as well as action plans to address the findings raised by the internal auditors and external auditors.

The internal audit function of the Group is outsourced to an independent professional firm, who undertakes regular reviews of the adequacy and operating effectiveness of the Group's system of risk management and internal controls. The internal audit function reports directly to the AC. Further details on the internal audit function can be seen in the Audit Committee Report and the Statement on Risk Management and Internal Control included in this Annual Report.

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

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries to be made to the regulators, shareholders and stakeholders. Accordingly, the Board has formalised pertinent policies and procedures not only to comply with the disclosure requirements as stipulated in the MMLR of Bursa Malaysia, but also identify the persons responsible to approve and disclose material information to the regulators, shareholders and stakeholders. To augment the process of disclosure, the Board has earmarked a dedicated section for corporate governance on the Company's website where information on the Company's announcements to the regulators, rights of shareholders, the Company's Annual Report, etc., may be accessed.

Shareholder Participation at General Meeting

The Annual General Meeting ("AGM") and/or Extraordinary General Meetings ("EGM"), are the principal forums for shareholder dialogue, allowing shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification on any issues and to gain better understanding of the Group's business affairs and performance. At the General Meeting, shareholders are encourage to participate in deliberating resolutions being proposed or on the Group's operations in general. At the last AGM, a question-and-answer session was held where the Chairman invited shareholders to raise questions with responses from the Board and there were no key matters raised nor discussed at the AGM.

Notices of each AGM are issued in a timely manner to all shareholders to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed. Shareholders are invited to ask questions both about the resolutions being proposed before putting a resolution to vote as well as matters relating to the Group's operations in general. All resolutions passed by the shareholders at the previous AGM held on 30 July 2020, were all voted by poll.

The Company will continue to put all resolutions to vote by poll at future AGM.

Communication and Engagement with Shareholders

The Board recognises the importance of being transparent and accountable to the Company's investors and, as such, has various channels to maintain communication with them. The various channels are through the quarterly announcements on financial results to Bursa Malaysia, relevant announcements and circulars, when necessary, the General Meeting and through the Group's website where shareholders can access pertinent information concerning the Group.

Statement of Directors' Responsibility in Respect of the Financial Statements

The Group's financial statements have been drawn up in accordance with the applicable approved accounting standards in Malaysia and the Companies Act, 2016. The financial statements give a true and fair view of the state of the affairs of the Group at the end of the financial year, and of the financial performance and cash flows for the financial year.

In preparing the financial statements, the Directors are also responsible for:

- The adoption of suitable accounting policies and applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- Ensuring that all applicable financial reporting standards have been followed; and
- Preparing financial statements on a going concern basis as the Directors have reasonable expectations, having made enquiries that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

The Directors have the responsibility of ensuring that the Company maintains adequate accounting records and sufficient internal controls to safeguard the assets and to prevent and detect fraud or other irregularities in the Group.

This Statement has been approved by the Board on 27 May 2021.

AUDIT COMMITTEE REPORT

1. COMPOSITION

The Audit Committee (the "AC"), which was established by the Board, comprises the following Directors as its members:

Chairperson : Mr. Khoo Boon Ho (Senior Independent Non-Executive Director)

Members : Dato' Hj. Ayub bin Mion (Independent Non-Executive Director)
Mr. Lim Foo Seng (Independent Non-Executive Director)

2. ROLE OF THE AUDIT COMMITTEE

The AC has been entrusted by the Board with the following responsibilities that encompass overseeing the financial reporting process and the audit processes:

- to review the Group's quarterly and annual financial statements;
- to assess the Group's internal control system;
- to review the independence of the Group's internal and external auditors and the processes adopted by the auditors; and
- to review the Recurrent Related Party Transactions to ensure they are not detrimental to the minority as well as any conflict of interest situations.

3. KEY FUNCTIONS AND RESPONSIBILITIES

The key functions and responsibilities of the AC are to review the following and report the same to the Board:

- the audit plan, evaluation of the system of internal controls and the audit report with the external auditors, including the assistance given by employees of the Group to the external auditors;
- review any management letter sent by the external auditors to the Company and Management's response to such letter;
- review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work. This includes determining whether the internal audit function deploys internal auditing standards that are recognised by professional bodies;
- review the internal audit programmes, processes, the major findings and results of the internal audit or investigations undertaken and whether or not appropriate action is taken on the recommendation of the internal audit function;
- assessment and re-appointment of internal auditors;
- the quarterly results and year-end financial statements, prior to approval by the Board of Directors, focusing on:
  - any changes in accounting policies and practice;
  - major judgmental areas;
  - significant adjustments resulting from the audit;
  - going concern assumptions;
  - compliance with accounting standards, stock exchange and other legal requirements;
  - assess the quality and effectiveness of internal control system; and
  - any significant transactions which are not a normal part of the Group's business;
- any related party transactions and conflict of interest situation that may arise within the Company and Group, including any transaction, procedure or course of conduct that raises questions of management integrity;
- any letter of resignation from external auditors;
- whether there is any reason (supported by grounds) to believe that external auditors are not suitable for re-appointment, including the assessment of their professional independence and performance;
- recommend the nomination of person or persons as external auditors;
- establish a policy on the provision of non-audit services by the external auditors and/or their network members firms/companies to minimize the risk of the external auditors' independence and objectivity from being impaired; and
- any other function as may be required by the Board from time to time.

4. SUMMARY OF WORK OF THE INTERNAL AUDIT

The Company outsourced its internal audit function to an independent professional firm, which reports directly to the AC. The internal audit function assists the AC in reviewing the adequacy and operating effectiveness of the system of governance, risk management and internal control, based on an internal audit plan approved by the AC before internal audit work is carried out. The scope of internal audit covers all operating units, including key subsidiaries, as set out in the letter of appointment of the internal audit function.

4. SUMMARY OF WORK OF THE INTERNAL AUDIT Cont'd

During the financial year ended 31 December 2020, the internal audit function carried out audit reviews according to the approved internal audit plan reviewed and approved by the AC. The business processes reviewed were as follows:

- Recurrent related party transactions procedures
- Strategy management and liquidity management
- Human resources management

The results of the audit reviews and the recommendations for improvement were discussed with Management and subsequently presented to the AC at their quarterly meetings. In addition, follow-up visits were also conducted to ascertain the status of implementation of agreed management action plans. The results of the follow-up reviews were also reported to the AC. Although certain internal control weaknesses were identified, none of the weaknesses has resulted in any material losses or contingencies that would require additional disclosure in this Annual Report.

Further details of the internal audit function and its activities are mentioned in the Statement on Risk Management and Internal Control included in this Annual Report.

5. SUMMARY OF ACTIVITIES UNDERTAKEN BY THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR

The AC met four (4) times during the financial year ended 31 December 2020. The attendances of each member of the Committee were as follows:-

Name	Designation	Meetings Attended
Khoo Boon Ho	Senior Independent Non-Executive Director	4/4
Dato' Hj. Ayub Bin Mion	Independent Non-Executive Director	4/4
Lim Foo Seng	Independent Non-Executive Director	4/4

The AC members were served with meeting agenda and relevant Board papers which were distributed, with adequate notice, before the meeting to enable them to go through the matters to be deliberated at the meeting. The Company Secretaries are the secretaries of the AC.

During the financial year under review, the AC carried out the following activities:

- reviewed the quarterly financial announcements of the Group before recommending the same to the Board of Directors for approval;
- reviewed the audit plan of the external auditors and the proposed fees for the statutory audit;
- reviewed the performance of the external auditors in terms of their capability and professionalism before recommending them to be considered for re-appointment at the AGM;
- reviewed the audited annual financial statements of the Group and of the Company before recommending the same to the Board of Directors for approval;
- reviewed the internal audit reports and the recommendations on internal audit observations, including follow-up by the internal audit function on the status of Management's implementation of action plans to address issues highlighted in previous reports of the internal audit function;
- reviewed and evaluated the performance of the internal audit function and approved the renewal of their appointment;
- reviewed recurrent related party transactions within the Group;
- reported to the Board on its activities and significant findings and results;
- reviewed the Audit Committee Report and Sustainability Statement for inclusion in this Annual Report;
- reviewed the new accounting policies adopted by the Group to ensure compliance with the applicable Malaysian Financial Reporting Standards;
- reviewed the judgements and estimates adopted by the Group to ensure that are reasonable and prudent; and
- had two private session meetings with the External Auditors without Management during the year under review.

During the year, there was no instances where the AC were required to call a special meeting to investigate areas of corruption, bribery or misconduct nor received whistleblower report.

This Audit Committee Report has been approved by the Board on 27 May 2021.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

Paragraph 15.26 (b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") stipulates that a listed issuer must ensure that its Board of Directors makes a statement about the state of internal control of the listed issuer as a group. Accordingly, the Board of Directors ("Board") is pleased to furnish the statement, which outlines the nature and scope of the risk management and internal control system in the Group (comprising the Company and its subsidiaries) for the financial year ended 31 December 2020 and up to the date of approval of this Statement for inclusion in the Annual Report of the Company. For the purpose of disclosure, this statement takes into consideration the "Statement on Risk Management and Internal Controls - Guidelines for Directors of Listed Issuers" (the Guidelines"), issued by the Task Force on Internal Control with the support and endorsement of Bursa Malaysia.

The Board acknowledges its overall responsibility for the Group's system of risk management and internal control to safeguard shareholders' investment and the Group's assets as well as reviewing its adequacy and operating effectiveness in meeting the Group's objectives. The Board is mindful of the need to establish clear roles and responsibilities in discharging its fiduciary and leadership functions in line with Practice Note 1.1 of the Malaysian Code on Corporate Governance 2017 ("MCCG 2017"). Accordingly, the Board is aware that its principal responsibilities, as outlined in the Commentaries of the same Recommendation of the MCCG 2017, include, inter-alia, the following:

- to identify principal risks faced by the Group and ensure the implementation of appropriate controls and mitigation measures to address the risks; and
- to review the adequacy and integrity of the management information and internal control system of the Group.

The Board is also mindful of its role under Practice 9.1 of the MCCG 2017 in establishing a sound framework to manage risk. The Group has put in place a risk management process to identify and evaluate significant risks, comprising strategic, financial and operational risks as well as a system of internal control to mitigate such risks that are outlined below:

- *Business Risk*

  Property development is the subject to certain business risks inherent in the industry including but not limited to, changes in general economic conditions, government regulations, inflation, competition from existing players and new entrants, shortage of labour for project completion, disruption in the supply of building materials, non-renewal of licenses and risks relating to the financing of projects.

  Management will continue to limit and mitigate these risks through the implementation of prudent business strategies, continuous review of the operations and marketing strategies, efforts taken to improve efficiency, as well as close monitoring of its development projects and its cash flows, there can be no assurance that any changes to these risks would not have any material adverse impact on IWCity Group's business.

- *Financing and interest rate risk*

  IWCity Group's working capital requirements such as reclamation works and development projects may be partially funded via interest-bearing bank borrowings. As such, any fluctuation in interest rates could affect the interest charges incurred on the borrowings and hence affect IWCity Group's profitability. Fluctuations in interest rates may also affect the demand for properties under the Group's proposed development plans, as higher interest rates may lead to an increase in the prices of the properties for prospective buyers. This may adversely affect the demand for properties and ultimately, the success of the Group's plans for its proposed developments.

  In mitigating these risks, IWCity Group actively reviews its debt portfolio taking into account the level and nature of borrowings and manage our gearing level, interest costs and our cash flows to achieve an optimal capital structure to address the above risks. Depending on market conditions, IWCity Group will also review its pricing strategy to ensure that IWCity Group's properties are competitively priced.

- *Development risks*

  Development is subject to certain risks inherent to property development, such as oversupply of the properties to be developed, changes in demand for types of residential and commercial properties, labour and material supply shortages, deterioration in prevailing market conditions and fluctuations in prices of building materials and costs of labour. Nevertheless, IWCity Group continues to keep abreast with the latest developments in the property development market and will leverage on its track record as well as experienced, capable and dedicated management team in place, to manage these risks closely.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL CONT'D

- *Development risks* Cont'd

  The timely development and launch of properties will be dependent on external factors that may be beyond the control of IWCity Group, such as obtaining timely approvals from the relevant regulatory authorities, possible tight supply of labour as well as the timely and satisfactory performance of contractors appointed to construct the developments. However, the Board and Management of IWCity Group will limit these risks through, inter-alia, careful planning and proactive and close monitoring of the progress of development and endeavor to come up with solutions in order to ensure timely completion of the development.

- *Economic and political considerations*

  IWCity Group's future growth and profitability depends largely on the economic and political conditions in Malaysia. Factors that could adversely affect the successful development include, but are not limited to, changes in interest rates, inflation, economic growth, taxation, accounting policies, changes in laws and regulations, government policies and political stability. Any adverse changes in these conditions, such as prolonged economic downturn, could have a negative effect on the property development industry, which IWCity Group operates in.

  While IWCity Group practices prudent financial risk management and efficient operating procedures, there is no assurance that adverse economic and political developments, which are beyond the control of IWCity Group, will not materially and adversely affect IWCity Group.

- *Other risks*

  The coronavirus, or Covid-19, pandemic has brought the whole world to a standstill, and the property market is no exception with mounting pressure on the supply and demand. Business sentiment is at its lowest level, with many operations severely impacted by the outbreak. The sense of uncertainty will lead to slower demand as businesses and occupiers will likely continue to postpone major expansion or relocation decisions. During economic instability, real estate transaction volumes typically moderate. In light of the various imposition of the Movement Control Orders in Malaysia, there are disruptions to the property transaction process, including difficulties in continuing construction of properties, conducting property viewings and title searches, etc. Such unforeseen risk has directly impacted our business operations and business functions.

In view of the limitations inherent in any system of risk management and internal control, the system is designed to manage, rather than eliminate, the risk of failure to achieve the Group's objectives. The system can, therefore, only provide reasonable, but not absolute assurance, against any material misstatement or loss.

Risk Management Process

The Board recognises the importance of risk management to safeguard shareholders' investment and the Group's assets. Accordingly, it has deployed a process, during the financial year under review, to identify and evaluate significant business risks faced by the Group with a view to manage them. Management is entrusted to identify such risks for onward reporting to the Board so that remedial measures may be taken to mitigate the risks as appropriate. For each risk identified, the risk management process includes assessing the likelihood of its occurrence and the impact thereof. The significant risks faced by the Group, including action plans to mitigate risks within acceptable levels, are reported by Management to the Board at least once a year.

As part of the Group's Risk Management Process, a Risk Management Committee ("RMC"), chaired by an Independent Non-Executive Director, has been established to perform, amongst others, the following:

- overseeing the risk management structure;
- reviewing and recommending risk management strategies, policies and framework for identifying, measuring, monitoring and controlling risks;
- developing and implementing internal compliance and control systems and procedures to manage risks; and
- communicating and monitoring risk assessment results to the Board.

The RMC meets periodically to consider principal risks evaluated by the respective risk owners that may impede the Group from achieving its strategic and operational objectives, as well as develop action plans to mitigate such risks.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL CONT'D

Risk Management Process Cont'd

During the financial year under review, as facilitated by a professional service firm, the following risk management activities were carried out:

- On 2 July 2020, a risk assessment meeting with the Head of Department was conducted to update the Key Risk Profile ("KRP"). During the meeting, key risks identified were rated and prioritised in terms of likelihood of the risk occurring and its impact should the risk occur. The risk ratings take into consideration the effectiveness of existing internal controls put in place to mitigate the key risks identified. Thereafter, risk management strategies or management action plans to be undertaken are considered to mitigate risks to the Group's acceptable level.

- Update of the Group's KRP based on risk assessment meeting conducted on a yearly basis.

- The results of the risk assessments were reported and deliberated at the RMC meeting on 26 August 2020.

The risk management process has been in place for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report of the Company.

Internal Control System

The Group has an established organizational structure with clearly defined lines of responsibilities and appropriate levels of delegation and authority. Key duties are segregated amongst different personnel of major business divisions, such as operations, financial management and reporting, capital expenditure management and investments. A process of hierarchical reporting is established which provides for a documented and auditable trail of accountability. The system of internal control entails, inter-alia, the proper delegation of duties and responsibilities from the Board to the Executive Vice Chairman, Chief Executive Officer and Senior Management (collectively, the "Management"), with specified limits of authority, in running the key operations of the Group. In this respect, Management essentially comprises personnel with significant years of experience and who are in a position to identify and manage business risks relevant to the Group and design appropriate internal controls to manage these risks.

On a regular basis, the Executive Vice Chairman and/or Chief Executive Officer communicate the Board's strategy on risks and control throughout the Group which encompasses the Company's values and policies, Management's philosophy and risk attitude, as well as organisational structure together with the respective authority and responsibility of each employee.

The Board and Management also established broad operating strategies whereby annual budgets are developed in line with these strategies. Progress made towards achieving business objectives and operating results are monitored on a regular basis by the Executive Vice Chairman and Chief Executive Officer via various management and operational discussions as well as the review of financial and operational reports. Any matters arising are promptly and efficiently dealt with, drawing on the experience and knowledge of employees throughout the Group. The Executive Vice Chairman and Chief Executive Officer, in turn, will update the Board on any significant matters which require the latter's attention.

Salient features of the system of internal control within the Group are summarized as follows:

- defined management structure of the Group and clear delegation of authority to Board Committees and Management where authority levels have been formalised;
- regular reporting to the Executive Vice Chairman, Chief Executive Officer and Senior Management on operational matters and financial results as well as key performance indicators;
- regular Management and departmental discussions where operating strategies, initiatives and financial matters are deliberated;
- an annual budgetary process where each subsidiary has to submit a budget and a business plan to the Group management for review and approval, which is then tabled to the Board for deliberation; and
- established operating policies and procedure, code of conduct and other relevant human resource policies are contained within the Group's policies and operating procedures and Terms and Conditions of employment.

The Group's system of risk management and internal control applies principally to the Group and its subsidiaries but do not apply to the associates and joint venture. The Group's interest in the associates and joint venture is served through Board representatives. These representatives also provide the Board with information for timely decision-making on the continuity of the Group's investments based on the performance of the associate and joint venture.

Internal Audit Function

The Group's internal audit function is outsourced to an independent professional firm, Tricor Axcelasia Sdn Bhd. that carried out internal audit assignments on the Group. The internal auditors, whom report directly to the AC, assist the Board in assessing the adequacy and operating effectiveness of the internal control system established by Management based on an agreed scope of work as outlined in an Annual Internal Audit Plan tabled to, and approved by, the AC during the financial year. There was no restriction placed upon the scope of the Internal Audit function's work and the internal auditor was allowed full and unrestricted access to the records pertinent for the internal audit and relevant personnel of the Group.

During the financial year under review, the AC reviewed the work of the internal audit function, its observations and recommendations to ensure that the AC obtained the necessary level of assurance with respect to the adequacy and operating effectiveness of the system of risk management and internal control. The internal auditors report their observations, including Management's response and action plans thereof, directly to the AC. The internal auditors also follow up and report to the AC the status of implementation by Management on recommendations highlighted in the previous internal auditor's reports.

Further details of the Internal Audit Function are set out in the Audit Committee Report on pages 31 and 32 of this Annual Report.

The costs incurred for the internal audit function for the financial year amounted to approximately RM80,000.

Assurance by the Management

The Board has also received reasonable assurance from the Executive Vice Chairman and Chief Executive Officer as the Company's highest-ranking executive that the Group's risk management and internal control system has operated adequately and effectively, in all material aspects, for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report.

Board's comments on the adequacy and effectiveness of the Group's risk management and internal control system

The Board, through its AC, has reviewed the adequacy and operating effectiveness of the risk management and internal control system of the Group and that relevant actions have been or are being taken, as the case may be, to remedy internal control weaknesses identified from the review, which was largely based on the outcome of observations raised by the internal auditors and external auditors directly to the AC.

The Board is of the view that there have been no weaknesses in the system of risk management and internal control that resulted in material losses, contingencies or uncertainties that would require mention in the Company's Annual Report. The Board, through Management, continues to take measures to strengthen the Group's risk management and internal control system from time to time based on recommendations of the internal auditor function as well as the external auditors.

The external auditors have reviewed this Statement according to Paragraph 15.23 of the MMLR of Bursa Malaysia and reported that nothing has come to their attention that causes them to believe that the Internal Control Statement intended to be included in the Annual Report of the Company is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines to be set out, nor is factually inaccurate.

This Statement has been approved by the Board on 27 May 2021.

CORPORATE SUSTAINABILITY

CORPORATE SUSTAINABILITY

Introduction

As one of the largest owners of waterfront land in Malaysia, Iskandar Waterfront City Berhad ("IWCity") recognises the importance, as a fundamental component, to ensure its business's sustainability and continuity. The Company is also committed to be a responsible Corporate Citizen by observing and managing the impact which our business has on its stakeholders including employees, the community and environment.

Our Mission is to build a sustainable development that promotes quality and innovative products with excellent services that meet the ever-changing customers' needs, ensure high standards of governance across the Group's operations, promote and cultivate responsible business practices within the Group and ultimately ensuring equitable shareholders' returns. Our Vision is to become a leading integrated property developer and builder that focuses on community living and quality products.

This Sustainability Statement is prepared in accordance with Bursa Malaysia Securities Berhad's Main Market Listing Requirements and is also guided by the Sustainability Reporting Guide issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The Scope and Boundary of the Sustainability Statement

This Sustainability Statement serves the purpose of reporting the strategies, initiatives, performance and achievements in relation to the Group's sustainability journey in the financial year 2020, including policies, practices and procedures developed. The scope and boundary of this report is limited to the sustainability progress and impact to all the business operations and initiatives of IWCity and its subsidiaries ("the Group") in Johor Bahru.

The Group is mindful that its activities should be carried out with the highest standards of corporate and social responsibility as it strives to align its business operations while balancing this to minimize the environmental impact arising from its operations and actions while at the same time improving the social and economic conditions for all its stakeholders including its employees and the communities that it operates in, with integrity and ethical practices

Governance Structure

The Board of Directors continues to oversee the sustainability performance of the Group and to provide guidance to the Group towards ingraining sustainability as part of the corporate culture. This process has begun by targeting to make sustainability part of the Board's agenda and strategy. In order to establish an ideal governance structure to manage IWCity's sustainability performance, we begin by determining our level of maturity in embracing sustainability, including the level of expected response towards sustainability. Following that, our Board considers how best to integrate sustainability to complement our business strategy.

For effective sustainability monitoring and execution, the governance structure which has been endorsed and approved by the Board of Directors, is depicted below:

Board of Directors

↑

Audit Committee and Risk Management Committee

↑

Executive Vice Chairman / Chief Executive Officer

↑

Sustainability Working Group ("SWG")
consists of various Managers and HODs

Governance Structure Cont'd

In order to enhance efficiency, rather than creating a separate committee for sustainability, the Audit Committee and Risk Management Committee have jointly rendered and continue to render their support to the Board. Their roles and responsibilities are expected to include the following:

- Advising and recommending to the Board on its business strategies in the area of sustainability;
- Monitoring the implementation of sustainability strategies as approved by the Board;
- Recommending sustainability-related policies for adoption to the Board, and monitoring the implementation of the policies;
- Recommending approval of material sustainability matters to the Board;
- Overseeing the overall management of stakeholder engagement, including ensuring that grievance mechanisms are in place;
- Overseeing the management of sustainability matters, with particular focus on matters material to the organisation; and
- Overseeing the preparation of sustainability disclosures as required by laws and/or rules, and recommending to the Board for approval.

Nonetheless, embedding sustainability as part of IWCity's corporate culture will only be possible with strong leadership and hence it is our Executive Vice Chairman ("EVC") and Chief Executive Officer ("CEO") who have stepped up to the task of incorporating sustainability into our business strategies and business decisions. Playing a supporting and execution role will be the Sustainability Working Group ("SWG") comprising of various Heads of Departments and Managers. The SWG is also responsible in updating the EVC and CEO on the sustainability-related programmes and initiatives undertaken throughout the year

Material Sustainability Matters

For year 2020, we have conducted the materiality assessment process to identify and assess material sustainability matters for IWCity. The potential sustainability matters which are identified by the SWG are as follows:

Economic | **Environmental** | **Employees and Work Places** | **Community** | **Other Stakeholders**

The above are identified by the SWG as matters which reflect IWCity's significant economic, environmental and social impacts.

The material sustainability matters were identified and agreed upon by the Board. The following material sustainability objectives were formulated:

Economic

- Creating positive economic impacts from our business operations
- To ensure the Group's procurement system is fair and geared to achieve high quality of goods, services and workmanship quality
- To invite and consider quality tenderers for the supply of goods or services or work to be undertaken; and
- To ensure product quality and safety and to provide committed after sales service.

Year 2020 has been a challenging year for IWCity Group with the outbreak of the novel coronavirus pandemic (COVID-19), globally. There were various Movement Control Orders ("MCOs") imposed by the Malaysian Government in year 2020 to curb the spread of the virus, and such MCOs in varying degrees restricted social and economic activities.

Economic Cont'd

Despite the various restrictions arising from MCOs limited the traditional methods of marketing activities, we had during the year, continued to focus on enhancing brand value and reputation by participating and/or rolling out the following programmes which echoes the Malaysian Government's effort on curbing the pandemic by maintaining social distancing and contactless transaction approaches:

- Participation in the Government Re-introduced Home Ownership Campaign ("HOC") under the broad-based economic stimulus packages;
- Best Price Guarantee;
- Re-structuring and provision of attractive Promotional Packages the to ease purchasers' financial burden during this pandemic; and
- Production of Virtual Show Unit Tour and Live Chat features to promote "contactless" visits of show units.

In addition, some other innovative marketing activities have been initiated by IWCity, as follows:

- Online marketing activities such as virtual property expo, listings and advertising on varies property portals and webinar sessions to update and sharing on property investment;
- Social media activities such as regular updates and live streaming featuring our products and developments; and
- Other Marketing Campaigns such as Development/show unit drive-through sighting, buyer-get-buyer campaign and webinar sessions on promoting better living environment.

Apart from the marketing programmes, via our Tender Approval Committee, we have implemented a fair and diversified procurement policy to provide opportunities to support upcoming suppliers and sub-contractors.

Furthermore, we recognise the importance of customer satisfaction and the need to uphold our reputation and ensure business continuity. Therefore, we strive to maintain product quality, safety standards and to provide committed after-sales services to meet the expectation of our customers. The Group has maintained its quality standards to best meet its customers' expectation.

Environmental

- To achieve high standards in environmental impact management;
- To protect, conserve and enhance the surrounding environment and natural resources;
- To take pro-active guidelines and constantly studying, implementing guidelines and executing initiatives enhance the surrounding environment, reforestation, reduce and minimise and where possible, adverse impact towards the environment;
- To commit to keep our environment clean for the benefit the community and future generations; and
- To ensure efficient use of water and energy

IWCity recognises the importance of environmental preservation and protection in all of our business activities. As a responsible Company, we believe that by incorporating environmentally friendly initiatives in all our daily business operations and project developments. In our offices we promote green awareness amongst our employees and encourage conservation of electricity and water. In 2020, with the on-going development projects, we are proud to announce that we have kept the water usage and energy consumption to only 0.3% of the total operating expenses. We regularly monitor the water and energy consumption and should there be any unusual deviations spotted, the same would be immediately addressed or investigated.

Within our developments, we allocate a generous proportion as green areas. For our Botanika development, we have reserved more than 6 acres for landscaping and greenery which is outstanding considering that the project site measures approximately 12 acres. Another signature development of the group, Danga Sutera also preserved substantial area for green parks and water retention pond.

Another area of focus is management of waste and recycling. For our projects, contractors are required to adhere to strict waste management and recycling practices to minimise construction waste and to recycle wherever possible. In both of our Danga Sutera and Botanika projects, we have established specific locations for waste management and recycling to facilitate environmentally friendly practices by its residents.

In our workplace, we practice environmental awareness. A major initiative to save the trees has been ongoing for the past few years where we minimise printing and instead view documents electronically. Where printing is necessary, employees are encouraged to practice double sided printing which effectively halves paper consumption. During lunchtime and after working hours, lights and air-conditioning are promptly switched off in order to conserve electricity. We also practice daily monitoring of air-conditioning and lighting usage and ensure that energy efficient equipment be used where possible.

Employee Welfare

- To enable employees to further develop their professional and personal skills via exposure to a diverse and comprehensive range of learning and development opportunities;
- To assess the training needs for the employees and identify the training required to fill the skill and knowledge gaps;
- To encourage direct engagement between employees and management such as open communication and grievances sharing;
- To maintain a safe and healthy work environment and to provide adequate safety and health measures to employees; and
- To monitor work place conditions and monitor work related injuries, types of injuries and injury rate.

Building a strong team is one of our highest priorities as we realise that the success and the continuous growth of the Group also depends on our employees. Through effective human resource strategies, we are committed to build a competent and high-performance team that will drive the productivity of the Group. Training is an important part of improving our employee's skill sets and knowledge and we have set a target 8 training hours annually for employees. In year 2020, given the outbreak of Covid-19 and imposition of the various MCO in our country, our employees faced restrictions to participate in physical training. Nevertheless, Company has encouraged the employees to participate in virtual seminar/workshop/training of which some employees have endeavoured to take part in such training where available.

Employee engagement in another important component of our Human Resource policies with multiple platforms and opportunities for employees to engage frequently and frankly with the management. These includes annual performance reviews and sharing sessions. In view of situation of Covid-19 pandemic, where mass gathering/programmes are not permitted, the Company has not held any Get-together events in year 2020. Furthermore, to ensure a safe working environment, as precautionary measures, we have implemented 1-meter distancing of work stations, emphasising to employees on the practice of at least 1-meter social distancing and the wearing of face mask at all times. Other precautionary measures such as daily check-in via the Mysehjatera application, temperature taking before entering the office/site premises, placing of hand sanitisers at common areas as well as regular sanitisation, have been widely practiced. The Company had also set up a Standard Operating Procedures ("SOP") in relation to the Coronavirus Disease of 2019 on top of adherence the SOP in accordance with the rules and regulations as well as the guidelines issued by the Authorities.

To reduce the chances of virus contamination, the Management has encouraged virtual meetings with joint venture partners, customers, suppliers and/or vendors. In response to the various MCOs which was imposed by the Government throughout the year 2020, the Company has practiced the work-from-home system or the reduced work-force system, as and when applicable.

There were no Covid-19 infection cases reported by the Group in FYE 2020.

We strongly believe in workforce diversity including of adherence to national Bumiputera and gender diversification policies. We presently have 46 employees of which 67.4% are Bumiputera and 41.3% are female. In terms of age profile, there were 19 employees representing 41.3%, between 30 – 39 years old. 37.0% were from the age group of 40-49 years old, whereas the remaining 21.7% were from the other age groups.

Employees of IWCity are also rewarded in line with the Company's performance and project development. Annual increments and bonus are awarded based on the Company's performance, individual performance and achievements during the year. In addition, employees are granted comprehensive and competitive benefits including maternity leave, medical and health benefits and allowances for phone and travelling.

We keep track of the latest salary trends to ensure that our remuneration is in line with the market and that our turnover rates are below our industry peers.

In 2020, IWCity has complied with Malaysia's Minimum Wages Order 2018.

Caring for the Community

- To align our charitable giving with the Group's activities
- To maintain regular contact with the community and local authorities
- To work closely with the local councils to promote a well-balanced and harmonious community
- To continue improve public perception and experience of the Group
- To support and encourage community development
- To ensure various operational licenses are procured
- Welcoming feedback from the public

Caring for the Community Cont'd

IWCity believes in putting the community first in carrying out its business of providing quality products and building sustainable developments. This is reflected in our practice of reaching out and giving back to the community, especially the underprivileged segments of society through our corporate social responsibility programmes ("CSR") in the past years.

For year 2020, the Company has set aside a budget for CSR programmes but due to the outbreak of Covid 19 and all the restrictions and limitations of the implementation of MCOs, all CSR initiatives/plans have been deferred or put on hold for the well-being of the community. All planned festive events for the year were cancelled in response to the MCOs. Apart from the CSR, the safety and well-being within our residential projects are one of our priorities as a return to the community. We implemented robust security systems in both of our Botanika and Danga Sutera Projects, in order to offer a peace of mind to the residents and the community.

Other stakeholders' engagement

- To ensure material corporate information is made available to our investors and customers
- To ensure adherence of regulatory compliance and corporate governance transparency
- To maintain good relationships with vendors and suppliers

We firmly believe that continuous and active engagement with various stakeholders will boost business development and maintain healthy sustainable business practices.

IWCity ensures all corporate information such as quarterly results, financial results, circulars (if any) and annual report are made available on Bursa Malaysia's website and the Company's website in a timely manner. By doing so, stakeholders are kept abreast with material business matters in relation to the Company. In addition, shareholders can get in-depth information of the Company at General Meeting(s).

We also engage with our customers and/or potential customers via the Company's website, brochures and social media on the Company's information and products. We entrust our experienced and accountable sales and marketing team to be approachable by the customers.

Notwithstanding the above, we also ensure regulatory compliances are adhered to by understanding the mandates and regulatory policies. Transparent corporate governance practice is closely monitored within the Group via the respective department heads.

In addition, we also ensure that the relationship with vendors and suppliers are upheld and preserved. Standard operating procedures for contract negotiation, supplier audit, evaluation, registration and tendering are in place to ensure fair and equitable treatment to the vendors and suppliers.

At IWCity, we understand that regularly engaging with stakeholders through multiple platforms is essential in understanding their key concerns and being responsive to their expectations. The table below highlights our approach towards engaging key stakeholders who are most impacted by or impacting our business.

Other stakeholders' engagement Cont'd

Table : IWCity's Approach towards Stakeholder Engagement

Stakeholder Group	Stakeholders' expectations	Stakeholder management Response to Stakeholder expectations	Engagement Method	Frequency of Engagement
Shareholders	• Timely availability of corporate information • Healthy financials and reputation	• Timely provision of IWCity's performance via announcement and website update to ensure shareholders to make informed investment decisions	• Announcements • Annual General Meeting • Media Conference • Website and social media update	• Quarterly • Annual • Annual • As and when necessary
Customers	• Quality products and services • After-sales service • Timely delivery	• Regular customer engagement • Experienced and responsible sales and marketing team	• Customer satisfaction surveys • Customers site visit • Responsive replies to customers' queries via calls and/or emails	• As and when necessary • As and when necessary • As and when necessary
Regulatory Compliance	• Compliance to regulatory requirements	• Adherence to the regulatory requirements including all necessary updates	• Statutory reporting • On-site inspection	• Periodic • As and when necessary
Vendor and Suppliers	• Timely payment • Encourage purchase from local suppliers • Fair and responsible procurement procedures	• Regular meeting with vendor and suppliers • Tender evaluation • Comparative quotes	• Project Tenders • Suppliers evaluation interview	• As and when necessary
Employees	• Fair employment and well-being • Injury free workplace • Training and development • Covid 19 precaution	• Non-discrimination and gender diversity • Occupational safety & health enhancement • Precaution measures to be in place	• Performance evaluation / appraisal • Training • Company events • SOP, Sanitisers and sanitisation	• Annual • Periodic • Periodic • Periodic and as and when necessary

Looking Forward

IWCity is always mindful of its role as a responsible developer and commitment towards stakeholders. It is important for us to ensure the sustainability of the Group's business by constant improvement in terms of our sustainability practices within the Group. We will ensure that the progress of our achievement of the material sustainable objectives will be carefully monitored by the Sustainability Working Group and reported back to the EVC and/or CEO on a regular basis. IWCity is regularly having meetings or discussions on its material sustainability matters on an annual basis in order to ensure recent developments and changes have been incorporated and considered. This review will include internal and external factors in and changes in supply chain, global legislation and regulations.

This Sustainability Statement was approved by the Board on 27 May 2021.

FINANCIAL REPORT

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

Principal activities

The principal activity of the Company is investment holding.

The principal activities and other information of the subsidiaries are disclosed in Note 16 to the financial statements.

Results

	Group RM'000	Company RM'000
Loss net of tax	1,677	1,137
Attributable to:		
Owners of the parent	1,677	1,137

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

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

Dividend

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of any dividend in respect of the current financial year.

Directors

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

Dato' Hj. Ayub Bin Mion**
Tan Sri Dato' Lim Kang Hoo**
Dato' Hj. Mohd Noorazam Bin Dato' Hj. Osman
Datuk Lim Keng Guan**
Wong Khai Shiuan**
Khoo Boon Ho**
Bernard Hilary Lawrence
Lim Foo Seng
Lim Chen Herng **
(Alternate director to Tan Sri Dato' Lim Kang Hoo)

** These directors are also directors of the Company's subsidiaries.

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those directors listed above) are:

Dato' Hj. Md. Zahari Bin Md. Zin
Datin Paduka Hjh. Aminah Binti Hashim
Tan Teow Keat

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full time employee of the Company as shown in Note 9 and Note 10 to the financial statements) by reason of a contract made by the Company or a related corporation with any 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 31 to the financial statements.

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in the Company and its related corporations during the financial year were as follows:

	1 January 2020	Acquired	Sold	31 December 2020
Ordinary shares in the Company				
Direct interest				
Tan Sri Dato' Lim Kang Hoo	-	5,540,700	-	5,540,700
Deemed interest				
Tan Sri Dato' Lim Kang Hoo	315,846,069	-	-	315,846,069
Datuk Lim Keng Guan	-	1,600,000	(1,600,000)	-

Tan Sri Dato' Lim Kang Hoo by virtue of his interest in shares in the Company is also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares or options over shares in the Company or its related corporations during the financial year.

Holding company

The holding company of the Company is Iskandar Waterfront Holdings Sdn. Bhd., a company incorporated and domiciled in Malaysia. The ultimate holding company of the Company is Credence Resources Sdn. Bhd., a company incorporated and domiciled in Malaysia.

Other statutory information

(a) Before the statements of comprehensive income and statements of the financial position of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and

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

Other statutory information (cont'd)

(b) At the date of this report, the directors are not aware of any circumstances which would render:

   (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and

   (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

(e) As at the date of this report, there does not exist:

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

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

(f) In the opinion of the directors:

   (i) the Group and the Company will be able to meet its financial obligations as the holding company and related companies have agreed to provide continuing financial support to enable the Group and the Company to meet their obligations and liabilities as and when they fall due; and

   (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Subsequent event

Details of a subsequent event are disclosed in Note 38 to the financial statements.

Auditors

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

Auditors' remuneration is as follows:

	Group RM'000	Company RM'000
Ernst & Young PLT		
- Statutory audit	209	60
- Other services	11	7

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT during or since the end of the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 31 May 2021.

Dato' Hj. Ayub Bin Mion

Wong Khai Shiuan

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Dato' Hj. Ayub Bin Mion and Wong Khai Shiuan, being two of the directors of Iskandar Waterfront City Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 58 to 131 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 31 May 2021.

Dato' Hj. Ayub Bin Mion

Wong Khai Shiuan

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Noralisa Binti Ramli, being the officer primarily responsible for the financial management of Iskandar Waterfront City Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 58 to 131 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed Noralisa Binti Ramli)
at Johor Bahru in the State of Johor)
Darul Ta'zim on 31 May 2021.)

Noralisa Binti Ramli
(MIA 27321)

Before me,

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ISKANDAR WATERFRONT CITY BERHAD

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Iskandar Waterfront City Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 58 to 131.

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

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis of our audit opinion on the accompanying financial statements.

Revenue and cost of sales from property development contracts

As disclosed in Note 4 and Note 5 to the financial statements, the Group's revenue of RM91,252,000 and cost of sales of RM50,405,000 are derived from development properties, representing approximately 84% and 78% of the Group's total revenue and total cost of sales, respectively, for the financial year ended 31 December 2020.

The Group recognises revenue and profit from its development properties based on the progress towards complete satisfaction of a performance obligation that is achieved over time. The amount of revenue and profit recognised is dependent on, amongst others, the extent of actual costs incurred to-date, the actual number of units sold and the total estimated revenue for each of the respective development projects.

We identified revenue and cost of sales from development properties as matters requiring audit focus as significant management judgments and estimates are involved in measuring the progress towards satisfaction of the performance obligations.

Key audit matters (cont'd)

Revenue and cost of sales from property development contracts (cont'd)

To address these areas of audit focus, we have performed, amongst others, the following procedures:

- Obtained an understanding of management's internal controls over the revenue recognition process, including controls over the timing of revenue recognition, the estimation of total property development costs and gross profit margin, and the progress towards the satisfaction of the Group's performance obligations of property development activities;

- Obtained an understanding of the terms and conditions of the contracts entered into with the customers for the significant projects/phases to establish the impact of those terms and conditions on revenue recognition;

- Evaluated the assumptions applied in estimating the total property development costs of each significant project/phase, by examining documentary evidence such as letters of award issued to contractors to support the total estimated costs;

- Evaluated the progress towards complete satisfaction of a performance obligation by examining supporting evidence such as contractors' progress claims and suppliers' invoices; and

- Observed the progress of the property development phases by performing site visits and discussed the status of on-going property development phases with management, finance personnel and project officials.

Net realizable value of inventory properties

The overhang of unsold properties in the market is an indication that the Group's inventory properties may be required to be written down to net realizable value ("NRV"). As disclosed in Note 14 to the financial statements, the Group's non-current and current inventory properties as at 31 December 2020 amounted to RM122,355,000 and RM1,120,451,000 respectively, representing 80% of the Group's total assets.

Key audit matters (cont'd)

Net realizable value of inventory properties (cont'd)

The Group continues to monitor the realizable value of these inventories to ensure that these inventories are stated at the lower of cost and NRV (the estimated selling price less estimated costs necessary to make the sale).

The estimates of NRV often involve a certain degree of subjectivity. Accordingly, we consider this area to be an area of audit focus due to the subjectivity involved and the magnitude of the inventory properties' carrying amount as at 31 December 2020.

To address these areas of audit focus, we have performed, amongst others, the following procedures:

- We obtained an understanding of the internal controls performed by management in estimating the NRV of these inventories and in evaluating the risk of overstatement of inventories by reference to the headroom between the cost and estimated NRV;

- We evaluated the management's assessment of the estimated selling price (less estimated cost necessary to make the sale) of these inventories by comparing to the recent transacted prices of similar properties within the vicinity; and

- Where independent valuers have been engaged to estimate the fair values of the properties for purposes of estimating the NRV, we assessed the capability, independence and objectivity of the independent valuers, and reviewed the methodology adopted by the independent valuers in estimating the fair value of the properties and assessed whether such methodology is consistent with those used in the industry.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the directors' report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the annual report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditors' report, 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

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

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

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

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

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

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

Other matters

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

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

Tan Jin Xiang
03348/01/2022 J
Chartered Accountant

Johor Bahru, Malaysia
Date: 31 May 2021

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Group 2020 RM'000	Group 2019 RM'000 Restated	Company 2020 RM'000	Company 2019 RM'000
Revenue	4	108,247	219,048	-	-
Cost of sales	5	(64,849)	(189,226)	-	-
Gross profit		43,398	29,822	-	-
Other items of income					
Other income	6	268	166	76	-
Finance income		1,628	1,721	35	53
Other items of expenses					
Administrative expenses		(19,731)	(9,295)	(1,151)	(1,227)
Selling and marketing expenses		(1,285)	(1,360)	-	-
Finance costs	7	(22,475)	(23,550)	(97)	(116)
Share of results of associate	17(b)(ii)	(285)	-	-	-
Profit/(loss) before tax	8	1,518	(2,496)	(1,137)	(1,290)
Income tax expense	11	(3,195)	(1,556)	-	-
Loss net of tax, representing total comprehensive loss for the year		(1,677)	(4,052)	(1,137)	(1,290)
Loss attributable to:					
Owners of the parent		(1,677)	(4,052)	(1,137)	(1,290)
Loss per share attributable to owners of the parent (sen):					
Basic, for loss for the year	12	(0.20)	(0.48)		
Diluted, for loss for the year	12	(0.20)	(0.48)		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	Group 31.12.2020 RM'000	Group 31.12.2019 RM'000 Restated	Group 1.1.2019 RM'000 Restated
Assets				
Non-current assets				
Property, plant and equipment	13	1,701	2,210	2,795
Inventory properties				
- Land held for property development	14(a)	122,355	122,355	122,355
Investment properties	15	90	548	548
Investment in associates	17	2,395	9,548	9,548
Other non-current assets	18	90	90	90
Deferred tax assets	30	19,879	16,269	16,171
		146,510	151,020	151,507
Current assets				
Inventory properties				
- Property development costs	14(b)	1,120,451	1,186,518	1,194,813
Inventories	19	68,122	36,458	182
Trade and other receivables	20	157,600	407,800	309,791
Contract assets	21	23,215	49,265	120,383
Prepayments		1,369	540	1,317
Tax recoverable		1,950	1,052	267
Cash and bank balances	23	41,720	45,947	41,685
		1,414,427	1,727,580	1,668,438
Total assets		1,560,937	1,878,600	1,819,945
Equity and liabilities				
Current liabilities				
Loans and borrowings	24	187,107	184,950	9,884
Trade and other payables	26	256,989	734,509	667,993
Contract liabilities	27	4,347	3,266	7,877
Provisions	28	5,876	10,191	12,007
Income tax payable		10,981	15,830	25,463
		465,300	948,746	723,224
Net current assets		949,127	778,834	945,214

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020 CONT'D

	Note	31.12.2020 RM'000	Group 31.12.2019 RM'000 Restated	1.1.2019 RM'000 Restated
Non-current liabilities				
Loans and borrowings	24	42	66,497	228,288
Trade and other payables	26	233,933	-	-
Deferred tax liabilities	30	96,638	96,656	97,680
		330,613	163,153	325,968
Total liabilities		795,913	1,111,899	1,049,192
Net assets		765,024	766,701	770,753
Equity attributable to owners of the parent				
Share capital	29	726,946	726,946	726,946
Employee share option reserve		-	-	56,187
Retained earnings/ (accumulated losses)		38,078	39,755	(12,380)
Total equity		765,024	766,701	770,753
Total equity and liabilities		1,560,937	1,878,600	1,819,945

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020 CONT'D

	Note	Company 2020 RM'000	Company 2019 RM'000
Assets			
Non-current assets			
Property, plant and equipment	13	281	340
Investment in subsidiaries	16	508,596	508,596
Other receivables	20	101,838	103,842
		610,715	612,778
Current assets			
Other receivables	20	158,397	157,911
Cash and bank balances	23	1,831	1,819
		160,228	159,730
Total assets		770,943	772,508
Equity and liabilities			
Current liabilities			
Loans and borrowings	24	100,000	100,000
Other payables	26	3,313	3,208
Provisions	28	-	533
		103,313	103,741
Net current assets		56,915	55,989
Total liabilities		103,313	103,741
Net assets		667,630	668,767
Equity attributable to owners of the parent			
Share capital	29	726,946	726,946
Accumulated losses		(59,316)	(58,179)
Total equity		667,630	668,767
Total equity and liabilities		770,943	772,508

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

Group	<--- Non-distributable ---> Share capital RM'000	Employee share option reserve RM'000	Distributable (Accumulated losses)/ Retained earnings RM'000	Total RM'000
Opening balance at 1 January 2020 (restated)	726,946	-	39,755	766,701
Total comprehensive loss	-	-	(1,677)	(1,677)
Closing balance at 31 December 2020	726,946	-	38,078	765,024
Opening balance at 1 January 2019	726,946	56,187	20,012	803,145
Restatement	-	-	(32,392)	(32,392)
At 1 January 2019 (restated)	726,946	56,187	(12,380)	770,753
Total comprehensive loss (restated)	-	-	(4,052)	(4,052)
Transactions with owners:				
Expiry of employee share options	-	(56,187)	56,187	-
Total transactions with owners	-	(56,187)	56,187	-
Closing balance at 31 December 2019 (restated)	726,946	-	39,755	766,701

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020 CONT'D

Company	Share capital RM'000	Employee share option reserve RM'000	Accumulated losses RM'000	Total RM'000
	<--- Non-distributable --->			
Opening balance at 1 January 2020	726,946	-	(58,179)	668,767
Total comprehensive loss	-	-	(1,137)	(1,137)
Closing balance at 31 December 2020	726,946	-	(59,316)	667,630
Opening balance at 1 January 2019	726,946	56,187	(113,076)	670,057
Total comprehensive loss	-	-	(1,290)	(1,290)
Transactions with owners:				
Expiry of employee share options	-	(56,187)	56,187	-
Total transactions with owners	-	(56,187)	56,187	-
Closing balance at 31 December 2019	726,946	-	(58,179)	668,767

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Group 2020 RM'000	Group 2019 RM'000 Restated	Company 2020 RM'000	Company 2019 RM'000
Operating activities				
Profit/(loss) before tax	1,518	(2,496)	(1,137)	(1,290)
Adjustments for:				
Depreciation of property, plant and equipment	526	609	69	68
Write off of property, plant and equipment	3	-	-	-
Gain on disposal of investment property	(20)	-	-	-
Fair value gain on investment property	(2)	-	-	-
Finance costs	22,475	23,550	97	116
Finance income	(1,628)	(1,721)	(35)	(53)
Share of results of an associate	285	-	-	-
Provisions	1,879	5,553	-	533
Reversal of foreseeable loss in respect of construction contracts	(211)	(913)	-	-
Loss on winding up of associate	18	-	-	-
Operating profit/(loss) before changes in working capital	24,843	24,582	(1,006)	(626)
Property development costs	29,813	(25,321)	-	-
Inventories	9,466	2,384	-	-
Receivables	76,823	(97,232)	1,516	1,097
Payables	(82,229)	47,676	(426)	(368)
Contract assets	26,261	72,030	-	-
Contract liabilities	1,081	(4,611)	-	-
Cash flows generated from operating activities	86,058	19,508	84	103
Interest paid	(12,135)	(16,046)	(97)	(116)
Taxes paid	(12,570)	(13,330)	-	-
Tax refunded	-	234	-	-
Net cash flows generated from/(used in) operating activities	61,353	(9,634)	(13)	(13)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020 CONT'D

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Investing activities				
Interest received	1,628	1,721	35	53
Subscription of redeemable preference shares in associate	(2,000)	-	-	-
Purchase of property, plant and equipment	(20)	(24)	(10)	(19)
Proceeds from disposal of investment properties	480	-	-	-
Net cash inflow on winding up of associate	132	-	-	-
Net cash flows generated from investing activities	220	1,697	25	34
Financing activities				
Withdrawal/(placement) of pledged deposits	3,015	(1,654)	(32)	(50)
Drawdown of loans and borrowings	6,846	76,503	-	-
Repayment of short term borrowings	(72,658)	(62,605)	-	-
Repayment of obligations under hire purchase	(346)	(579)	-	-
Net cash flows (used in)/ generated from financing activities	(63,143)	11,665	(32)	(50)
Net (decrease)/increase in cash and cash equivalents	(1,570)	3,728	(20)	(29)
Cash and cash equivalents at beginning of year	(2,788)	(6,516)	174	203
Cash and cash equivalents at end of year (Note 23)	(4,358)	(2,788)	154	174

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor Darul Ta'zim. The principal place of business of the Company is located at G08, Block 8, Danga Bay, Jalan Skudai, 80200 Johor Bahru, Johor Darul Ta'zim.

The holding company of the Company is Iskandar Waterfront Holdings Sdn. Bhd., a company incorporated and domiciled in Malaysia. The ultimate holding company of the Company is Credence Resources Sdn. Bhd., a company incorporated and domiciled in Malaysia.

The principal activity of the Company is investment holding. The principal activities and other information of the subsidiaries are disclosed in Note 16.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM), which is also the functional currency of the Company. All values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2. Summary of significant accounting policies (cont'd)

2.2 Change in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2020, the Group and the Company adopted the following new standards and amendments mandatory for annual financial periods beginning on or after 1 January 2020.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 101 and 108: Definition of Material	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
MFRS 101: Classification of Liabilities as Current or Non-current - Deferral of Effective Date	Effective immediately

The adoption of the above new standards and amendments did not have any significant impact on the financial statements.

2.3 Standards and Amendments issued but not yet effective

The standards, annual improvements and amendments that are issued but not yet effective up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, annual improvements and amendments, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendment to MFRS 16: Covid-19-Related Rent Concessions	1 June 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 - Interest Rate Benchmark Reform-Phase 2	1 January 2021
Annual Improvements to MFRS Standards 2018−2020	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment-Proceeds before Intended Use	1 January 2022
Amendments to References to the Conceptual Framework in MFRS 3 Business Combinations	1 January 2022
Amendments to MFRS 137: Onerous Contracts-Cost of Fulfilling a Contract	1 January 2022

2. Summary of significant accounting policies (cont'd)

2.3 Standards and Amendments issued but not yet effective (cont'd)

Description	Effective for annual periods beginning on or after
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The directors are of opinion that the standards, annual improvements and amendments above would not have any material impact on the financial statements in the year of initial adoption.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation (cont'd)

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee;

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) Potential voting rights held by the Company, other vote holders or other parties;

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of an investment in an associate.

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

2. Summary of significant accounting policies (cont'd)

2.5 Associates

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

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate is accounted for using equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date.

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

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

The financial statements of the associates are prepared as of the same reporting date as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

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

2. Summary of significant accounting policies (cont'd)

2.6 Current versus non-current classification

Assets and liabilities in the statements of financial position are presented based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.7 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company’s functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

2. Summary of significant accounting policies (cont'd)

2.7 Foreign currency

(b) Foreign currency transactions (cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

2.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Renovation	10 years
Plant, equipment, fittings, motor vehicles and computers	4 - 10 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2. Summary of significant accounting policies (cont'd)

2.9 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.8 up to the date of change in use.

2.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units (CGU)).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.10 Impairment of non-financial assets (cont'd)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity investment of another entity.

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

2. Summary of significant accounting policies (cont'd)

2.11 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Initial recognition and measurement (cont'd)

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Group's and the Company's only financial assets are its financial assets at amortised cost (debt instruments).

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost comprise solely of its trade and other receivables balances.

2. Summary of significant accounting policies (cont'd)

2.11 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's and the Company's statements of financial position) when:

- The rights to receive cash flows from the asset have expired or;

- The Group and the Company have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company have transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

2. Summary of significant accounting policies (cont'd)

2.11 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Impairment of financial assets (cont'd)

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group and the Company consider a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities comprise trade and other payables and loans and borrowings.

2. Summary of significant accounting policies (cont'd)

2.11 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

Subsequent measurement

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statements of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statements of comprehensive income.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and demand deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value net of bank overdrafts and deposits pledged with licensed bank for banking facilities. These also include bank overdrafts that form an integral part of the Group's cash management.

2. Summary of significant accounting policies (cont'd)

2.13 Construction contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

2.14 Inventory properties

Inventory properties are properties acquired or being constructed for sale in the ordinary course of business, rather than be held for the Group's own use, rental or capital appreciation.

Inventory properties are held as inventories and are measured at the lower of cost and net realisable value.

Net realisable value of inventory properties is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of inventory properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

For those lands where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle, such land is classified as Inventory properties - Land held for property development within non-current assets and is stated at cost less any accumulated impairment losses.

2. Summary of significant accounting policies (cont'd)

2.14 Inventory properties (cont'd)

At the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle, the properties shall be reclassified from non-current to current.

2.15 Inventories

Unsold inventories of completed commercial and residential properties are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis and includes cost of land, construction and appropriate development overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2. Summary of significant accounting policies (cont'd)

2.18 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.19 Employee benefits

Defined contribution plans

The Group makes contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.20 Leases

(i) As lessee

The Group recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases excluding short-term leases or leases for which the underlying asset is of low value, conveying the right to control the use of an identified asset for a period of time.

The right-of-use assets are initially recorded at cost, which comprises:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date of the lease, less any lease incentives received; and
- any initial direct costs incurred by the Group;

Subsequent to initial recognition, the right-of-use assets are measured at cost less any accumulated depreciation, accumulated impairment losses and adjusted for any remeasurement of lease liabilities.

Depreciation is computed on a straight-line basis over the estimated useful lives of the right-of-use assets.

2. Summary of significant accounting policies (cont'd)

2.20 Leases (cont'd)

(i) As lessee (cont'd)

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the Group's incremental borrowing rate. Subsequent to the initial recognition, the Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications.

(ii) As lessor

The Group classified its leases as either operating lease or finance lease. Leases where the Group retains substantially all the risks and rewards of ownership of the leased assets are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

If the Group transfers substantially all the risks and rewards incidental to ownership of the leased assets, leases are classified as finance leases and are capitalised at an amount equal to the net investment in the lease.

2.21 Revenue from contracts with customers

The Group recognises revenue from contracts with customers based on the five-step model as set out below:

(i) Identify contract with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

(ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

(iii) Determine the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

2. Summary of significant accounting policies (cont'd)

2.21 Revenue from contracts with customers (cont'd)

The Group recognises revenue from contracts with customers based on the five-step model as set out below: (cont'd)

(iv) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

(v) Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time if the Group's performance:

(i) Do not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to-date; or

(ii) Create or enhance an asset that the customer controls as the asset is created or enhanced; or

(iii) Provide benefits that the customer simultaneously receives and consumes as the Group perform.

For performance obligations where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue is measured at the fair value of consideration received or receivable.

(a) Sale of development properties

The Group develops and sells residential and commercial properties before completion of construction of the properties.

Revenue is recognised when control over the property has been transferred to the customer, either over time or at a point in time, depending on the contractual terms and the practices in the legal jurisdictions.

For development properties whereby the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date, revenue is recognised over time, based on the construction and other costs incurred to date as a proportion of the estimated total construction and other costs to be incurred.

For development properties whereby the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised when the customer obtains control of the asset.

2. Summary of significant accounting policies (cont'd)

2.21 Revenue from contracts with customers (cont'd)

(a) Sale of development properties (cont'd)

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods and that have not been recognised as expenses.

(b) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.13.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Dividend income

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

(e) Rental income

Rental income is recognised over time for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2. Summary of significant accounting policies (cont'd)

2.21 Revenue from contracts with customers (cont'd)

(f) Sales of land

Revenue from sale of land is recognised when all the conditions precedent in the sales and purchase agreement are fulfilled and upon transfer of significant risk and rewards of ownership of the land to the purchaser.

2.22 Contract assets and contract liabilities

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date for sale of development properties.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for sale of development properties.

2.23 Taxes

(a) Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. Summary of significant accounting policies (cont'd)

2.23 Taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. Summary of significant accounting policies (cont'd)

2.24 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 35, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.25 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.26 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

2.27 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

2. Summary of significant accounting policies (cont'd)

2.27 Fair value measurement (cont'd)

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

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Policies and procedures are determined by senior management for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided by senior management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, classes of assets and liabilities are determined based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3. Significant accounting judgments and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

The key judgments, key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Property development revenue

The Group recognises property development revenue and expenses in the profit or loss over time or at a point in time. The Group recognises revenue and profit from its property development activities based on progress towards complete satisfaction of the performance obligation. The progress towards complete satisfaction of the performance obligation is measured based on the proportion of cost of the property development costs incurred to date over the total estimated property development costs.

Significant judgement is required in determining the stage of completion, the extent of the costs incurred and the estimated total revenue and costs, as well as recoverability of the property development projects. Substantial changes in cost estimates, particularly in complex projects have had, and can in future periods have, a significant effect on the Group's profitability. In making the judgement, the Group evaluates based on past experience, external economic factors and by relying on the work of specialists.

(b) Provision for liquidated ascertained damages ("LAD")

The Group has ongoing construction and property development projects that have not been completed by the contractual deadline.

For construction projects, the management has estimated LAD amounting to RM7,607,000 (2019: RM7,329,000) based on the revised project schedule and the terms of the contract. The Group has arrived at this estimation based on its prior experience with similar contracts.

For property development, the management has estimated LAD of RM6,874,000 (2019: RM4,695,000) based on the revised project schedule and has arrived at this estimation based on its prior experience with similar property development projects.

The management considers that these amounts will not be significantly affected by a reasonably possible change in the assumptions applied in deriving the estimated LAD.

3. Significant accounting judgments and estimates (cont'd)

(c) Net realizable value ("NRV") of inventory properties

The Group's inventory properties are stated at the lower of cost and NRV. The NRV of the Group's inventory properties are estimated based on the evidence available at the time the estimates are made and take into consideration factors including amongst others, recent transacted prices of similar properties within the vicinity and where applicable, estimated costs to completion. In arriving at these estimates, the Group relies on its past experience and/or the work of independent valuation specialists.

Based on the NRV assessment, the directors concluded that no write down of inventory properties was necessary as the NRV of the Group's inventory properties as at 31 December 2020 exceeded their costs.

Further details of the Group's inventory properties are disclosed in Note 14.

4. Revenue

(a) Disaggregation of revenue

	Group	
	2020 RM'000	2019 RM'000
Construction contracts, recognised over time	5,204	(2,172)
Marketing and management services rendered, recognised over time	330	411
Development properties, recognised over time	91,252	217,443
Completed properties, recognised at a point in time	11,461	3,366
	108,247	219,048

(b) Judgement and methods used in estimating revenue

Recognition of revenue from development properties over time

For the sale of development properties where the Group satisfies its performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control of the development properties to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the development properties.

The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the development properties.

The estimated total construction and other related costs are based on contracted amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project engineers to make estimates of the amounts to be incurred. In making these estimates, management takes into consideration the historical trends of the amounts incurred in its other similar development properties.

4. Revenue (cont'd)

(c) Accounting arising from contracts

Breakdown of the receivables and assets arising from contracts of the Group are as disclosed in Note 20, 21, and 27.

(d) Performance obligations

Breakdown of the performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date are as disclosed in Note 21 and 27.

5. Cost of sales

	Group	
	2020	**2019**
	RM'000	**RM'000**
Construction costs	5,814	(1,238)
Provision for foreseeable losses	(211)	(913)
Marketing and management services costs	278	313
Property development costs	50,405	188,769
Cost of completed properties	8,563	2,295
	64,849	189,226

6. Other income

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Rental income	3	127	-	-
Sundry income	243	39	76	-
Fair value gain on investment property (Note 15)	2	-	-	-
Gain on disposal of investment property	20	-	-	-
	268	166	76	-

7. Finance costs

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest expense on:				
- Bank borrowings	12,135	16,046	97	116
- Loan from related company	13,714	13,831	-	-
Amount capitalised in property development costs (Note 14)	(4,876)	(7,403)	-	-
Amortisation of transaction costs on loan (Note 24)	1,502	1,076	-	-
	22,475	23,550	97	116

8. Profit/(loss) before tax

The following amounts have been included in arriving at profit/(loss) before tax:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Employee benefits expense (Note 9)	15,155	5,776	220	139
Auditors' remuneration:				
- statutory audit	209	180	60	50
- other services	11	10	7	6
Depreciation of property, plant and equipment (Note 13)	526	609	69	68
Write off of property, plant and equipment (Note 13)	3	-	-	-
Fair value gain on investment property (Note 15)	(2)	-	-	-
Gain on disposal of investment property	(20)	-	-	-
Interest income from licensed banks	(1,628)	(1,721)	(35)	(53)
Provisions (Note 28)	1,879	5,553	-	533
Reversal of foreseeable losses in respect of construction contracts	(211)	(913)	-	-
Loss on winding up of associate (Note 17)	18	-	-	-

9. Employee benefits expense

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Wages, salaries and bonus	14,492	4,990	138	50
Social security contributions	39	40	1	-
Defined contribution plan	399	452	15	5
Other staff related expenses	225	294	66	84
	15,155	5,776	220	139

Included in employee benefits expense of the Group is executive directors' remuneration amounting to RM6,038,000 (2019: RM945,000) with further details disclosed in Note 10.

10. Key management personnel compensation

The remuneration of key management during the year is as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Directors of the Company				
Executive:				
Salaries, bonus and other emoluments	5,921	826	709	826
Fees and allowances	117	119	117	119
	6,038	945	826	945
Non-executive:				
Fees and allowances	262	292	262	292
Directors of the subsidiaries				
Non-executive:				
Fees and allowances	76	77	-	-
Total	6,376	1,314	1,088	1,237
Analysis:				
Total executive directors (excluding benefits-in-kind) (Note 9)	6,038	945	826	945
Estimated money value of benefits-in-kind	34	44	34	44
Total non-executive directors	338	369	262	292
Total directors' remuneration	6,410	1,358	1,122	1,281

11. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2020 and 2019 are:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Statement of comprehensive income:				
Current income tax:				
Malaysian income tax	7,270	5,128	-	-
Overprovision in prior years	(447)	(2,450)	-	-
	6,823	2,678	-	-
Deferred tax (Note 30):				
Relating to origination and reversal of temporary differences	(3,389)	(2,396)	-	-
(Over)/underprovision in prior years	(239)	1,274	-	-
	(3,628)	(1,122)	-	-
Income tax expense recognised in profit or loss	3,195	1,556	-	-

Reconciliation between income tax and accounting profit/(loss)

The reconciliation between income tax and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 December 2020 and 2019 is as follows:

	2020 RM'000	**2019 RM'000 Restated**
Group		
Profit/(loss) before tax	1,518	(2,496)
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	364	(599)
Adjustments:		
Effect of expenses not deductible for tax purposes	2,537	1,260
Effect of income not subject to tax	(107)	(128)
Deferred tax assets not recognised	1,019	2,199
Overprovision of income tax in prior years	(447)	(2,450)
(Over)/underprovision of deferred tax in prior years	(239)	1,274
Share of results of associate	68	-
Income tax expense recognised in profit or loss	3,195	1,556

11. Income tax expense (cont'd)

Reconciliation between income tax and accounting profit/(loss) (cont'd)

	2020 RM'000	2019 RM'000
Company		
Loss before tax	(1,137)	(1,290)
Taxation at Malaysian statutory tax rate of 24% (2019: 24%)	(273)	(310)
Adjustments:		
Effect of expenses not deductible for tax purposes	87	323
Effect of income not subject to tax	(8)	(13)
Deferred tax assets not recognised	194	-
Income tax expense recognised in profit or loss	-	-

Domestic income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated assessable loss for the year.

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2020 RM'000	2019 RM'000
Unutilised business losses:		
- expiring in YA 2025	52,271	52,271
- expiring in YA 2026	330	330
- expiring in YA 2027	1,709	-
Unabsorbed capital allowances	105	103
Other deductible temporary differences	20,475	17,942
	74,890	70,646

12. Loss per share

Basic and diluted loss per share amounts are calculated by dividing loss for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

The following reflects the inputs used in the computation of basic and diluted loss per share for the years ended 31 December:

	2020	2019 Restated
Net loss attributable to owners of the parent (RM'000)	(1,677)	(4,052)
Weighted average number of ordinary shares for basic loss per share computation ('000 units)	837,389	837,389
Basic loss per share (sen)	(0.20)	(0.48)
Diluted loss per share (sen)	(0.20)	(0.48)

13. Property, plant and equipment

Group	Renovation RM'000	Plant, equipment and fittings RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1 January 2019	338	3,047	5,004	8,389
Additions	-	24	-	24
At 31 December 2019 and 1 January 2020	338	3,071	5,004	8,413
Additions	-	20	-	20
Written off	-	(5)	-	(5)
At 31 December 2020	338	3,086	5,004	8,428
Accumulated depreciation				
At 1 January 2019	313	2,446	2,835	5,594
Charge for the year (Note 8)	2	122	485	609
At 31 December 2019 and 1 January 2020	315	2,568	3,320	6,203
Charge for the year (Note 8)	2	121	403	526
Written off	-	(2)	-	(2)
At 31 December 2020	317	2,687	3,723	6,727
Net carrying amount				
At 31 December 2019	23	503	1,684	2,210
At 31 December 2020	21	399	1,281	1,701

13. Property, plant and equipment (cont'd)

Company	Renovation RM'000	Motor vehicles RM'000	Furniture and equipment RM'000	Computer RM'000	Total RM'000
Cost					
At 1 January 2019	31	85	518	561	1,195
Additions	-	-	8	11	19
At 31 December 2019 and 1 January 2020	31	85	526	572	1,214
Additions	-	-	10	-	10
At 31 December 2020	31	85	536	572	1,224
Accumulated depreciation					
At 1 January 2019	7	39	272	488	806
Charge for the year (Note 8)	2	9	43	14	68
At 31 December 2019 and 1 January 2020	9	48	315	502	874
Charge for the year (Note 8)	2	8	59	-	69
At 31 December 2020	11	56	374	502	943
Net carrying amount					
At 31 December 2019	22	37	211	70	340
At 31 December 2020	20	29	162	70	281

Included in property, plant and equipment of the Group are motor vehicles with net carrying amount of RM516,000 (2019: RM1,559,000) held under hire purchase.

14. Inventory properties

Group

(a) Land held for property development

	Freehold land RM'000	Leasehold land RM'000	Development expenditure RM'000	Total RM'000
Cost				
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	90,000	28,873	3,482	122,355

(b) Property development costs

	Freehold land RM'000	Leasehold land RM'000	Development expenditure RM'000	Total RM'000
Cumulative property development costs				
At 1 January 2020	631,161	312,280	742,648	1,686,089
Costs incurred during the year	-	-	26,122	26,122
Reversal of completed project	-	-	(247,322)	(247,322)
Transfer to inventory	-	-	(41,130)	(41,130)
At 31 December 2020	631,161	312,280	480,318	1,423,759
Cumulative costs recognised in profit or loss				
At 1 January 2020	(11,338)	(38,170)	(450,063)	(499,571)
Recognised during the year	-	-	(51,059)	(51,059)
Reversal of completed project	-	-	247,322	247,322
At 31 December 2020	(11,338)	(38,170)	(253,800)	(303,308)
Property development costs at 31 December 2020	619,823	274,110	226,518	1,120,451

14. Inventory properties (cont'd)

(b) Property development costs (cont'd)

	Freehold land RM'000	Leasehold land RM'000	Development expenditure RM'000	Total RM'000
Cumulative property development costs				
At 1 January 2019	631,161	312,536	648,204	1,591,901
Costs incurred during the year	-	-	205,520	205,520
Reversal of completed project	-	(173)	(72,499)	(72,672)
Transfer to inventory	-	(83)	(38,577)	(38,660)
At 31 December 2019	631,161	312,280	742,648	1,686,089
Cumulative costs recognised in profit or loss				
At 1 January 2019	(11,338)	(38,004)	(347,746)	(397,088)
Recognised during the year	-	(339)	(174,816)	(175,155)
Reversal of completed project	-	173	72,499	72,672
At 31 December 2019	(11,338)	(38,170)	(450,063)	(499,571)
Property development costs at 31 December 2019	619,823	274,110	292,585	1,186,518

Leasehold land registered under the name of a shareholder of the Company

By a Development Agreement dated 23 March 1999 between certain subsidiaries and Kumpulan Prasarana Rakyat Johor Sdn. Bhd. ("KPRJ"), a shareholder of the Company, these subsidiaries were granted beneficial ownership of various parcels of leasehold land. On 19 May 2006, the subsidiaries were exempted by the Securities Commission Malaysia from the requirement of registering the lands under the names of the subsidiaries. On 28 December 2006, titles to a portion of the leasehold lands were registered under the names of the subsidiaries. At the reporting date, leasehold land and development expenditure with carrying value of RM226,393,000 (2019: RM189,467,000) are registered under the name of KPRJ.

Rehabilitation of abandoned project

Pursuant to a Development Agreement signed in 1999 ("DA") between Tebrau Bay Sdn. Bhd. ("TBSB"), a subsidiary of the Group, and Aset Nusantara Development Sdn. Bhd. ("ANDSB"), an associated company of the Group, ANDSB was granted power of attorney ("PA") to develop a parcel of the Group's land with carrying amount of RM18,786,000 (2019: RM19,341,000). The PA was terminated on 6 April 2010 as ANDSB was not able to fulfil the terms of the DA. ANDSB is currently undergoing liquidation and the development has been classified by the authorities as an abandoned project.

14. Inventory properties (cont'd)

Rehabilitation of abandoned project (cont'd)

In 2015, TBSB entered into a Construction Agreement with the liquidator of ANDSB to rehabilitate the abandoned project. Construction work commenced in 2016 and revenue and costs relating to the rehabilitation of the project are recognised in the statements of comprehensive income. The outcome of the construction cannot be reliably measured due to incomplete information on the number of house buyers and amount of progress billings. Accordingly, the revenue is recognised to the extent of costs incurred that is probable will be recovered.

Interest expenses capitalised in property development costs

Interest expenses incurred to finance the reclamation of land, amounting to RM4,876,000 (2019: RM7,403,000) have been capitalised in property development costs.

15. Investment properties

	Group	
	2020 RM'000	2019 RM'000
At 1 January	548	548
Fair value adjustment (Note 6)	2	-
Disposal	(460)	-
At 31 December	90	548

Investment properties are stated at fair value, which has been determined based on valuations at the reporting date. Valuations are performed by an accredited independent valuer, Raine & Horne International Zaki + Partners Sdn. Bhd.. The valuations are based on the comparison method, which involves comparing and adopting as a yardstick, recent transactions and sale evidences involving other similar properties in the vicinity. The Group has assessed that the highest and best use of its properties do not differ from their current use.

Significant unobservable valuation input:	Range	
	2020	2019
Price per square foot	RM90 - RM124	RM73 - RM148

16. Investment in subsidiaries

	Company 2020 RM'000	Company 2019 RM'000
Unquoted ordinary shares, in Malaysia, at cost	460,192	460,192
Unquoted redeemable preference shares, in Malaysia	95,000	95,000
	555,192	555,192
Less: Impairment losses	(46,596)	(46,596)
	508,596	508,596

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2020 %	Proportion of ownership interest 2019 %
Bayou Bay Development Sdn. Bhd.	Malaysia	Property development	100	100
Tebrau Bay Sdn. Bhd.	Malaysia	Property development and construction	100	100
Tebrau Bay Constructions Sdn. Bhd.	Malaysia	Construction of infrastructure and buildings	100	100
Southern Crest Development Sdn. Bhd.	Malaysia	Investment holding	100	100
Success Straits Sdn. Bhd.	Malaysia	Property development	100	100
Trillion Greencity Sdn. Bhd.	Malaysia	Dormant	100	100
Held by Bayou Bay Development Sdn. Bhd.:				
Bayou Management Sdn. Bhd.	Malaysia	Property holding and development	100	100

The subsidiaries have the same reporting period as the Group.

17. Investment in associates

	Group 31.12.2020 RM'000	31.12.2019 RM'000 Restated	1.1.2019 RM'000 Restated
Unquoted ordinary shares, at cost	323	473	473
Unquoted redeemable preference shares	82,130	70,870	70,870
Share subscription monies for redeemable preference shares	2,189	20,167	20,167
Share of post-acquisition reserves	(37,365)	(37,080)	(37,080)
Less: Elimination of unrealised profit from downstream transaction	(44,882)	(44,882)	(44,882)
	2,395	9,548	9,548

(a) Details of the associates are as follows:

Name of associates	Country of incorporation	Principal activities	Proportion of ownership interest 2020 %	2019 %
Held by Tebrau Bay Sdn. Bhd.:				
Aset Nusantara Development Sdn. Bhd. ("ANDSB") #	Malaysia	Property development	49	49
Tropicana Danga Senibong Sdn. Bhd. ("TDSSB") @	Malaysia	Property development	-	30
Held by Southern Crest Development Sdn. Bhd.:				
Greenland Tebrau Sdn. Bhd. ("GTSB")	Malaysia	Property development	20	20

\# Aset Nusantara Development Sdn. Bhd. is currently under liquidation.

@ During the financial year, Tropicana Danga Senibong Sdn. Bhd. was wound up and accordingly ceased to be an associate of the Group.

The following amounts were recognised in profit or loss as at the reporting date:

	Group RM'000
Total assets distributed	(132)
Cost of investment	150
Loss on winding up an associate	18

17. Investment in associates (cont'd)

During the financial year, the Company subscribed for 11,260,000 redeemable preference shares of Greenland Tebrau Sdn. Bhd., for a total consideration of RM11,260,000 through the conversion of share subscription monies of RM9,260,000 paid in previous financial years and cash consideration of RM2,000,000.

During the financial year, the Company recovered RM8,718,000 of share subscription monies from GTSB through the offset of the deposit paid by GTSB in previous years.

The associates have the same reporting period as the Group.

(b) The summarised financial information of the Group's material associate is as below. The summarised financial information represents the amounts in the financial statements of the associate and not the Group's share of those amounts.

		GTSB	
	31.12.2020 RM'000	**31.12.2019 RM'000 Restated**	**1.1.2019 RM'000 Restated**
(i) Summarised statements of financial position			
Current assets	303,066	486,804	477,835
Non-current assets	210	326	448
Current liabilities	(27,651)	(228,190)	(243,560)
Non-current liabilities	(95,067)	(133,256)	(109,040)
Net assets	180,558	125,684	125,683
Proportion of the Group's ownership	20%	20%	20%
Equity attributable to the Group	36,112	25,137	25,137
Share subscription monies for redeemable preference shares	2,189	20,167	20,167
Elimination of unrealised profit from downstream transaction	(44,882)	(44,882)	(44,882)
Group adjustment for write down of inventory properties to net realisable value	8,976	8,976	8,976
Carrying amount of investment	2,395	9,398	9,398

17. Investment in associates (cont'd)

	GTSB	
	2020	**2019**
	RM'000	**RM'000**
		Restated
(ii) Summarised statements of comprehensive income		
Other operating expenses, representing total comprehensive loss for the year	(1,426)	1
Proportion of the Group's ownership	20%	20%
Share of total comprehensive loss of associate	(285)	-

(c) Aggregate information of associates that are not individually material

	2020	**2019**
	RM'000	**RM'000**
Carrying value of the Group's interest in all immaterial associates	-	150
Group's share of loss before tax	-	-

The above financial information excludes information on ANDSB which is currently under liquidation. The investment in ANDSB has been fully impaired.

18. Other non-current assets

	Group	
	2020	**2019**
	RM'000	**RM'000**
At cost:		
Club membership	90	90

19. Inventories

	Group	
	2020	2019
	RM'000	RM'000
At cost:		
Stocks of completed properties	68,122	36,458

20. Trade and other receivables

		Group	
	Note	2020	2019
		RM'000	RM'000
Trade receivables			
Third parties		149,554	213,915
Retention sum receivables (Note 22)		1,002	1,002
Amount due from associate		-	185,298
		150,556	400,215
Less: Allowance for impairment		(2,938)	(2,938)
Trade receivables, net	(a)	147,618	397,277
Other receivables			
Amount due from related companies	(b)	344	946
Amount due from holding company	(b)	147	147
Deposits		1,254	1,203
Sundry receivables	(c)	21,602	21,592
		23,347	23,888
Less: Allowance for impairment		(13,365)	(13,365)
Other receivables, net		9,982	10,523
Total trade and other receivables		157,600	407,800
Add: Cash and bank balances (Note 23)		41,720	45,947
Total financial assets carried at amortised cost		199,320	453,747

20. Trade and other receivables (cont'd)

	Note	Company 2020 RM'000	Company 2019 RM'000
Non-current assets			
Other receivables			
Amount due from subsidiaries	(d)	101,838	103,842
Current assets			
Other receivables			
Amount due from subsidiaries	(e)	158,202	157,664
Amount due from related companies	(b)	4	4
Amount due from holding company	(b)	147	147
Deposits		18	18
Sundry receivables		26	78
Total other receivables		158,397	157,911
Total other receivables (Non-current and current)		260,235	261,753
Add: Cash and bank balances (Note 23)		1,831	1,819
Total financial assets carried at amortised cost		262,066	263,572

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 60 days (2019: 30 to 60 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group 2020 RM'000	Group 2019 RM'000
Neither past due nor impaired	104,615	291,469
1 to 30 days past due not impaired	756	20,975
31 to 60 days past due not impaired	666	17,264
61 to 90 days past due not impaired	17,538	36,356
91 to 120 days past due not impaired	-	12,392
More than 121 days past due not impaired	24,043	18,821
	43,003	105,808
Impaired	2,938	2,938
	150,556	400,215

20. Trade and other receivables (cont'd)

(a) Trade receivables (cont'd)

Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

Included in trade receivables is an amount of RM91,104,000 (2019: RM91,104,000), which arose from a compulsory acquisition by the State Government of Johor Darul Ta'zim ("SGJ"), which the Group regards as creditworthy. The receivable will be mainly settled by transfers of land of equivalent value from SGJ.

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to RM43,003,000 (2019: RM105,808,000) that are past due at the reporting date but not impaired.

These receivables are due from customers which the Group regards as creditworthy but have a track record of slow payment. These amounts are unsecured.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group Individually impaired	
	2020 RM'000	**2019 RM'000**
Trade receivables - nominal amounts	2,938	2,938
Less: Allowance for impairment	(2,938)	(2,938)
	-	-

There was no movement in the allowance accounts during the financial year.

(b) Amounts due from related companies and holding company

The amounts due from related companies and holding companies are unsecured, non-interest bearing and are repayable on demand.

20. Trade and other receivables (cont'd)

(c) Sundry receivables

Other receivables that are impaired

The Group's other receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	Individually impaired	
	2020	2019
	RM'000	RM'000
Other receivables		
- nominal amounts	13,365	13,365
Less: Allowance for impairment	(13,365)	(13,365)
	-	-

There was no movement in the allowance accounts during the financial year.

(d) Amount due from subsidiaries - non-current

The amount due from subsidiaries, which mainly arose from advances, is unsecured, non-interest bearing and is not expected to be repaid within the next twelve months.

(e) Amount due from subsidiaries - current

The amount due from subsidiaries, which mainly arose from expenses paid on behalf and loans granted to finance acquisition and reclamation of land, are unsecured, non-interest bearing and are repayable on demand, except for an amount of RM98,000,000 (2019: RM98,000,000) which bears interest of 1.75% + cost of funds (2019: 1.75% + cost of funds) per annum.

21. Contract assets

	Group	
	2020	2019
	RM'000	RM'000
Gross amount due from customers for contract work (Note 22)	15,008	13,068
Accrued billings in respect of property development cost	6,034	29,817
Costs to obtain the contracts	2,173	6,380
	23,215	49,265

Costs to obtain the contract mainly relate to sales commissions incurred to secure sale of property units and are recognised in profit or loss over time based on the input method.

21. Contract assets (cont'd)

The transaction price allocated to the unsatisfied performance obligations as at 31 December 2020 is RM85,454,000 (2019: RM2,310,946,000). The remaining performance obligations are expected to be recognised as follows:

	2020 RM'000	2019 RM'000
Within 1 year	30,946	135,473
Between 1 and 4 years	54,508	2,175,473
	85,454	2,310,946

22. Gross amount due from/(to) customers for contract work-in-progress

	Group	
	2020 RM'000	2019 RM'000
Construction contract costs incurred to date	1,103,647	1,099,498
Attributable profits	65,190	62,592
Less: Provision for foreseeable losses	(18,713)	(18,924)
	1,150,124	1,143,166
Less: Progress billings	(1,135,675)	(1,133,364)
	14,449	9,802
Presented as:		
Gross amount due from customers for contract work (Note 21)	15,008	13,068
Gross amount due to customers for contract work (Note 27)	(559)	(3,266)
	14,449	9,802
Retention sums on construction contracts, included in trade receivables (Note 20)	1,002	1,002

23. Cash and bank balances

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash on hand and at banks	1,496	760	91	113
Restricted cash balances	2,052	4,015	-	-
Short term deposits with licensed banks	38,172	41,172	1,740	1,706
Total cash and bank balances	41,720	45,947	1,831	1,819
Less:				
- Pledged deposits	(32,904)	(35,919)	(1,677)	(1,645)
- Deposits with maturity exceeding 90 days	(4,624)	(4,624)	-	-
- Bank overdrafts (Note 24)	(8,550)	(8,192)	-	-
Cash and cash equivalents	(4,358)	(2,788)	154	174

23. Cash and bank balances (cont'd)

The restricted bank balances represent monies maintained pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations.

Deposits with licensed banks of the Group and the Company amounting to RM32,904,000 (2019: RM35,919,000) and RM1,677,000 (2019: RM1,645,000) respectively are pledged as security for credit facilities granted to the Company and certain subsidiaries, as disclosed in Note 24.

At the reporting date, the weighted average of interest rates and the maturities of deposits were as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
Weighted average interest rate (%)	2.30 to 3.34	3.06 to 3.35	2.30	3.50
Maturities (days)	30 to 365	30 to 365	30 to 365	30 to 365

24. Loans and borrowings

	Maturity	Group 2020 RM'000	Group 2019 RM'000
Current			
Secured :			
Bank overdrafts (Note 23)	On demand	8,550	8,192
Revolving credit	2021	100,000	100,000
Term loan	2020	-	36,600
Bridging loan	2021	78,742	40,810
Obligations under hire purchase (Note 25)	2021	146	346
Less: Unamortised transaction costs		(331)	(998)
		187,107	184,950
Non-current			
Secured :			
Term loan	2021	-	10,794
Bridging loan	2021	-	56,349
Obligations under hire purchase (Note 25)	2022	42	189
Less: Unamortised transaction costs		-	(835)
		42	66,497
Total loans and borrowings		187,149	251,447

24. Loans and borrowings (cont'd)

	Maturity	Company 2020 RM'000	Company 2019 RM'000
Current			
Secured :			
Revolving credit	2021	100,000	100,000
Total loans and borrowings		100,000	100,000

The unamortised transaction costs in relation to bank loans are analysed as follows:

	Group 2020 RM'000	Group 2019 RM'000
At 1 January	1,833	2,909
Amortised during the financial year (Note 7)	(1,502)	(1,076)
At 31 December	331	1,833

The remaining maturities of the loans and borrowings as at 31 December 2020 and 2019 are as follows:

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
On demand or within one year	187,438	185,948	100,000	100,000
More than 1 year and less than 2 years	42	67,290	-	-
More than 2 years and less than 5 years	-	42	-	-
Less: Unamortised transaction costs	(331)	(1,833)	-	-
	187,149	251,447	100,000	100,000

The weighted average effective interest rates at the reporting date for borrowings, excluding obligations under finance lease, were as follows:

	2020 %	2019 %
Bank overdraft	6.66 to 7.42	7.82 to 8.84
Term loan	5.16 to 6.70	6.90 to 8.86
Revolving credit	4.87	5.71

24. Loans and borrowings (cont'd)

Bank overdraft

Bank overdraft are secured by a third party legal charge on the leasehold land in Mukim Plentong, Johor Bahru registered under KPRJ with carrying amount of RM1,002,000 (2019: RM992,000) and certain deposits with a licensed bank.

Revolving credit at Islamic Cost of Fund ("i-COF") + 1.75%

The revolving credit facility of RM100,000,000 (2019: RM100,000,000) of the Group and the Company was secured by the following:

(a) Third party first and second legal charge over a freehold land in Mukim Plentong, Johor Bahru with a carrying amount of RM158,670,000 (2019 : RM157,842,000);

(b) Assignment and charge over a designated escrow account maintained with the bank into which any land sale proceeds is to be credited; and

(c) Memorandum of deposit over certain deposits of the Group (Note 23).

Term loan and bridging loan at COF + 2.50% p.a.

The term loan facility of RM nil (2019: RM47,394,000) and bridging loan amounting to RM78,742,000 (2019: RM97,159,000) were secured by the following:

(a) First party first legal charge on the freehold lands in Mukim Pulai, Johor Bahru with carrying amount of RM129,741,000 (2019: RM186,136,000);

(b) Assignment and charge over the following designated accounts:

  (a) Housing Development Account
  (b) Debt Service Reserve Account ("DSRA")

(c) Debenture by way of fixed and floating charge over all present and future assets of a subsidiary, Bayou Management Sdn. Bhd. ("BMSB"); and

(d) Corporate guarantee provided by the Company.

24. Loans and borrowings (cont'd)

Movements in the borrowings were as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 January	251,447	238,172	100,000	100,000
Addition				
- Bridging loan	6,846	76,503	-	-
Repayment				
- Term loan	(47,440)	(62,605)	-	-
- Obligations under finance lease	(346)	(579)	-	-
- Bridging loan	(25,218)	-	-	-
Change in bank overdrafts	358	(1,120)	-	-
Transaction costs on loans				
- Amortisation	1,502	1,076	-	-
At 31 December	187,149	251,447	100,000	100,000

25. Hire purchase commitments

Future minimum lease payments under hire purchase together with the present value of the net minimum lease payments are as follows:

	Group	
	2020 RM'000	2019 RM'000
Minimum lease payments :		
Not later than 1 year	150	361
Later than 1 year and not later than 2 years	42	151
Later than 2 years and not later than 5 years	-	43
Total minimum lease payments	192	555
Less: Amount representing finance charges	(4)	(20)
Present value of minimum lease payments	188	535
Present value of payments :		
Not later than 1 year	146	346
Later than 1 year and not later than 2 years	42	146
Later than 2 years and not later than 5 years	-	43
Present value of minimum lease payments	188	535
Less : Amount due within 12 months (Note 24)	(146)	(346)
Due after 12 months (Note 24)	42	189

These obligations are secured by a charge over the leased assets (Note 13). At the reporting date, the interest rates for the hire purchase obligations range between 2.39% to 3.25% (2019: 2.39% to 3.25%) per annum.

26. Trade and other payables

	Note	Group 2020 RM'000	Group 2019 RM'000
Non-current			
Other payables			
Amount due to related company	(d)	233,933	-
Current			
Trade payables			
Third parties	(a)	48,954	67,327
Amount due to related companies	(c)	54,103	109,275
Retention sums:			
- third parties		29,949	32,789
- related companies		16,531	19,444
Accruals for development expenditure		52,972	43,698
		202,509	272,533
Other payables			
Sundry payables		18,956	20,978
Amount due to a shareholder	(b)	1,824	1,823
Amount due to related companies	(c)	12,827	225,670
Accruals		1,548	1,383
Deposit received		1,769	550
Deposit received for land sale	(e)	17,556	211,572
		54,480	461,976
Total trade and other payables (Current)		256,989	734,509
Total trade and other payables (Non-current and current)		490,922	734,509
Add : Loans and borrowings (Note 24)		187,149	251,447
Total financial liabilities carried at amortised cost		678,071	985,956

	Note	Company 2020 RM'000	Company 2019 RM'000
Current			
Other payables			
Amount due to a shareholder	(b)	1,824	1,823
Amount due to related companies	(c)	702	660
Sundry payables and accruals		787	725
Total trade and other payables		3,313	3,208
Add : Loans and borrowings (Note 24)		100,000	100,000
Total financial liabilities carried at amortised cost		103,313	103,208

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 days (2019: 30 to 90 days) terms.

26. Trade and other payables (cont'd)

(b) Amounts due to a shareholder

The amounts due to a shareholder, which mainly arose from expenses paid on behalf, are unsecured, non-interest bearing and are repayable on demand.

(c) Amounts due to related companies - current

The current amounts due to related companies are unsecured, non-interest bearing and are repayable on demand.

(d) Amounts due to related companies - non-current

Included in non-current other payables, are loans from related company for RM193,670,000 (2019: RM196,560,000) which bears interest at 7% (2019: 7%) per annum and is not repayable within the next 12 months.

(e) Deposit received for land sale

On 3 April 2015, a subsidiary of the Company, namely Tebrau Bay Sdn. Bhd. ("TBSB") entered into a Sale and Purchase Agreement ("SPA") with GTSB to dispose of 3 parcels of land for a consideration of RM2,373,079,000. Subsequently on 5 May 2017, TBSB and GTSB entered into a Supplementary Agreement ("SA") to vary, modify and amend certain terms and conditions of the SPA.

In 2017, the disposals of certain tranches of land were completed with revenue and cost of sales amounting to RM205,886,000 and RM35,133,000 respectively recognised upon fulfilment of conditions precedent.

In February 2020, the TBSB entered into a second supplemental agreement with GTSB to offset RM185,298,000 of the deposit received against the receivable relating to the completion of the sale of the first tranch of land completed in 2017. The SPA is deemed completed and the parties are released from any further obligations under the SPA or SA. The residual deposit of RM17,556,000 shall be retained by the Group and applied as part payment for any purchase of land from the Group by GTSB in future.

27. Contract liabilities

	Group 2020 RM'000	Group 2019 RM'000
Progress billings in respect of property development costs	3,788	-
Gross amount due to customers for contract work (Note 22)	559	3,266
	4,347	3,266

28. Provisions

	Project costs RM'000	Group Other provisions RM'000	Total RM'000
At 1 January 2019	3,643	8,364	12,007
Addition during the year (Note 8)	-	5,553	5,553
Reversed or utilised during the year	-	(7,369)	(7,369)
At 31 December 2019 and 1 January 2020	3,643	6,548	10,191
Addition during the year (Note 8)	-	1,879	1,879
Reversed or utilised during the year	-	(6,194)	(6,194)
At 31 December 2020	3,643	2,233	5,876

	Company RM'000
At 1 January 2019	516
Addition during the year (Note 8)	533
Reversed or utilised during the year	(516)
At 31 December 2019 and 1 January 2020	533
Reversed or utilised during the year	(533)
At 31 December 2020	-

29. Share capital

Group and Company	Number of ordinary shares 2020 '000	Number of ordinary shares 2019 '000	Amount 2020 RM'000	Amount 2019 RM'000
Issued and fully paid:				
As at 1 January/31 December	837,389	837,389	726,946	726,946

30. Deferred taxation

	Group	
	2020 RM'000	2019 RM'000
At 1 January	80,387	81,509
Recognised in profit or loss (Note 11)	(3,628)	(1,122)
At 31 December	76,759	80,387
Presented after appropriate offsetting as follows:		
Deferred tax assets	(19,879)	(16,269)
Deferred tax liabilities	96,638	96,656
	76,759	80,387

The components and movements of deferred tax liabilities/(assets) of the Group during the financial year are as follows:

Deferred tax liabilities of the Group

	Property, plant and equipment RM'000	Land and development expenditure RM'000	Other temporary differences RM'000	Total RM'000
At 1 January 2020	36	96,656	-	96,692
Recognised in profit or loss	(4)	(19)	-	(23)
At 31 December 2020	32	96,637	-	96,669
At 1 January 2019	(3)	96,713	(625)	96,085
Recognised in profit or loss	39	(57)	625	607
At 31 December 2019	36	96,656	-	96,692

Deferred tax assets of the Group

	Provisions RM'000	Other temporary differences RM'000	Total RM'000
At 1 January 2020	(10,752)	(5,553)	(16,305)
Recognised in profit or loss	(884)	(2,721)	(3,605)
At 31 December 2020	(11,636)	(8,274)	(19,910)
At 1 January 2019	(10,247)	(4,329)	(14,576)
Recognised in profit or loss	(505)	(1,224)	(1,729)
At 31 December 2019	(10,752)	(5,553)	(16,305)

31. Related party disclosures

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Subsidiary				
Loan interest receivable	-	-	4,773	5,562
With Rampai Fokus Sdn Bhd, a related company				
- Loan interest payable	13,714	13,831	-	-
With Danga Bay Sdn Bhd, a related company				
- Rental payable	30	38	-	-
With Puncak Rampai Sdn Bhd, a related company				
- Recoverability of expenses	-	2	-	-
With Knusford Equipment Sdn Bhd, a directors' related company				
- Rental payable	36	263	-	-
With Ekovest Berhad, a directors' related company				
- Rental payable	6	18	-	-
With Knusford Landscape Sdn Bhd, a directors' related company				
- Landscaping works paid and payable	1,821	3,484	-	-
With Knusford Construction Sdn Bhd, a directors' related company				
- Construction costs paid and payable	26,808	53,504	-	-
With Greenland Knusford Construction Sdn Bhd, a directors' related company				
- Construction costs paid and payable	12,930	16,630	-	-

31. Related party disclosures (cont'd)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
With Tropicana Danga Senibong Sdn Bhd, an associate company				
- Total distribution of assets	132	-	-	-
With Greenland Tebrau Sdn Bhd, an associate company				
- Subscription of redeemable preference shares	11,260	-	-	-

Directors' related companies refer to companies in which certain directors of the Company have interest.

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are mutually agreed upon.

32. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include interest rate risk, liquidity risk and credit risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Executive Vice Chairman, Chief Executive Officer and Heads of Departments. The risk management committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

32. Financial risk management objectives and policies (cont'd)

(a) Interest rate risk (cont'd)

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group and the Company have no significant interest-bearing financial assets, the Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates. The Group's and the Company's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 100 basis points lower/higher, with all other variables held constant, the Group's loss net of tax would have been RM966,000 (2019: RM1,768,000) lower/higher, arising mainly from interest expenses on loans and borrowings offset by interest income on short term deposits.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group actively manages 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 liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

The Group also relies on the holding company and related companies for continued financial support to enable the Group to meet its liabilities as and when they fall due.

32. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2020			
Group	**On demand or within one year RM'000**	**One to five years RM'000**	**Over five years RM'000**	**Total RM'000**
Financial liabilities				
Trade and other payables	256,989	233,933	-	490,922
Loans and borrowings	196,764	43	-	196,807
Total undiscounted financial liabilities	453,753	233,976	-	687,729
Company				
Financial liabilities				
Trade and other payables	3,313	-	-	3,313
Loans and borrowings	104,870	-	-	104,870
Total undiscounted financial liabilities	108,183	-	-	108,183

32. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	2019			
Group	**On demand or within one year RM'000**	**One to five years RM'000**	**Over five years RM'000**	**Total RM'000**
Financial liabilities				
Trade and other payables	734,509	-	-	734,509
Loans and borrowings	197,558	71,569	-	269,127
Total undiscounted financial liabilities	932,067	71,569	-	1,003,636
Company				
Financial liabilities				
Trade and other payables	3,208	-	-	3,208
Loans and borrowings	105,710	-	-	105,710
Total undiscounted financial liabilities	108,918	-	-	108,918

(c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group's credit risk is primarily attributable to receivables. The receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents has a maximum exposure equal to the carrying amount of these financial assets.

Credit risk concentration profile

The Group has a concentration of credit risk as 65% (2019: 72%) of its receivables are due from 2 (2019: 3) major customers.

32. Financial risk management objectives and policies (cont'd)

(c) Credit risk (cont'd)

Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

At the reporting date, the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the statements of financial position;
- an amount of RM86,662,000 (2019: RM152,490,000) relating to a corporate guarantee provided by the Company to a bank for credit facilities granted to subsidiaries; and
- an amount of RM37,464,000 (2019: RM34,863,000) relating to a performance guarantee issued to a contractor for construction projects being carried out by subsidiaries.

Financial assets that are neither past due or impaired

Information regarding financial assets that are neither past due or impaired are disclosed in Note 20.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired are disclosed in Note 20.

33. Fair values

Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair value:

	Note
Trade and other receivables (non-current and current)	20
Loans and borrowings	24
Trade and other payables (non-current and current)	26

33. Fair values (cont'd)

Determination of fair value (cont'd)

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair value (cont'd)

The carrying amounts of these financial assets and liabilities are reasonable approximations of fair values due to their short-term nature or that they bear interest approximately market rates at the reporting date.

The fair values of loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Financial guarantees

Financial guarantees given to subsidiaries have not been recognised in the financial statements as the directors are of the opinion that the fair value on initial recognition was not material and it is not probable that a future sacrifice of economic benefits will be required.

Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets.

Group	Quoted price in active markets Level 1 RM'000	Significant observable inputs Level 2 RM'000	Significant unobservable inputs Level 3 RM'000
At 31 December 2020			
Assets measured at fair value			
Investment properties (Note 15)	-	-	90
At 31 December 2019			
Assets measured at fair value			
Investment properties (Note 15)	-	-	548

During the financial years ended 31 December 2020 and 2019, there were no transfers between the various levels of the fair value measurement hierarchy.

34. Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2020 and 31 December 2019.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprises borrowings and trade and other payables, less cash and bank balances whereas total capital comprises the equity attributable to equity holders of the Company.

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Loans and borrowings	24	187,149	251,447	9,884	100,000
Trade and other payables	26	490,922	734,509	667,993	3,208
Less: Cash and bank balances	23	(41,720)	(45,947)	1,831	(1,819)
Net debt		636,351	940,009	679,708	101,389
Equity		765,024	766,701	770,753	668,767
Total capital		765,024	766,701	770,753	668,767
Capital and net debt		1,401,375	1,706,710	1,450,461	770,156
Gearing ratio		45%	55%	47%	13%

35. Segment information

(a) For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

(i) Property development - the development of residential and commercial properties; and

(ii) Construction

Other operations of the Group mainly comprises of property investment and investment holding, neither of which constitutes a separately reportable segment.

(b) Allocation basis

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

35. Segment information (cont'd)

(b) Allocation basis (cont'd)

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties. These transactions are eliminated on consolidation.

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	Property development RM'000	Construction RM'000	Eliminations RM'000	Consolidated RM'000
31 December 2020				
Revenue				
Revenue	103,043	5,204	-	108,247
Results				
Segment results	27,281	(1,844)	(76)	25,361
Unallocated corporate expenses				(1,083)
Profit from operations				24,278
Finance costs				(22,475)
Share of results of associate				(285)
Income tax expense				(3,195)
Loss after tax				(1,677)
Assets				
Segment assets	1,468,581	307,504	(524,932)	1,251,153
Investment properties				90
Other non-current assets				90
Investment in associates				2,395
Unallocated corporate assets				307,209
Consolidated total assets				1,560,937
Liabilities				
Segment liabilities	608,954	586,234	(502,589)	692,599
Unallocated corporate liabilities				103,314
Consolidated total liabilities				795,913
Other segment information				
Segment capital expenditure	9	-	-	9
Unallocated corporate capital expenditure				11
Consolidated total capital expenditure				20
Segment depreciation	138	318	-	456
Unallocated corporate depreciation				70
Consolidated total depreciation				526

35. Segment information (cont'd)

(b) Allocation basis (cont'd)

	Property development RM'000	Construction RM'000	Eliminations RM'000	Consolidated RM'000 Restated
31 December 2019				
Revenue				
Revenue	221,220	(2,172)	-	219,048
Results				
Segment results	25,775	(194)	(227)	25,354
Unallocated corporate expenses				(1,942)
Profit from operations				23,412
Finance costs				(25,908)
Share of results of associates				-
Income tax expense				(1,556)
Loss after tax				(4,052)
Assets				
Segment assets	1,582,597	522,363	(545,469)	1,559,491
Investment properties				548
Other non-current assets				90
Investment in associates	9,548	-	-	9,548
Unallocated corporate assets				308,923
Consolidated total assets				1,878,600
Liabilities				
Segment liabilities	710,970	750,376	(453,189)	1,008,157
Unallocated corporate liabilities				103,742
Consolidated total liabilities				1,111,899
Other segment information				
Segment capital expenditure	-	5	-	5
Unallocated corporate capital expenditure				19
Consolidated total capital expenditure				24
Segment depreciation	211	330	-	541
Unallocated corporate depreciation				68
Consolidated total depreciation				609

36. Impact of COVID-19 Pandemic

The COVID-19 was initially reported in December 2019 and has since spread globally. On 11 March 2020, the World Health Organization declared COVID-19 a worldwide pandemic. This pandemic has resulted in countries around the world including Malaysia implementing immediate preventive measures to control and minimize the spread of the virus. Some of the measures taken include temporary closure of businesses, issuance of movement control order within the country, prohibition of crowd gathering and travel bans. This has led to operational disruptions to businesses. In response to this, the Group has activated its business continuity plan to ensure minimal disruption to its daily operations during this period and the Group has also implemented additional precautionary measures to control and contain the spread of the virus.

The property development and construction sectors in which the Group principally operates are significantly impacted and had experienced setbacks when the movement restriction measures resulted in unanticipated delays in development projects and temporary closure/halting of businesses. However, these business activities have gradually returned to normalcy as construction and property development activities, as well as other business activities are allowed to continue operations during the subsequent phases of the movement restriction orders amidst more stringent health and safety procedures imposed by the government, and on the back of a more challenging business environment. The Group is also taking the necessary steps to mitigate the risks arising from the COVID-19 pandemic, including more emphasis placed on clearing unsold inventories and prudent management of cash flows.

The Group and the Company have accounted for the impact of the pandemic and its consequential effects on its results in its financial statements for the current financial year ended 31 December 2020.

37. Contingent liability

Writ and Statement of Claim by Tenaga Nasional Berhad ("TNB" or “the Plaintiff”)

On 17 November 2020, the Company and its subsidiary, Tebrau Bay Constructions Sdn Bhd ("Defendants") received a Writ of Summon of Claim ("Claim") filed by TNB at the High Court. In the Claim, TNB alleged that reclamation works undertaken by the Defendants in 2014 on Lot PTD 121257 Kampung Senibong have trespassed on the right of way (“ROW”) of TNB’s submarine cables. The Claim seeks amongst others, the following reliefs:

- Perpetual injunction order against the Defendants from carrying out any activities on TNB’s ROW without TNB’s permission;
- Damages of RM76,565,000;
- General damages against losses suffered by the Plaintiff and economic loss damage to be assessed by the Court, together with interest at the rate of 5% per annum from the filing of the suit to the date of full settlement;
- Other damages, costs and reliefs which the Court deems fit and proper.

37. Contingent liability (cont'd)

The Group has appointed a counsel to defend the claim and on 31 January 2021, made an application to strike out the Plaintiff's suit. The Group's defence, amongst others, is that at all material times, the reclamation works were carried out by independent contractors outside of the Plaintiff's ROW, in accordance with plans approved by the Johor Bahru City Council since 2000. Further, the Plaintiffs have not provided any evidence of the nature, cause and quantum of the alleged damage to the submarine cables.

Due to the above, the Group is of the view that it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation and has accordingly disclosed the details of the Claim as a contingent liability.

The Court has fixed a hearing date on 19 July 2021 to hear the Defendant's application to amend the Statement of Defence and other applications.

The Court has also fixed case management on 19 July 2021 in relation to the Plaintiff's writ, the Defendants' striking off application and various interlocutory applications.

38. Subsequent event

On 23 April 2021, the Company completed the issuance of 83,738,885 new ordinary shares through private placement for a total consideration of RM40,194,665 for working capital purpose.

39. Restatement

Investment in associate - Greenland Tebrau Sdn. Bhd. ("GTSB")

During the financial year, the Group engaged an independent valuer to estimate the fair values of GTSB's inventory properties to derive the net realizable value ("NRV") of these inventory properties as at 1 January 2019, 31 December 2019 and 31 December 2020.

The differences between the net realizable values and the carrying amounts of the inventory properties of GTSB as at 1 January 2019 and 31 December 2019 resulted in overstatements in the Group's previously reported amounts for investments in associates as at 1 January 2019 and 31 December 2019, and the Group's share of losses of associates for the financial year ended 31 December 2019. As such, the following retrospective adjustments were made.

39. Restatement (cont'd)

(i) Group statement of financial position as at 1 January 2019

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Non-current asset			
Investment in associates	41,940	(32,392)	9,548
Equity attributable to owners of the parent			
Retained earnings/(accumulated losses)	20,012	(32,392)	(12,380)

(ii) Group statement of financial position as at 31 December 2019

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Non-current asset			
Investment in associates	41,248	(31,700)	9,548
Equity attributable to owners of the parent			
Retained earnings	71,455	(31,700)	39,755

(iii) Group statement of comprehensive income for the year ended 31 December 2019

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Other items of expenses			
Share of results of associates	(692)	692	-
Loss before tax	(3,188)	692	(2,496)
Loss net of tax, representing total comprehensive loss for the year	(4,744)	692	(4,052)
Loss per share attributable to owners of the parent (sen):			
Basic, for loss for the year	(0.57)	0.09	(0.48)
Diluted, for loss for the year	(0.57)	0.09	(0.48)

39. Restatement (cont'd)

(iv) Group statement of cash flows for the year ended 31 December 2019

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Operating activities			
Loss before tax	(3,188)	692	(2,496)
Adjustment for:			
Share of results of associates	692	(692)	-

40. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 31 May 2021.

LIST OF PROPERTIES
AS AT 31 DECEMBER 2020

No	Location (Lot No)	Location (Title No)	Tenure	Land Area (ha)	Usage	Net Book Value (RM)	Date of Acquisition/ Revaluation
1	Lot 156543	HS(D) 376617	Leasehold (Expiring 21 January 2097)	0.370	Building	88,072,531.05	16 April 2003
2	Lot 182487	HS(D) 421955		6.647	Building		
3	Lot 182455	HS(D) 421925		4.908	Building		
4	PTD 194780	HS(D) 437858	Leasehold (Expiring 27 December 2105)	1.020	Building	13,892,724.26	
5	Lot 156551	PN 58276		0.470	Agriculture		
6	Lot 156556	PN 58277		0.567	Agriculture		
7	Lot 156561	PN 58278		4.081	Agriculture		
8	Lot 156562	HS(D) 437863		0.684	Agriculture		
9	Lot 182968	HS(D) 437868		3.240	Agriculture		
10	PTD 181985	HS(D) 375504	Leasehold (Expiring 21 January 2097)	0.530	Building	7,364,516.78	
11	PTD 181986	HS(D) 375505		0.560	Building		
12	PTD 181976	HS(D) 375498		0.640	Building		
13	PTD 181977	HS(D) 375499		0.830	Building		
14	PTD 196260	HS(D) 442852		0.810	Building		
15	PTD 196261	HS(D) 442853		0.370	Building		
16	PTD 196262	HS(D) 442854		6.200	Building		
17	Lot 156575	PN 57445	Leasehold (Expiring 27 December 2105)	4.040	Agriculture	11,553,402.21	
18	PTD 194787	HS(D) 437865		1.860	Agriculture		
19	PTD 194788	HS(D) 437886		3.000	Agriculture		
20	PTD 194792	HS(D) 437843	Freehold	13.15	Agriculture	488,571,880.32	
21	PTD 229065	HS(D) 565055		21.03	Agriculture		
22	PTD 229066	HS(D) 565056	Leasehold (Expiring 31 May 2115)	0.20	Building		
23	PTD 229071	HS(D) 565057-Lot 3-A	Freehold	6.61	Building		
24	PTD 229072	HS(D) 565058-Lot 4-B		1.72	Building		
25	PTD 229074	HS(D) 565059-Lot 4-A		1.77	Building		
26	PTD 229075	HS(D) 565060-Lot 2-B		1.89	Building		
27	PTD 229076	HS(D) 565061-Lot 2-A		6.63	Building		
28	PTD 194793	HS(D) 437844/ HS(D) 55462		0.27	Building		
29	PTD 194795	HS(D) 437846/ HS(D) 55462		34.24	Agriculture		
30	PTD 194796	HS(D) 437869		4.69	Agriculture		
31	PTD 194797	HS(D) 43787/ HS(D) 554627		49.02	Agriculture		
32	PTD 173048	HS(D) 353200	Leasehold (Expiring 21 January 2097)	0.55	Building		
33	PTD 222169	HS(D) 554724	Freehold	19.77	Building	122,447,642.62	27 July 2015

LIST OF PROPERTIES
AS AT 31 DECEMBER 2020 CONT'D

No	Location (Lot No)	Location (Title No)	Tenure	Land Area (ha)	Usage	Net Book Value (RM)	Date of Acquisition/ Revaluation
34	PTD 166482	HS(D) 351596	Rehabilitation			119,754,308.91	16 April 2003
35	PTD 166483	HS(D) 351597	Leasehold (Expiring 21 January 2097)	3.680	Building		
36	PTD 166479	HS(D) 351593		7.122	Agriculture		
37	PTD 166480	HS(D) 351594		11.036	Agriculture		
38	Lot 150029	PN 52642		4.403	Agriculture		
39	Lot 150032	PN 52644		1.988	Agriculture		
40	PTD 166487	HS(D) 351599		1.740	Agriculture		
41	PTD 166488	HS(D) 351600		1.187	Agriculture		
42	Lot 150037	PN 52597		4.280	Agriculture		
43	Lot 150039	PN 52598		1.158	Agriculture		
44	PTD 194798	HS(D) 437847	Leasehold (Expiring 27 December 2105)	16.650	Agriculture	195,489,899.41	
45	PTD 194800	HS(D) 437849		10.950	Agriculture		
46	PTD 194801	HS(D) 437850		67.960	Agriculture		
47	PTD 194802	HS(D) 437851		10.860	Agriculture		
48	Lot 733	Geran 90585	Freehold	1.83	Agriculture	93,381,618.67	3 March 2017
49	Lot 726	Geran 90571		2.26			
50	647 plots on PTD 207606 HS(D) 580807 to PTD 208263 HS(D) 581453		Freehold	19.56	Agriculture	102,277,902.12	20 April 2017

ANALYSIS OF SHAREHOLDINGS
AS AT 30 APRIL 2021

Issued & Fully Paid Up Capital	:	RM767,141,014.29
Class of Shares	:	Ordinary Shares
Voting Right	:	One (1) vote per ordinary share

A. DISTRIBUTION OF SHAREHOLDINGS

Holdings	No. of Holders	Total Holdings	%
Less than 99	58	800	0.000
100 to 1,000	3512	3,210,085	0.348
1,001 to 10,000	9348	49,014,038	5.321
10,001 to 100,000	4765	163,148,101	17.712
100,001 to less than 10% of issued shares	695	336,313,382	36.511
10% and above of issued shares	3	369,441,336	40.108
Total	**18,381**	**921,127,742**	**100.00**

B. LIST OF 30 LARGEST SHAREHOLDERS

No.	Name	No of shares held	%
1.	ISKANDAR WATERFRONT HOLDINGS SDN BHD	162,426,000	17.633
2.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR ISKANDAR WATERFRONT HOLDINGS SDN.BHD. (A/C 2)	153,420,069	16.655
3.	KUMPULAN PRASARANA RAKYAT JOHOR SDN BHD	53,595,267	5.818
4.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR ONG YOONG NYOCK (PB)	43,471,000	4.719
5.	KONG TIAM MING	13,500,885	1.465
6.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOON POH TAT	11,905,000	1.292
7.	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	7,563,000	0.821
8.	LIM SOON HUAT	7,500,000	0.814
9.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK JULIUS BAER & CO. LTD. (SINGAPORE BCH)	6,000,000	0.651
10.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM KANG HOO	5,540,700	0.601
11.	LIM TZE LING	3,900,000	0.423
12.	HLIB NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NEO SAY WEI (CCTS)	3,371,300	0.365
13.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR TIJANI AVENUE SDN BHD (PB)	3,000,000	0.325
14.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' SRI KER CHERK YEE	2,818,800	0.306
15.	TAN SU MING	2,461,900	0.267
16.	YICK HOE FERROUS STEEL SDN. BHD.	2,381,000	0.258
17.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PREMIER ELITE MARKETING SDN BHD	2,375,500	0.257

ANALYSIS OF SHAREHOLDINGS
AS AT 30 APRIL 2021 CONT'D

B. LIST OF 30 LARGEST SHAREHOLDERS Cont'd

No.	Name	No of shares held	%
18.	TAN KIAN AIK	2,340,200	0.254
19.	CHAY CHANG CHENG	2,113,200	0.229
20.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HARN LEN CORPORATION BHD	1,826,500	0.198
21.	SEE HOY CHAN PROPERTIES SENDIRIAN BERHAD	1,735,000	0.188
22.	NG KEE LEEN	1,610,000	0.174
23.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	1,569,600	0.170
24.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	1,511,300	0.164
25.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LIM YAN HAI (PB)	1,500,000	0.162
26.	CGS-CIMB NOMINEES (ASING) SDN BHD EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS)	1,468,000	0.159
27.	LEE HUN YEUNG	1,448,000	0.157
28.	SHAN GUODING	1,317,500	0.143
29.	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE TONG SENG (STA 2)	1,300,000	0.141
30.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEO PENG HWA (E-KLG)	1,300,000	0.141
	TOTAL	**506,269,721**	**54.960**

C. LIST OF SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest		Deemed Interest	
	No. of shares	%	No. of shares	%
ISKANDAR WATERFRONT HOLDINGS SDN BHD (IWH)	162,426,000	17.63	-	-
AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR ISKANDAR WATERFRONT HOLDINGS SDN.BHD.(A/C 2)	153,420,069	16.66	-	-
KUMPULAN PRASARANA RAKYAT JOHOR SDN BHD	53,595,267	5.82	315,846,069[(a)]	34.29
CREDENCE RESOURCES SDN BHD (CR)	-	-	315,846,069[(a)]	34.29
TAN SRI DATO' LIM KANG HOO	5,540,700	0.60	315,846,069[(b)]	34.29
TOTAL	374,982,036	40.71	315,846,069	34.29

(a) Deemed interested in the shares held by IWH by virtue of its interest in IWH pursuant to Section 8 of the Act.
(b) Deemed interested in the shares held by IWH by virtue of his interest in IWH through CR pursuant to Section 8 of the Act.

STATEMENT OF DIRECTORS' INTEREST
AS AT 30 APRIL 2021

LIST OF DIRECTORS' SHAREHOLDINGS IN THE COMPANY

	Direct Interest		Deemed Interest	
Name of Directors	**No. of shares**	**%**	**No. of shares**	**%**
Tan Sri Dato' Lim Kang Hoo	5,540,700	0.60	315,846,069[a]	34.29

(a) Deemed interested in the shares held by IWH by virtue of his interest in IWH through CR pursuant to Section 8 of the Act.

OTHER DISCLOSURES

During the financial year under review,

Utilisation of Proceeds
There were no proceeds raised by the Company from any corporate exercise.

Material Contracts
There were no material contracts of the Company and its subsidiaries involving directors' and major shareholders' interest, either still subsisting at the end of the financial year ended 31 December 2020 or extend into since the end of the previous financial year.

Contracts Relating to Loan
There were no contracts relating to a loan by the Company and its subsidiaries in respect of the preceding item.

Related Party Transactions
There were no related party transactions entered into by a subsidiary company of the Company involving Directors' and major shareholders' interest, either still subsisting at the end of the financial year ended 31 December 2020 or entered into since the end of the previous financial year.

Options, Warrants or Convertible Securities
There were no options, warrants or convertible securities issued by the Company being exercised.

Non-Audit Fees
The amount of non-audit fees incurred for services rendered to the Group and the Company by the External Auditors was RM 11,000.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 52nd Annual General Meeting of ISKANDAR WATERFRONT CITY BERHAD **[196801000661 (8256-A)]** will be held fully virtual through live streaming and online remote voting from the Broadcast Venue at Board Room, Ground Floor, #G08, Block 8, Danga Bay, Jalan Skudai, 80200 Johor Bahru on Wednesday, 30 June 2021 at 10.00 a.m. for the following purposes:-

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon. [Please refer to Explanatory Note 9(i)]

2. To re-elect the following Directors retiring in accordance with Clause 76(3) of the Company's Constitution:-
   (i) Tan Sri Dato' Lim Kang Hoo **(Resolution 1)**
   (ii) Datuk Lim Keng Guan **(Resolution 2)**
   (iii) Mr. Bernard Hilary Lawrence **(Resolution 3)**

3. To approve the payment of Directors' fees, allowances and any other benefits payable not exceeding RM420,000 for the Financial Year ending 31 December 2021. **(Resolution 4)**

4. To re-appoint Messrs. Ernst & Young PLT as Auditors of the Company for the financial year ending 31 December 2021 and to authorise the Directors to fix their remuneration. **(Resolution 5)**

Special Business

To consider and, if thought fit, to pass with or without any modification(s), the following Ordinary Resolutions:-

5. **ORDINARY RESOLUTION**
   - AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 **(Resolution 6)**

   "THAT pursuant to Sections 75 and 76 of the Companies Act, 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and the approval of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer ("New Shares") from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 20% of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed 20% General Mandate").

   THAT such approval on the Proposed 20% General Mandate shall continue to be in force until 31 December 2021.

5. **ORDINARY RESOLUTION**
   - AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 Cont'd

THAT with effect from 1 January 2022, the general mandate shall be reinstated from a 20% limit to a 10% limit pursuant to Paragraph 6.03 of the Listing Requirements or such percentage threshold on the total number of issued shares as prescribed in the Listing Requirements or pursuant to such temporary relief measures for listed issuers announced by Bursa Securities, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer by the Company from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 10% or the allowable threshold by Bursa Securities of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed 10% General Mandate").

THAT such approval on the Proposed 10% General Mandate shall continue to be in force until:

a. the conclusion of the next Annual General Meeting of the Company held after the approval was given;
b. the expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or
c. revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

(The Proposed 20% General Mandate and Proposed 10% General Mandate shall hereinafter refer to as "Proposed General Mandate".)

THAT the Directors of the Company be and are hereby also empowered to obtain the approval from Bursa Securities for the listing of and quotation for such New Shares on the Main Market of Bursa Securities.

THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

FURTHER THAT the Directors of the Company, be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate."

6. **ORDINARY RESOLUTION**
   - **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH THE RELATED PARTIES AS DISCLOSED UNDER PARAGRAPH 33 (1 TO 3) OF THE CIRCULAR TO SHAREHOLDERS** **(Resolution 7)**

   "THAT approval be and is hereby given pursuant to Paragraph 10.09 and Practice Note 12 of the Bursa Securities Listing Requirements for the Company and its subsidiaries to enter into the category of Recurrent Related Party Transactions of a revenue or trading nature as set out in Paragraph 3.3 of the Circular to Shareholders dated 31 May 2021 with those Related Parties as set out in paragraph 3.2 which are necessary for their day-to-day operations, in the ordinary course of business made on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders; AND THAT the authority conferred by this Mandate shall commence immediately upon the passing of this Resolution and is subject to annual renewal. In this respect, the authority shall continue to be in force until:

   i. the conclusion of the next Annual General Meeting of the Company at which time the authority shall lapse unless the Authority is renewed by a Resolution passed at that Annual General Meeting;

   ii. the expiration of the period within which the next Annual General Meeting after that date, is required to be held pursuant to section 340 of the Companies Act, 2016 (but shall not extend to such extension as may be allowed pursuant to section 340 of the Companies Act, 2016; or

   iii. revoked or varied by resolution passed by the shareholders in general meeting;

   whichever is the earlier;

   FURTHER THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things including executing such documents as may be required to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution".

7. **ORDINARY RESOLUTION**
   - **CONTINUING IN OFFICE AS SENIOR INDEPENDENT DIRECTOR** **(Resolution 8)**

   "THAT approval be and are hereby given to Mr. Khoo Boon Ho who have served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as Senior Independent Non-Executive Director of the Company."

8. **ORDINARY RESOLUTION**
   - **CONTINUING IN OFFICE AS INDEPENDENT DIRECTOR** **(Resolution 9)**

   "THAT subject to the passing of item 2(iii) above, approval be and are hereby given to Mr. Bernard Hilary Lawrence who have served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as Independent Non-Executive Director of the Company."

9. To transact any other business for which due notice shall have been given in accordance with the Company's Constitution and the Companies Act, 2016.

NOTICE OF ANNUAL GENERAL MEETING CONT'D

BY ORDER OF THE BOARD
YONG MAY LI (F) (LS 0000295) / SSM PC No. 202008000285)
LIM AIK YONG (F) (MAICSA 7054965 / SSM PC No.202008000995)
WONG CHEE YIN (F) (MAICSA 7023530) / SSM PC No. 202008001953)
Secretaries
JOHOR BAHRU
31 May 2021

Notes:

1. *The 52nd Annual General Meeting ("AGM") of the Company will be conducted fully virtual and online remote voting using the Remote Participation and Voting Facilities via vote2U at https://web.vote2u.app. Please refer to the Administrative Guide for the detailed steps on remote participation and vote remotely.*

2. *The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting. Shareholder(s)/ proxy(ies) are not required to be physically present nor to be admitted at the Broadcast Venue.*

3. *A member entitled to participate and vote at the meeting is entitled to appoint not more than two proxies to participate and vote in his stead. A proxy need not be a member of the Company.*

4. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*

5. *Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

6. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

7. *Where the Proxy Form is executed by a corporation, it must be either under its Common Seal or under the hand of an officer or attorney duly authorised.*

8. *The Proxy Form must be deposited with the Company Secretary at the Registered Office, Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor Darul Takzim or lodge electronically through email at ir@iwcity.com.my, not less than 48 hours before the time set for the Meeting.*

9. *For the purpose of determining a member who shall be entitled to attend the 52nd AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Clause 55(2) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a general meeting Record of Depositor as at 22 June 2021. Only a depositor whose name appears therein shall be entitled to attend the said meeting or appoint a proxy to participate and/or vote on his stead.*

10. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.*

Explanatory Notes:

1. *Agenda 1*
   This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act, 2016 and the Company's Constitution do not require a formal approval of the Shareholders and hence, is not put forward for voting.

2. *Resolution 1 to 3:*
   Re-election of Directors
   Clause 76(3) of the Company's Constitution expressly states that at the Annual General Meeting ("AGM") in every subsequent year, one-third of the Directors for the time being or, if their number is not three or a multiple of three, then, the number nearest to one-third shall retire from office and be eligible for re-election.

Notes: Cont'd

Explanatory Notes: Cont'd

2. *Resolution 1 to 3:* Cont'd
Pursuant to Clause 76(3), Tan Sri Dato' Lim Kang Hoo, Datuk Lim Keng Guan and Mr. Bernard Hilary Lawrence are standing for re-election at this AGM.

The profiles of the Directors standing for re-election are provided on pages 15 and 16 of the Board of Directors' Profile in the 2020 Annual Report.

The Nomination Committee ("NC") of the Company has assessed the criteria and contribution of Tan Sri Dato' Lim Kang Hoo, Datuk Lim Keng Guan and Mr. Bernard Hilary Lawrence and recommended for their re-election. The Board endorsed the NC's recommendation and make justification that Tan Sri Dato' Lim Kang Hoo, Datuk Lim Keng Guan and Mr. Bernard Hilary Lawrence be re-elected as Directors of the Company.

3. *Resolution 4:*
Payment of Directors' fees, allowances and any other benefits payable
Section 230(1) of the Companies Act 2016 provides amongst others, that the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.

In this respect, the Board wishes to seek shareholders' approval for the following payment of Directors' fees, allowances and any other benefits payable not exceeding RM420,000 for the Financial Year ending 31 December 2021.

In determining the estimated total amount of Directors' Fees and Benefits payable for the Directors of the Company, the Board has considered various factors including the number of scheduled meetings for the Board, Board Committees, Board of Subsidiaries and Management Committees as well as the number of Directors involved in these meetings based on the current number of Directors and has included additional provisional sum for future appointment of Directors of the Company and increase in number of Board and committee meetings due to business expansion.

4. *Resolution 5:*
Re-appointment of Auditors
The Audit Committee and the Board have considered the re-appointment of Messrs. Ernst & Young PLT as Auditors of the Company and collectively agreed that Messrs. Ernst & Young PLT has met the relevant criteria prescribed under Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

5. *Resolution 6:*
Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016
In view of the challenging time due to the COVID-19, Bursa Securities had vide its letter dated 16 April 2020, empowered the listed issuer to issue new securities up to 20% of the total number of issued shares (excluding treasury shares) until 31 December 2021. After that, the 10% limit under Paragraph 6.03(1) of the Listing Requirements will be reinstated.

The proposed ordinary resolution no. 6, if passed, will empower the Directors of the Company to issue and allot ordinary shares of the Company from time to time and to grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer, provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company for the time being ("Proposed 20% General Mandate") up to 31 December 2021. With effect from 1 January 2022, the Proposed 20% General Mandate will be reinstated to a 10% limit") according to Paragraph 6.03 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad or such percentage threshold on the total number of issued shares as prescribed in the Listing Requirements or pursuant to such temporary relief measures for listed issuers announced by Bursa Securities ("Proposed 10% General Mandate").

The authority for the Proposed 10% General Mandate will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting ("AGM") or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

The mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time.

Notes: Cont'd

Explanatory Notes: Cont'd

5. *Resolution 6:* Cont'd
The Board of Directors of the Company is of the view that the Proposed 20% General Mandate and the Proposed 10% General Mandate are in the best interest of the Company and its shareholders as they provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time.

The purpose of this general mandate, if passed, will enable the Directors to take swift action in case of a need to issue and allot new shares in the Company for fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, acquisitions and/or for issuance of shares as settlement of purchase consideration, or other circumstances arise which involve grant of rights to subscribe for shares, conversion of any securities into shares, or allotment of shares under an agreement or option or offer, or such other application as the Directors may deem fit in the best interest of the Company.

The Company had on 21 April 2021 issued and allotted 83,738,885 new ordinary shares by way of private placement under the mandate granted to the Directors at the last AGM of the Company held on 30 July 2020.

The Board would like to procure shareholders' approval for the General Mandate pursuant to Sections 75 and 76 of the Companies Act 2016.

6. *Resolution 7:*
Proposed Mandate for Recurrent Related Party Transactions of Revenue or Trading Nature
The Ordinary Resolution No. 7 proposed in Agenda 6 above if passed, will authorise the Company and each of its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature in their ordinary course of business. This authority, unless revoked or varied by the shareholders of the Company at a general meeting, will expire at the conclusion of the next AGM of the Company.

7. *Resolution 8 and 9:*
Continuing in Office as Independent Non-Executive Director
The Ordinary Resolution No. 8 and 9 as proposed in Agenda 7 and 8 if passed, will approve and authorise Mr. Khoo Boon Ho and Mr. Bernard Hilary Lawrence to continue to act as Independent Non-Executive Directors of the Company.

The Board has assessed the independence of Mr. Khoo Boon Ho and Mr. Bernard Hilary Lawrence who have served as an Independent Non-Executive Directors of the Company for a cumulative term of nine (9) years and recommended them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:-

(a) their expertise in corporate, finance and legal matters which had significant contribution to the effectiveness of the Board and the Committees; and

(b) they have exercised their due care during their tenure as an Independent Non-Executive Director of the Company and they have carried out their professional duties in the interest of the Company and the shareholders.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. **There is no person seeking for election as Director of the Company at this Annual General Meeting except for the following Directors standing for re-election at the 52nd Annual General Meeting of the Company as follows:**

   i. Tan Sri Dato' Lim Kang Hoo (Executive Director / Executive Vice Chairman);

   ii. Datuk Lim Keng Guan (Executive Director); and

   iii. Mr. Bernard Hilary Lawrence (Independent Non-Executive Director).

   The details of the Directors who are standing for re-election are set out in the Profile of the Board of Directors in this Annual Report.

   Information on securities holdings in the Company and its subsidiaries by the directors standing for re-election are set out in the Statement of Directors' Interests in the Company and related corporation on page 46.

2. **Attendance of Directors at Board Meetings held during the financial year ended 31 December 2020**

   A total of four (4) Board of Directors' Meetings were held during the financial year ended 31 December 2020, at the Company's Meeting Room of Ground Floor, #G08, Block 8, Danga Bay, Jalan Skudai, 80200 Johor Bahru and via Zoom.

   The details of attendance of Directors at the Board Meeting are disclosed in the Corporate Governance Overview Statement in this Annual Report.

3. **Date, time and Place of the 52nd Annual General Meeting**

Date	:	Wednesday, 30 June 2021
Time	:	10.00 a.m.
Broadcast Venue	:	Fully Virtual through Live Streaming and Online Remote Voting from Board Room, Ground Floor, #G08, Block 8, Danga Bay, Jalan Skudai, 80200 Johor Bahru

FORM OF PROXY

ISKANDAR WATERFRONT CITY BERHAD (196801000661) (8256-A)
(Incorporated in Malaysia)

CDS ACCOUNT NO.		NO. OF SHARES HELD

I/We……………………………………......…………………………….…..(I.C.No. ………………….…………….....................…….)
of ....(or attorney of the said …………………………………………………...) a Member/Members of **ISKANDAR WATERFRONT CITY BERHAD [196801000661 (8256-A)]** hereby appoint:-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
E-mail Address and Contact No:			

and / or (delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
E-mail Address and Contact No:			

or failing him, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the 52nd Annual General Meeting of the Company to be held fully virtual through live streaming and online remote voting from the Broadcast Venue at Board Room, Ground Floor, #G08, Block 8, Danga Bay, Jalan Skudai, 80200 Johor Bahru on Wednesday, 30 June 2021 at 10.00 a.m. and at any adjournment thereof, and to vote as indicated below:-

NO.	RESOLUTION	FOR	AGAINST
Ordinary Business			
1.	Re-election of Director – Tan Sri Dato' Lim Kang Hoo		
2.	Re-election of Director – Datuk Lim Keng Guan		
3.	Re-election of Director – Mr. Bernard Hilary Lawrence		
4.	To approve the payment of Directors' fees, allowances and any other benefits payable for the Financial Year ending 31 December 2021		
5.	Re-appointment of Messrs. Ernst & Young PLT as Auditors		
6.	Authority to Issue Shares Pursuant to Section 75 & 76 of the Companies Act 2016		
Special Business			
7.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of Revenue or Trading Nature		
8.	Continuing in Office as Senior Independent Director, Mr. Khoo Boon Ho		
9.	Continuing in Office as Independent Director, Mr. Bernard Hilary Lawrence		

(Please indicate with an "x" in the spaces provided how you wish your votes to be cast. If you do not do so, the Proxy will vote or abstain from voting at his discretion).

Signed this________ day of _______________ 2021

____
Signature of Member(s)/Common Seal
Contact No.:

Notes:

1. *The 52nd Annual General Meeting ("AGM") of the Company will be conducted fully virtual and online remote voting using the Remote Participation and Voting Facilities via vote2U at https://web.vote2u.app. Please refer to the Administrative Guide for the detailed steps on remote participation and vote remotely.*
2. *The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting. Shareholder(s)/ proxy(ies) are not required to be physically present nor to be admitted at the Broadcast Venue.*
3. *A member entitled to participate and vote at the meeting is entitled to appoint not more than two proxies to participate and vote in his stead. A proxy need not be a member of the Company.*
4. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*
5. *Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
6. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
7. *Where the Proxy Form is executed by a corporation, it must be either under its Common Seal or under the hand of an officer or attorney duly authorised.*
8. *The Proxy Form must be deposited with the Company Secretary at the Registered Office, Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor Darul Takzim, or be lodged electronically via ir.iwcity.com.my, not less than 48 hours before the time set for the Meeting.*
9. *For the purpose of determining a member who shall be entitled to attend the 52nd Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Clause 55(2) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a general meeting Record of Depositor as at 22 June 2021. Only a depositor whose name appears therein shall be entitled to attend the said meeting or appoint a proxy to participate and/or vote on his stead.*
10. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.*

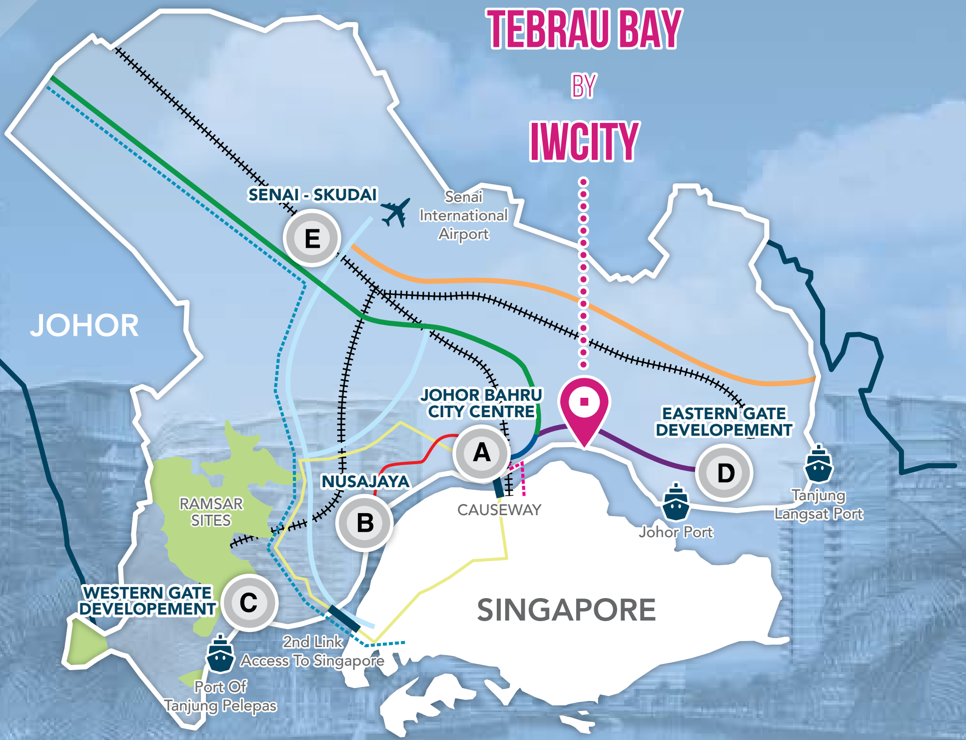
Fold along this line (1)

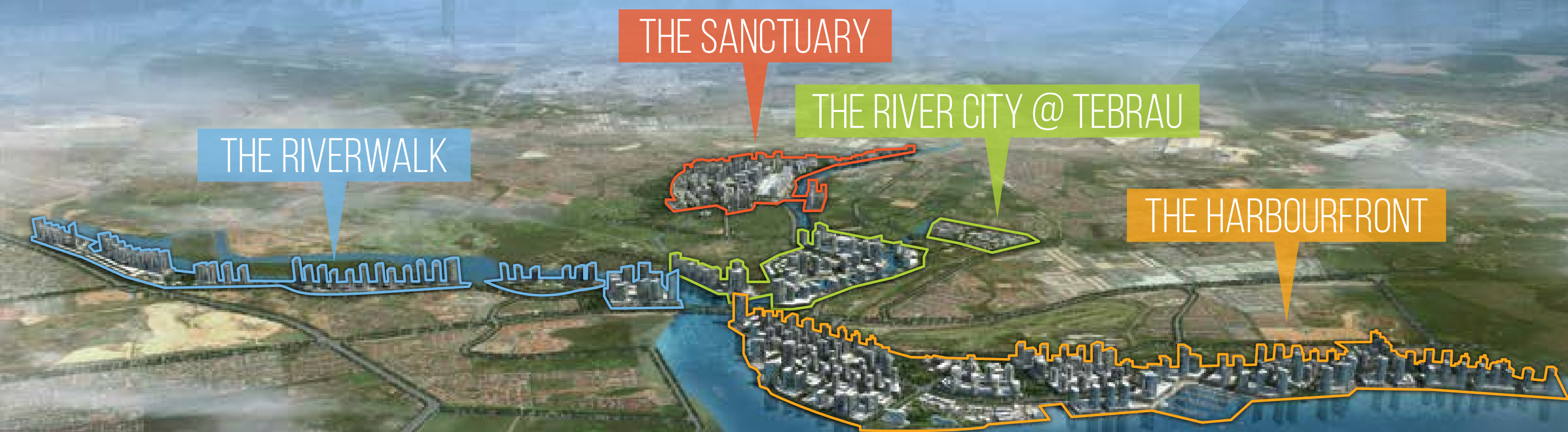
Affix
Stamp

THE COMPANY SECRETARY
ISKANDAR WATERFRONT CITY BERHAD

Suite 1301, 13th Floor
City Plaza, Jalan Tebrau
80300 Johor Bahru
Johor Darul Takzim

Fold along this line (2)





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