**BREM HOLDING BERHAD** 198101000648 (66756-P)
Incorporated In Malaysia

# ANNUAL REPORT 2020

## SUSTAINABILITY

# ABOUT US

Looking back into history, the foundation of Brem was laid in 1981 when the enterprising Tan Sri Dato' Khoo Chai Kaa established a private limited company venturing into construction business. The founder's foresight, sharp vision and sound management coupled with plenty of efforts in the years that followed has made Brem grown rapidly and strategically, and evolved into a group of companies involving in civil engineering, general construction, property development and related businesses. Brem was standing among the larger construction companies in the country when it was listed in 1993 in the Bursa Malaysia Securities Berhad.

## BUILD | BALANCE | BEYOND

is Brem's motto fostering and steering our team forward holding fast to our beliefs. The success stories of the Group with remarkable project track record lie in its strength of experienced management team, construction expertise and commitment to quality.

### BUILD | To Build is our expertise

The Group has vast construction experiences and has successfully undertaken a wide variety of projects for both the Government and Private sectors, ranging from road works and a variety of infrastructure projects to drainage and sewerage works, construction of residential, commercial and industrial buildings. The team is moulded to be ready to take on any form of construction work with what is in our gene.

### BALANCE | Balance in innovation and affordability

With innovative mind in fulfilling commitments, we are able to manage and juggle well every major aspect of our businesses including sustainable development and shareholders' welfares, and at the same time have enabled many families' dream home come true by making available affordable homes.

### BEYOND | Beyond with sustainable development in mind

Green ideas are in our mind. As a caring Developer with fore vision, we strongly stand for Green ideas and Sustainable Building. Going Green in development will be the way Brem Group advancing into the future.

# 39TH ANNUAL GENERAL MEETING

VENUE : Crystal Ballroom, Level 1, Crystal Crown Hotel Harbour View Port Klang
217, Persiaran Raja Muda Musa, 42000 Port Klang, Selangor Darul Ehsan.
DATE : 22 September 2020
TIME : 10.30 a.m.

## OUR BUSINESSES

- Civil Engineering & Construction
- Property Development
- Property Investment & Investment Holding
- Water Supply & Services

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# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Thirty-Ninth ("39th") Annual General Meeting ("AGM") of Brem Holding Berhad ("Brem" or "the Company") will be held at Crystal Ballroom, Level 1, Crystal Crown Hotel Harbour View Port Klang, 217, Persiaran Raja Muda Musa, 42000 Port Klang, Selangor Darul Ehsan on Tuesday, 22 September 2020, at 10.30 a.m. for the transaction of the following businesses:-

1. To receive the Audited Financial Statements for the financial year ended 31 March 2020 together with the Reports of the Directors and the Auditors thereon. (Please Refer Note 7 (a))

2. To approve the payment of Directors' fees of RM101,875/- in respect of the financial year ended 31 March 2020. (Resolution 1)

3. To approve the payment of Directors' benefits up to an amount of RM200,000/- from the 39th AGM until the 40th AGM of the Company, or at any adjournment thereof. (Resolution 2)

4. To re-elect the following directors who are retiring pursuant to Clause 114 of the Constitution of the Company and being eligible, have offered themselves for re-election:
   (a) Dato' Hj. Abu Sujak Bin Hj. Mahmud (Resolution 3)
   (b) Khoo Hui Keam (Resolution 4)

5. To re-appoint Messrs. Baker Tilly Monteiro Heng PLT. as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 5)

6. As Special Businesses:-
   To consider and, if thought fit, to pass the following Ordinary Resolutions:-

   **(a) Authority To Allot Shares Pursuant To Sections 75 and 76 Of The Companies Act, 2016** (Resolution 6)

   "THAT subject always to the Companies Act 2016, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and approvals of any other relevant governmental/regulatory bodies where such approval is required, the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Companies Act 2016, to allot and issue shares in the Company, to such persons, at any time upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued does not exceed ten percent (10%) of the total number of issued shares for the time being of the Company AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND THAT such authority shall continue in force until the conclusion of the next AGM of the Company after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier, unless such approval is revoked or varied by the Company at a general meeting."

   **(b) Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** (Resolution 7)

   "THAT, subject to the provisions of the Main Market Listing Requirements of Bursa Securities, approval be and is hereby given for the Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate") for the Company and/or its subsidiary companies ("the Group") to enter into and to give effect to the category of Recurrent Related Party Transactions of a Revenue or Trading nature from time to time with the Related Party as specified in Part A - Section 1.4 of the Circular to Shareholders dated 28 August 2020 ("Circular") provided that such transactions are:

(i) recurrent transactions of a revenue or trading nature;
(ii) necessary for the day-to-day operations;
(iii) undertaken in the ordinary course of business and at arm's length basis and on normal commercial terms which are not more favourable to the Related Party than those generally available to the public; and
(iv) are not prejudicial to the minority shareholders of the Company.

THAT such approval shall continue to be in force until: -

(i) the conclusion of the next AGM of the Company following this at which time the Proposed Shareholders' Mandate is passed, at which time it will lapse unless by a resolution passed at a general meeting, the authority is renewed; or
(ii) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
(iii) is revoked or varied by resolution passed by shareholders in a general meeting,

whichever is earlier,

AND THAT the Directors be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate."

**(c) Proposed Renewal of Authority for Share Buy-Back** (Resolution 8)

"THAT, subject to compliance with Section 127 of the Companies Act, 2016, the Constitution of the Company, the Main Market Listing Requirements of Bursa Securities and all other applicable laws and regulations, the Company be and is hereby authorised to allocate an amount not exceeding the total available retained profits of the Company for the purpose of and to purchase such amount of ordinary shares in the Company ("Proposed Purchase") as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase;

AND THAT upon completion of the purchase by the Company of its own shares, the Directors are authorised to retain the shares as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder AND THAT the Directors are further authorised to resell the treasury shares on Bursa Securities or distribute the treasury shares as dividends to the Company's shareholders or to deal with the treasury shares in the manners as allowed by the Act;

AND THAT the Directors be and are hereby empowered to carry out the above immediately upon the passing of this resolution and from the date of the passing of this resolution until:

(i) the conclusion of the next AGM of the Company, following this at which time the authority shall lapse unless by an ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
(ii) the expiration of the period within which the next AGM is required by law to be held; or
(iii) revoked or varied by ordinary resolution passed by the shareholders at a general meeting,

whichever occurs first but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provision of the Listing Requirements and any other relevant authorities AND THAT authority be and is hereby given to Directors of the Company to take all steps as are necessary and/or to do all such acts and things as the Directors deem fit and expedient in the interest of the Company to give full effect to the Proposed Purchase with full powers to assent to any condition, modification, revaluation, variation and/or amendment (if any) as may be imposed by the relevant authorities."

**(d) Continuing In Office of Mr. Wong Miow Song As Independent Non-Executive Director** (Resolution 9)

"THAT approval be and is hereby given to Mr. Wong Miow Song who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby retained as an Independent Non-Executive Director of the Company until the conclusion of the next AGM."

**(e) Continuing In Office of Dato' Hj. Abu Sujak bin Hj. Mahmud As Independent Non-Executive Director** (Resolution 10)

"THAT subject to passing of Ordinary Resolution 3, approval be and is hereby given to Dato' Hj Abu Sujak bin Hj. Mahmud who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby retained as an Independent Non-Executive Director of the Company until the conclusion of the next AGM."

9. To transact any other business for which due notice shall have been given.

**By Order of the Board,**

**ANDREA HUONG JIA MEI (MIA 36347)**
Company Secretary

Kuala Lumpur
28 August 2020

**Notes:**

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint up to two (2) proxies to attend, speak and vote instead of him/her. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy. There shall be no restriction as to the qualification of the proxy.

2. Where a member of the Company is an Exempt Authorised Nominee ("EAN") as defined under the Securities Industry (Central Depositories) Act 1991 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 EAN may appoint in respect of each omnibus account it holds.

3. In the case of a corporate body, the proxy appointed must be in accordance with the Constitution and the instrument appointing a proxy shall be given under the Company's Common Seal or under the hand of the officer or attorney duly authorised.

4. The Proxy Form must be deposited at the Company's Registered Office at 3rd Floor, Brem House, Crystal Crown Hotel, No. 12, Lorong Utara A, Off Jalan Utara, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for the meeting or any adjournment thereof.

5. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements ("MMLR") of Bursa Securities, all the Resolutions set out in this Notice will be put to vote by poll.

6. **General Meeting Record of Depositors**
For purposes of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Clause 63 of the Constitution of the Company and Paragraph 7.16(2) of the MMLR, a Record of Depositors as at 15 September 2020 and a Depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting or appoint proxy to attend and/or vote in his stead.

7. **Explanatory Notes on Ordinary and Special Businesses: -**

**(a) Audited Financial Statements for financial year ended 31 March 2020**
The audited financial statements are for discussion only under Agenda 1, as it does not require shareholders' approval under the provision of Section 340(1)(a) of the Companies Act, 2016. Hence, this agenda is not put forward for voting by shareholders of the Company.

**(b) Payment of Directors' Benefits**
Pursuant to Section 230 (1) of the Companies Act 2016, the fees and benefits payable to the Directors of the Company will have to be approved by the shareholders at a general meeting.

The proposed Directors' Benefits payable comprise allowances and other benefits. The total estimated amount of Directors' Benefits payable is calculated based on the number of scheduled Board and Board Committee Meeting from 23 September 2020 (being the day after the 39th AGM) until the 40th AGM. In the event, the proposed amount is insufficient due to more meetings or enlarged Board size, approval will be sought at the next AGM for the shortfall.

**(c) Retirement of Directors**
Clause 114 of the Constitution of the Company states that one-third (1/3) of the Directors shall retire from office and shall be eligible for re-election at each AGM. All Directors shall retire from office at least once in three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

**(d) Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016**
Resolution No. 6 is to seek a renewal of the general mandate for the issue of new ordinary shares pursuant to Sections 75 and 76 of the Companies Act 2016 which was approved by shareholders at the AGM last year ("the previous mandate"). As at the date of this Notice, the Company did not allot any shares pursuant to the previous mandate.

The proposed Resolution No. 6, if passed, will empower the Directors of the Company to issue and allot new shares in the Company at any time and for such purposes as the Directors considered would be in the interests of the Company up to an aggregate not exceeding ten percent (10%) of the total number of issued shares of the Company without convening a general meeting. This authority, unless revoked or varied at a general meeting will expire at the conclusion of the next AGM or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier.

The renewed mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for the purpose of funding investment project(s), working capital and/or acquisition.

**(e) Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**
Resolution No. 7, if passed, will authorise the Company and/or its subsidiaries to enter into recurrent related party transactions with related parties in the ordinary course of business which are necessary for the Group's day-to-day operations and are on terms not more favourable to the related parties than those generally available to the public and shall lapse at the conclusion of the next AGM unless authority for its renewal is obtained from the shareholders of the Company at a general meeting. For further information, please refer to Part A of the Circular to Shareholders dated 28 August 2020, which is circulated together with this Annual Report.

**(f) Proposed Renewal of Authority for Share Buy-Back**
Resolution No. 8, if passed, will empower the Company to purchase and/or hold up to ten percent (10%) of the issued shares of the Company. This authority will, unless revoked or varied by the Company in general meeting, expire at the next AGM. For further information, please refer to Part B of the Circular to Shareholders dated 28 August 2020 which is circulated together with this Annual Report.

**(g) Resolutions No. 9 and 10**
The proposed Ordinary Resolutions No. 9, if passed, will allow Mr. Wong Miow Song to be retained as Independent Non-Executive Director ("INED") of the Company. The Board of Directors had, vide the Nomination Committee assessed the independence of Mr Wong Miow Song, who have served as INED of the Company for a cumulative term of more than nineteen (19) years and recommended him to continue to act as an INED of the Company. The justifications of the Board of Directors for recommending and supporting the resolutions for him continuing in office as INED are set out under the Corporate Governance Overview Statement in the Company's 2020 Annual Report.

The proposed Ordinary Resolution No. 10, if passed, will allow Dato' Hj. Abu Sujak bin Hj. Mahmud to be retained as Independent Non-Executive Director ("INED") of the Company. The Board of Directors had, vide the Nomination Committee assessed the independence of Dato Hj. Abu Sujak bin Hj. Mahmud, who have served as INED of the Company for a cumulative term of more than fourteen (14) years and recommended him to continue to act as an INED of the Company. The justifications of the Board of Directors for recommending and supporting the resolutions for him continuing in office as INED are set out under the Corporate Governance Overview Statement in the Company's 2020 Annual Report.

Resolutions No. 9 & 10 if passed, will authorise Mr. Wong Miow Song and Dato' Hj. Abu Sujak bin Hj. Mahmud to continue in office as INEDs of the Company until the conclusion of the next AGM of the Company.

**Additional Administrative Notes for Shareholders/Proxy Holders participating at the AGM due to the Coronavirus Disease ("COVID-19") Outbreak**

Securities Commission Malaysia had on 18 April 2020 (revised on 24 June 2020) issued a Guidance and FAQs on the Conduct of General Meetings for Listed Issuers ("SC Guidance"). The Malaysian National Security Council had on 16 June 2020 issued a Standard Operating Procedures ("SOP") for government and private events, including meetings.

Therefore, the following measures will be taken to reduce COVID-19 transmission at the AGM for Shareholders/ Proxy Holders who wish to attend the AGM: -

(i) Personal attendance is not recommended. Shareholders are encouraged to appoint the Chairman to cast their votes;

(ii) There will be no distribution of door gifts, lunch and refreshments provided to Shareholders/Proxy Holders who attend the AGM;

(iii) In the event there shall be any change in venue of the meeting due to any restrictions order from the authority, the Company will make the announcement at the Group's Corporate website at www.bremholding.com;

(iv) Shareholders/Proxy Holders are encouraged to abide by the most current regulations in place and enforced by the Ministry of Health and Government of Malaysia at the time deciding on whether or not to attend the 39th AGM in person;

(v) All individuals age above 60 years old are allowed to be physically present at the meeting venue provided they are well and not exhibiting any symptoms;

(vi) All individuals age below 18 years old, Patient Under Investigation and Person under Surveillance are not allowed to enter the venue;

(vii) Any person who has fever or exhibits flu-like symptoms like sore throat, flu, cough or shortness of breath, will not be permitted to attend the AGM;

(viii) As a precautionary measure, we will be conducting temperature checks on all individuals upon arrival at the AGM venue. If any Shareholder/Proxy holder has a temperature above 37.5 degree Celsius, he/she will not be allowed to enter the venue;

(ix) Shareholders/Proxy Holders must sanitize their hands and wear a face mask throughout the entire duration of the meeting; and

(x) Shareholders/Proxy Holders are advised to observe/maintain social distancing throughout the meeting.

# STATEMENT ACCOMPANYING NOTICE OF THIRTY-NINTH (39TH) ANNUAL GENERAL MEETING

**(Pursuant to Rule 8.27(2) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad)**

1. Pursuant to Clause 114 of the Company's Constitution, the following Directors are standing for re-election at the 39th AGM of the Company:-

   (a) Dato' Hj. Abu Sujak Bin Hj. Mahmud
   (b) Khoo Hui Keam

2. No individual is standing for election as a Director at the forthcoming 39th AGM of the Company other than the Directors seeking for re-election as a Director.

3. The profiles of the Directors who are standing for re-election at the 39th AGM are set out in the Company's Annual Report 2020.

4. The Company will seek shareholders' approval on the general mandate to allot and issue shares. Please refer to the proposed Ordinary Resolution 6 as stated in the Notice of the 39th AGM of the Company for further details.

# CORPORATE INFORMATION

## DIRECTORS

**Dato' Hj. Abu Sujak Bin Hj. Mahmud** *(Independent Non-Executive Chairman)*

**Tan Sri Dato' Khoo Chai Kaa** *(Managing Director)*

**Low Yew Hwa** *(Executive Director)*

**Wong Miow Song** *(Independent Non-Executive Director)*

**Sr. Alias Bin Marjoh** *(Independent Non-Executive Director)*

**Khoo Hui Keam** *(Non-Independent Non-Executive Director)*

**Khoo Hui Giok** *(Non-Independent Non-Executive Director)*

### COMMITTEES

AUDIT
**Wong Miow Song** *(Chairman)*
**Dato' Hj. Abu Sujak Bin Hj. Mahmud**
**Khoo Hui Giok**

NOMINATION
**Wong Miow Song** *(Chairman)*
**Dato' Hj. Abu Sujak Bin Hj. Mahmud**
**Khoo Hui Giok**

REMUNERATION
**Dato' Hj. Abu Sujak Bin Hj. Mahmud** *(Chairman)*
**Tan Sri Dato' Khoo Chai Kaa**
**Wong Miow Song**

RISK MANAGEMENT AND SUSTAINABILITY
**Tan Sri Dato' Khoo Chai Kaa** *(Chairman)*
**Dato' Hj. Abu Sujak Bin Hj. Mahmud**
**Wong Miow Song**

### REGISTERED OFFICE
3rd Floor, Brem House,
Crystal Crown Hotel, No. 12,
Lorong Utara A, Off Jalan Utara,
46200 Petaling Jaya,
Selangor Darul Ehsan.
Tel : (03) 7958 7888
Fax : (03) 7958 1533
Website : www.bremholding.com

### AUDITORS
Baker Tilly Monteiro Heng PLT
Chartered Accountants

### COMPANY SECRETARY
Andrea Huong Jia Mei (MIA 36347)

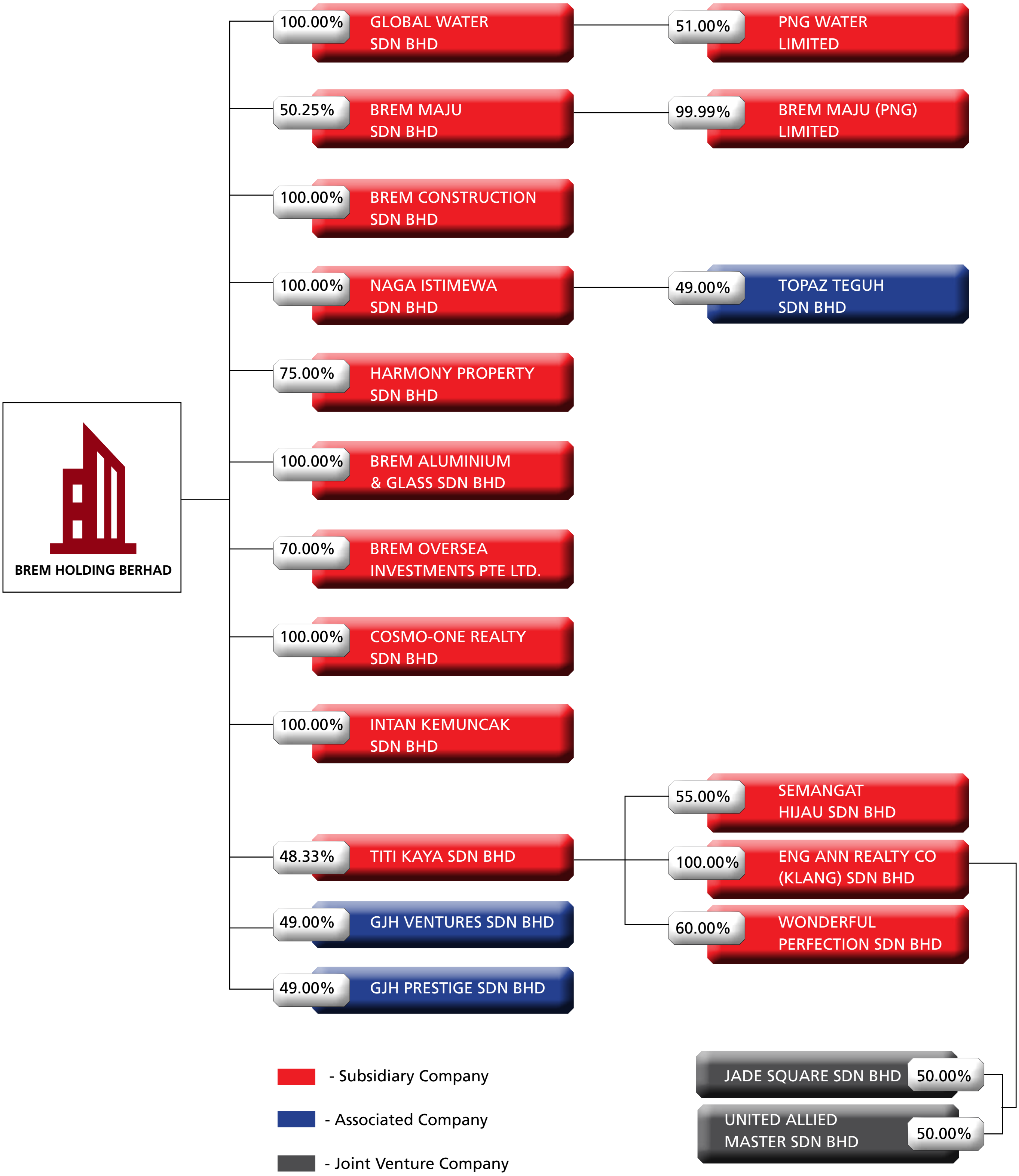
### REGISTRARS
Insurban Corporate Services Sdn. Bhd.,
149-B, Jalan Aminuddin Baki,
Taman Tun Dr. Ismail,
60000 Kuala Lumpur.
Tel : (03) 7729 5529
Fax : (03) 7728 5948

### PRINCIPAL BANKERS
Malayan Banking Berhad
Alliance Bank Malaysia Berhad

### SOLICITORS
**Kamarudin & Partners**
**HK Ang & Partners**

### STOCK EXCHANGE LISTING
Bursa Malaysia Securities Berhad
Main Market

# CORPORATE STRUCTURE



# PROFILE OF THE BOARD OF DIRECTORS

### DATO' HJ. ABU SUJAK BIN HJ. MAHMUD, DSSA, KMN, PPT, PJK
*(Independent Non-Executive Chairman)*

**Dato' Hj. Abu Sujak Bin Hj. Mahmud**, male, aged 80, Malaysian, was appointed to the Board of the Company on 4 January 2006 as Independent Non-Executive Director. He began his career as an audit clerk in Jabatan Pembangunan Koperasi Malaysia in 1958. He then joined the Maktab Perguruan Bahasa in 1960 and then taught for a period of five (5) years before pursuing his degree in the University of Malaya. He obtained Bachelor of Arts in Malay Studies in 1970. In 1971, he joined Dewan Bandaraya Kuala Lumpur and subsequently was appointed as Secretary of Majlis Perbandaran Klang and Majlis Perbandaran Shah Alam. In 1986, he was chosen to stand for election, which marked his career as a politician. He served as a member of the Selangor State Legislative Council for three (3) terms and was also a member of the Selangor State Executive Council from 1986 to 1995. He was also appointed as Timbalan Menteri Besar Selangor Darul Ehsan in 1990 until 1995. In the year 2000, he was appointed as the Datuk Bandar Majlis Bandaraya Shah Alam and was in office until 2002. Dato' was elected Chairman of the Board of Directors on the 28 July 2010. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee, Nomination Committee and Risk Management and Sustainability Committee of Brem Holding Berhad.

### TAN SRI DATO' KHOO CHAI KAA, P.S.M, DIMP
*(Managing Director)*

**Tan Sri Dato' Khoo Chai Kaa,** male, aged 69, Malaysian, is the Managing Director of the Company and a founder member of the Brem Holding Group. He has been a Director of the Company since its incorporation on 21 January 1981. Tan Sri Dato' Khoo holds a Bachelor of Science degree in Civil Engineering and Building from the United Kingdom. He has over 40 years of experience in the construction and property development sectors as well as vast experience in hotel industry. He has also attained a wide experience in heavy machinery know-how. He also sits on the Board of some of the subsidiary companies of Brem Holding Berhad and several other private limited companies. Tan Sri Dato' Khoo is the Chairman of Risk Management and Sustainability Committee and a member of the Remuneration Committee of Brem Holding Berhad. He is the father of Khoo Hui Keam and Khoo Hui Giok.

### LOW YEW HWA
*(Executive Director)*

**Low Yew Hwa**, male, aged 64, Malaysian, has been with the Company since year 1989. He was appointed to the Board of the Company on 24 August 1992. Mr. Low is a qualified Chartered Accountant of the Malaysian Institute of Accountants and a Fellow Member of the Chartered Association of Certified Accountants, United Kingdom. He sits on the Board of some of the subsidiary companies of Brem Holding Berhad and several other private limited companies.

### WONG MIOW SONG
*(Independent Non-Executive Director)*

**Wong Miow Song,** male, aged 69, Malaysian, was appointed to the Board of the Company on 24 May 2001 as an Independent Non-Executive Director. He was also elected as Chairman of the Audit Committee of the Company with effect from 24 May 2001. He holds a Bachelor of Engineering (Honours) degree in Civil Engineering from University of Malaya. He has over 40 years of experience in building construction and housing development. Currently he is a director of a private construction company involved in the construction of houses, shop houses and apartments in Klang Valley area. He is a member of The Institution of Engineers, Malaysia and a professional engineer with practicing certificate registered with the Board of Engineers, Malaysia. He is the Chairman of the Audit Committee and Nomination Committee and also a member of the Remuneration Committee and Risk Management and Sustainability Committee of Brem Holding Berhad.

## SR. ALIAS BIN MARJOH

*(Independent Non-Executive Director)*

**Surveyor (SR) Alias Bin Marjoh**, male, aged 63, Malaysian, was appointed to the Board of the Company on 15 June 2019 as an Independent Non-Executive Director. He holds a Diploma in Civil Engineering from University Teknology Malaysia (UTM) and is a Professional Building Surveyor after becoming a member of the Royal Institution of Surveyors, Malaysia (MRISM) in 2002. He began his career as a Technical Assistant in Dewan Bandaraya Kuala Lumpur (DBKL). After serving of 39 years in DBKL, he retired in 2018 as the Director of the Building Control Department, DBKL. Presently, SR Alias Bin Marjoh is an Associate with the Malaysian Productivity Cooperation (MPC) as a member of the Focus Group Dealings with Construction Permits (FGDCP). Through his experience, he gives talks at seminars and advices on matters relating to Construction Permitting, Statutory Laws/ Codes, Development Procedures and Processes and Local Authority Building Control Requirements.

## KHOO HUI KEAM

*(Non-Independent Non-Executive Director)*

**Khoo Hui Keam**, female, aged 44, Malaysian, was appointed to the Board of the Company on 26 November 2007 as a Non-Independent Non-Executive Director. She holds a Bachelor Degree in Business majoring in banking from Nanyang Technology University (NTU) of Singapore. She has been in the banking industry for many years before joining the Group as an Operating Manager of a subsidiary. Currently, she is the Chief Operating Officer of Crystal Crown Hotel & Resort, which has 5 hotels across Malaysia under its group. She is the daughter of Tan Sri Dato' Khoo Chai Kaa and the sister of Khoo Hui Giok.

## KHOO HUI GIOK

*(Non-Independent Non-Executive Director)*

**Khoo Hui Giok**, female, aged 42, Malaysian, was appointed to the Board of the Company on 26 May 2008 as a Non-Independent Non-Executive Director. She holds a Bachelor of Business Accounting, Charles Sturt University. She is a certified practicing accountant of CPA Australia and a member of the Malaysian Institute of Accountants. She has over 18 years of experience in financial management. Currently she is a financial controller of a chain of hotels in Malaysia. She is also a member of the Audit Committee and Nomination Committee of Brem Holding Berhad. She is the daughter of Tan Sri Dato' Khoo Chai Kaa and the sister of Khoo Hui Keam.

# PROFILE OF KEY SENIOR MANAGEMENT

**(i) TAN SRI DATO' KHOO CHAI KAA, P.S.M, DIMP**
*(Managing Director)*

Please refer to page 10 of this Annual Report for his profile.

**(ii) LOW YEW HWA**
*(Executive Director)*

Please refer to page 10 of this Annual Report for his profile.

**(iii) NEOH WEE HONG**
*(Accountant)*

**Neoh Wee Hong**, male, aged 54, Malaysian, is an Accountant of the Company since November 2017. He graduated from ACCA and is a member of the Malaysian Institute of Accountants. He has over 27 years of experience at middle and senior management in financial and management accounting, consolidation of accounts, taxation, internal audit, process reviews & documentation, system evaluations, share margin financing, credit control and IT project implementation. His past experience was from manufacturing, oil & gas, multi-level marketing and financial industries.

## OTHER DIRECTORSHIP OF PUBLIC COMPANIES

None of the directors and key senior management of the Company have any directorship in other public companies.

## FAMILY RELATIONSHIP OF DIRECTORS AND KEY SENIOR MANAGEMENT

Save as disclosed below, none of the directors and key senior management have any family relationship with any other directors and/or major shareholders of the Company:

(a) Tan Sri Dato' Khoo Chai Kaa and Ms. Khoo Hui Keam and Ms. Khoo Hui Giok are father and daughters;
(b) Ms. Khoo Hui Keam and Ms. Khoo Hui Giok are sisters.

## CONFLICT OF INTEREST WITH THE COMPANY

Other than the recurrent transactions of revenue or trading nature which are necessary for the company day-to-day operations, none of the director and key senior management has conflict of interest with the company.

## LIST OF CONVICTIONS FOR OFFENCES

None of the director and key senior management has:

(a) been convicted of any offences within the past five (5) years other than traffic offences, or,
(b) been imposed with any public sanction or penalty.

## MATERIAL CONTRACT INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS

There is no material contract (not being contract entered into in the ordinary course of business) of the Company and its subsidiaries, involving directors' and major shareholders' interests, still subsisting at the end of the financial year.

## AUDIT AND NON-AUDIT FEES

The Audit and Non-audit fees payable to the External Auditors in relation to the audit services rendered to the Company and on a group basis respectively for the financial year ended 31 March 2020 are as follows:

| | The Company RM | The Group RM |
|---|---|---|
| Audit Fees | 128,700 | 285,543 |
| Non Audit Services | 5,500 | 5,500 |

## RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING NATURE

On 29 August 2019, the Company obtained approval from the shareholders of the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature ("recurrent transactions") with persons who are considered to be "Related Party" as defined in Chapter 10 of the Listing Requirements.

The breakdown of the aggregate value paid/payable of the recurrent transactions made during the financial year are set out below:

| Nature /Type of Transactions | Contractor | Customers | Interested Director/Major Shareholder or Person Connected | RM |
|---|---|---|---|---|
| Construction Contracts | Sinn Huat Construction Sdn. Bhd. | Brem Holding Berhad | Puan Sri Datin Lee Lei Choo<br>Lee Kok Ting | 511,780 |
| Construction Contracts | Sinn Huat Construction Sdn. Bhd. | Brem Maju Sdn Bhd | Puan Sri Datin Lee Lei Choo<br>Lee Kok Ting | -nil- |

Relationship of Related Parties with Brem Holding Berhad ("Brem") as at the financial year ended 31 March 2020:

| Names of Related Party | Relationship |
|---|---|
| Sinn Huat Construction Sdn. Bhd. | No relationship except for the Director and Major Shareholder of the Company is related to a major shareholder of Brem |

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Board of Directors ("Board") of Brem Holding Berhad is pleased to present its Statement on Risk Management and Internal Control ("Statement"). This Statement describes the state of risk management and internal control of the Company and its subsidiaries ("the Group") during the financial year ended 31 March 2020 is disclosed based on the requirement of paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") as well as the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers".

## BOARD'S RESPONSIBILITIES

In accordance with the Malaysian Code of Corporate Governance, the Board who is responsible for the Group's risk management and internal control systems, shall set appropriate policies on internal control and seek assurance that the systems are functioning effectively and forming part of its corporate culture.

The Board understands the principal risks of the business that the Group involves and accepts that business decisions require the incurrence and balancing of risk and return in order to reward the shareholders. Functionally, risk management are the responsibility of all Executive Directors and management staff members who manage the business risks in the Group and ensure that businesses are under control. The Board also established an Audit Committee to review the systems of internal control of the Group objectively. As there are limitations that are inherent in any system of internal control, this system is designed to manage rather than eliminate risks that may impede the achievement of the Group's business objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss.

## CONTROL ENVIRONMENT

The Group has an organisation structure that is aligned to business requirements. The internal control mechanism is embedded in the various work processes at appropriate levels in the Group. The Board is accountable for ensuring the existence and effectiveness of internal control and provides leadership and direction to senior management on the manner the Group controls its businesses, the state of internal control and its activities. In developing the internal control systems, consideration is given to the overall control environment of the Group, assessment of financial and operational risks and an effective monitoring mechanism.

The main elements in the system of internal control framework include:

- An organisation structure in the Group with formally defined lines of responsibility and delegation of authority;
- Documentation of written policies and procedures for operational areas, such as procurement and inventory management;
- Review of quarterly financial results by the Board and the Audit Committee ("AC");
- Active participation and involvement by the Chief Executive Officer ("CEO") and the Executive Director in the day-to-day running of the business operations; and
- Review of internal audit reports and findings by the AC.

## INTERNAL AUDIT

The Board is fully aware of the importance of the internal audit function, and has engaged an independent professional firm to provide independent assurance to the Board and AC in providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system.

The internal audit adopts a risk based approach and prepares its audit plan based on the risk profiles from the risk assessment of the Group. Scheduled internal audits are carried out based on the annual audit plan approved by the AC. The internal audit reports are presented in the AC meetings accordingly.

During the period under review, internal audit reviews were carried out by the Internal Audit team to address the related internal control weaknesses. Significant weaknesses identified during the reviews together with the improvement measures to strengthen the internal control were reported to AC and the Board for deliberation.

The Internal Audit ("IA") also periodically reports on the activities performed, key strategic and control issues observed to the AC. The AC assessed the effectiveness, performance and independence of the IA annually. IA continues to adopt the risk-based audit plan to ensure the programmes carried out are prioritised based on the Group's key risks and core or priority areas.

## INTERNAL AUDIT (Continued)

The Internal Audit function has reviewed the state of internal control on various operations within the Group based on the information provided by the management and line managers. The internal audit reviews were performed based on sample selections on the following areas during the period:

- Mall Management
- Construction Management
- Development Management including the associated companies
- Others supporting departments

A total of 4 internal audit reports were issued upon completion of the audit to the AC with the feedback and agreed corrective actions to be undertaken by management. Subsequently, the progress of these corrective actions was monitored and verified by IA on a regular basis and submitted to the AC.

## INFORMATION AND COMMUNICATION

While management has full responsibility in ensuring the effectiveness of internal control which it establishes, the Board of Directors has the authority to assess the state of internal control as it deems necessary. In doing so, the Board has the right to enquire information and clarifications from management as well as to seek inputs from the AC , internal auditors, and other experts at the expense of the Group.

## RISK MANAGEMENT

The risk management processes in identifying, evaluating and managing risks are embraced in the operating and business processes in the respective management functions. The risk management processes of the ISO 31000 Risk Management Guidelines involving the identification of issues, assessment of the impact of the identified issues and management plan actions are applied in the annual risk assessment. The effectiveness of actions taken to address the risk identified was also discussed in the ISO 9001:2015 Annual Management Review Meeting.

Separately, Accounts and Finance function supplements the Audit Committee's review on the risks and controls when presenting their quarterly financial performance and results to the Audit Committee. In this case, the Audit Committee reviews the interim financial results in corroboration with management explanations of the business and the performance management of its subsidiaries. In addition, the integrity of the financial results, Annual Report and audited financial statements is reviewed in consultation with the External Auditors.

The key focus of the Group risk management presently is on the manpower resource to execute the on-going construction works. These manpower resource challenges include adequacy of supply of foreign workers who possess work permit and CIDB green card and skilled site supervisor. The present management mitigation plans to address these challenges are as follows:

- Mobilization of Industrialized Building System ("IBS") when feasible to reduce worker dependency;
- Increase of the pool of existing and new sub-contractors;
- Monitoring of sub-contractors and ensure their site workers are trained and possess work permit and CIDB green card; and
- Provision of training to enhance the skillsets of site supervisor.

## BOARD REVIEW

In considering the effectiveness of the risk management and systems of internal control, the Board uses the following processes and information to derive its comfort which are in place during the financial year under review up to the date of approval of this Statement:

- Quarterly review of financial covering financial performance and quarterly financial results;
- Discussion with management during the board meetings on business and operational information and updates;
- Audit Committee's review and consultation with management on the financial results, annual report and audited financial statements in order to assess the integrity of the financial information and performance;
- The Internal Audit function assist the Audit Committee and the Board to carrying out independent assessment on the internal control systems and the governance practices;
- Management assurance that the Group's risk management and internal control systems are adequate and effective, in all material respects; and
- Director representations in the boards of the joint venture and associated companies in which the Group has interest.

## KEY ELEMENTS OF INTERNAL CONTROL

At management level, the following key internal controls and its review mechanisms are put in place in the Group:

i. Job description and responsibility for management functions;
ii. Limit of authority and approval facilitating delegation of authority;
iii. Standard operating procedures covering for the property development and construction activities under the ISO 9001:2015 Quality Management System;
iv. Management information systems generating financial data and information for reporting and monitoring purposes; and
v. Project planning, monitoring and reporting procedures ensuring timely completion of projects and achievement of business targets.

## MANAGEMENT ACCOUNTABILITY AND ASSURANCE

Management is accountable to the Board for identifying risks relevant to the business of the Group's objectives and strategies; implementing and maintaining sound systems of risk management and internal control; and monitoring and reporting to the Managing Director of significant control deficiencies and changes in risks that could significantly affect the Group achievement of its objectives and performance.

In producing this Statement, Managing Director and Executive Director have represented to the Board that, to the best of their knowledge that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects.

The Board has also received assurance from the Managing Director, Executive Director, Head of Finance and other Heads of Department that the Group's risk management and internal control system are operating adequately and effectively, in all material aspects, based on the risk management model adopted by the Group.

## BOARD ASSURANCE AND LIMITATION

For the financial year under review, the Board is satisfied that the existing level of systems of risk management and internal control are effective to enable the Group to achieve its business objectives and there were no material losses resulted from significant control weaknesses that would require separate disclosure in the 2020 Annual Report. The systems of risk management and internal control of those joint ventures and associated companies of which the Group has no management control, were not dealt with in reporting this Statement.

The Board recognises that the systems of risk management and internal control should be continuously improved. Despite the above, it should be noted that all risk management and of internal control systems could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, these systems of risk management and internal control of the Group can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

## REVIEW OF STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement as required by Paragraph 15.23 of the MMLR of Bursa Securities for the financial year ended 31 March 2020. Their review was performed under a limited assurance engagement in accordance with Audit and Assurance Practice Guide 3: Guidance for Auditors and Engagements to Report on the Statement for inclusion in the annual report, issued by the Malaysian Institute of Accountants. The external auditors are not required to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

Based on the procedures performed and evidence obtained, nothing has come to their attention that causes them to believe that this Statement, intended to be included in the annual report, is not prepared, in all material aspect, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is this Statement factually inaccurate.

This Statement is made in accordance with the approval by the Board dated 19 August 2020.

## ECONOMY AND INDUSTRY OUTLOOK

The World Bank noted in its recent 'Global Economic Prospects' report that the Covid-19 pandemic has caused the broad collapse of the global economy. The world economy is projected to contract by 5.2 percent this year.

In the local front, Bank Negara Malaysia projects that the economy will see a contraction of 2% at its worst and growth of 0.5% as its best in 2020. Malaysia is facing with unprecedented instability of government with marginal simple majority in parliament. The instability has affected Malaysia's development, prosperity and competitiveness.

Bank Negara has lowered the benchmark overnight policy rate (OPR) by 125 basis points in 2020 to 1.75% - lowest in Malaysian history, to support the economic growth and improve the financial conditions. Bank Negara has also lowered Statutory Reserve Requirement (SRR) ratio from 3% to 2% effective 20 March 2020 to release higher liquidity into the banking system.

The Property sector outlook will remain depressed amid the Covid-19 pandemic with residential overhang. Consumer sentiment is expected to remain weak. However, new Home Ownership Campaign (HOC) which is part of Penjana heightened demand particularly for good products and locations. Other short-term schemes under Penjana are Real Property Gains Tax (RPGT) exemption for disposal of up to three properties and the lifting of 70% margin of financing limit for the third housing loan onwards may help to boost up demand of properties.

## OVERVIEW OF BUSINESSES

The group is principally engaged in construction, property development and property investments & investment holding. Having registration of PKK Class A contractor coupled with a category of Grade 7 with the Construction Industry Development Board Malaysia, the Group is qualified to tender and carry out all categories of contract and construction works.

Despite the challenging and competitive market especially on over supply of residential, commercial complex and offices, the group continue to perform and remain profitable in various segments in normal operations. The Group reported revenue of RM139.8 million and profit before taxation (PBT) of RM48.8 million for the financial year ended 31 March 2020 compared to revenue of RM121.7 million and PBT of RM31.1 million in FY2019.

The following table summarised the segmental information for the Group:

| Segments | 2020 | | 2019 | |
|---|---|---|---|---|
| | Revenue RM Million | Profit before tax RM Million | Revenue RM Million | Profit before tax RM Million |
| Civil engineering & construction | 24.9 | 25.6 | 25.5 | 14.4 |
| Property development | 94.0 | 25.6 | 50.8 | 14.6 |
| Property investment & investment holding | 12.7 | (5.9) | 13.2 | (5.0) |
| Water supply & services | 8.2 | 3.5 | 32.2 | 7.1 |
| Total | 139.8 | 48.8 | 121.7 | 31.1 |

## CIVIL ENGINEERING AND CONSTRUCTION SEGMENT

The Group's civil engineering and construction segment reported revenue and PBT of RM24.9 million and RM25.6 million respectively in FY2020 as compared to revenue of RM25.5 million and PBT of RM14.4 million in FY2019. The increase contribution in PBT was mainly due to better recognition of profits in a few completed contracts like Harmony-2, Nilai Dumbell Interchange and Bunus project at Titiwangsa, Kuala Lumpur.

The Group current on-going contracts in Bandar Ainsdale, Nilai Impian and Bandar Enstek all of Seremban on infrastructure development works. The contracts are expected to complete in next financial year.

## PROPERTY DEVELOPMENT SEGMENT

This property development segment continues to be affected by oversupply of properties, high house-hold debt and stringent credit control policies adopted by financial institution on approval of housing loan.

The property development segment reported revenue and PBT of RM94.0 million and RM25.6 million respectively in FY2020 as compared to revenue of RM50.8 million and PBT of RM14.6 million in FY2019. The added contribution in both revenue and PBT was due to higher sales logged in Project Harmony-2 as a result of government Home Ownership Campaign from January 2019 to December 2019.

## PROPERTY INVESTMENTS AND INVESTMENT HOLDING

The property investment & investment holding segment reported revenue of RM12.7 million and loss before taxation of RM5.9 million in FY2020 as compared to revenue of RM13.2 million and loss before taxation of RM5.0 million in FY2019. The major revenue contributor to this segment was derived from Brem Mall, a retail cum office complex located at Jalan Kepong, Kuala Lumpur. The slight dip in revenue was attributable to lower occupancy rate caused by high competitive and oversupply of shopping malls at Klang Valley. The loss of RM5.9m in FY2020 was mainly due to RM8.2 million impairment of goodwill coupled with RM3.1 million fair value loss on investment in Titijaya Land Berhad. The loss in FY2019 was mainly due to RM15.9 million fair value of investment in Titijaya Land Berhad but mitigated by RM5.4 million gain on disposal of the same.

The average occupancy rates of retail spaces rose from 86.9% to 87.3%. However, the office spaces dipped from 80.2% to 68.0% on year-on-year comparison for Brem Mall. In view of the impact of Covid-19 pandemic, the Group has granted rental waiver to tenants who are genuinely affected by Movement Control Order in order to support continuation of their businesses.

## WATER SUPPLY AND SERVICES

The Group has concession arrangement with a governing body of the government of Papua New Guinea ("the grantor") to operate water treatment plants. Under the concession agreements, the Group will construct and operate the plants and water distribution networks for a concession period of 22 years commencing year 1997 until June 2019.

The water supply and services segment recorded revenue and PBT of RM8.2 million and RM3.5 million respectively in FY2020 as compared to revenue of RM32.2 million and PBT of RM7.1 million in FY2019. The dip in both revenue and PBT was due to the concession ended in June 2019.

## GROUP OUTLOOK

The Group has established track record in the civil engineering and construction segment. Although most of the current contracts are completing soon, the Group is optimistic in the coming year as the rising number of contract awards in the industry after the government moved to revive some mega projects to stimulate the economy. The Group is expected to secure new contracts and generate reasonable profit margin in future. The Group is actively involved in tendering contracts and aims to win tenders to raise the Group profile in civil engineering and construction industry. The Group is expecting a positive contribution from this segment in the coming years.

On the property segment, the Group has completed its property development of residential properties namely Harmony-2 at Bukit Prima Pelangi, Kuala Lumpur. In the next financial year, the Group will focus on selling its remaining units. If the market condition permits, the Group may launch new projects in Klang and/or Kuala Lumpur. The property investments and investment holding segment especially Brem Mall, the retail cum office complex located at Jalan Kepong, Kuala Lumpur is expected to face challenging time ahead due to the aftermath of Covid-19 pandemic. The group needs to rebalance the economic benefits to the Group as well as providing humanitarian supports to the tenants for continuation of their businesses. The Management will adopt conservative approach to conserve cash during this period until the discovery of vaccine for Covid-19.

For the water supply and services segment, the water concession has ended in June 2019. The revenue contribution from the segment will discontinue.

## CONCLUSION

The Group has surpassed last year's result. However in FY2021, the Group will face the challenges in the aftermath of Covid-19. Nevertheless, Brem Group is confident that our strategically placed properties will continue to contribute positively to our Group and enriching the lives of communities together.

On behalf of the Board of Directors, we would like to convey our sincere appreciation to our valued shareholders, business associates, sub-contractors, suppliers, financial institutions and most importantly our customers for their continue support and belief in Brem.

I would like to extend my sincere appreciation to my fellow board members, our management team and employees for their support, invaluable dedication, contribution and commitment towards the Group over the years.

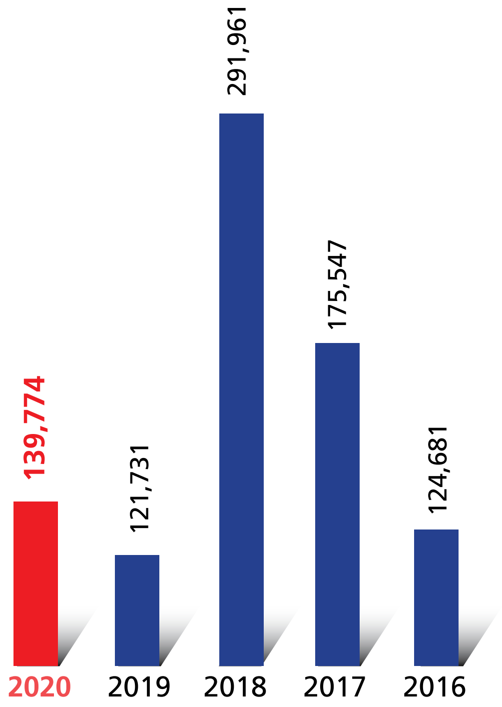
# GROUP FINANCIAL HIGHLIGHTS

| **Statements Of Comprehensive Income** *(Financial Year Ended 31 March)* | **2020 RM '000** | **2019 RM '000** | **2018 RM '000 (Restated)#** | **2017 RM '000** | **2016 RM '000 (Restated)#** |
|---|---|---|---|---|---|
| Revenue | 139,774 | 121,731 | 291,961 | 175,547 | 124,681 |
| Profit Before Taxation | 48,781 | 31,145 | 81,712 | 20,491 | 41,519 |
| Taxation | (19,910) | (11,712) | (13,431) | (7,597) | (13,900) |
| Profit After Taxation | 28,871 | 19,433 | 68,281 | 12,894 | 27,619 |
| Non-Controlling Interests | (7,213) | (4,844) | (30,057) | (8,140) | (10,428) |
| Profit Attributable To Shareholders | 21,658 | 14,589 | 38,224 | 4,754 | 17,191 |

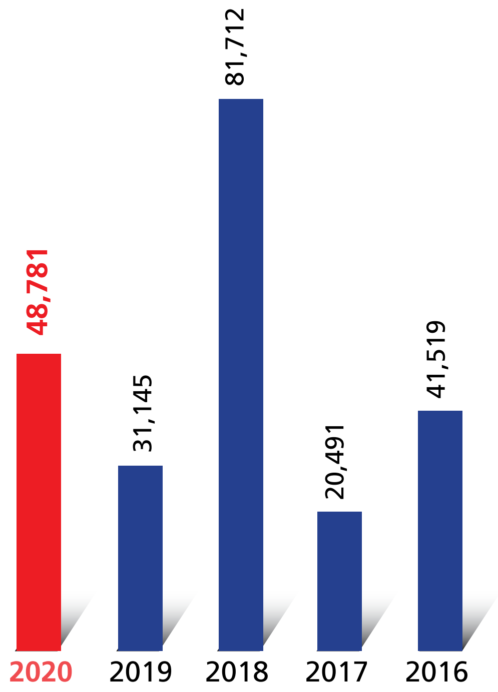
| **Statements Of Financial Position** *(As At 31 March)* | **2020 RM '000** | **2019 RM '000** | **2018 RM '000 (Restated)#** | **2017 RM '000 (Restated)#** | **2016 RM '000 (Restated)#** |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Non-Current Assets | 544,909 | 513,922 | 503,622 | 545,822 | 562,767 |
| Current Assets | 307,580 | 375,758 | 420,741 | 289,217 | 239,187 |
| **Total Assets** | 852,489 | 889,680 | 924,363 | 835,039 | 801,954 |
| **EQUITIES AND LIABILITIES** | | | | | |
| **Equity Attributable To Shareholders Of The Company** | | | | | |
| Share Capital | 172,736 | 172,736 | 172,736 | 172,736 | 172,736 |
| Reserves | 397,468 | 380,792 | 372,258 | 353,586 | 353,912 |
| Treasury Shares | (11,412) | (3,356) | (865) | (833) | (11,118) |
| **Total Equity Attributable To Shareholders Of The Company** | 558,792 | 550,172 | 544,129 | 525,489 | 515,530 |
| Non-Controlling Interests | 151,274 | 163,081 | 158,175 | 140,428 | 130,933 |
| **Total Equity** | 710,066 | 713,253 | 702,304 | 665,917 | 646,463 |
| **Liabilities** | | | | | |
| Non-Current Liabilities | 47,169 | 75,587 | 82,966 | 65,869 | 81,409 |
| Current Liabilities | 95,254 | 100,840 | 139,093 | 103,253 | 74,082 |
| **Total Liabilities** | 142,423 | 176,427 | 222,059 | 169,122 | 155,491 |
| **Total Equity And Liabilities** | 852,489 | 889,680 | 924,363 | 835,039 | 801,954 |
| Net Assets Per Share (RM) | 1.69 | 1.61 | 1.58 | 1.53 | 1.56 |
| Earnings Per Share (Sen) | 6.42* | 4.24* | 11.10* | 1.41* | 5.18* |
| Gross Dividend Per Share (Sen) | - | 4.02 | 3.00 | - | 3.12+@ |
| Gearing Ratio (Times) | 0.16 | 0.21 | 0.24 | 0.19 | 0.20 |

* Based on the weighted average number of ordinary shares.
\+ Share dividend on the basis of 1 treasury share for every 25 existing ordinary shares.
@ Adjusted for presentation on sen per share instead of percentage per share.
\# Restated based on the audited financial statements for financial year ended 31 March 2016, 31 March 2017 and 31 March 2018.

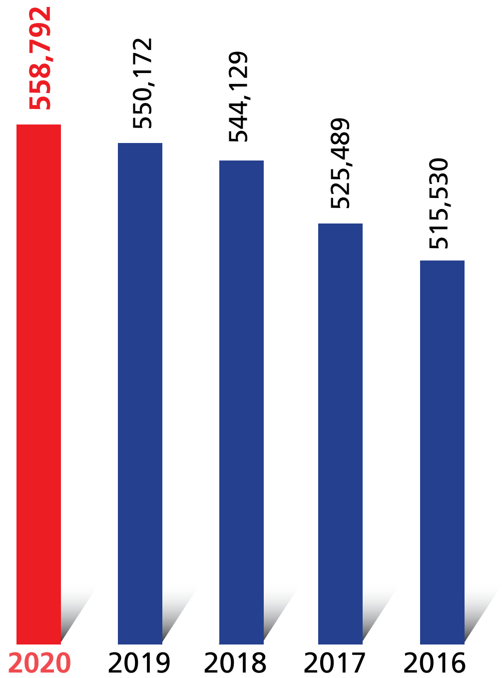
**REVENUE**
(RM'000)



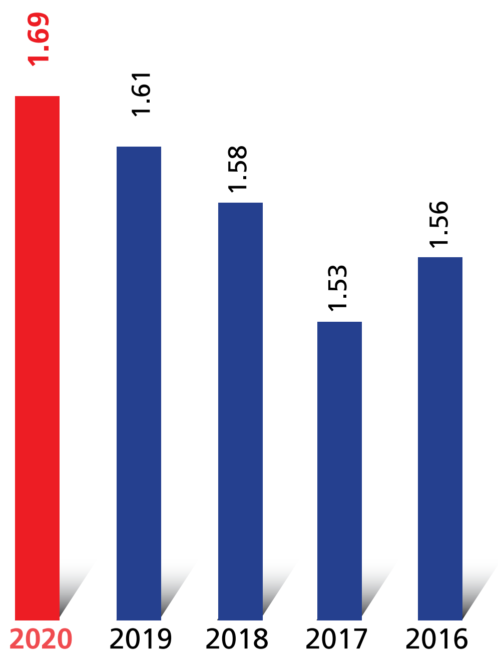

**PROFIT BEFORE TAXATION**
(RM'000)




**TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY**
(RM'000)




**NET ASSETS PER SHARE**
(RM)



# SUSTAINABILITY STATEMENT

## INTRODUCTION

The Group continues to adopt a balanced approach between profit oriented and sustainability in its social and environment activities. It has taken steps to balance business performance as well as to ensure sustainability of projects in the marketplace.

Being in property development, the Group strives to develop quality products which provide good value to stakeholders especially our customers and continuous awareness to preserve the environment and enhancing lives of those who participated in our operations as well as the communities surrounding our business activities.

The Group focuses:

- To minimise environment impact from development planning stage.
- To practice good business processes.
- To provide meaningful support to local communities; who are less fortunate and underprivileged.

With the Group having to disclose sustainability matters in annual report, we shall focus on key material matters which are vital to our Group.

## REPORTING

In line with the requirements of Bursa Malaysia Berhad's Sustainability Reporting Guide, the Group furnish sustainability reporting to stakeholders for users to assess themselves of our contribution to economic, environment and social aspects of sustainability.

This summarised our perspective of material sustainability matters which we identified towards addressing sustainability risk and opportunities in our Group.

## SCOPE & BASIS OF SCOPE

The scope of materiality covers subsidiaries within our Group in Malaysia which provide construction, property development and investment holding services but excludes any associate and joint venture companies which are outside our control. We have also excluded one of our subsidiaries at Papua New Guinea engaging in Water concession business as the concession has ended in June 2019. The periods of this report cover from 1 April 2019 to 31 March 2020.

## SUSTAINABILITY GOVERNANCE

The Board drives the adoption of sustainability in business strategies, oversee and review the identification and management of sustainability matters in the Group. Nevertheless, the Board has delegated the management of sustainability matters to Risk Management & Sustainability Committee (RMSC), chaired by the Managing Director. RMSC shall report material sustainability matters to the Board along with material risk and opportunities issues.

The Group has Management Committee that review material sustainability matters prior to reporting to the RMSC.

## STAKEHOLDER ENGAGEMENT

Stakeholders are parties who are impacted by our presence or who have vested interest and have some influence in our operations. The Group has engaged with stakeholders throughout the year.

Members of the Management Committee have conducted an exercise to identify key stakeholders for the Group by evaluating the level of influence and dependence, whether direct or indirect and their influence towards the Group. We had identified customers, employees, investors, suppliers & contractors, regulatory bodies and local communities as our key stakeholders. Upon this process of identification, we had conducted a stakeholder prioritisation through the materiality assessment exercise.

## STAKEHOLDER ENGAGEMENT (CONTINUED)

Our approach to stakeholders can be summarised below:

| Stakeholder Group | Type of engagement | Sustainability Topics |
|---|---|---|
| Customers | • Customer Satisfaction Survey<br>• Customer Complaint<br>• Ad hoc meetings | • Customers Satisfaction<br>• Efficient complaint resolution<br>• Product quality & safety<br>• Timely delivery |
| Employees | • Management meetings<br>• Occupational Safety & Health meeting<br>• Internal training | • Social care and workers' welfare<br>• Occupational Safety & Health<br>• Training & Development |
| Shareholders | • Annual General Meetings<br>• Annual Report<br>• Quarterly financial results | • Business activities<br>• Financial Performance<br>• Shareholders value<br>• Continuous growth and expansion |
| Suppliers & contractors | • Contract negotiation<br>• Supplier & contractor evaluation | • Payment Timeliness<br>• Fair selection practices |
| Regulatory bodies | • Inspection by local authority<br>• Participation in programs organise by government bodies | • Regulatory compliance<br>• Support country's economic and growth |
| Local Communities | • Engagement and participation in communities events<br>• Volunteering programs | • Financial & non-financial contribution to local communities<br>• Good corporate citizenship |

Based on our evaluation of the Stakeholder Engagement Program, peer comparison, industry business, environmental and social trends, we have identified and classified the sustainability matters relevant to the Group into the following aspects:

| Economic | Environment | Workplace | Communities |
|---|---|---|---|
| • Commitment to quality<br>• Customer satisfaction | • Land Remediation, contamination or degradation<br>• Compliance (environmental) | • Human rights<br>• Employee development & retention<br>• Safe working environment | • Supporting communities |

## STAKEHOLDER ENGAGEMENT (CONTINUED)

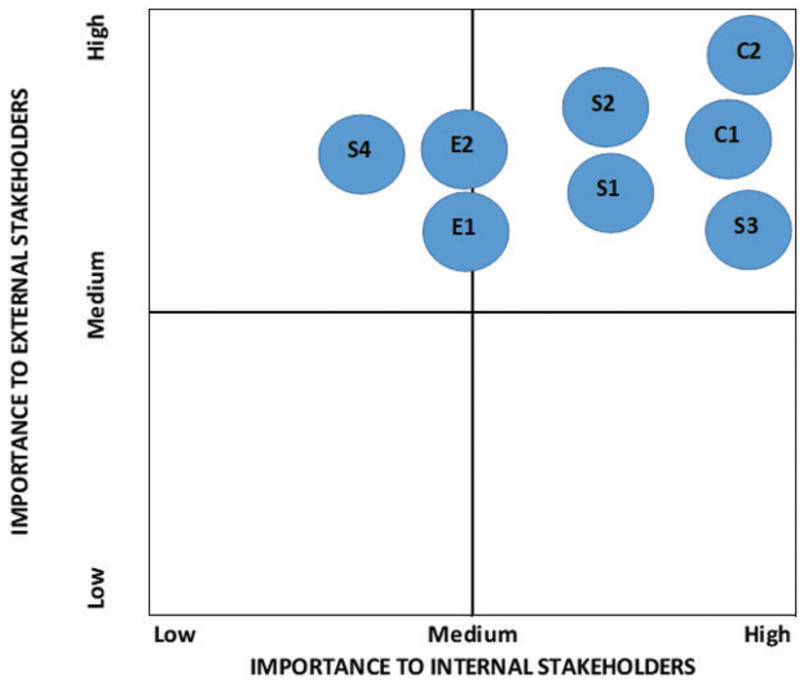
Below are the steps in determining our material sustainability matters:

| 1 | Stakeholder engagement | 2 | Determine Sustainability Issues | 3 | Categorisation & Priortisation | 4 | Process Review |
|---|---|---|---|---|---|---|---|
| | • Customer<br>• Employees<br>• Shareholders<br>• Suppliers & contractors<br>• Government & Regulators<br>• Local Communities | | • Determine sustainability concerns for each stakeholder<br>• Assess its influence and dependents towards the Group. | | • Categories and prioritise key sustainability issues.<br>• Plan possible actions and report the issues | | • Evaluate the materiality assessment process against desire outcomes<br>• Reassess the process to achieve the desired outcome when necessary. |

## MATERIAL SUSTAINABILITY MATTERS

We assessed the significance of each sustainability matter on its level of impact and influence to the Group based on rating methodology through our internal discussion by Management Committee. The results of the assessment that may be significant to our stakeholders were illustrated on the materiality matrix below.

| Area | Item | Material Sustainability Matters |
|---|---|---|
| Economic | C1 | Commitment to Quality |
| | C2 | Customer Satisfaction |
| Environment | E1 | Land Remediation, contamination or degradation |
| | E2 | Compliance (Environment) |
| Social | S1 | Human Rights |
| | S2 | Employee development & retention |
| | S3 | Safe working environment |
| | S4 | Supporting communities |



## ECONOMIC TOPICS

### COMMITMENT TO QUALITY

The Group recognises the sustainability of organization is very much dependent upon our ability to continuously improving our product quality to our customers. We are ISO 9001: 2015 certified and always guided by our core policies and procedures to deliver quality products efficiently. The certification is yearly reviewed by external consultant to ensure that we comply with ISO procedures.

We also ensure that after sales services and complaints from customers are properly taken care of. Customer satisfaction survey and Customer Complaint feedbacks are treated with utmost important to ensure that any feedbacks/complaints are handled in an objective and attentive manner with urgency.

The following are some of the processes that indicate actions and plans for the interaction of all parties involved in the overall process:

- Contractors are required to rectify any defects lodged by purchasers promptly.
- Pre-vacant inspections are carried out jointly by the project team and the contractors.
- Close monitoring during the construction stage to ensure that the workmanship is in accordance with the expected quality and as per the specifications.
- Regular meetings and discussion are held with consultants, architects, contractors, etc. to review the project progress and resolve issues faced from the project planning stage until the project completion.
- Continuously engaging, communicating and providing relevant training to our employees and business partners to promote and improving our product quality.

### CUSTOMER SATISFACTION

Our quality policy emphasises on continual improvement to achieve customer satisfaction. We believe it is important to ensure that we have systems in place to ensure customers' interests are handled diligently not only to provide good quality products but any complaints on defects will be looked into promptly so that our image and reputation are upheld. This would help repetitive purchase from our existing customers.

Our efforts on pre-delivery inspection with consultant (before hand over keys to owners) are able to minimise complaints from customers. Upon hand over of keys to customers, should there be further defects identified, they will be recorded, closely monitored and follow-up until the defects are rectified.

## ENVIRONMENTAL TOPICS

### LAND REMEDIATION, CONTAMINATION OR DEGRADATION

The Group being involves in construction and property development has directly or indirectly involved in the land extraction, movement and protection and preservations during the process of construction. Therefore, the Group is committed to protect and improve the environment within the ambit of our operations. Our planner and Environment Consultant play important roles during the planning stage in identifying environmental risks and surrounding risks to reduce any impact to the environment. We adhere to Department of Environment (DOE) guidelines in the planning and development stage of our projects.

Environmental Impact Assessment (EIA) is undertaken during the planning stage of any development project to identify environment threats and opportunities upfront, covering soil erosion, water quality, air quality, noise as well as other sustainable resources. Significant findings of the Environmental Impact Assessment (EIA) and their cost implications, if any, are presented to the Management and top management for their deliberation and decisions.

During the project implementation, our project team monitors the development works to ensure that they are done within the parameters of Environmental Impact Assessment (EIA) as recommended by Consultant. We also ensure that our contractors adhere to the requirements.

## ENVIRONMENTAL TOPICS (CONTINUED)

### ENVIRONMENTAL COMPLIANCE

In the normal operations, we continue to conform to local environment laws and regulations, Environmental Quality Act 1974 (Act 127).

Our tender process with contractors clearly states the need for compliance to Malaysia's environmental protection, safety at work and other required legislations. In day-to-day operations, we organise regular review sessions with contractors and consultants to monitor environmental related risks at construction sites. All employees of the Group, contractors and consultants are encouraged to bring out any environmental issues for discussion with the intention of finding resolutions.

During the reporting period, there were no incidents of non-compliance and penalties pertaining to environmental related issues. To maintain the highest standard of environmental compliance and to prevent future occurrence of incidence, we will continue to review and improve current environmental management system and practices.

## WORKPLACE

### HUMAN RIGHTS

We abide by local laws and regulations on the protection of the rights of our employees. We treat all employees equally and provide equal career development opportunity to all employees. We uphold our employment policies which promote recruitment to be lawful, fair and without discrimination of gender, race, religion and age.

| | FY2020 | FY2019 |
|---|---|---|
| Male | 62.0% | 64.0% |
| Female | 38.0% | 36.0% |
| **Total** | **100.0%** | **100.0%** |

The percentage of female employees has improved.

### EMPLOYEE DEVELOPMENT AND RETENTION

The Group recognises the important of human capital. The performance of the Group is directly or indirectly due from their contribution, commitment and loyalty to their jobs, not only on their input to business strategies, achieving the Group's objectives but also their efforts towards the long term success and sustainability of the Group. In this aspect, the Group encourages the advancement of skills and knowledge in order to attract and retain talents.

For the enhancement of personal and career development, we provide all employees with opportunities to develop their skills, gain more knowledge and update their technical knowledge through various internal & external training programs. The average training hours per employee per year are stated below:

| | FY2020 | FY2019 |
|---|---|---|
| Average hours of training per employee per year | 3.8 | 8.3 |

The average training hours this year was much lower compared to last year due to completion of some projects. The Group will continue with training when the needs arise.

## WORKPLACE **(CONTINUED)**

### SAFE WORKING ENVIRONMENT

We have in place an Occupational Safety and Health Management ("OSHM") unit to govern and report issues related to the Group's health, safety and environment.

Safety and health considerations are of key priority as we acknowledge that construction sites are prone to hazardous situations and dangerous activities.

Providing safe working conditions for our employees and workers result in less work-related illness and injuries which will lead to less lost hours and more productive hours. As part of our efforts in ensuring a safe workplace, the Group provides safety and health training to equip our employees and workers with relevant knowledge and skills. Our contractors are responsible for the safety aspects of their operations and accountable to the Department of Occupational Safety and Health for reporting safety statistics on a monthly basis.

The Group constantly keeps abreast of current local and global safety and health practices to ensure that our employees are aware of risks at construction sites and its preventive measures.

During the reporting period, there was no injury or death reported. The Group strives to maintain its health & safety standards and continue to improve in our OSH performance.

## COMMUNITIES

### SUPPORTING COMMUNITIES

We recognize the social responsibilities as a corporate citizen in Malaysia by contributing our resources and expertise to help our communities in meeting their needs. Our emphasis is to address social concerns and generate positive outcomes in the wellbeing of the communities which we are an integral part.

We continue with our activities throughout FY2020 in the form of outreach programs, corporate sponsorships, in-kind donations and so forth. Sponsoring sport events, contributing to education and organising healthy activities are outlined below:

1. **Sponsoring Sport Activities**

   The Group undertakes the initiative to sponsor and encourage youth to participate in healthy activities. For the last few years, we have been supporting badminton tournament event i.e. "Brem Cup". The initiative was treated as one of the means for the Group to engage with local residents especially school children at the surrounding schools. These activities intended for cultivating and sustaining proactive relationship with the local communities.


## COMMUNITIES (CONTINUED)

SUPPORTING COMMUNITIES (CONTINUED)

2. **Contribution to Education**

The Group has been passionate in promoting the well-being of education development. During the year, the Group has contributed funds to Chong Hwa Independent High School, Chong Hwa KL Foundation and Management Committee of SJK(C) Chung Hua Tanjung Ipoh. The Group believes, investment in education of the community will ensure better future generation.

3. **Organise Healthy Community Activities**

During the year, The Group has organised various community activities such as Lantern –Durian Charity Night and Chap Goh Meh celebration to promote good neighbourhood relationships.




## CONCLUSION

The Group will continue to work on meeting the broader scope of sustainability. We have to embed sustainability culture into our business by rebalancing good economic performance with responsible environmental and social considerations. We will be looking forward to further enhance the opportunities and mitigate foreseeable risks in delivering true and sustainable value for our stakeholders.

The Board of Directors of Brem Holding Berhad ("Board") is committed to ensure high standards of Corporate Governance are practised throughout Brem Holding Berhad ("Brem" or "the Company") and its subsidiaries to safeguard shareholders' investments and protect the interests of all stakeholders.

The Board is fully dedicated to continuously evaluate the Group's Corporate Governance practices and procedures with a view to ensure the principles and recommendations in Corporate Governance as stipulated by the Malaysian Code on Corporate Governance 2017 ("MCCG") are applied and adhered to.

This statement is prepared in compliance with Main Market Listing Requirement ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and it is to be read together with the CG Report 2020 ("CG Report") which is available on the corporate website at www.bremholding.com.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

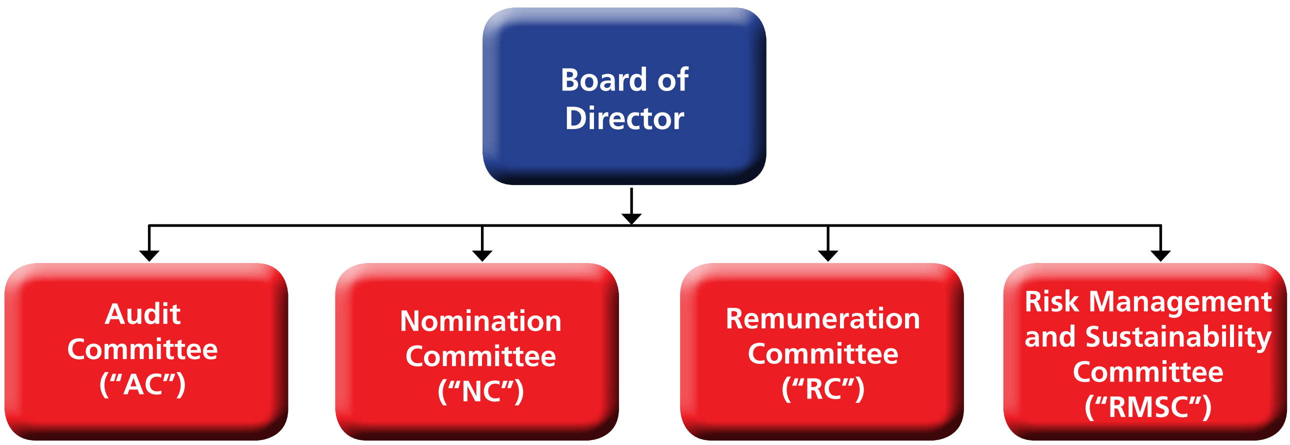
### BOARD ROLES AND RESPONSIBILITIES

The Company and its subsidiaries ("the Group") continues to be led and managed by an effective, active and experienced Board which ensures that the interests of the shareholders and stakeholders are protected by setting out the Group's values and standards.

The Board plays a pivotal role in the stewardship of the Group's direction and operations, including enhancing long-term shareholder value. In order to fulfil this role, the Board is explicitly responsible for reviewing and adopting the Group's strategic plans, overseeing the conduct of the business operations of the Group, reviewing adequacy of the internal control, identifying principal risks and ensuring that the risks are properly managed, establishing a succession plan, developing and implementing a shareholders communications policy, reviewing management information and internal control system of the Group and promote good Corporate Governance culture within the Group which reinforces ethical, prudent and professional behaviour.

The Management is accountable to the Board and to fulfill their responsibility through the provision of reports, briefings and presentations on a regular basis throughout the year.

In order to ensure orderly and effectively discharge of the above functions and responsibilities, the Board has also delegated certain responsibilities to the following Board Committees:



## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

### BOARD ROLES AND RESPONSIBILITIES (Continued)

The delegation of authority for Board Committees is stipulated in their respective Terms of Reference ("TOR"). The TOR are reviewed periodically to ensure effective and efficient decision making in the Group.

The Board Committees also act as a reviewing committee, evaluating and recommending matters under their purview for the Board to consider and approve. The Board receives reports at its meetings from the Chairman of each Committee on current activities and it is the general policy of the Company that all major decisions shall be considered by the Board as a whole.

### THE CHAIRMAN

Dato' Hj. Abu Sujak Bin Hj. Mahmud was appointed as the Independent Non-Executive Chairman ("The Chairman") of Brem Holding Berhad. The Chairman has been acting as facilitator at meetings of Directors and to ensure smooth functioning of the Board in the interest of good Corporate Governance practice. The Chairman is also responsible to provide leadership for the Board so that the Board can perform its responsibilities effectively.

### CHAIRMAN AND MANAGING DIRECTOR

The role of the Chairman and the Managing Director ("MD"), Tan Sri Dato' Khoo Chai Kaa are distinct and separate to ensure that there is a balance of power and authority. The Chairman of the Board is responsible for the leadership, effectiveness, conduct and governance of the Board, while the MD has overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decision. The MD is responsible to ensure due execution of strategic goals, effective operation within the Company and to explain, clarify and inform the Board on matters pertaining to the Company.

### QUALIFIED AND COMPETENT COMPANY SECRETARY

The Board had appointed a qualified secretary who is a member of the Malaysian Institute of Accountants and is qualified to act as Company Secretary under Section 235(2)(a) of the Companies Act, 2016.

The Company Secretary is responsible, amongst other, ensure proper preparation of notices of all Board and Board Committees Meetings, attending all Board and Board Committees meetings and to ensure that accurate and adequate records of the proceedings of meetings and decisions made are properly kept as well as preparation and submission of statutory returns and forms as and when required by the Companies Commission of Malaysia. The Directors are regularly updated by the Company Secretary on new statutory as well as regulatory requirements relating to Directors' duties and responsibilities or the discharge of their duties as Directors of the Company.

### ACCESS TO INFORMATION AND ADVICE

The Board is provided with appropriate information and comprehensive Board papers prior to Board meetings to enable the Directors to discharge their duties and responsibilities competently and in a well-informed manner. Management is invited to attend the Board and Board Committees meetings and to brief and provide explanations to the Board and Board Committees on the operations of the Group. Upon conclusion of the meeting, minutes are circulated in a timely manner.

### BOARD CHARTER

The Board has approved its Board Charter on 24 July 2013 and was last reviewed on 24 May 2019. The Board Charter sets out the composition, operation, processes, role and a list of specific functions that are reserved for the Board. It is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members. Key matters reserved for the Board's approval includes managing conflict of interest issues, approval of material acquisitions and disposition of assets, corporate plans, annual budgets, new ventures, authority level, dividend policy and significant treasury policies.

The Board Charter is periodically reviewed and updated in accordance with the needs of the Company and any new rules and regulations that may have an impact on the discharge of the Board's responsibilities.

The Board Charter is accessible to the public through the corporate website at www.bremholding.com.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

### CODE OF ETHICS & CONDUCT

The Group established a Code of Ethics and Conduct ("Code") on 24 July 2013.

This Code sets out the principles and standards of business ethics and conduct of the Group.The Code covers managing conflicts of interest, maintaining confidential information, insider information and securities trading, protection of assets and funds, maintaining reliable business records and control, compliance with law, personal gifting, health and safety, sexual harassment, outside interest, fair and courteous behaviour and misconduct.

The Board will periodically review and update the Code in accordance with the needs of the Group to ensure that they continue to remain relevant and appropriate. A summary of the Code is available on the corporate website at www.bremholding.com.

### WHISTLE BLOWING POLICY

The Group established a Whistle Blowing Policy ("WBP") on 24 July 2013.

The WBP was established to provide an avenue to encourage employees and stakeholders to raise genuine concerns about unethical behaviours, illegal activities, malpractices and/or failure in compliance with legal or regularity requirements at workplace.

The Board will periodically review and update the WBP in accordance with the needs of the Group to ensure that they continue to remain relevant and appropriate. A summary of the WBP is available on the corporate website at www.bremholding.com.

## SECTION II: BOARD COMPOSITION

### COMPOSITION OF THE BOARD

As at the financial year ended 31 March 2020, the Board has seven (7) members comprising an Independent Non-Executive Chairman, a Managing Director, an Executive Director, two (2) Non-Independent Non-Executive Directors and two (2) Independent Non-Executive Directors.

The composition of the Board complies with the MMLR of the Bursa Securities that requires at least 2 directors or 1/3 of the total number of directors, whichever is higher, must be independent.

The Group practices a division of responsibility between the Executive and Non-Executive Directors. The Executive Directors are responsible for the overall management of the Group, to oversee operations and to coordinate the development and implementation of business and corporate strategies.

The presence of the Independent Non-Executive Directors assures an element of balance to the Board as they provide an independent view, advice and judgment to ensure that the interests of minority shareholders and the general public are given due consideration in the decision-making progress.

### TENURE OF INDEPENDENT DIRECTOR

Dato' Hj. Abu Sujak Bin Hj. Mahmud ("Dato' Hj. Abu Sujak") was appointed to the Board on 4 January 2006 and has served as an Independent Non-Executive Director of the Company for a cumulative term of more than fourteen (14) years. The Board of Directors had, vide the NC, assessed the independence of Dato' Hj. Abu Sujak, and recommended him to continue to act as an Independent Non-Executive Director of the Company.

Mr. Wong Miow Song ("Mr. Wong") was appointed to the Board on 24 May 2001 and has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nineteen (19) years. The Board of Directors had, vide the NC, assessed the independence of Mr. Wong, and recommended him to continue to act as an Independent Non-Executive Director of the Company.

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)**

**SECTION II: BOARD COMPOSITION (Continued)**

**TENURE OF INDEPENDENT DIRECTOR (Continued)**

Based on the assessment done vide the NC, Dato' Hj. Abu Sujak and Mr. Wong have fulfilled the criteria under the definition of Independent Director as stated in MMLR of Bursa Securities. Notwithstanding the recommendation of the MCCG, the Board is presently of the view that, there is no necessity to fix a maximum tenure for Directors as there are significant advantage to be gained from long service Directors who possess in depth insights to the Group's business and affairs. The ability of a Director to serve effectively as an Independent Director is very much dependent on their integrity and objectivity and had no direct connection to their tenure as an Independent Director.

Mr. Wong, being the Chairman of the Audit Committee and Dato' Hj. Abu Sujak, being the member of the Audit Committee, have demonstrated that they have the qualities and competencies to enable them to ensure the effectiveness of the Audit Committee in providing independent, objective and effective oversight to the Board. They have also proven their commitment, experience and competency for informed and balance decision making. As such, the Board would be seeking shareholders' approval at the forthcoming AGM for them to continue in office as Independent Directors.

**DIVERSE BOARD AND KEY SENIOR MANAGEMENT TEAM**

Members of the Board comprise professionals from diverse gender, ethnicity, age, bringing with them in-depth and diversity of expertise, a wide range of experience and perspective in discharging their responsibilities and duties and in managing the business of the Group. The profile of each Director is presented on pages 10 to 11 of this Annual Report.

The appointment of Key Senior Management was also made with due regard for diversity in skills, experience, age, cultural background and gender. Their detailed particulars are provided on Page 12 of this Annual Report.

**GENDER DIVERSITY POLICY**

The Board is supportive of the gender diversity policy and currently has 2 female Directors in the Board. In its selection for Board appointment, the Board provides equal opportunity to candidates who have the skills, experience, core competencies and other qualities regardless of gender.

**NOMINATION COMMITTEE**

The Nomination Committee ("NC") was established on 27 February 2002. The members of the NC, comprising exclusively of Non-Executive Directors, a majority of whom are independent, are as follows:-

| | |
|---|---|
| **Chairman** | |
| Wong Miow Song | *(Independent Non-Executive Director)* |
| **Members** | |
| Dato' Hj. Abu Sujak Bin Hj. Mahmud | *(Independent Non-Executive Chairman)* |
| Khoo Hui Giok | *(Non-Independent Non-Executive Director)* |

The Terms of Reference of the NC was last reviewed and updated on 27 February 2018 and is available on the corporate website at www.bremholding.com.

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)**

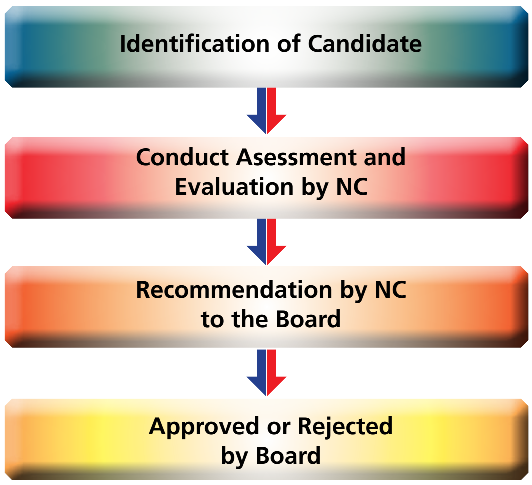
**SECTION II: BOARD COMPOSITION (Continued)**

**NOMINATION COMMITTEE (Continued)**

The NC's key responsibilities are: -

**(a) Appointment of New Director**

The chart below shows the procedures on appointment of new Director




The current process with regards to the appointment of new Directors to the Board are based on the recommendations of the NC, Directors' network and referrals from major shareholders.

The NC, in making a recommendation to the Board on the candidate for recruitment or new Board appointment, shall have regard to:

(i) Size, composition, diversity (including gender diversity) and other qualities of the existing Board, level of commitment, resources and time that the recommended candidate can contribute to the existing Board and the Group;

(ii) The candidate's skills, knowledge, expertise and experience, professionalism, integrity and, in the case of a candidate for the position of Independent Non-Executive Director, the independence criteria as set out in Paragraph 1.01 of the MMLR; and

(iii) The appropriate number of Independent Non-Executive Directors to fulfil the requirements under MMLR which requires at least 2 or 1/3 of the membership of the Board, whichever is higher, must be Independent Directors.

The final decision as to who shall be appointed as Director remains the responsibility of the full Board after considering the recommendation of the NC.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

SECTION II: BOARD COMPOSITION (Continued)

**NOMINATION COMMITTEE (Continued)**

**(b) Board Evaluation**

The evaluation of the effectiveness of the Board, Board Committees as well as individual Directors including Independent Director was conducted in-house under the purview of the NC and facilitated by the Company Secretary.

The evaluation criteria for the Board, Board Committees and individual Directors are primarily anchored on regulatory enumerations and emerging best practices of MCCG as the method of evaluation.

The NC assesses the effectiveness of the Board and the Board Committees, as well as performance of individual Directors on an annual basis. In furtherance to these annual assessments, the NC is able to identify gaps in the Board composition and the needs to identify and select new members to the Board.

**(c) Re-election and Re-appointment of Directors**

The NC is responsible for making recommendation to the Board for the re-election and re-appointment of Directors who retire by rotation. This recommendation is based on formal reviews on the performance of Directors, taking into consideration the Board competency matrix and the Directors' contribution to the Board through their knowledge and commitments, experiences, level of independence and ability to act in the best interest of the Group in decision making.

Director's re-election provides an opportunity for shareholders to renew their mandate conferred to the Directors. In this respect, Clause 114 of the Constitution of the Company ("Company's Constitution") provides that all Directors shall retire by rotation once in every 3 years or at least 1/3 of the Directors shall retire from office and be eligible to offer themselves for re-election at the Annual General Meeting.

Any Director appointed during the year is required under the Company's Constitution to retire and seek re-election by shareholders at the following Annual General Meeting immediately after his appointment.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

SECTION II: BOARD COMPOSITION (Continued)

**DIRECTORS TRAINING**

The training programmes attended by the Directors during the financial year ended 31 March 2020 are as follows:

| Name of Directors | Development and Training Programmes |
|---|---|
| Dato' Hj. Abu Sujak Bin Hj. Mahmud | 1) Critical Thinking Skill Training |
| Tan Sri Dato' Khoo Chai Kaa | 1) Critical Thinking Skill Training |
| Low Yew Hwa | 1) Malaysian Tax Conference 2019 |
| | 2) Session on Corporate Governance and Anti-Corruption |
| Wong Miow Song | 1) Dewatering and Control of Ground Water Inflows in Underground Works |
| | 2) Industrial Revolution 4.0 for Water Sector |
| | 3) Low Carbon Power Generation Options |
| | 4) Analysis and Design of A Pre-stressed Concrete Girder Bridge |
| | 5) Tendering-The Absolute Secret to Keeping Companies Profitable, Graduates Getting Jobs and Projects from Devaluing Shareholders' Stakes |
| | 6) Technological Innovation-Engineer for Future |
| | 7) Delight: Design for Low Income Groups Housing through Technology |
| | 8) The Advent of 5G Era-Promises and Challenges |
| Sr. Alias Bin Marjoh | 1) Mandatory Accreditation Programme |
| Khoo Hui Keam | 1) Critical Thinking Skill Training |
| Khoo Hui Giok | 1) Critical Thinking Skill Training |

**NC'S ACTIVITIES DURING THE FINANCIAL YEAR ENDED 31 MARCH 2020**

Below is a summary of the activities undertaken by the NC for the financial year ended 31 March 2020: -
(a) Reviewed and assessed the mix of skills, experience, competency and size of the Board;
(b) Reviewed and assessed the performance, and made recommendations to the Board for its approval, regarding the Directors who are seeking for election at the upcoming AGM;
(c) Reviewed the succession plan for the Board members;
(d) Assessed the overall Board and the Board Committees' performance and effectiveness as a whole;
(e) Reviewed and assessed the independence of Independent Directors and their tenure of service;
(f) Assessed Directors' training needs to ensure all Directors receive appropriate continuous training programmes; and
(g) Reviewed and assessed the term of office and performance of the Audit Committee and each of its members.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

## SECTION II: BOARD COMPOSITION (Continued)

### NC'S ACTIVITIES DURING THE FINANCIAL YEAR ENDED 31 MARCH 2020 (Continued)

The Directors' commitment in carrying out their duties and responsibilities is affirmed by their attendance at the Board and Board Committee Meetings held during the financial year ended 31 March 2020, as reflected below: -

| | Attendance at Meetings of/No. of Meetings Held during Office | | | | |
|---|---|---|---|---|---|
| | Board | AC | NC | RC | RMSC |
| Dato' Hj. Abu Sujak Bin Hj. Mahmud | 5/*5 | 5/*5 | 1/*1 | 1/*1 | 2/*2 |
| Tan Sri Dato' Khoo Chai Kaa | 5/*5 | N/A | N/A | 1/*1 | 2/*2 |
| Low Yew Hwa | 4/*5 | N/A | N/A | N/A | N/A |
| Wong Miow Song | 5/*5 | 5/*5 | 1/*1 | 1/*1 | 2/*2 |
| Khoo Hui Keam | 5/*5 | N/A | N/A | N/A | N/A |
| Khoo Hui Giok | 5/*5 | 5/*5 | 1/*1 | N/A | N/A |
| Sr Alias Bin Marjoh | 5/*5 | N/A | N/A | N/A | N/A |

**Reflects the number of meetings held during the time the Committee member held office.*
*N/A: Not Applicable*

The Board is satisfied with the time commitment given by the Directors. All of the directors do not hold more than 5 directorships as required under Paragraph 15.06 of the MMLR.

## SECTION III: REMUNERATION

### REMUNERATION POLICY

The objective of the Group's remuneration policy is to attract and retain the Directors and Senior Management required to lead and control the Group effectively. In the case of Executive Director and Senior Management, the components of the remuneration package are linked to corporate and individual performance. For Non-Executive Directors, the level of remuneration is reflective of their experience and level of responsibilities. The Remuneration Committee shall ensure that the level of remuneration is sufficient to attract and retain Directors of the quality required to manage the business of the Group.

### REMUNERATION COMMITTEE

The Remuneration Committee ("RC") was established on 27 February 2002. The members of the RC, comprising a majority of Non-Executive Directors, are as follows:-

**Chairman**

Dato' Hj. Abu Sujak Bin Hj. Mahmud *(Independent Non-Executive Chairman)*

**Members**

Wong Miow Song *(Independent Non-Executive Chairman)*

Tan Sri Dato' Khoo Chai Kaa *(Managing Director)*

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

SECTION III: REMUNERATION (Continued)

**REMUNERATION POLICY (Continued)**

The RC's duty is to make recommendations to the Board on the remuneration framework for all Executive Directors. The policy practised on Directors' remuneration is to provide the remuneration necessary to attract, retain and motivate Executive Directors of the quality required to manage the businesses of the Company.

Annually, the RC reviews the remuneration of the Executive Directors to ensure that it commensurate with the market expectation, the Directors' experience and competency and the performance of the Group. Directors do not participate in decisions regarding their own remuneration. Meetings of the RC are held as and when necessary, and at least once a year. The RC had held 1 meeting during the financial year ended 31 March 2020 and were attended by all the members.

**DETAILS OF DIRECTOR'S REMUNERATION**

The details of the remuneration of Directors of the Company comprise the remuneration received from the Group and from the Company during the financial year ended 31 March 2020 are as follows:

| Directors | # Fees (RM) | Salaries & *Other emoluments (RM) | Benefits-in-kind (RM) | Total (RM) |
|---|---|---|---|---|
| **The Company** | | | | |
| *Executive Directors* | | | | |
| Tan Sri Dato' Khoo Chai Kaa | 15,000 | 567,890 | - | 582,890 |
| Low Yew Hwa | 15,000 | - | 22,800 | 37,800 |
| *Non-Executive Directors* | | | | |
| Dato' Hj. Abu Sujak Bin Hj. Mahmud | 15,000 | 15,000 | - | 30,000 |
| Wong Miow Song | 15,000 | 9,000 | 7,168 | 31,168 |
| Sr. Alias Bin Marjoh | 15,000 | | | 15,000 |
| Khoo Hui Keam | 15,000 | 3,000 | - | 18,000 |
| Khoo Hui Giok | 15,000 | 3,000 | - | 18,000 |
| **The Group** | | | | |
| *Executive Directors* | | | | |
| Tan Sri Dato' Khoo Chai Kaa | - | 82,037 | - | 82,037 |
| Low Yew Hwa | - | 402,037 | - | 402,037 |
| *Non-Executive Directors* | | | | |
| Dato' Hj. Abu Sujak Bin Hj. Mahmud | - | - | - | - |
| Wong Miow Song | - | - | - | - |
| Sr. Alias Bin Marjoh | - | - | - | - |
| Khoo Hui Keam | - | - | - | - |
| Khoo Hui Giok | - | - | - | - |

# Subject to approval by shareholders at the AGM
* Other emoluments include bonuses and the company's contributions to the Employees Provident Fund, Social Security and EIS contributions.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

## SECTION III: REMUNERATION (Continued)

**REMUNERATION OF TOP 3 SENIOR MANAGEMENT**

The remuneration of the top 3 Senior Management Team of the Company are as follows:

| Remuneration Bands | Senior Management |
|---|---|
| RM100,001-RM150,000 | 1 |
| RM400,001-RM450,000 | 1 |
| RM650,001-RM700,000 | 1 |

Details of the remuneration of each top three Senior Management on a named basis are not disclosed in this statement as the Board is of the view that the transparency and accountability aspects of the MCCG on disclosure of the remuneration of top three senior management are appropriately served by the above remuneration disclosures in bands of RM50,000.

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

## SECTION I: AUDIT COMMITTEE

**EFFECTIVE AND INDEPENDENT AUDIT COMMITTEE**

The Audit Committee ("AC") was established on 25 July 1994. The members of the AC, comprising exclusively of Non-Executive Directors who are financially literate and possess the appropriate level of expertise and experience, are as follows:

| | |
|---|---|
| **Chairman** | |
| Wong Miow Song | *(Independent Non-Executive Director)* |
| **Members** | |
| Dato' Hj. Abu Sujak Bin Hj. Mahmud | *(Independent Non-Executive Chairman)* |
| Khoo Hui Giok | *(Non-Independent Non-Executive Director)* |

The Terms of Reference of the AC was last reviewed and updated on 27 February 2018 and is available on the corporate website at www.bremholding.com.

**EXTERNAL AUDITORS**

To maintain a transparent and formal relationship with the Company's External Auditors, the AC reviews the appointment, performance, independence and remuneration of the External Auditors.

The AC had met with the External Auditors once during the financial year under review without the presence of executive members of the Board. The Audit Committee Report covers the following areas :-

(a) the composition of the AC;
(b) the number of AC meetings held during the financial year and details of attendance of each AC member;
(c) a summary of the work of the AC; and
(d) a summary of the work of the internal audit function.

The AC, had on 19 August 2020, deliberated on the re-appointment of Messrs. Baker Tilly Monteiro Heng PLT as its External Auditors, which included amongst others, an assessment on the engagement teams' qualification, credentials and experience, its audit approach, the audit firm's professional standing and reputation as well as cost. The AC has reviewed the independence of the External Auditors, via amongst others, an annual review of the non-audit services rendered by the External Auditors and the related amount of fees. The AC had also obtained assurance from the External Auditors confirming their independence throughout the audit engagement in accordance with the terms of relevant professional and regulatory requirements.

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (Continued)

### SECTION II: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Risk Management and Sustainability Committee ("RMSC") was established on 24 May 2019. The members of the RC, comprising a majority of Non-Executive Directors, are as follows:-

| | |
|---|---|
| **Chairman** | |
| Tan Sri Dato' Khoo Chai Kaa | *(Managing Director)* |
| **Members** | |
| Dato' Hj. Abu Sujak Bin Hj. Mahmud | *(Independent Non-Executive Chairman)* |
| Wong Miow Song | *(Independent Non-Executive Director)* |

The Board is updated on the Group's internal control system which encompasses risk management practices as well as financial, operational and compliance controls on a quarterly basis. Ongoing reviews are performed throughout the year on quarterly basis to identify, evaluate, monitor and manage significant risks affecting the business and ensure that adequate and effective controls are in place. Such continuous review processes are conducted by the Group's independent and sufficiently resourced internal audit function as well as the Company's management team. Please refer to the Statement on Risk Management and Internal Control on page 14 to 16 of this Annual Report for further information.

**EFFECTIVE GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL**

The Group has out-sourced the Internal Audit Function to an independent consulting firm to provide an independent assessment of the adequacy, efficiency, effectiveness of the Group's internal control system. The Internal Auditors reports directly to the AC on its activities based on approved annual Internal Audit plan.

The principal responsibility of the Internal Audit Function is to undertake regular and systematic review of the systems of internal control, risk management process and compliance with the Group's established policies and procedures so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Group. Functionally, the Internal Auditor reviews and assesses the Group's systems of internal control and report to the AC directly. Before the commencement of audit reviews for the financial year, an audit plan is produced and presented to the AC for review and approval. This ensures that the audit direction is in line with the AC's expectations.

Further details of the activities of the Internal Audit Function are set out in the Audit Committee Report on page 41 to 43 of this Annual Report.

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

### SECTION I: COMMUNICATION WITH STAKEHOLDERS

The Board endeavors to provide timely and accurate disclosure of all material information of the Group to the shareholders and investors. Information is disseminated through various disclosures and announcements made to the Bursa Securities which includes the quarterly financial results, audited financial statements and Annual Reports. This information is also electronically published on the Bursa Securities and the corporate website at http://www.bursamalaysia.com and at www.bremholding.com respectively and it is accessible by public.

The Board has also designated Mr. Wong Miow Song as the Independent Director to whom shareholders and investors can voice their view and concerns by email to wongms@bremholding.com.

The Board adheres strictly to the Bursa Securities disclosure framework to provide investors and the public with accurate and complete information on a timely basis and not merely to meet the minimum regulatory requirements for disclosure. The Board ensures that confidential information is handled properly by authorised personnel to avoid leakage and improper use of such information. The Board is also mindful that information which is expected to be material must be announced immediately.

**PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (Continued)**

**SECTION II: CONDUCT OF GENERAL MEETING**

The Board regards the Annual General Meeting ("AGM") and other General Meetings as an opportunity to communicate directly with shareholders and encourages attendance and participation in dialogue.

Notice of the AGM and Annual Report are sent to shareholders 21 days prior to the meeting. At each AGM, the Board presents the performance and progress of the Group and provides shareholders with the opportunity to raise questions pertaining to the Group. The Chairman and the Board will respond to the questions raised by the shareholders during the AGM. Each shareholder can vote in person or by appointing a proxy to attend and vote on his behalf. The Board has also ensured that an explanatory statement will accompany each item of Special Business included in the notice of meeting on the effects of the proposed resolution.

**COMPLIANCE STATEMENT**

The Board has deliberated, reviewed and approved this Corporate Governance Overview Statement ("CG Overview Statement"). The Board considered that the CG Overview Statement provides the information necessary to enable shareholders of the Company to evaluate how the principles and best practices as set out in the MCCG have been complied with. The Board shall remain committed in attaining the highest possible standards through the continuous adoption of the principles and best practices of the MCCG and all other applicable laws and regulations.

The Board considers that the Company has complied with the provisions and applies the key principles of the MCCG throughout the financial year except for the following where the explanation for departure is stated in the CG Report :-

Practice 7.2: Named basis for top 5 Senior Management
Practice 11.2: Integrated Reporting
Practice 12.3: Electronic Voting

**STATEMENT OF DIRECTOR'S RESPONSIBILITY FOR PREPARATION OF FINANCIAL STATEMENTS**

The Directors are responsible for ensuring that the annual audited financial statements of the Group and of the Company are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 and the MMLR of the Bursa Securities so as to give a true and fair view of the Group's state of affairs and of the profit and loss and cash flows as at the end of the accounting period.

In preparing the audited financial statements, the Directors are satisfied that the applicable approved accounting standards in Malaysia have been complied with and reasonable and prudent judgements and estimates have been made. The audited financial statements are also prepared on a going concern basis as the Board has a reasonable expectation, after having made enquiries that the Group has adequate resources to continue its operational existence for the foreseeable future.

This statement was made in accordance with a resolution of the Board dated 19 August 2020.

# AUDIT COMMITTEE REPORT

## ESTABLISHMENT AND COMPOSITION

The Audit Committee of Brem Holding Berhad was established on 25 July 1994. For the financial year ended 31 March 2020, the Audit Committee comprises the following three (3) directors:-

| | | |
|---|---|---|
| **Chairman :** | Mr. Wong Miow Song | *(Independent Non-Executive Director)* |
| **Members :** | Dato' Hj. Abu Sujak bin Hj. Mahmud | *(Independent Non-Executive Director)* |
| : | Ms. Khoo Hui Giok | *(Non- Independent Non-Executive Director)* |

## COMMITTEE MEETINGS

The Audit Committee members ("AC") met 5 times during the financial year ended 31 March 2020. The details of Audit Committee's meetings held and attended by the Committee during the financial year are as follows:-

| Audit Committee Member | No. of Audit Committee Meetings | |
|---|---|---|
| | Held | Attended |
| **Chairman**<br>Wong Miow Song<br>*(Independent Non-Executive Director)* | 5 | 5 |
| **Members**<br>Dato' Hj. Abu Sujak bin Hj. Mahmud<br>(Independent Non-Executive Director) | 5 | 5 |
| Khoo Hui Giok<br>(Non-Independent Non-Executive Director) | 5 | 5 |

## SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 31 MARCH 2020

During the financial year ended 31 March 2020, the activities of the AC included the following: -

## FINANCIAL REPORTING

(a) Reviewed the unaudited quarterly financial results before recommending to the Board of Directors ("Board") for approval to release to Bursa Malaysia Securities Berhad ("Bursa Securities") accordingly;

(b) Reviewed any related party transactions and conflict of interest situations that may arise within the Group;

(c) Reviewed the audited financial statements for the financial year ended 31 March 2020;

(d) Reviewed the AC Report, Corporate Governance Overview Statement, Corporate Governance Report 2020 and Statement on Risk Management and Internal Control to ensure compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and recommend to the Board for inclusion in the Annual Report 2020;

(e) Considered the impact of any unusual transactions including related party transactions;

(f) Reviewed the Circular to Shareholders on the Proposed Renewal of Authority for Share Buy-Back and recommended the same to the Board for approval;

(g) Reviewed the Circular to Shareholders on the Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transaction ("RRPT") of a revenue or trading nature and recommended the same to the Board for approval; and

(h) Reviewed the status of the Recurrent Related Party Transactions ("RRPT") as disclosed in note 1.8(f) of Part A of the Circular to Shareholders on 31 July 2019.

## EXTERNAL AUDIT

(a) During the financial year ended 31 March 2020, the AC reviewed and endorsed the External Auditor's, Baker Tilly Monteiro Heng PLT ("Baker Tilly") presentation which are as follows: -

(i) Audit Plan 2020 which outlined its engagement team, audit approach, audit timeline, the areas of audit emphasis, and their focus on Key Audit Matters with reference to the International Standard on Auditing 701; and

(ii) Audit Review Memorandum for the financial year ended 31 March 2020 which highlights the Key Audit Matters and Significant Audit Findings identified during the audit, matters for control improvements, significant outstanding matters.

(b) Scrutinised potential Key Audit Matters raised by the External Auditors and ensured that adequate work had been done to support the audit conclusions and overall impact on the financial statements.

The Key Audit Matter vetted by the AC was on revenue and cost of sales recognition for property development business and construction business.

(c) The AC had undertaken an annual assessment of the suitability and independence of the External Auditor and based on the results of the assessment, the AC was satisfied with the suitability of Baker Tilly to be reappointed as External Auditors of the Company and had made recommendation to the Board for the External Auditors re-appointment;

(d) Discussed with the External Auditors on updates in relation to new or proposed changes in accounting standards and regulatory requirements and considered the implications to the financial statements presentation and disclosure arising from the adoption of the new Malaysian Financial Reporting Standards;

(e) Met with the External Auditors once during the financial year ended 31 March 2020 without the presence of Executive Directors and management to discuss audit findings, assistance given by the management to the External Auditors or any observations noted during the audit process; and

(f) Considered the audit fees payable to the External Auditors and recommended to the Board for approval.

## INTERNAL AUDIT FUNCTION

On 19 September 2019, the Audit Committee Members had assessed the qualifications and expertise of the proposed new outsourced Internal Auditors ("IA") for the Group, Messrs. Smart Focus Business Consulting Sdn. Bhd. in place of the resigned Internal Auditors, Messrs. IA Essentials Sdn. Bhd.. After the assessment, the Audit Committee proposed to the Board to approve the appointment of the new IA for the Group based on the justifications that the new IA had the qualifications, expertise and are independent of the activities to be audited by them.

The cost incurred for the internal audit function in respect of the financial year ended 31 March 2020 is RM58,600/-.

The principal responsibility of the internal audit department is to undertake regular and systematic review of the systems of internal control, risk management process and compliance with the Group's established policies and procedures so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Group. Functionally, the internal auditor reviews and assesses the Group's systems of internal control and report to the AC directly. Before the commencement of audit reviews for the financial year, an audit plan is produced and presented to the AC for review and approval. This ensures that the audit direction is in line with the AC's expectations.

## INTERNAL AUDIT FUNCTION (Continued)

Throughout the year, the AC reviewed the following Internal Audit reports for Internal Audit performed during the financial year:-

| | | |
|---|---|---|
| (a) | Internal Audit Report on Project Management in Bandar Ainsdale Project | 29/08/2019 |
| (b) | Internal Audit Report on Naga Istimewa Sdn. Bhd. | 26/11/2019 |
| (c) | Internal Audit Report on Brem Holding Berhad, Harmony Property Sdn.Bhd. and Bintang Urusjuta Sdn. Bhd (subsidiary of GJH Ventures Sdn. Bhd.) | 26/02/2020 |
| (d) | Internal Audit Strategic Plan 2020/2021 | 23/06/2020 |

At these meetings, the AC also held 1 private session with the Internal Auditor without the Executive Board members and Management present.

The final reports containing the audit findings and recommendations together with responses by Management were circulated to all members of the AC. Areas of improvement identified were communicated to the management for further action. All internal audit reports were reviewed by the AC and discussed at Committee Meetings and recommendations were duly acted upon by the management. Follow-up reviews would subsequently be performed to ascertain the extent of implementation of the recommended corrective action for improvements.

# REPORTS AND FINANCIAL STATEMENTS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AUDITORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2020.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are those of general contractors, property development, property investments and investment holding. All other operational activities of the Group are undertaken by the respective subsidiaries and associates and are disclosed in Notes 8 and 9 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

## RESULTS

| | Group RM | Company RM |
|---|---|---|
| Profit for the financial year | 28,870,519 | 28,366,720 |
| Attributable to: | | |
| Shareholders of the Company | 21,657,889 | 28,366,720 |
| Non-controlling interests | 7,212,630 | - |
| | 28,870,519 | 28,366,720 |

## DIVIDENDS

The amount of dividend declared and paid by the Company since the end of the previous financial year were a second interim dividend of 2.0 sen per ordinary share amounting to RM6,814,952 in respect of the financial year ended 31 March 2020, which was paid on 26 July 2019.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 March 2020.

## RESERVES AND PROVISIONS

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

## BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debt and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

## CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

## VALUATION METHODS

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

## CONTINGENT AND OTHER LIABILITIES

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; and

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

In the opinion of the directors, no contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

## CHANGE OF CIRCUMSTANCES

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

## ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; 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 and of the Company for the financial year in which this report is made.

## ISSUE OF SHARES AND DEBENTURES

The Company has not issued any shares or debentures during the financial year.

**TREASURY SHARES**

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company in accordance with the requirement of Section 127 of the Companies Act 2016 in Malaysia.

During the financial year, the Company repurchased 10,934,800 ordinary shares of its issued ordinary shares from the open market at an average price of RM0.74 per share. The total consideration paid for the repurchase including transaction costs was RM8,055,548.

As at 31 March 2020, the Company held 15,387,134 treasury shares out of its 345,472,344 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM11,411,832. Further details are disclosed in Note 23 to the financial statements.

**DIRECTORS**

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

Dato' Hj. Abu Sujak Bin Hj. Mahmud
Tan Sri Dato' Khoo Chai Kaa *
Low Yew Hwa *
Wong Miow Song *
Sr. Alias Bin Marjoh (Appointed on 15 June 2019)
Khoo Hui Keam
Khoo Hui Giok

** Directors of the Company and certain subsidiaries*

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

Puan Sri Datin Lee Lei Choo
Khoo Chai Thiam
Musa Bin Abas
Tan Joo Keng
Teh Kim Teck
Teng Mee Yoong
Wong Keng Leong
Wei Jia
Ooi Chin Khoon
James Byron Kruse
Sir Moi Avei
Ei Kim Hock (Resigned on 18 February 2020)

## DIRECTORS' INTERESTS

According to the Register of Directors' shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

**Interest in the Company**

| | Number of ordinary shares | | | |
|---|---|---|---|---|
| | **At 1.4.2019** | **Bought** | **Sold** | **At 31.3.2020** |
| **Direct Interests** | | | | |
| Tan Sri Dato' Khoo Chai Kaa | 50,698,772 | - | - | 50,698,772 |
| Low Yew Hwa | 5,264,195 | - | - | 5,264,195 |
| **Indirect Interests** | | | | |
| Tan Sri Dato' Khoo Chai Kaa * | 105,029,744 | 4,250,800 | - | 109,280,544 |

* *Indirect interest through Brem Properties Sdn. Bhd.*

By virtue of his interest in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Tan Sri Dato' Khoo Chai Kaa is deemed to have an interest in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

Tan Sri Dato' Khoo Chai Kaa and Mr. Low Yew Hwa hold 1,779,080 and 598,010 ordinary shares respectively in Brem Maju Sdn. Bhd. which constitute 29.75% and 10% respectively of the paid up share capital therein.

Tan Sri Dato' Khoo Chai Kaa and Mr. Low Yew Hwa hold respectively 1 ordinary share of Kina 1.00 each in Brem Maju (PNG) Limited which constitutes 0.0004% of the paid up share capital therein.

Mr. Low Yew Hwa also holds 600,000 ordinary shares of HK$1.00 each in Brem Oversea Investments Pte Ltd which constitutes 5% paid up share capital therein.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in ordinary shares or debentures of the Company and its related corporations during the financial year.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Note 33 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

## INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and officers of the Company were RM2 million and RM13,500 respectively.

**SUBSIDIARIES**

The details of the Company's subsidiaries are disclosed in Note 8 to the financial statements.

**SIGNIFICANT EVENT DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF REPORTING PERIOD**

Details of significant event during and subsequent to the financial year are disclosed in Note 43 to the financial statements.

**AUDITORS' REMUNERATION**

The details of auditors' remuneration are disclosed in Note 33 to the financial statements.

**INDEMNITY TO AUDITORS**

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

**AUDITORS**

The auditors, Messrs Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

………………………………………...
**TAN SRI DATO' KHOO CHAI KAA**
Director

………………………………………..
**LOW YEW HWA**
Director

Date: 19 August 2020

# STATEMENTS OF FINANCIAL POSITION
as at 31 March 2020

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2020 | 2019 | 2020 | 2019 |
| | Note | RM | RM | RM | RM |
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 5 | 3,370,833 | 3,463,395 | 1,625,001 | 1,810,742 |
| Inventories | 6 | 324,269,326 | 285,095,777 | 34,190,563 | 34,185,418 |
| Investment properties | 7 | 98,007,832 | 100,275,255 | - | - |
| Investment in subsidiaries | 8 | - | - | 139,954,435 | 114,283,645 |
| Investment in associates | 9 | 65,540,262 | 62,685,343 | 65,470,546 | 64,970,746 |
| Investment in joint ventures | 10 | 28,965,116 | 28,970,668 | - | - |
| Deferred tax assets | 11 | 15,475,233 | 15,985,978 | 72,332 | - |
| Goodwill on consolidation | 12 | 9,280,683 | 17,445,589 | - | - |
| **Total non-current assets** | | 544,909,285 | 513,922,005 | 241,312,877 | 215,250,551 |
| **Current assets** | | | | | |
| Operating financial assets | 13 | - | 4,273,814 | - | - |
| Inventories | 6 | 142,811,180 | 185,444,014 | 25,188,333 | 25,336,950 |
| Other investments | 14 | 36,734,548 | 20,769,280 | 19,080,660 | - |
| Trade receivables | 15 | 14,277,109 | 26,195,642 | - | 3,943,065 |
| Other receivables, deposits and prepayments | 16 | 8,031,827 | 8,606,880 | 2,931,900 | 2,573,670 |
| Contract assets | 17 | 2,884,450 | 10,631,164 | 169,688 | - |
| Amount due from subsidiaries | 18 | - | - | 160,848,466 | 200,654,717 |
| Tax recoverable | | 4,461,787 | 8,422,143 | 876,158 | 1,856,565 |
| Deposits with licensed financial institutions | 19 | 6,463,997 | 13,411,232 | 1,888 | 1,862 |
| Cash and bank balances | 20 | 91,914,933 | 98,004,237 | 237,306 | 238,124 |
| **Total current assets** | | 307,579,831 | 375,758,406 | 209,334,399 | 234,604,953 |
| **TOTAL ASSETS** | | 852,489,116 | 889,680,411 | 450,647,276 | 449,855,504 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity attributable to owners of the Company** | | | | | |
| Share capital | 21 | 172,736,172 | 172,736,172 | 172,736,172 | 172,736,172 |
| Reserves | 22 | 397,467,696 | 380,791,874 | 247,698,727 | 226,146,959 |
| Treasury shares | 23 | (11,411,832) | (3,356,284) | (11,411,832) | (3,356,284) |
| Total equity attributable to shareholders of the Company | | 558,792,036 | 550,171,762 | 409,023,067 | 395,526,847 |
| Non-controlling interests | | 151,273,643 | 163,080,766 | - | - |
| **TOTAL EQUITY** | | 710,065,679 | 713,252,528 | 409,023,067 | 395,526,847 |

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2020 RM | 2019 RM | 2020 RM | 2019 RM |
| **LIABILITIES** | | | | | |
| **Non-current liabilities** | | | | | |
| Loans and borrowings | 24 | 39,809,592 | 67,769,760 | 362,393 | 288,116 |
| Deferred tax liabilities | 11 | 7,359,597 | 7,817,953 | - | 229,487 |
| **Total non-current liabilities** | | 47,169,189 | 75,587,713 | 362,393 | 517,603 |
| **Current liabilities** | | | | | |
| Trade payables | 25 | 27,528,981 | 25,904,149 | 12,241,369 | 6,887,020 |
| Other payables, deposits and accruals | 26 | 13,777,113 | 13,014,065 | 6,308,569 | 5,664,754 |
| Contract liabilities | 17 | 2,300,934 | 8,951,339 | 2,300,934 | 21,862,576 |
| Amount due to subsidiaries | 27 | - | - | 14,867,565 | 4,030,608 |
| Amount due to directors | 28 | 2,543,077 | 2,586,369 | 1,987,500 | 2,487,500 |
| Loans and borrowings | 24 | 48,859,446 | 50,017,966 | 3,555,879 | 12,878,596 |
| Tax payable | | 244,697 | 366,282 | - | - |
| **Total current liabilities** | | 95,254,248 | 100,840,170 | 41,261,816 | 53,811,054 |
| **TOTAL LIABILITIES** | | 142,423,437 | 176,427,883 | 41,624,209 | 54,328,657 |
| **TOTAL EQUITY AND LIABILITIES** | | 852,489,116 | 889,680,411 | 450,647,276 | 449,855,504 |

The accompanying notes form an integral part of these financial statements.

# STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 31 March 2020

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2020 RM | 2019 RM | 2020 RM | 2019 RM |
| Revenue | 29 | 139,773,702 | 121,730,550 | 57,978,746 | 64,813,507 |
| Cost of sales | 30 | (70,889,997) | (75,879,029) | (26,211,253) | (49,029,213) |
| Gross profit | | 68,883,705 | 45,851,521 | 31,767,493 | 15,784,294 |
| Other income | 31 | 9,031,006 | 15,166,522 | 6,692,522 | 9,308,909 |
| Administrative expenses | | (20,995,790) | (27,241,386) | (3,413,498) | (3,601,570) |
| Net impairment losses of receivables | | (8,252,597) | (330,957) | (50,158) | - |
| Operating profit | | 48,666,324 | 33,445,700 | 34,996,359 | 21,491,633 |
| Finance costs | 32 | (2,209,025) | (3,530,887) | (361,233) | (913,003) |
| Share of results of associates | | 2,348,801 | 1,255,692 | - | - |
| Share of results of joint ventures | | (25,552) | (24,854) | - | - |
| Profit before taxation | 33 | 48,780,548 | 31,145,651 | 34,635,126 | 20,578,630 |
| Taxation | 34 | (19,910,029) | (11,712,336) | (6,268,406) | (4,591,560) |
| Profit for the financial year | | 28,870,519 | 19,433,315 | 28,366,720 | 15,987,070 |
| Other comprehensive income, net of tax | | | | | |
| *Items that may be reclassified subsequently to profit or loss* | | | | | |
| Foreign currency translation | | 3,596,164 | 1,699,601 | - | - |
| Total comprehensive income for the financial year | | 32,466,683 | 21,132,916 | 28,366,720 | 15,987,070 |
| Profit attributable to: | | | | | |
| Owners of the Company | | 21,657,889 | 14,588,874 | 28,366,720 | 15,987,070 |
| Non-controlling interests | | 7,212,630 | 4,844,441 | - | - |
| | | 28,870,519 | 19,433,315 | 28,366,720 | 15,987,070 |
| Total comprehensive income attributable to: | | | | | |
| Owners of the Company | | 23,490,774 | 15,455,276 | 28,366,720 | 15,987,070 |
| Non-controlling interests | | 8,975,909 | 5,677,640 | - | - |
| | | 32,466,683 | 21,132,916 | 28,366,720 | 15,987,070 |
| Earnings per ordinary share (sen): | | | | | |
| - basic | 35 | 6.42 | 4.24 | | |
| - diluted | 35 | 6.42 | 4.24 | | |

The accompanying notes form an integral part of these financial statements.

# STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 March 2020

| | Note | Share capital RM | Exchange fluctuation reserves RM | Treasury shares RM | Retained earnings RM | Total RM | Non-controlling interests RM | Total equity RM |
|---|---|---|---|---|---|---|---|---|
| | | ← Attributable to Owners of the Company → | | | | | | |
| **Group** | | | | | | | | |
| At 1 April 2019 | | 172,736,172 | (5,816,877) | (3,356,284) | 386,608,751 | 550,171,762 | 163,080,766 | 713,252,528 |
| **Total comprehensive income for the financial year** | | | | | | | | |
| Profit for the financial year | | - | - | - | 21,657,889 | 21,657,889 | 7,212,630 | 28,870,519 |
| Other comprehensive income for the financial year | | - | 1,832,885 | - | - | 1,832,885 | 1,763,279 | 3,596,164 |
| Total comprehensive income | | - | 1,832,885 | - | 21,657,889 | 23,490,774 | 8,975,909 | 32,466,683 |
| **Transactions with owners** | | | | | | | | |
| Share repurchased | 23 | - | - | (8,055,548) | - | (8,055,548) | - | (8,055,548) |
| Dividends paid to non-controlling interests | | - | - | - | - | - | (20,783,032) | (20,783,032) |
| Dividends paid on shares | 36 | - | - | - | (6,814,952) | (6,814,952) | - | (6,814,952) |
| Total transactions with owners | | - | - | (8,055,548) | (6,814,952) | (14,870,500) | (20,783,032) | (35,653,532) |
| **At 31 March 2020** | | 172,736,172 | (3,983,992) | (11,411,832) | 401,451,688 | 558,792,036 | 151,273,643 | 710,065,679 |

# Statements of Changes In Equity
for the financial year ended 31 March 2020

| | Note | ← Attributable to Owners of the Company | | | | → | | |
|---|---|---|---|---|---|---|---|---|
| | | Share capital RM | Exchange fluctuation reserves RM | Treasury shares RM | Retained earnings RM | Total RM | Non-controlling interests RM | Total equity RM |
| **Group** | | | | | | | | |
| At 1 April 2018 | | | | | | | | |
| As previously reported | | 172,736,172 | (6,683,279) | (864,688) | 380,409,865 | 545,598,070 | 159,305,179 | 704,903,249 |
| Effect of transition to MFRSs: | | | | | | | | |
| - MFRS 15 | | - | - | - | (1,757,700) | (1,757,700) | (585,901) | (2,343,601) |
| - MFRS 9 | | - | - | - | (36,735) | (36,735) | (36,369) | (73,104) |
| - MFRS 123 | | - | - | - | 289,011 | 289,011 | (544,104) | (255,093) |
| Restated balance at 1 April 2018 | | 172,736,172 | (6,683,279) | (864,688) | 378,904,441 | 544,092,646 | 158,138,805 | 702,231,451 |
| **Total comprehensive income for the financial year** | | | | | | | | |
| Profit for the financial year | | - | - | - | 14,588,874 | 14,588,874 | 4,844,441 | 19,433,315 |
| Other comprehensive income for the financial year | | - | 866,402 | - | - | 866,402 | 833,199 | 1,699,601 |
| Total comprehensive income | | - | 866,402 | - | 14,588,874 | 15,455,276 | 5,677,640 | 21,132,916 |
| **Transactions with owners** | | | | | | | | |
| Share repurchased | 23 | - | - | (2,491,596) | - | (2,491,596) | - | (2,491,596) |
| Dividend paid to non-controlling interests | | - | - | - | - | - | (497,500) | (497,500) |
| Acquisition of a new subsidiary | | - | - | - | - | - | (238,179) | (238,179) |
| Dividends paid on shares | 36 | - | - | - | (6,884,564) | (6,884,564) | - | (6,884,564) |
| Total transactions with owners | | - | - | (2,491,596) | (6,884,564) | (9,376,160) | (735,679) | (10,111,839) |
| **At 31 March 2019** | | 172,736,172 | (5,816,877) | (3,356,284) | 386,608,751 | 550,171,762 | 163,080,766 | 713,252,528 |

# Statements of Changes In Equity
for the financial year ended 31 March 2020

| | Note | Share capital RM | Treasury shares RM | Retained earnings RM | Total equity RM |
|---|---|---|---|---|---|
| **Company** | | | | | |
| **At 1 April 2018** | | 172,736,172 | (864,688) | 217,044,453 | 388,915,937 |
| Total comprehensive income for the financial year | | - | - | 15,987,070 | 15,987,070 |
| **Transactions with owners** | | | | | |
| Share repurchased | 23 | - | (2,491,596) | - | (2,491,596) |
| Dividends paid on shares | 36 | - | - | (6,884,564) | (6,884,564) |
| **At 31 March 2019** | | 172,736,172 | (3,356,284) | 226,146,959 | 395,526,847 |
| Total comprehensive income for the financial year | | - | - | 28,366,720 | 28,366,720 |
| **Transactions with owners** | | | | | |
| Share repurchased | 23 | - | (8,055,548) | - | (8,055,548) |
| Dividends paid on shares | 36 | - | - | (6,814,952) | (6,814,952) |
| **At 31 March 2020** | | 172,736,172 | (11,411,832) | 247,698,727 | 409,023,067 |

The accompanying notes form an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

for the financial year ended 31 March 2020

| | Group | | Company | |
|---|---|---|---|---|
| | 2020<br>RM | 2019<br>RM | 2020<br>RM | 2019<br>RM |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Profit before taxation | 48,780,548 | 31,145,651 | 34,635,126 | 20,578,630 |
| Adjustments for: | | | | |
| Bad debts written off | 9,983 | 584,914 | - | - |
| Impairment loss on: | | | | |
| - goodwill | 8,164,906 | - | - | - |
| - trade receivables | 8,158,590 | 468,294 | - | - |
| - other receivables | 265,636 | - | 50,158 | - |
| - other investments | 3,115,392 | 15,923,115 | - | - |
| Depreciation of: | | | | |
| - property, plant and equipment | 1,447,262 | 1,761,007 | 797,445 | 919,592 |
| - investment properties | 2,267,423 | 2,267,423 | - | - |
| Dividend income from subsidiaries | - | - | (8,002,500) | (3,947,500) |
| Gain on disposal of: | | | | |
| - property, plant and equipment | (99,914) | (39,190) | (99,914) | (84,999) |
| - an investment | - | (5,362,500) | - | - |
| Interest expenses | 2,209,025 | 3,530,887 | 361,233 | 913,003 |
| Interest income | (5,452,110) | (7,775,186) | (6,498,078) | (6,941,980) |
| Inventory written off | - | 399,000 | - | - |
| Property, plant and equipment written off | 9,437 | 5,270 | - | - |
| Reversal of impairment loss on trade receivables | (171,629) | (137,337) | - | - |
| Share of results of associates | (2,348,801) | (1,255,692) | - | - |
| Share of results of joint ventures | 25,552 | 24,854 | - | - |
| Unrealised (gain)/loss on foreign exchange, net | (230,994) | 25,546 | (12,833) | (1,966) |
| Operating profit before changes in working capital | 66,150,306 | 41,566,056 | 21,230,637 | 11,434,780 |
| Contract assets | 7,746,714 | 23,635,761 | (19,561,642) | - |
| Contract liabilities | (6,650,405) | (8,618,132) | 143,472 | 2,272,168 |
| Operating financial assets | 6,445,134 | 25,900,560 | - | - |
| Inventories | 2,866,079 | (40,812,795) | (169,688) | - |
| Receivables | 4,231,006 | (3,241,846) | 3,534,677 | (2,974,144) |
| Payables | 2,618,874 | (21,907,065) | 5,998,164 | (6,108,128) |
| Subsidiaries | - | - | 22,237,793 | 9,906,603 |
| Net cash generated from operations | 83,407,708 | 16,522,539 | 33,413,413 | 14,531,279 |
| Dividend received | - | - | 8,002,500 | 3,947,500 |
| Income tax paid | (16,018,869) | (14,308,477) | (5,589,818) | (4,161,315) |
| Net cash from operating activities | 67,388,839 | 2,214,062 | 35,826,095 | 14,317,464 |

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM | 2019 RM | 2020 RM | 2019 RM |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Purchase of property, plant and equipment | (297,757) | (696,576) | (150,790) | (636,712) |
| Advances to subsidiaries | - | - | (8,081,362) | - |
| Advances to joint ventures | (20,000) | (35,000) | - | - |
| Advances to associates | (506,118) | (3,089,110) | (499,800) | (3,089,110) |
| Net investment in an subsidiary | - | 11,028 | - | - |
| Net placement of unit trust fund | (19,080,660) | - | (19,080,660) | - |
| Proceeds from disposal of: | | | | |
| - property, plant and equipment | 139,000 | 376,231 | 139,000 | 85,000 |
| - other investments | - | 20,532,945 | - | - |
| Interest received | 3,374,530 | 5,339,047 | 6,498,078 | 6,941,980 |
| Net withdrawal/(placement) of deposit with licensed financial institutions | 55,713 | (672,131) | (26) | (55) |
| Net cash from investing activities | (16,335,292) | 21,766,434 | (21,175,560) | 3,301,103 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| Payment of finance lease liabilities | (1,484,467) | (2,102,407) | (1,153,982) | (1,554,709) |
| Advances from/(Repayment to) subsidiaries | - | - | 10,828,820 | (11,532,312) |
| Repayment of bank borrowings | (14,978,817) | (5,258,377) | (2,000,000) | - |
| Repayment of short term loan | - | (5,481,813) | - | - |
| Repayment to directors | (43,292) | - | (500,000) | - |
| Dividend paid to: | | | | |
| - non-controlling interest of a subsidiary | (20,783,032) | (497,500) | - | - |
| - owners of the Company | (6,814,952) | (6,884,564) | (6,814,952) | (6,884,564) |
| Repurchase of treasury shares | (8,055,548) | (2,491,596) | (8,055,548) | (2,491,596) |
| Interest paid | (2,209,025) | (3,530,887) | (361,233) | (913,003) |
| Net cash used in financing activities | (54,369,133) | (26,247,144) | (8,056,895) | (23,376,184) |
| Net increase/(decrease) in cash and cash equivalents | (3,315,586) | (2,266,648) | 6,593,640 | (5,757,617) |
| Cash and cash equivalents at the beginning of the financial year | 96,150,661 | 96,964,955 | (6,592,463) | (834,846) |
| Effects of exchange rate changes | 3,490,164 | 1,452,354 | - | - |
| Cash and cash equivalents at the end of the financial year | 96,325,239 | 96,150,661 | 1,177 | (6,592,463) |
| **CASH AND CASH EQUIVALENTS COMPRISE:** | | | | |
| Deposits with licensed financial institutions | 6,463,997 | 13,411,232 | 1,888 | 1,862 |
| Cash and bank balances | 91,914,933 | 98,004,237 | 237,306 | 238,124 |
| Bank overdrafts | (236,128) | (13,391,532) | (236,129) | (6,830,587) |
| | 98,142,802 | 98,023,937 | 3,065 | (6,590,601) |
| Less: Deposits pledged to licensed financial institutions or with maturity period more than 3 months | (1,817,563) | (1,873,276) | (1,888) | (1,862) |
| | 96,325,239 | 96,150,661 | 1,177 | (6,592,463) |

(a) Purchase of property, plant and equipment:

| | Group 2020 RM | Group 2019 RM | Company 2020 RM | Company 2019 RM |
|---|---|---|---|---|
| Financed by way of lease arrangements | 500,000 | 250,000 | 500,000 | 250,000 |
| Cash payments on purchase of property, plant and equipment | 297,757 | 696,576 | 150,790 | 636,712 |
| | 797,757 | 946,576 | 650,790 | 886,712 |

(b) Reconciliation of liabilities arising from financing activities:

| | 1 April 2019 RM | Cash flows RM | Non-cash addition RM | 31 March 2020 RM |
|---|---|---|---|---|
| **Group** | | | | |
| Term loans | 73,140,801 | (12,978,817) | - | 60,161,984 |
| Lease liabilities | 1,737,206 | (1,484,467) | 500,000 | 752,739 |
| Revolving credit | 5,000,000 | (2,000,000) | - | 3,000,000 |
| Short term loans | 24,518,187 | - | - | 24,518,187 |
| | 104,396,194 | (16,463,284) | 500,000 | 88,432,910 |
| **Company** | | | | |
| Lease liabilities | 1,336,125 | (1,153,982) | 500,000 | 682,143 |
| Revolving credit | 5,000,000 | (2,000,000) | - | 3,000,000 |
| | 6,336,125 | (3,153,982) | 500,000 | 3,682,143 |

| | 1 April 2018 RM | Cash flows RM | Non-cash addition RM | 31 March 2019 RM |
|---|---|---|---|---|
| **Group** | | | | |
| Term loans | 78,399,178 | (5,258,377) | - | 73,140,801 |
| Finance lease liabilities | 3,589,613 | (2,102,407) | 250,000 | 1,737,206 |
| Revolving credit | 5,000,000 | - | - | 5,000,000 |
| Short term loans | 30,000,000 | (5,481,813) | - | 24,518,187 |
| | 116,988,791 | (12,842,597) | 250,000 | 104,396,194 |
| **Company** | | | | |
| Finance lease liabilities | 2,640,834 | (1,554,709) | 250,000 | 1,336,125 |
| Revolving credit | 5,000,000 | - | - | 5,000,000 |
| | 7,640,834 | (1,554,709) | 250,000 | 6,336,125 |

(c) Total cash outflows for leases

During the financial year, the Group and the Company had total cash outflows for leases of RM1,484,467 and RM1,153,982 respectively.

The accompanying notes form an integral part of these financial statements.

**1. CORPORATE INFORMATION**

Brem Holding Berhad ("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 and principal place of business of the Company are located at 3rd Floor, Brem House, Crystal Crown Hotel, No. 12, Lorong Utara A, Off Jalan Utara, 46200 Petaling Jaya, Selangor Darul Ehsan.

The principal activities of the Company are those of general contractors, property development, property investments and investment holding. All other operational activities of the Group are undertaken by respective subsidiaries and associates and are disclosed in Notes 8 and 9.

There have been no significant changes in the nature of these principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 19 August 2020.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

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

**2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int")**

The Group and the Company have adopted the following new MFRS, amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year:

<u>New MFRS</u>

| | |
|---|---|
| MFRS 16 | Leases |

<u>Amendments/Improvements to MFRSs</u>

| | |
|---|---|
| MFRS 3 | Business Combinations |
| MFRS 9 | Financial Instruments |
| MFRS 11 | Joint Arrangements |
| MFRS 112 | Income Taxes |
| MFRS 119 | Employee Benefits |
| MFRS 123 | Borrowing Costs |
| MFRS 128 | Investments in Associates and Joint Ventures |

<u>New IC Int</u>

| | |
|---|---|
| IC Int 23 | Uncertainty over Income Tax Treatments |

## 2. BASIS OF PREPARATION (Continued)

### 2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Continued)

The adoption of the above new MFRS, amendments/improvements to MFRSs and new IC Int did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies, except for those as discussed below.

***MFRS 16 Leases***

Effective 1 January 2019, MFRS 16 has replaced MFRS 117 Leases and IC Int 4 Determining whether an Arrangement contains a Lease.

Under MFRS 117, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from finance leases. For operating leases, lease payments are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. Instead, all leases are brought onto the statements of financial position except for short-term and low value asset leases.

The Group and the Company have applied MFRS 16 using the modified retrospective approach with any cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings at the date of initial application (i.e. 1 April 2019). As such, the comparative information was not restated and continues to be reported under MFRS 117 and IC Int 4.

***Definition of a lease***

MFRS 16 changes the definition of a lease mainly to the concept of control. MFRS 16 defines that a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group and the Company have elected the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, the definition of a lease under MFRS 16 was applied only to contracts entered or changed on or after 1 April 2019. Existing lease contracts that are still effective on 1 April 2019 will be accounted for as lease contracts under MFRS 16.

***Impact of the adoption of MFRS 16***

The application of MFRS 16 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements as at the date of initial application. Other than the enhanced new disclosures relating to leases, which the Group and the Company have complied with in the current financial year, the application of this standard does not have any significant effect on the financial statements of the Group and the Company, except for those as discussed below.

(i) **Classification and measurement**

As a lessee, the Group and the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all the risks and rewards incidental to ownership of the underlying asset to the Group and the Company.

**2. BASIS OF PREPARATION (Continued)**

**2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Continued)**

***MFRS 16 Leases (Continued)***

***Impact of the adoption of MFRS 16 (Continued)***

(i) **Classification and measurement (Continued)**

On adoption of MFRS 16, for all their leases other than short-term and low value asset leases, the Group and the Company:

- recognised the right-of-use assets and lease liabilities in the statements of financial position as at the date of initial application;
- recognised depreciation of right-of-use assets and interest on lease liabilities in profit or loss for the current financial year; and
- separated the total amount of cash paid for leases into principal and interest portions (presented within financing activities) in the statements of cash flows for the current financial year.

*<u>For leases that were classified as finance lease under MFRS 117</u>*

The Group and the Company recognised the carrying amount of the lease assets and finance lease liabilities under MFRS 117 immediately before transition as the carrying amount of the right-of-use assets and the lease liabilities at the date of initial application. The measurement requirements of MFRS 16 are applied after that date.

*<u>For leasehold land and building that were classified as property, plant and equipment under MFRS 116</u>*

The Group recognised the carrying amount of the leasehold land and building under MFRS 116 as the carrying amount of the right-of-use assets at the date of initial application. The measurement requirements of MFRS 16 are applied after that date.

The Group and the Company presented their right-of-use assets and the related lease liabilities within the same line item as property, plant and equipment and loans and borrowings respectively in the statements of financial position.

(ii) **Short-term lease and low value assets**

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases of premises that have a lease term of 12 months or less and leases of low value assets based on the value of the underlying asset when new. The Group and the Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

## 2. BASIS OF PREPARATION (Continued)

### 2.3 New MFRS, and amendments/improvements to MFRSs that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRS, and amendments/improvements to MFRSs that have been issued, but yet to be effective:

| | | Effective for financial periods beginning on or after |
|---|---|---|
| New MFRS | | |
| MFRS 17 | Insurance Contracts | 1 January 2023 |
| Amendments/Improvements to MFRSs | | |
| MFRS 1 | First-time Adoption of Malaysian Financial Reporting Standards | 1 January 2022^/ 1 January 2023# |
| MFRS 3 | Business Combinations | 1 January 2020/ 1 January 2022/ 1 January 2023# |
| MFRS 5 | Non-current Assets Held for Sale and Discontinued Operations | 1 January 2023# |
| MFRS 7 | Financial Instruments: Disclosures | 1 January 2020/ 1 January 2023# |
| MFRS 9 | Financial Instruments | 1 January 2020/ 1 January 2022^/ 1 January 2023# |
| MFRS 10 | Consolidated Financial Statements | Deferred |
| MFRS 15 | Revenue from Contracts with Customers | 1 January 2023# |
| MFRS 16 | Leases | 1 June 2020*/ 1 January 2022^ |
| MFRS 101 | Presentation of Financial Statements | 1 January 2020/ 1 January 2023/ 1 January 2023# |
| MFRS 107 | Statements of Cash Flows | 1 January 2023# |
| MFRS 108 | Accounting Policies, Changes in Accounting Estimates and Error | 1 January 2020 |
| MFRS 116 | Property, Plant and Equipment | 1 January 2022/ 1 January 2023# |
| MFRS 119 | Employee Benefits | 1 January 2023# |
| MFRS 128 | Investments in Associates and Joint Ventures | Deferred/ 1 January 2023# |
| MFRS 132 | Financial instruments: Presentation | 1 January 2023# |
| MFRS 136 | Impairment of Assets | 1 January 2023# |
| MFRS 137 | Provisions, Contingent Liabilities and Contingent Assets | 1 January 2022/ 1 January 2023# |
| MFRS 138 | Intangible Assets | 1 January 2023# |
| MFRS 139 | Financial Instruments: Recognition and Measurement | 1 January 2020 |
| MFRS 140 | Investment Property | 1 January 2023# |
| MFRS 141 | Agriculture | 1 January 2022^ |

^ *The Annual Improvements to MFRS Standards 2018-2020*
* *Earlier application is permitted, including in financial statements not authorised for issue at 28 May 2020*
\# *Amendments as to the consequence of effective of MFRS 17 Insurance Contracts*

**2. BASIS OF PREPARATION (Continued)**

**2.3 New MFRS, and amendments/improvements to MFRSs that have been issued, but yet to be effective (Continued)**

2.3.1 The Group and the Company plan to adopt the above applicable new MFRS, and amendments/ improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS, and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below.

***Annual Improvements to MFRSs 2018–2020***

Annual Improvements to MFRS Standards 2018–2020 covers amendments to:

- MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards – simplifies the application of MFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.
- MFRS 9 Financial Instruments – clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- Illustrative Examples accompanying MFRS 16 Leases – deletes from Illustrative Example 13 the reimbursement relating to leasehold improvements in order to remove any potential confusion regarding the treatment of lease incentives.
- MFRS 141 Agriculture – removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in MFRS 141 with those in other MFRSs.

***Amendments to MFRS 3 Business Combinations***

The amendments clarify the definition of a business with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The distinction is important because an acquirer does not recognise goodwill in an asset acquisition.

The amendments, amongst others, clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments also add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The amendments also update by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version which was issued by MASB in April 2018.

***Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures***

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

**2. BASIS OF PREPARATION (Continued)**

**2.3 New MFRS, and amendments/improvements to MFRSs that have been issued, but yet to be effective (Continued)**

2.3.1 The Group and the Company plan to adopt the above applicable new MFRS, and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS, and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below. (Continued)

***Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, and MFRS 7 Financial Instruments: Disclosures***

The Malaysian Accounting Standards Board has issued Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS 139 and MFRS 7).

The Interest Rate Benchmark Reform amends some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the interbank offered rates reform. In applying the amendments, companies would continue to apply those hedge accounting requirements assuming that the interest rate benchmark associated with the hedged item, hedged risk and/or hedging instrument are based is not altered as a result of the interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

Applying the amendments, entities are not required to apply the MFRS 139 retrospective assessment but continue to apply hedge accounting to a hedging relationship for which effectiveness is outside of the 80 – 125% range during the period of uncertainty arising from the reform.

***Amendment to MFRS 16 Leases***

The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19-related rent concessions that reduce lease payments due on or before 30 June 2021.

***Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Error***

The amendments refine the definition by including ‘obscuring information’ in the definition of material to respond to concerns that the effect of including immaterial information should not reduce the understandability of a company’s financial statements. The prior definition focuses only on information that cannot be omitted (material information) and does not also consider the effect of including immaterial information.

Other refinements to the definition include incorporating some existing wording in MFRS 101 and the Conceptual Framework for Financial Reporting. Consequently, the amendments align the definition of material across MFRS Standards and other publications.

***Amendments to MFRS 101 Presentation of Financial Statements***

The amendments include specifying that an entity’s right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

## 2. BASIS OF PREPARATION (Continued)

### 2.3 New MFRS, and amendments/improvements to MFRSs that have been issued, but yet to be effective (Continued)

2.3.1 The Group and the Company plan to adopt the above applicable new MFRS, and amendments/ improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS, and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below. (Continued)

***Amendments to MFRS 116 Property, Plant and Equipment***

The amendments prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity shall recognise such sales proceeds and related cost in profit or loss.

***Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets***

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

### 2.4 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 they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

### 2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared under the historical cost basis, except as otherwise disclosed in Note 3.

### 2.6 Use of estimates and judgements

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

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the Group's and the Company's financial statements are disclosed in Note 4.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

### 3.1 Basis of consolidation

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.1 Basis of consolidation (Continued)**

(a) **Subsidiaries and business combination**

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

The accounting policy for goodwill is set out in Note 3.8.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.1 Basis of consolidation (Continued)

#### (a) Subsidiaries and business combination (Continued)

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture or a financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

#### (b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

#### (c) Associates

Associates are entities over which the Group has significant influence, but not control, to the financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. 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.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.1 Basis of consolidation (Continued)

(d) **Joint arrangements**

Joint arrangements arise when the Group and another party or parties are bound by a contractual arrangement, and the contractual arrangement gives the Group and the other party or parties, joint control of the arrangement. Joint control exists when there is contractually agreed sharing of control of an arrangement whereby decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as a "joint operation" when the Group has rights to the assets and obligations for the liabilities relating to the arrangement. The Group accounts for its share of the assets (including its share of any assets held jointly), the liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).

- A joint arrangement is classified as "joint venture" when the Group has rights to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method in accordance with MFRS 128 Investments in Associates and Joint Ventures.

The Group has assessed the nature of its joint arrangement and determined them to be a joint venture and accounted for its interest in the joint venture using the equity method.

(e) **Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### 3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries, joint ventures and associates are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.14(b).

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.3 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

| | |
|---|---|
| Long term leasehold land and building | Over the term of leases of 66 to 92 years |
| Plant and machinery | 20% |
| Motor vehicles | 20% |
| Furniture, fittings, equipment and renovation | 10% - 25% |

At the end of each reporting period, the carrying amount of an item of property, plant and equipment assessed for impairment when events or changes in circumstances indicate that is carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 3.14(b) on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

### 3.4 Operating financial assets

The Group constructs or upgrade infrastructure (construction or upgrade services) used to provide a public service and operates and maintains that infrastructure (operation services) for a specified period of time. These arrangements include infrastructure used in public-to-private service concession arrangement for its entire concession period.

The financial asset model is used when the Group has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services.

In the financial asset model, the amount due from the grantor meets the definition of a receivable which is measured at fair value. It is subsequently measured at amortised cost. The amount initially recognised plus the interest income on that amount is calculated using the effective interest method.

Any asset carried under concession arrangement is derecognised on disposal or when no future economic benefits are expected from its future use or disposal or when the contractual rights to the financial asset expire.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.5 Investment properties

Investment properties are properties which are held to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services.

The Group has adopted the cost method in measuring investment properties. Investment properties are measured initially at its cost, including transaction cost. Subsequent to initial recognition, all properties are stated at cost less accumulated depreciation and any impairment losses.

No depreciation is provided for freehold land. Freehold building is depreciated at the annual rate of 2%.

Long term leasehold land and building are depreciated evenly over the period ranging from 50 to 97 years.

On disposal of such properties, the difference between net disposal proceeds and their carrying amounts is recognised in the profit or loss.

### 3.6 Share capital and share issuance expenses

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

Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

### 3.7 Leases

(a) **Definition of lease**

Accounting policies applied from 1 April 2019

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset;
- the Group and the Company have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group and the Company have the right to direct the use of the asset.

Accounting policies applied until 31 March 2019

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.7 Leases (Continued)

(b) **Lessee accounting**

Accounting policies applied from 1 April 2019

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group and the Company present right-of-use as part of property, plant and equipment and lease liabilities in Note 5 and Note 24 to the financial statements.

Right-of-use asset

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method 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. If the lessee expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.14(b) to the financial statements.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and the Company use their incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.7 Leases (Continued)**

(b) **Lessee accounting (Continued)**

Accounting policies applied from 1 April 2019 (Continued)

Lease liability (Continued)

The Group and the Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statements of comprehensive income.

Short-term leases and leases of low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Accounting policies applied until 31 March 2019

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment or investment property.

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.7 Leases (Continued)

#### (c) Lessor accounting

Accounting policies applied from 1 April 2019

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

When the Group is intermediate lessors, they account for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in Note 3.7(b), then it classifies the sub-lease as an operating lease.

If the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

When a contract includes lease and non-lease components, the Group applies MFRS 15 to allocate the consideration under the contract to each component.

Accounting policies applied until 31 March 2019

If the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

### 3.8 Goodwill on consolidation

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initially recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.14(b).

In respect of equity-accounted associates and joint venture, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset when there is objective evidence of impairment.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.9 Contract assets/(liabilities)

Contract asset is the right to consideration for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Group's and the Company's future performance).

The policy for the recognition and measurement of impairment losses is in accordance with Note 3.14(a).

Contract liability is the obligation to transfer goods or services to customer for which the Group and the Company have received the consideration or has billed the customer.

### 3.10 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are presented net of bank overdrafts.

### 3.11 Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares that have not been cancelled including any attributable transaction costs are classified as treasury shares and presented as a deduction from total equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity.

### 3.12 Inventories

Inventories are measured at the lower of cost and net realisable value.

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- building materials and consumables: purchase costs on a first-in first-out basis.
- unsold completed development properties held for sale: specific identification.

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.

<u>Properties held for development</u>

Properties held for development consists of land where no significant development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Cost includes cost of land and attributable development expenditures.

Properties held for development will be reclassified to properties under development when significant development work has been undertaken and is expected to be completed within the normal operating cycle.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.12 Inventories (Continued)**

Properties under development

Cost includes:

- freehold and leasehold rights for land;
- amounts paid to contractors for construction; and
- borrowing costs, planning and design costs, costs for site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

The cost of inventory recognised in profit or loss is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative sale value of the property sold.

Completed properties

The cost of unsold completed development units comprises cost associated with the acquisition of land, construction costs and appropriate proportions of common development costs.

**3.13 Financial instruments**

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. 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.

(a) **Subsequent measurement**

The Group and the Company categorise the financial instruments as follows:

(i) **Financial assets**

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

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses upon derecognition
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when their business models for managing those assets change.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.13 Financial instruments (Continued)**

(a) **Subsequent measurement (Continued)**

The Group and the Company categorise the financial instruments as follows (Continued):

(i) **Financial assets (Continued)**

Debt instruments

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

- **Amortised cost**

  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.14(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

- **Fair value through other comprehensive income (FVOCI)**

  Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment is in accordance with Note 3.14(a). Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

- **Fair value through profit or loss (FVPL)**

  Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

  Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.13 Financial instruments (Continued)

(a) **Subsequent measurement (Continued)**

The Group and the Company categorise the financial instruments as follows (Continued):

(ii) **Financial liabilities**

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

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

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

(b) **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 in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

(c) **Regular way purchase or sale of financial assets**

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves to purchase or sell an asset).

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.13 Financial instruments (Continued)**

(c) **Regular way purchase or sale of financial assets (Continued)**

Trade date accounting refers to:

(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

(d) **Derecognition**

A financial asset or a part of it is derecognised when, and only when:

(i) the contractual rights to receive cash flows from the financial asset expire; or
(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; 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.

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have 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 their 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.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is presented 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.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.14 Impairment of assets

#### (a) Impairment of financial assets and contract assets

Financial assets measured at amortised cost, financial assets measured at FVOCI, lease receivables, contract assets or a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables, contract assets and lease receivables, the Group and the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group and the Company consider a financial asset to be in default when:

- the debtor is unable to pay its credit obligations to the Group and the Company in full, without recourse by the Group and the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.14 Impairment of assets (Continued)**

(a) **Impairment of financial assets and contract assets (Continued)**

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default of past due event;
- the debtor, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the debtor a concession(s) that the Group and the Company would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

The amount of expected credit losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

(b) **Impairment of non-financial assets**

The carrying amounts of non-financial assets (except for inventories, contract assets and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows 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 or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.14 Impairment of assets (Continued)**

(b) **Impairment of non-financial assets (Continued)**

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced 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, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

Impairment losses in respect of goodwill are not reversed. For other assets, 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. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. 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.

**3.15 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(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(b) the amount of the obligation cannot be measured with sufficient reliability.

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

**3.16 Provisions for liabilities**

Provisions for liabilities are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each financial statements date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits 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. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.17 Contract costs**

(a) **Recognition and measurement**

Contract costs include costs of obtaining and fulfilling a contract.

The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer which they would not have incurred if the contract had not been obtained. The incremental costs of obtaining a contract with a customer are recognised as part of contract costs when the Group expects those costs are recoverable.

The costs incurred in fulfilling a contract with a customer which are not within the scope of another MFRSs, such as MFRS 102 *Inventories*, MFRS 116 *Property, Plant and Equipment* or MFRS 138 *Intangible Assets*, are recognised as part of contract costs when all of the following criteria are met:

(i) the costs relate directly to a contract or to an anticipated contract that can be specifically identified;
(ii) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
(iii) the costs are expected to be recovered.

(b) **Amortisation**

The costs of obtaining and fulfilling a contract are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates, i.e. in accordance with the pattern of transfer of goods or services to which the asset relates. The amortisation shall be updated subsequently to reflect any significant change to the expected timing of transfer to the customer of the goods or services to which the asset relates in accordance with MFRS 108 Accounting Policies, Changes in Accounting Estimate and Errors.

(c) I**mpairment**

Impairment losses are recognised in profit or loss to the extent that the carrying amount of the contract cost exceeds:

(i) the remaining amount of consideration that the entity expects to receive in exchange for the goods or services to which the asset relates; less
(ii) the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

Before an impairment loss is recognised for contract costs, the Group shall recognise any impairment loss for assets related to the contract that are recognised in accordance with another MFRSs, such as MFRS 102, MFRS 116 and MFRS 138. The Group shall include the resulting carrying amount of the contract costs in the carrying amount of the cash-generating unit to which it belongs for the purpose of applying MFRS 136 Impairment of Assets to that cash-generating unit.

An impairment loss is reversed when the impairment conditions no longer exist or have improved. Such reversal is recognised in profit or loss.

The Group has applied the practical expedient to recognise the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity would have recognised is one year or less.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.18 Revenue and other income

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

Revenue recognition of the Group and the Company are applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer). For practical expedient, the Group and the Company applied revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics in the property development business if the Group and the Company reasonably expect that the effects on the financial statements would not differ materially from recognising revenue on the individual contracts (or performance obligations) within that portfolio.

The Group and the Company measure revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as goods and service tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group and the Company estimate it by using the costs plus margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group and the Company have assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts. Any cumulative catch-up adjustments to revenue that affect the corresponding contract asset or contract liability is disclosed in note to the financial statements.

<u>Financing components</u>

The Group and the Company have applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components if the Group and the Company expect that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

(a) **Property development**

The Group and the Company develop and sell residential and commercial properties. Contracts with customers may include multiple distinct promises to customers and therefore accounted for as separate performance obligations. In the contract with customer contains more than one performance obligation, when the stand-alone selling price are not directly observable, they are estimated based on expected cost plus margin.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.18 Revenue and other income (Continued)**

(a) **Property development (Continued)**

Revenue from residential and commercial properties are recognised as and when the control of the asset is transferred to the customer. Based on the terms of the contract and the laws that apply to the contract, control of the asset is transferred over time as the Group's and the Company's performance do not create an asset with an alternative use to the Group and the Company and the Group and the Company have an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of property development costs incurred for work performed to date bear to the estimated total property development costs (an input method).

The consideration is due based on the scheduled payments in the contract, therefore, no element of financing is deemed present. When a particular milestone is reached in excess of the scheduled payments, a contract asset will be recognised for the excess of revenue recognised to date under the input method over the progress billings to-date and include deposits or advances received from customers. When the progress billings to-date and include deposits or advances received from customers exceeds revenue recognised to date then the Group and the Company recognise a contract liability for the difference.

Consistent with market practice, the Group and the Company collect deposit from customers for sale of properties. A contract liability is recognised for the customer deposits as the Group and the Company have obligations to transfer the goods or services to the customer in respect of deposits received. Customer deposits would be recognised as revenue upon transfer of goods or services to the customer.

Based on the Group's and the Company's customary business practice, the customers' legal fees are borned by the Group and the Company. Revenue is recognised based on the transaction price agreed in the contracts, net of the customers' legal fees. The Group and the Company use its experience in estimating the legal fees to be incurred. The Group and the Company use the expected value method because it is the method that the Group and the Company expect to better predict the amount of consideration to which they will be entitled. The amount of revenue recognised does not include any customers' legal fees which is constrained.

For residential properties, as part of the statutory requirements, the Group and the Company's obligations to repair and made good of any defect, shrinkage or other faults in the building or in the common property which have become apparent within a period of 24 months after the customer takes vacant possession of the building are recognised as a provision.

(b) **Construction contracts**

The Group and the Company construct and sell commercial and industrial properties under long-term contracts with customers. Construction service contracts comprise multiple deliverables that require significant integration service and therefore accounted as a single performance obligation.

Under the terms of the contracts, control of the commercial and industrial properties is transferred over time as the Group and the Company create or enhance an asset that the customer controls as the asset is created or enhanced. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of construction costs incurred for work performed to date bear to the estimated total construction costs (an input method).

Sales are made with a credit term of 30 to 120 days, which is consistent with market practice, therefore, no element of financing is deemed present. The Group and the Company become entitled to invoice customers for construction of commercial and industrial properties based on achieving a series of performance-related milestones.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.18 Revenue and other income (Continued)

#### (b) Construction contracts (Continued)

The Group and the Company recognised a contract asset for any excess of revenue recognised to date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due to passage of time. If the milestone billing exceeds the revenue recognised to date and any deposit or advances received from customers then the Group and the Company recognise a contract liability for the difference.

#### (c) Sale of goods

Revenue from sale of goods are recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

Sales are made with a credit term ranging from 14 to 105 days, which is consistent with market practice, therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

#### (d) Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease. Lease incentive granted is recognised as an integral part of the total rental income, over the term of the lease.

#### (e) Dividend income

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

#### (f) Concession arrangements

Revenue for construction services provided under the concession arrangement for water treatment plants is recognised over time, using an output method, based on time elapsed, to measure progress towards complete satisfaction of the service, because the customer receives and consumes the benefits simultaneously.

### 3.19 Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group and the Company begin capitalising borrowing costs when the Group and the Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.20 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(a) **Current tax**

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

(b) **Deferred tax**

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches, associates and interests in joint ventures, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 the benefit of part or all of that 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 is measured at the tax rates that are expected to apply in the period 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.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.21 Foreign currency transaction and operations

(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 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.

Exchange difference arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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.

(c) **Foreign operations**

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at average exchange rates for the financial year, which approximates the exchange rates at the dates of the translations. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

The closing rates used in the translation are:

| | Group | |
|---|---|---|
| | **2020** | **2019** |
| | **RM** | **RM** |
| Papua New Guinea Kina | 1.261 | 1.208 |

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.22 Employee benefits

(a) **Short term benefits**

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group and the Company.

(b) **Defined contribution plans**

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

(c) **Termination benefits**

The Group and the Company pay termination benefits in cases of termination of employment within the framework of a restructuring. Termination benefits are recognised as a liability and an expense which the Group and the Company have a detailed formal plan for the termination and is without realistic possible of withdrawal.

### 3.23 Segment reporting

For management purposes, the Group is organised into operating segments based on their business segment and geographical location 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 managing director who regularly reviews 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 38, including the factors used to identify the reportable segments and the measurement basis of segment information.

### 3.24 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

### 3.25 Fair value measurements

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

For a non-financial asset, the fair value measurement 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.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.25 Fair value measurements (Continued)

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

## 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amounts recognised in the financial statements include the following:

(a) **Impairment of goodwill**

The Group determines whether goodwill is impaired on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires the directors to make an estimate of the expected future cash flow from the CGU and also choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill are as disclosed in Note 12.

(b) **Property development revenue and expenses**

The Group and the Company recognised property development revenue and expenses in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the progress towards complete satisfaction of performance obligation, the extent of the property development costs incurred, the estimated total property development revenue and expenses, as well as the recoverability of the development projects. In making the judgement, the Group and the Company evaluate based on past experience and by relying on the work of specialists.

The carrying amounts of property development costs, contract assets and contract liabilities are disclosed in Notes 6 and 17.

(c) **Construction revenue and expenses**

The Group and the Company recognised construction revenue and expenses in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the progress towards complete satisfaction of performance obligation, the extent of the construction costs incurred, the estimated total construction revenue and expenses, as well as the recoverability of the construction projects. In making the judgement, the Group and the Company evaluate based on past experience and by relying on the work of specialists.

The carrying amounts of contract assets and contract liabilities are disclosed in Note 17.

## 5. PROPERTY, PLANT AND EQUIPMENT

| | Leasehold land and building RM | Plant and machinery RM | Motor vehicles RM | Furniture, fittings, equipment and renovation RM | Right-of-use assets RM | Total RM |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| **2020** | | | | | | |
| **Cost** | | | | | | |
| At 1 April 2019 | | | | | | |
| - As previously reported | 395,894 | 14,595,786 | 5,395,945 | 3,231,887 | - | 23,619,512 |
| - Effect of adoption of MFRS 16 | (395,894) | (1,500,000) | (934,486) | - | 2,830,380 | - |
| Adjusted balance at 1 April 2019 | - | 13,095,786 | 4,461,459 | 3,231,887 | 2,830,380 | 23,619,512 |
| Additions | 16,248 | - | - | 35,489 | 746,020 | 797,757 |
| Transfer from land held for property development | - | - | - | - | 593,206 | 593,206 |
| Foreign exchange difference | - | 9,342 | - | 9,630 | 14,840 | 33,812 |
| Disposals/Written off | - | - | (405,949) | (434,280) | - | (840,229) |
| At 31 March 2020 | 16,248 | 13,105,128 | 4,055,510 | 2,842,726 | 4,184,446 | 24,204,058 |
| **Accumulated depreciation** | | | | | | |
| At 1 April 2019 | | | | | | |
| - As previously reported | 116,738 | 13,139,765 | 4,279,240 | 2,620,374 | - | 20,156,117 |
| - Effect of adoption of MFRS 16 | (116,738) | (512,000) | (294,197) | - | 922,935 | - |
| Adjusted balance at 1 April 2019 | - | 12,627,765 | 3,985,043 | 2,620,374 | 922,935 | 20,156,117 |
| Depreciation charge for the year | - | 394,398 | 188,861 | 275,937 | 588,066 | 1,447,262 |
| Foreign exchange difference | - | 9,342 | - | 9,535 | 2,675 | 21,552 |
| Disposals/Written off | - | - | (366,861) | (424,845) | - | (791,706) |
| At 31 March 2020 | - | 13,031,505 | 3,807,043 | 2,481,001 | 1,513,676 | 20,833,225 |
| **Carrying amount** | | | | | | |
| At 1 April 2019 (Adjusted) | - | 468,021 | 476,416 | 611,513 | 1,907,445 | 3,463,395 |
| At 31 March 2020 | 16,248 | 73,623 | 248,467 | 361,725 | 2,670,770 | 3,370,833 |

## 5. PROPERTY, PLANT AND EQUIPMENT (Continued)

| | Freehold land RM | Leasehold land and building RM | Plant and machinery RM | Motor vehicles RM | Furniture, fittings, equipment and renovation RM | Total RM |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| **2019** | | | | | | |
| **Cost** | | | | | | |
| At 1 April 2018 | 12,011 | 390,798 | 14,880,498 | 5,380,112 | 3,411,640 | 24,075,059 |
| Additions | - | - | - | 667,112 | 279,464 | 946,576 |
| Foreign exchange difference | - | 5,096 | 3,208 | - | 5,540 | 13,844 |
| Transfer to land held for property development | (12,011) | - | - | - | - | (12,011) |
| Acquisition of subsidiary | - | - | - | - | 5,770 | 5,770 |
| Disposals/Written off | - | - | (287,920) | (651,279) | (470,527) | (1,409,726) |
| At 31 March 2019 | - | 395,894 | 14,595,786 | 5,395,945 | 3,231,887 | 23,619,512 |
| **Accumulated depreciation** | | | | | | |
| At 1 April 2018 | - | 112,226 | 12,495,910 | 4,332,409 | 2,512,599 | 19,453,144 |
| Depreciation charge for the year | - | 3,649 | 928,567 | 506,704 | 322,087 | 1,761,007 |
| Foreign exchange difference | - | 863 | 3,208 | - | 4,979 | 9,050 |
| Acquisition of subsidiary | - | - | - | - | 331 | 331 |
| Disposals/Written off | - | - | (287,920) | (559,873) | (219,622) | (1,067,415) |
| At 31 March 2019 | - | 116,738 | 13,139,765 | 4,279,240 | 2,620,374 | 20,156,117 |
| **Carrying amount** | | | | | | |
| At 1 April 2018 | 12,011 | 278,572 | 2,384,588 | 1,047,703 | 899,041 | 4,621,915 |
| At 31 March 2019 | - | 279,156 | 1,456,021 | 1,116,705 | 611,513 | 3,463,395 |

## 5. PROPERTY, PLANT AND EQUIPMENT (Continued)

| | Plant and machinery RM | Motor vehicles RM | Furniture, fittings, equipment and renovation RM | Right-of-use assets RM | Total RM |
|---|---|---|---|---|---|
| **Company** | | | | | |
| **2020** | | | | | |
| **Cost** | | | | | |
| At 1 April 2019 | | | | | |
| - As previously reported | 6,972,175 | 2,671,852 | 1,268,861 | - | 10,912,888 |
| - Effect of adoption of MFRS 16 | (975,000) | (350,794) | - | 1,325,794 | - |
| Adjusted balance at 1 April 2019 | 5,997,175 | 2,321,058 | 1,268,861 | 1,325,794 | 10,912,888 |
| Additions | - | - | 1,380 | 649,410 | 650,790 |
| Disposals | - | (369,799) | - | - | (369,799) |
| At 31 March 2020 | 5,997,175 | 1,951,259 | 1,270,241 | 1,975,204 | 11,193,879 |
| **Accumulated depreciation** | | | | | |
| At 1 April 2019 | | | | | |
| - As previously reported | 6,166,159 | 1,962,654 | 973,333 | - | 9,102,146 |
| - Effect of adoption of MFRS 16 | (337,000) | (46,772) | - | 383,772 | - |
| Adjusted balance at 1 April 2019 | 5,829,159 | 1,915,882 | 973,333 | 383,772 | 9,102,146 |
| Depreciation charge for the year | 167,998 | 139,850 | 127,027 | 362,570 | 797,445 |
| Disposals | - | (330,713) | - | - | (330,713) |
| At 31 March 2020 | 5,997,157 | 1,725,019 | 1,100,360 | 746,342 | 9,568,878 |
| **Carrying amount** | | | | | |
| At 1 April 2019 (Adjusted) | 168,016 | 405,176 | 295,528 | 942,022 | 1,810,742 |
| At 31 March 2020 | 18 | 226,240 | 169,881 | 1,228,862 | 1,625,001 |

## 5. PROPERTY, PLANT AND EQUIPMENT (Continued)

| | Plant and machinery RM | Motor vehicles RM | Furniture, fittings, equipment and renovation RM | Total RM |
|---|---|---|---|---|
| **Company** | | | | |
| **2019** | | | | |
| **Cost** | | | | |
| At 1 April 2018 | 6,972,175 | 2,407,428 | 1,044,661 | 10,424,264 |
| Additions | - | 662,512 | 224,200 | 886,712 |
| Disposals | - | (398,088) | - | (398,088) |
| At 31 March 2019 | 6,972,175 | 2,671,852 | 1,268,861 | 10,912,888 |
| **Accumulated depreciation** | | | | |
| At 1 April 2018 | 5,646,324 | 2,093,690 | 840,627 | 8,580,641 |
| Depreciation charge for the year | 519,835 | 267,051 | 132,706 | 919,592 |
| Disposals | - | (398,087) | - | (398,087) |
| At 31 March 2019 | 6,166,159 | 1,962,654 | 973,333 | 9,102,146 |
| **Carrying amount** | | | | |
| At 1 April 2018 | 1,325,851 | 313,738 | 204,034 | 1,843,623 |
| At 31 March 2019 | 806,016 | 709,198 | 295,528 | 1,810,742 |

(a) During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM797,757 (2019: RM946,576) and RM650,790 (2019: RM886,712) of which RM500,000 (2019: RM250,000) and RM500,000 (2019: RM250,000) were acquired by means of hire purchase arrangements respectively. Cash payments of RM297,757 (2019: RM696,576) and RM150,790 (2019: RM636,712) were used to acquire the property, plant and equipment.

(b) **Assets under finance leases**

The carrying amount of assets under finance lease arrangements are as follows:

| | Group 2019 RM | Company 2019 RM |
|---|---|---|
| Motor vehicles | 640,289 | 304,022 |
| Plant and machinery | 988,000 | 638,000 |
| | 1,628,289 | 942,022 |

5. **PROPERTY, PLANT AND EQUIPMENT (Continued)**

(c) The depreciation of property, plant and equipment charged for the financial year is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM | 2019 RM | 2020 RM | 2019 RM |
| Contract liabilities | 506,819 | 679,042 | 506,819 | 679,042 |
| Profit before taxation (Note 33) | 940,443 | 1,081,965 | 290,626 | 240,550 |
| | 1,447,262 | 1,761,007 | 797,445 | 919,592 |

(d) **Right-of-use assets**

The Group and the Company lease several assets including leasehold land, leasehold building, motor vehicles and plant and machinery.

Information about leases for which the Group and the Company are lessees are presented below:

| | Leasehold land and building RM | Plant and machinery RM | Motor vehicles RM | Total RM |
|---|---|---|---|---|
| **Group** | | | | |
| **Cost** | | | | |
| At 1 April 2019 | | | | |
| - As previously reported | - | - | - | - |
| - Effect of adoption of MFRS 16 | 395,894 | 1,500,000 | 934,486 | 2,830,380 |
| Adjusted balance at 1 April 2019 | 395,894 | 1,500,000 | 934,486 | 2,830,380 |
| Additions | 96,610 | - | 649,410 | 746,020 |
| Transfer from land held for property development | 593,206 | - | - | 593,206 |
| Foreign exchange difference | 14,840 | - | - | 14,840 |
| At 31 March 2020 | 1,100,550 | 1,500,000 | 1,583,896 | 4,184,446 |
| **Accumulated depreciation** | | | | |
| At 1 April 2019 | | | | |
| - As previously reported | - | - | - | - |
| - Effect of adoption of MFRS 16 | 116,738 | 512,000 | 294,197 | 922,935 |
| Adjusted balance at 1 April 2019 | 116,738 | 512,000 | 294,197 | 922,935 |
| Depreciation charge for the year | 3,758 | 300,000 | 284,308 | 588,066 |
| Foreign exchange difference | 2,675 | - | - | 2,675 |
| At 31 March 2020 | 123,171 | 812,000 | 578,505 | 1,513,676 |
| **Carrying amount** | | | | |
| At 31 March 2020 | 977,379 | 688,000 | 1,005,391 | 2,670,770 |

5. **PROPERTY, PLANT AND EQUIPMENT (Continued)**

(d) **Right-of-use assets (Continued)**

| | Plant and machinery RM | Motor vehicles RM | Total RM |
|---|---|---|---|
| **Company** | | | |
| **Cost** | | | |
| At 1 April 2019 | | | |
| - As previously reported | - | - | - |
| - Effect of adoption of MFRS 16 | 975,000 | 350,794 | 1,325,794 |
| Adjusted balance at 1 April 2019 | 975,000 | 350,794 | 1,325,794 |
| Additions | - | 649,410 | 649,410 |
| At 31 March 2020 | 975,000 | 1,000,204 | 1,975,204 |
| **Accumulated depreciation** | | | |
| At 1 April 2019 | | | |
| - As previously reported | - | - | - |
| - Effect of adoption of MFRS 16 | 337,000 | 46,772 | 383,772 |
| Adjusted balance at 1 April 2019 | 337,000 | 46,772 | 383,772 |
| Depreciation charge for the year | 195,000 | 167,570 | 362,570 |
| At 31 March 2020 | 532,000 | 214,342 | 746,342 |
| **Carrying amount** | | | |
| At 31 March 2020 | 443,000 | 785,862 | 1,228,862 |

The Group leases land and building for its office space and operation site. The lease for office space and operation site has lease term between 66 to 92 years.

The Group and the Company also lease plant and machinery and motor vehicles with lease term of 3 to 5 years.

## 6. INVENTORIES

| | Group 2020 RM | Group 2019 RM | Company 2020 RM | Company 2019 RM |
|---|---|---|---|---|
| **Group** | | | | |
| **At cost** | | | | |
| **Non-current** | | | | |
| Properties held for development | | | | |
| - Freehold land | 116,064,635 | 100,648,839 | 32,305,486 | 32,305,486 |
| - Leasehold land | 124,209,668 | 124,209,668 | - | - |
| - Development expenditure | 83,995,023 | 60,237,270 | 1,885,077 | 1,879,932 |
| | 324,269,326 | 285,095,777 | 34,190,563 | 34,185,418 |
| **Current** | | | | |
| Properties under development | | | | |
| - Freehold land | 5,127,920 | 36,724,155 | 5,127,920 | 5,174,907 |
| - Development costs | 5,825,990 | 131,787,279 | 5,825,990 | 5,937,861 |
| Completed properties | 131,806,697 | 16,892,247 | 14,183,850 | 14,183,850 |
| Raw materials | 50,573 | 40,333 | 50,573 | 40,332 |
| | 142,811,180 | 185,444,014 | 25,188,333 | 25,336,950 |
| | 467,080,506 | 470,539,791 | 59,378,896 | 59,522,368 |

(a) The cost of inventories of the Group and of the Company recognised as an expense in cost of sales during the financial year was RM41,744,080 (2019: RM26,759,206) and RM168,942 (2019: RM3,481,070) respectively.

(b) Included in inventories are borrowing costs capitalised in the properties held for development during the financial year as follows:

| | Group 2020 RM | Group 2019 RM |
|---|---|---|
| **Borrowing costs capitalised:** | | |
| Properties held for development | 2,424,705 | 3,231,833 |

(c) The following inventories are pledged as security for a financing facility as disclosed in Note 24.

| | Group 2020 RM | Group 2019 RM | Company 2020 RM | Company 2019 RM |
|---|---|---|---|---|
| Properties held for development | 92,572,062 | 92,572,062 | - | - |
| Properties under development | 2,444,248 | 7,057,506 | 2,444,248 | 2,469,895 |
| Completed properties | 138,720 | 138,720 | 138,720 | 138,720 |
| | 95,155,030 | 99,768,288 | 2,582,968 | 2,608,615 |

## 7. INVESTMENT PROPERTIES

| | Freehold land RM | Leasehold land RM | Buildings RM | Total RM |
|---|---|---|---|---|
| **Group** | | | | |
| **2020** | | | | |
| **Cost** | | | | |
| At 1 April 2019/31 March 2020 | 40,709 | 33,791,788 | 92,404,032 | 126,236,529 |
| **Accumulated depreciation** | | | | |
| At 1 April 2019 | - | 6,456,558 | 19,504,716 | 25,961,274 |
| Depreciation charge for the year | - | 422,317 | 1,845,106 | 2,267,423 |
| At 31 March 2020 | - | 6,878,875 | 21,349,822 | 28,228,697 |
| **Carrying amount** | | | | |
| At 31 March 2020 | 40,709 | 26,912,913 | 71,054,210 | 98,007,832 |
| **2019** | | | | |
| **Cost** | | | | |
| At 1 April 2018/31 March 2019 | 40,709 | 33,791,788 | 92,404,032 | 126,236,529 |
| **Accumulated depreciation** | | | | |
| At 1 April 2018 | - | 6,034,241 | 17,659,610 | 23,693,851 |
| Depreciation charge for the year | - | 422,317 | 1,845,106 | 2,267,423 |
| At 31 March 2019 | - | 6,456,558 | 19,504,716 | 25,961,274 |
| **Carrying amount** | | | | |
| At 31 March 2019 | 40,709 | 27,335,230 | 72,899,316 | 100,275,255 |

(a) The Group's investment properties comprise commercial properties, factory building and apartment that are mainly leased to third parties.

The fair value of the commercial properties of approximately RM107,000,000 (2019: RM117,000,000) is determined by an external independent property valuers.

The fair value of factory building and apartment that are leased to third parties of approximately RM12,300,000 (2019: RM12,265,000) are determined by the directors based on the relevant information available through internal research and their best estimates.

The estimated fair values of investment properties were arrived at using the income approach or the comparable method of valuation by reference to similar properties in the locality and adjusting for location, terrain, size, present market trends and other differences, where applicable.

## 7. INVESTMENT PROPERTIES (Continued)

(b) **Fair value information**

Fair value of investment properties is categorised as follows:

| | Group<br>RM |
|---|---|
| Land and buildings<br>**Level 3 fair value** | |
| **2020** | 119,300,000 |
| **2019** | 129,265,000 |

The significant unobservable inputs used in the valuation are rental per square foot and capitalisation rate or price per square foot.

There are no Level 1 or Level 2 investment properties or transfers between Level 1 and Level 2 during the financial year ended 31 March 2020 or 31 March 2019.

(c) The following are recognised in profit or loss in respect of investment properties:

| | Group | |
|---|---|---|
| | 2020<br>RM | 2019<br>RM |
| Rental income | 12,657,980 | 13,232,189 |
| Direct operating expenses: | | |
| - income generating investment properties | (9,519,637) | (9,082,886) |
| - non-income generating investment properties | (3,308) | - |
| | 3,135,035 | 4,149,303 |

(d) **Assets pledged as security**

The total carrying amount of a leasehold land and building of a subsidiary amounting to RM90,518,182 (2019: RM92,619,755) are pledged to financial institutions as collaterals for banking facilities as disclosed in Note 24.

## 8. INVESTMENT IN SUBSIDIARIES

| | Company 2020 RM | 2019 RM |
|---|---|---|
| Unquoted shares at cost | 93,422,084 | 93,422,084 |
| Less: Impairment loss | (2,800,000) | (2,800,000) |
| | 90,622,084 | 90,622,084 |
| Quasi loans | 49,332,351 | 23,661,561 |
| | 139,954,435 | 114,283,645 |

Quasi loans represent advances and payments made on behalf of which the settlement is neither planned nor likely to occur in the foreseeable future. These amounts are, in substance, a part of the Company's net investment in the subsidiaries. The quasi loans are stated at cost less accumulated impairment losses, if any.

The details of the subsidiaries are as follows:

| Name of company | Ownership interest 2020 % | 2019 % | Principal place of business/ Country of incorporation | Principal activities |
|---|---|---|---|---|
| **Direct** | | | | |
| Brem Construction Sdn. Bhd. # | 100.00 | 100.00 | Malaysia | Civil engineering and general construction. |
| Brem Aluminium & Glass Sdn. Bhd. # | 100.00 | 100.00 | Malaysia | Dormant. |
| Brem Maju Sdn. Bhd. | 50.25 | 50.25 | Malaysia | Civil engineering and general construction. |
| Brem Oversea Investments Pte. Ltd. # | 70.00 | 70.00 | Hong Kong | Dormant. |
| Cosmo-One Realty Sdn. Bhd. # | 100.00 | 100.00 | Malaysia | Property investment. |
| Global Water Sdn. Bhd. | 100.00 | 100.00 | Malaysia | Investment holding. |
| Harmony Property Sdn. Bhd. | 75.00 | 75.00 | Malaysia | Property development. |
| Intan Kemuncak Sdn. Bhd. # | 100.00 | 100.00 | Malaysia | Property development. |
| Naga Istimewa Sdn. Bhd. | 100.00 | 100.00 | Malaysia | Property development, contractor and investment holding. |
| Titi Kaya Sdn. Bhd. * | 48.33 | 48.33 | Malaysia | Property development and investment holding. |
| **Indirect through Titi Kaya Sdn. Bhd.** | | | | |
| Eng Ann Realty Co. (Klang) Sdn. Bhd. | 48.33 | 48.33 | Malaysia | Property development. |
| Wonderful Perfection Sdn. Bhd. | 29.00 | 29.00 | Malaysia | Property development. |
| Semangat Hijau Sdn. Bhd. # | 26.58 | 26.58 | Malaysia | Property development. |

**8. INVESTMENT IN SUBSIDIARIES (Continued)**

The details of the subsidiaries are as follows: (Continued)

| Name of company | Ownership interest 2020 % | Ownership interest 2019 % | Principal place of business/ Country of incorporation | Principal activities |
|---|---|---|---|---|
| **Indirect through Global Water Sdn. Bhd.** | | | | |
| PNG Water Limited # | 51.00 | 51.00 | Papua New Guinea | Water concession. |
| **Indirect through Brem Maju Sdn. Bhd.** | | | | |
| Brem Maju (PNG) Limited # | 50.25 | 50.25 | Papua New Guinea | Civil engineering and general construction. |

* *The directors have concluded that the Group controls Titikaya Sdn. Bhd., even though it holds less than half of the equity shares of this subsidiary. This is because the Group is the largest shareholder with 48% equity interest, while the remaining shares are held by 3 investors and 2 of 4 directors of Titikaya Sdn. Bhd. are represented by the Company. Furthermore, a director of the Company has significant influence in the remaining shareholders of Titikaya Sdn. Bhd..*

\# *Audited by audit firms other than Baker Tilly Monteiro Heng PLT.*

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

| Name of company | Principal place of business/Country of incorporation | Ownership interest 2020 % | Ownership interest 2019 % |
|---|---|---|---|
| Brem Maju Sdn. Bhd. | Malaysia | 49.75 | 49.75 |
| Harmony Property Sdn. Bhd. | Malaysia | 25.00 | 25.00 |
| Titi Kaya Sdn. Bhd. | Malaysia | 51.67 | 51.67 |
| PNG Water Limited | Papua New Guinea | 49.00 | 49.00 |

Carrying amount of material non-controlling interests:

| Name of company | 2020 RM | 2019 RM |
|---|---|---|
| Brem Maju Sdn. Bhd. and its subsidiaries ("Brem Maju Group") | 19,230,459 | 17,272,464 |
| Harmony Property Sdn. Bhd. | 27,644,529 | 26,787,556 |
| Titi Kaya Sdn. Bhd. and its subsidiaries ("Titi Kaya Group") | 63,828,712 | 64,033,667 |
| PNG Water Limited | 40,406,707 | 54,820,019 |

**8. INVESTMENT IN SUBSIDIARIES (Continued)**

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

Profit/(Loss) allocated to material non-controlling interests:

| Name of company | 2020 RM | 2019 RM |
|---|---|---|
| Brem Maju Group | 2,379,059 | 2,940,118 |
| Harmony Property Sdn. Bhd. | 3,356,973 | 2,742,447 |
| Titi Kaya Group | (521,482) | (3,286,562) |
| PNG Water Limited | 3,372,218 | 3,259,156 |

(b) The summarised financial information (before intra-group elimination) of the Group's subsidiaries that have material non-controlling interests are as follows:

| | Brem Maju Group RM | Harmony Property Sdn. Bhd. RM | Titi Kaya Group RM | PNG Water Limited RM |
|---|---|---|---|---|
| **Summarised statements of financial position** | | | | |
| **As at 31 March 2020** | | | | |
| Current assets | 42,602,741 | 138,232,121 | 79,734,538 | 93,007,052 |
| Non-current assets | 1,426,952 | 268,448,400 | 80,186,245 | - |
| Current liabilities | (5,331,851) | (271,915,206) | (25,924,766) | (10,544,383) |
| Non-current liabilities | (44,023) | (24,187,199) | - | - |
| Net assets | 38,653,819 | 110,578,116 | 133,996,017 | 82,462,669 |
| **Summarised statements of comprehensive income** | | | | |
| **For the financial year ended 31 March 2020** | | | | |
| Revenue | 25,498,591 | 93,697,075 | - | 8,229,110 |
| Profit/(loss) for the financial year | 4,782,032 | 13,427,891 | (692,726) | 3,439,531 |
| Other comprehensive income | 153,618 | - | - | - |
| Total comprehensive income/(loss) | 4,935,650 | 13,427,891 | (692,726) | 3,439,531 |
| **Summarised cash flow information** | | | | |
| **For the financial year ended 31 March 2020** | | | | |
| Cash flows (used in)/from operating activities | (5,072,737) | 50,083,430 | 746,451 | 12,099,403 |
| Cash flows from/(used in) investing activities | 5,049,745 | (122,886) | (9,085) | 111,808 |
| Cash flows (used in)/from financing activities | (1,780,119) | (42,762,527) | (346) | (28,975,714) |
| Net (decrease)/increase in cash and cash equivalents | (1,803,111) | 7,198,017 | 737,020 | (16,764,503) |
| Dividends paid to non-controlling interests | (497,500) | (2,500,000) | - | (17,785,530) |
| **Summarised statements of financial position** | | | | |
| **As at 31 March 2019** | | | | |
| Current assets | 55,935,911 | 203,591,663 | 79,939,263 | 115,336,697 |
| Non-current assets | 1,992,237 | 225,543,798 | 80,460,623 | 17 |
| Current liabilities | (23,015,596) | (272,590,108) | (25,711,142) | (3,459,122) |
| Non-current liabilities | (194,383) | (49,395,128) | - | - |
| Net assets | 34,718,169 | 107,150,225 | 134,688,744 | 111,877,592 |

## 8. INVESTMENT IN SUBSIDIARIES (Continued)

(b) The summarised financial information (before intra-group elimination) of the Group's subsidiaries that have material non-controlling interests are as follows: (Continued)

| | Brem Maju Group RM | Harmony Property Sdn. Bhd. RM | Titi Kaya Group RM | PNG Water Limited RM |
|---|---|---|---|---|
| **Summarised statements of comprehensive income** | | | | |
| **Financial year ended 31 March 2019** | | | | |
| Revenue | 25,491,202 | 46,377,428 | - | 32,258,381 |
| Profit/(loss) for the financial year | 5,909,771 | 10,969,788 | (6,699,952) | 5,004,020 |
| Other comprehensive income | 52,282 | - | - | - |
| Total comprehensive income/(loss) | 5,962,053 | 10,969,788 | (6,699,952) | 5,004,020 |
| **Summarised cash flow information** | | | | |
| **Financial year ended 31 March 2019** | | | | |
| Cash flows (used in)/from operating activities | (4,884,459) | 14,887,435 | (38,929,507) | 26,838,699 |
| Cash flows from/(used in) investing activities | 2,232,341 | 37,352 | 23,580,989 | 2,578,643 |
| Cash flows (used in)/from financing activities | (1,115,714) | (15,319,906) | (5,481,980) | 168,875 |
| Net (decrease)/increase in cash and cash equivalents | (3,767,832) | (395,119) | (20,830,498) | 29,586,217 |
| Dividends paid to non-controlling interests | 497,500 | - | - | - |

## 9. INVESTMENT IN ASSOCIATES

| | Group 2020 RM | Group 2019 RM |
|---|---|---|
| Unquoted shares at cost | 15,900,000 | 15,900,000 |
| Share of post acquisition results | (1,136,602) | (3,485,403) |
| | 14,763,398 | 12,414,597 |
| Amount due from associates | 50,776,864 | 50,270,746 |
| | 65,540,262 | 62,685,343 |

The investment in the associates of the Group is measured using the equity method.

| | Company 2020 RM | Company 2019 RM |
|---|---|---|
| Unquoted shares, at cost | 14,700,000 | 14,700,000 |
| Amount due from associates | 50,770,546 | 50,270,746 |
| | 65,470,546 | 64,970,746 |

The amount due from associates represents advances and payments made on behalf of which the settlement is neither planned nor likely to occur in the foreseeable future. These amounts are, in substances, a part of the Group's and the Company's net investment in the associates.

**9. INVESTMENT IN ASSOCIATES (Continued)**

The details of the associates are as follows:

| Name of company | Ownership interest 2020 % | Ownership interest 2019 % | Principal place of business/ Country of incorporation | Principal activities |
|---|---|---|---|---|
| Topaz Teguh Sdn. Bhd. # | 49.00 | 49.00 | Malaysia | Operators of bowling and snooker centre. |
| GJH Ventures Sdn. Bhd. # | 49.00 | 49.00 | Malaysia | Investment holding. |
| GJH Prestige Sdn. Bhd. # | 49.00 | 49.00 | Malaysia | Investment holding. |

\# *Audited by audit firms other than Baker Tilly Monteiro Heng PLT.*

The following table illustrates the summarised financial information of the Group's material associates adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates.

| | GJH Ventures Sdn. Bhd. and its subsidiaries RM | GJH Prestige Sdn. Bhd. and its subsidiaries RM |
|---|---|---|
| **Group** | | |
| **31 March 2020** | | |
| **Assets and liabilities:** | | |
| Current assets | 68,199,185 | 13,252,664 |
| Non-current assets | 94,533,319 | 157,014,323 |
| Current liabilities | (103,276,839) | (115,780,421) |
| Non-current liabilities | (28,406,450) | (57,277,304) |
| Net assets | 31,049,215 | (2,790,738) |
| Equity attributable to: | | |
| Owners of the associated company | 31,049,215 | (2,827,974) |
| Non-controlling interests of the associated company | - | 37,236 |
| | 31,049,215 | (2,790,738) |
| **Results:** | | |
| Revenue | 114,150,174 | - |

**9. INVESTMENT IN ASSOCIATES (Continued)**

The following table illustrates the summarised financial information of the Group's material associates adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates. (Continued)

| | GJH Ventures Sdn. Bhd. and its subsidiaries RM | GJH Prestige Sdn. Bhd. and its subsidiaries RM |
|---|---|---|
| **Group** | | |
| **31 March 2020** | | |
| Profit/(Loss) for the financial year | 7,121,744 | (4,554,358) |
| Other comprehensive income | - | - |
| Total comprehensive income/(loss) | 7,121,744 | (4,554,358) |
| Profit/(Loss) for the financial year attributable to: | | |
| - owners of the associated company | 7,121,744 | (2,327,763) |
| - non-controlling interests of the associated company | - | (2,226,595) |
| | 7,121,744 | (4,554,358) |

| | GJH Ventures Sdn. Bhd. and its subsidiaries RM | GJH Prestige Sdn. Bhd. and its subsidiaries RM | Other individually immaterial associates RM | Total RM |
|---|---|---|---|---|
| **Group** | | | | |
| **31 March 2020** | | | | |
| **Reconciliation of net assets to carrying amount:** | | | | |
| Share of net (liabilities)/assets at acquisition date | (605,706) | 4,717,466 | 711,745 | 4,823,505 |
| Goodwill on acquisition | 752,706 | 182,534 | 488,255 | 1,423,495 |
| Additional investment | 9,653,000 | - | - | 9,653,000 |
| Cost of investment | 9,800,000 | 4,900,000 | 1,200,000 | 15,900,000 |
| Share of post-acquisition profits/(losses) | 6,166,821 | (6,103,423) | (1,200,000) | (1,136,602) |
| Amount due from associates | 25,906,896 | 24,863,650 | 6,318 | 50,776,864 |
| Carrying amount in the statement of financial position | 41,873,717 | 23,660,227 | 6,318 | 65,540,262 |
| **Group's share of results:** | | | | |
| Group's share of profit/(loss) | 3,489,654 | (1,140,853) | - | 2,348,801 |
| Group's share of other comprehensive loss | - | - | - | - |
| Group's share of total comprehensive income/(loss) | 3,489,654 | (1,140,853) | - | 2,348,801 |

## 9. INVESTMENT IN ASSOCIATES (Continued)

| | GJH Ventures Sdn. Bhd. and its subsidiaries RM | GJH Prestige Sdn. Bhd. and its subsidiaries RM |
|---|---|---|
| **Group** | | |
| **31 March 2019** | | |
| **Assets and liabilities:** | | |
| Current assets | 46,813,457 | 15,014,374 |
| Non-current assets | 116,503,103 | 157,088,304 |
| Current liabilities | (101,804,292) | (109,553,605) |
| Non-current liabilities | (37,584,797) | (60,785,453) |
| Net assets | 23,927,471 | 1,763,620 |
| Equity attributable to: | | |
| Owners of the associated company | 23,927,471 | (500,211) |
| Non-controlling interests of the associated company | - | 2,263,831 |
| | 23,927,471 | 1,763,620 |
| **Results:** | | |
| Revenue | 74,066,563 | - |
| Profit/(Loss) for the financial year | 6,472,816 | (4,798,638) |
| Other comprehensive income | - | - |
| Total comprehensive income/(loss) | 6,472,816 | (4,798,638) |
| Profit/(Loss) for the financial year attributable to: | | |
| - owners of the associated company | 6,472,816 | (2,452,665) |
| - non-controlling interests of the associated company | - | (2,345,973) |
| | 6,472,816 | (4,798,638) |

| | GJH Ventures Sdn. Bhd. and its subsidiaries RM | GJH Prestige Sdn. Bhd. and its subsidiaries RM | Other individually immaterial associates RM | Total RM |
|---|---|---|---|---|
| **Group** | | | | |
| **31 March 2019** | | | | |
| **Reconciliation of net assets to carrying amount:** | | | | |
| Share of net (liabilities)/assets at acquisition date | (605,706) | 4,717,466 | 711,745 | 4,823,505 |
| Goodwill on acquisition | 752,706 | 182,534 | 488,255 | 1,423,495 |
| Additional investment | 9,653,000 | - | - | 9,653,000 |
| Cost of investment | 9,800,000 | 4,900,000 | 1,200,000 | 15,900,000 |
| Share of post-acquisition profits/(losses) | 2,677,167 | (4,962,570) | (1,200,000) | (3,485,403) |
| Amount due from associates | 25,906,896 | 24,363,850 | - | 50,270,746 |
| Carrying amount in the statement of financial position | 38,384,063 | 24,301,280 | - | 62,685,343 |

## 9. INVESTMENT IN ASSOCIATES (Continued)

| | GJH Ventures Sdn. Bhd. and its subsidiaries RM | GJH Prestige Sdn. Bhd. and its subsidiaries RM | Other individually immaterial associates RM | Total RM |
|---|---|---|---|---|
| **Group** | | | | |
| **31 March 2019** | | | | |
| **Group's share of results:** | | | | |
| Group's share of profit/(loss) | 3,453,155 | (2,197,463) | - | 1,255,692 |
| Group's share of other comprehensive loss | - | - | - | - |
| Group's share of total comprehensive income/(loss) | 3,453,155 | (2,197,463) | - | 1,255,692 |

The Group has not recognised losses relating to Topaz Teguh Sdn. Bhd. where the shares of losses exceeds the Group's interest in the associates. The Group's cumulative share of unrecognised losses at 31 March 2020 was RM399,138 (2019: RM408,993). The share of the current year's unrecognised profits amounts to RM9,855 (2019: RM38,862).

## 10. INVESTMENT IN JOINT VENTURES

| | Group 2020 RM | 2019 RM |
|---|---|---|
| Unquoted shares at cost | 2 | 2 |
| Share of post acquisition results | (160,616) | (135,064) |
| | (160,614) | (135,062) |
| Amount due from joint ventures | 29,125,730 | 29,105,730 |
| | 28,965,116 | 28,970,668 |

The investment in the joint ventures of the Group is measured using the equity method.

The amount due from joint ventures represents advances and payments made on behalf of which the settlement is neither planned nor likely to occur in the foreseeable future. These amounts are, in substances, a part of the Group's net investment in the joint ventures.

Details of the joint ventures are as follows:

| Name of company | Ownership interest 2020 % | 2019 % | Principal place of business/ Country of incorporation | Principal activities |
|---|---|---|---|---|
| **Held by Eng Ann Realty Co. (Klang) Sdn. Bhd.** | | | | |
| Jade Square Sdn. Bhd. ("JSSB") # | 50.00 | 50.00 | Malaysia | Dormant. |
| United Allied Master Sdn. Bhd. ("UAMSB") # | 50.00 | 50.00 | Malaysia | Dormant. |

\# *Audited by audit firms other than Baker Tilly Monteiro Heng PLT.*

**10. INVESTMENT IN JOINT VENTURES (Continued)**

The aggregate amounts of each of the current assets, non-current assets, current liabilities and non-current liabilities, income and expenses related to the Group's interests in the joint ventures are as follows:

| | JSSB RM | UAMSB RM |
|---|---|---|
| **Group** | | |
| **31 March 2020** | | |
| **Assets and liabilities:** | | |
| Current assets | 14,350 | 13,458 |
| Non-current assets | 39,320,580 | 18,620,880 |
| Current liabilities | (39,431,052) | (18,859,447) |
| Non-current liabilities | - | - |
| Net liabilities | (96,122) | (225,109) |
| Included in the assets and liabilities are: | | |
| Cash and cash equivalents | 14,350 | 13,458 |
| Current financial liabilities (excluding trade and other payables and provisions) | 1,060 | 1,060 |
| **Results:** | | |
| Revenue | - | - |
| Loss for the financial year | (11,947) | (39,157) |
| Other comprehensive income | - | - |
| Total comprehensive loss | (11,947) | (39,157) |

| | JSSB RM | UAMSB RM | Total RM |
|---|---|---|---|
| **Group** | | | |
| **31 March 2020** | | | |
| **Reconciliation of net assets to carrying amount:** | | | |
| Cost of investment | 1 | 1 | 2 |
| Share of post-acquisition losses | (48,062) | (112,554) | (160,616) |
| Amount due from joint ventures | 19,700,790 | 9,424,940 | 29,125,730 |
| Carrying amount in the statement of financial position | 19,652,729 | 9,312,387 | 28,965,116 |
| **Group's share of results:** | | | |
| Group's share of loss | (5,973) | (19,579) | (25,552) |
| Group's share of other comprehensive loss | - | - | - |
| Group's share of total comprehensive loss | (5,973) | (19,579) | (25,552) |

## 10. INVESTMENT IN JOINT VENTURES (Continued)

| | JSSB RM | UAMSB RM |
|---|---|---|
| **Group** | | |
| **31 March 2019** | | |
| **Assets and liabilities:** | | |
| Current assets | 12,530 | 28,122 |
| Non-current assets | 39,320,580 | 18,620,880 |
| Current liabilities | (39,417,285) | (18,834,954) |
| Non-current liabilities | - | - |
| Net liabilities | (84,175) | (185,952) |
| Included in the assets and liabilities are: | | |
| Cash and cash equivalents | 12,530 | 28,122 |
| Current financial liabilities (excluding trade and other payables and provisions) | 1,060 | 1,060 |
| **Results:** | | |
| Revenue | - | - |
| Loss for the financial year | (12,000) | (37,708) |
| Other comprehensive income | - | - |
| Total comprehensive loss | (12,000) | (37,708) |

| | JSSB RM | UAMSB RM | Total RM |
|---|---|---|---|
| **Group** | | | |
| **31 March 2019** | | | |
| **Reconciliation of net assets to carrying amount:** | | | |
| Cost of investment | 1 | 1 | 2 |
| Share of post-acquisition losses | (42,089) | (92,975) | (135,064) |
| Amount due from joint ventures | 19,697,790 | 9,407,940 | 29,105,730 |
| Carrying amount in the statement of financial position | 19,655,702 | 9,314,966 | 28,970,668 |
| **Group's share of results:** | | | |
| Group's share of loss | (6,000) | (18,854) | (24,854) |
| Group's share of other comprehensive loss | - | - | - |
| Group's share of total comprehensive loss | (6,000) | (18,854) | (24,854) |

## 11. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax relates to the following:

| | Unrealised profit on intercompany transaction RM | Unabsorbed loss and capital allowance RM | Provision for annual leave RM | Total RM |
|---|---|---|---|---|
| **Group** | | | | |
| **Deferred tax assets** | | | | |
| At 1 April 2018 | 12,485,373 | 395,449 | 13,194 | 12,894,016 |
| Recognised in profit or loss | 3,114,377 | (15,154) | - | 3,099,223 |
| Foreign exchange difference | - | 5,933 | - | 5,933 |
| At 31 March 2019 | 15,599,750 | 386,228 | 13,194 | 15,999,172 |
| Recognised in profit or loss | (588,033) | - | (4,946) | (592,979) |
| Foreign exchange difference | - | 4,956 | - | 4,956 |
| At 31 March 2020 | 15,011,717 | 391,184 | 8,248 | 15,411,149 |

| | Revaluation surplus RM | Property, plant and equipment RM | Total RM |
|---|---|---|---|
| **Group** | | | |
| **Deferred tax liabilities** | | | |
| At 1 April 2018 | 4,322,966 | 3,751,475 | 8,074,441 |
| Recognised in profit or loss | (81,358) | (161,936) | (243,294) |
| At 31 March 2019 | 4,241,608 | 3,589,539 | 7,831,147 |
| Recognised in profit or loss | (651,455) | 115,821 | (535,634) |
| At 31 March 2020 | 3,590,153 | 3,705,360 | 7,295,513 |

Presented after appropriate offsetting as follows:

| | Group | |
|---|---|---|
| | 2020 RM | 2019 RM |
| Deferred tax assets | 15,475,233 | 15,985,978 |
| Deferred tax liabilities | (7,359,597) | (7,817,953) |
| | 8,115,636 | 8,168,025 |

## 11. DEFERRED TAX ASSETS/(LIABILITIES) (Continued)

| | Property, plant and equipment RM | Provision for annual leave RM | Total RM |
|---|---|---|---|
| **Company** | | | |
| **Deferred tax (liabilities)/assets** | | | |
| At 1 April 2018 | (242,681) | 13,194 | (229,487) |
| Recognised in profit or loss | - | - | - |
| At 31 March 2019 | (242,681) | 13,194 | (229,487) |
| Recognised in profit or loss | 306,765 | (4,946) | 301,819 |
| At 31 March 2020 | 64,084 | 8,248 | 72,332 |

The availability of unused tax losses for offsetting against future taxable profits are arising from foreign subsidiary. The unused tax losses are available indefinitely for offset against future taxable profits of the Group.

## 12. GOODWILL ON CONSOLIDATION

| | Group | |
|---|---|---|
| | 2020 RM | 2019 RM |
| Property development segment | 9,280,683 | 9,626,790 |
| Property investment segment | - | 7,818,799 |
| | 9,280,683 | 17,445,589 |

During the financial year, an impairment loss of goodwill on consolidation amounted to RM8,164,906 was recognised in the financial statements, representing the impairment of goodwill to the CGUs' recoverable amounts.

The recoverable amounts of the CGUs have been determined based on the value in use calculations using cash flow projections approved by the management. Value in use of the material segments was determined by discounting future cash flows over a five-year period expected to be generated from continuing use of the respective CGUs.

The calculation of value in use for the respective CGUs are most sensitive to the following assumptions:

(i) revenue projection for property development segment and property investment segment are based on the sale of development properties, rental of investment properties and operating expenses, where applicable; and
(ii) pre-tax discount rate for property development segment and property investment segment of 11% and 12% respectively, reflects the current market assessment of the risks specific to the segments; and
(iii) average annual sales growth rate and terminal growth rate of 4.45% and 3.37% respectively for property investment segment.

The directors believe that no reasonably possible change in any of the above key assumptions would cause the carrying values of the CGUs to materially exceed their recoverable amounts.

## 13. OPERATING FINANCIAL ASSETS

| | Group | |
|---|---|---|
| | 2020<br>RM | 2019<br>RM |
| At 1 April | 4,273,814 | 27,495,782 |
| Interest income | 2,077,580 | 2,436,139 |
| Payment by grantor | (6,445,134) | (25,900,560) |
| Exchange difference | 93,740 | 242,453 |
| At 31 March | - | 4,273,814 |
| **Net carrying amount** | | |
| Current | - | 4,273,814 |

The Group has concession arrangements with a governing body of the government of Papua New Guinea (the "grantor") to operate water treatment plants. Under the concession agreements, the Group constructed and operated the plants and water distribution networks for a Concession Period of 22 years commenced on year 1997 and transferred the plant to the grantor at the end of the Concession Period on 23 June 2019. Such concession arrangements fall within the scope of IC Interpretation 12, Service Concession Arrangements.

The amount, being the financial assets arising from the above concession agreement was initially recognised at the fair value of the consideration receivables for the construction service delivered during the stage of construction. It carries interest at a rate of 13% (2019: 13%) per annum and repayable in the form of availability charges upon fulfilment of the terms and conditions in the concession agreement. Under IC Interpretation 12, the revenue is recognised based on Note 3.18(f).

During the financial year, the concession agreement ended and the plant was transferred to the grantor.

## 14. OTHER INVESTMENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2020<br>RM | 2019<br>RM | 2020<br>RM | 2019<br>RM |
| **Financial assets at fair value through profit or loss ("FVPL")** | | | | |
| **At fair value:** | | | | |
| - Quoted equity securities | 17,653,888 | 20,769,280 | - | - |
| - Unit trust fund | 19,080,660 | - | 19,080,660 | - |
| | 36,734,548 | 20,769,280 | 19,080,660 | - |

(a) Quoted equity securities were obtained as settlement consideration for the disposal of a subsidiary in previous financial year. The Group has assessed and provided a fair value loss of RM3,115,392 (2019: RM15,923,115) based on market value of these quoted equity securities as at reporting date. The Group's intention is to dispose these investments when a suitable buyer is being identified.

(b) Investment in unit trust fund is redeemable upon one day notice.

## 15. TRADE RECEIVABLES

| | Group 2020 RM | Group 2019 RM | Company 2020 RM | Company 2019 RM |
|---|---|---|---|---|
| Trade receivables | 20,957,101 | 23,883,711 | - | 3,943,065 |
| Contract retention sum | 2,100,226 | 3,105,188 | - | - |
| | 23,057,327 | 26,988,899 | - | 3,943,065 |
| Less: Impairment loss for trade receivables | (8,780,218) | (793,257) | - | - |
| | 14,277,109 | 26,195,642 | - | 3,943,065 |

The Group's and the Company's normal trade credit terms ranges from 14 to 105 (2019: 14 to 105) days. Other credit terms are assessed and approved on a case-by-case basis.

In the financial year ended 31 March 2019, included in trade receivables is an amount of RM393,000 due from non-controlling shareholder of a subsidiary.

The movement in allowance for impairment loss of trade receivables is as follows:

| | Group 2020 RM | Group 2019 RM |
|---|---|---|
| **At 1 April** | 793,257 | 462,300 |
| Charge for the financial year | | |
| - Individually assessed | 8,158,590 | 216,435 |
| - Collectively assessed | - | 251,859 |
| Reversal of impairment losses | (171,629) | (137,337) |
| **At 31 March** | 8,780,218 | 793,257 |

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties, have defaulted on payments or debtors in which the Group has initiated legal proceedings. These receivables are not secured by any collateral or credit enhancements.

The information about the credit exposures are disclosed in Note 40(b).

## 16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM | 2019 RM | 2020 RM | 2019 RM |
| Other receivables | 5,068,388 | 5,336,662 | 1,193,798 | 594,811 |
| Advances to sub-contractors | 1,519,935 | 1,487,882 | 1,519,935 | 1,487,882 |
| GST refundable | 120,595 | 473,163 | - | - |
| Deposits | 1,459,565 | 1,034,098 | 232,195 | 218,975 |
| Prepayments | 128,980 | 275,075 | 36,130 | 272,002 |
| | 8,297,463 | 8,606,880 | 2,982,058 | 2,573,670 |
| Less: Impairment loss for other receivables | (265,636) | - | (50,158) | - |
| | 8,031,827 | 8,606,880 | 2,931,900 | 2,573,670 |

The advances to sub-contractors of the Group and of the Company are unsecured and bear interest 3% (2019: 3%) per annum.

## 17. CONTRACT ASSETS/(LIABILITIES)

| | 2020 RM | 2019 RM |
|---|---|---|
| **Group** | | |
| Contract assets relating to construction service contracts | 2,884,450 | 2,167,217 |
| Contract assets relating to property development contracts | - | 8,463,947 |
| Total contract assets | 2,884,450 | 10,631,164 |
| Contract liabilities relating to construction service contracts | - | 6,771,832 |
| Contract liabilities relating to property development contracts | 2,300,934 | 2,179,507 |
| Total contract liabilities | 2,300,934 | 8,951,339 |
| **Company** | | |
| Contract assets relating to construction service contracts | 169,688 | - |
| Contract liabilities relating to construction service contracts | - | 19,683,069 |
| Contract liabilities relating to property development contracts | 2,300,934 | 2,179,507 |
| Total contract liabilities | 2,300,934 | 21,862,576 |

## 17. CONTRACT ASSETS/(LIABILITIES) (Continued)

| | 2020 RM | 2019 RM |
|---|---|---|
| **Group** | | |
| At 1 April | 1,679,825 | 16,697,454 |
| Revenue recognised during the year | 118,886,612 | 76,242,280 |
| Progress billings during the year | (119,982,921) | (91,259,909) |
| At 31 March | 583,516 | 1,679,825 |
| **Company** | | |
| At 1 April | (21,862,576) | (54,419,705) |
| Revenue recognised during the year | 49,976,246 | 60,866,007 |
| Progress billings during the year | (30,244,916) | (28,308,878) |
| At 31 March | (2,131,246) | (21,862,576) |

## 18. AMOUNT DUE FROM SUBSIDIARIES

| | Company | |
|---|---|---|
| | 2020 RM | 2019 RM |
| Trade | 73,608,857 | 121,497,842 |
| Non-trade | 87,239,609 | 79,156,875 |
| | 160,848,466 | 200,654,717 |

The trade credit term is as disclosed in Note 15.

The non-trade amount due from subsidiaries are unsecured, interest free and repayable upon demand in cash, except for amount of RM52,415,418 (2019: RM46,490,382) owing by certain subsidiaries which bears interest at the rate of 2% (2019: 2%) per annum above the bank base lending rate.

## 19. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

(a) The interest rates of deposits and the maturities of deposits as at the end of the financial year were as follows:

| | 2020 | 2019 |
|---|---|---|
| **Group** | | |
| Interest rates (%) per annum | 2.35 - 3.50 | 2.75 - 4.00 |
| Maturity months | 1 - 12 | 1 - 12 |
| **Company** | | |
| Interest rates (%) per annum | 3.00 | 3.25 |
| Maturity months | 12 | 12 |

**19. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS (Continued)**

(b) Deposits of the Group and the Company amounted to RM1,316,371 (2019: RM1,103,245) and RM1,888 (2019: RM1,862) respectively are pledged to financial institutions as security for banking facilities as disclosed in Note 24.

(c) The deposits with maturity period more than three months are amounted to RM1,817,563 (2019: RM1,873,276).

**20. CASH AND BANK BALANCES**

Included in the bank balances of the Group is RM21,891 (2019: RM1,078,110) which is maintained pursuant to the Housing Development (Housing Development Account) Regulations 1991. This amount is restricted from use in other operations.

**21. SHARE CAPITAL**

| | Group and Company | | | |
|---|---|---|---|---|
| | 2020 | | 2019 | |
| | Number of shares | RM | Number of shares | RM |
| **Issued and fully paid:** | | | | |
| At 1 April/31 March | 345,472,344 | 172,736,172 | 345,472,344 | 172,736,172 |

The holders of ordinary shares (except treasury shares) are entitled to receive dividends from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

**22. RESERVES**

| | 2020 RM | 2019 RM |
|---|---|---|
| **Group** | | |
| Exchange fluctuation reserve | (3,983,992) | (5,816,877) |
| Retained earnings | 401,451,688 | 386,608,751 |
| | 397,467,696 | 380,791,874 |
| **Company** | | |
| Retained earnings | 247,698,727 | 226,146,959 |

**Exchange fluctuation reserve**

The exchange fluctuation reserve comprises foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than RM.

## 23. TREASURY SHARES

| | Group and Company | | | |
|---|---|---|---|---|
| | 2020 | | 2019 | |
| | Number of shares | RM | Number of shares | RM |
| At 1 April | 4,452,334 | 3,356,284 | 1,136,934 | 864,688 |
| Purchased during the financial year | 10,934,800 | 8,055,548 | 3,315,400 | 2,491,596 |
| At 31 March | 15,387,134 | 11,411,832 | 4,452,334 | 3,356,284 |

During the financial year, the Company repurchased 10,934,800 (2019: 3,315,400) of its issued ordinary shares from open market at an average price of RM0.74 (2019: RM0.75) per share. The total consideration paid for the purchase including transaction costs was RM8,055,548 (2019: RM2,491,596) and this was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act, 2016 in Malaysia. Treasury shares have no rights to vote, not entitled to dividends and participation in other distribution.

As at 31 March 2020, the total issued and fully paid ordinary share amounts to 345,472,344 (2019: 345,472,344) and the treasury shares held by the Company amounts to 15,387,134 (2019: 4,452,334). The number of outstanding ordinary shares in issue after the set-off of the treasury shares is therefore 330,085,210 (2019: 341,020,010) ordinary shares.

## 24. LOANS AND BORROWINGS

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2020 RM | 2019 RM | 2020 RM | 2019 RM |
| **Current** | | | | | |
| *Secured:* | | | | | |
| Term loans | (a) | 20,714,785 | 5,729,754 | - | - |
| Bank overdrafts | (b) | 236,128 | 13,391,532 | 236,129 | 6,830,587 |
| Revolving credit | (c) | 3,000,000 | 5,000,000 | 3,000,000 | 5,000,000 |
| Lease liabilities/Finance lease liabilities | (d) | 390,346 | 1,378,493 | 319,750 | 1,048,009 |
| *Unsecured:* | | | | | |
| Short-term loans | (e) | 24,518,187 | 24,518,187 | - | - |
| | | 48,859,446 | 50,017,966 | 3,555,879 | 12,878,596 |
| **Non-current** | | | | | |
| *Secured:* | | | | | |
| Term loans | (a) | 39,447,199 | 67,411,047 | - | - |
| Lease liabilities/Finance lease liabilities | (d) | 362,393 | 358,713 | 362,393 | 288,116 |
| | | 39,809,592 | 67,769,760 | 362,393 | 288,116 |
| **Total loans and borrowings** | | | | | |
| Term loans | (a) | 60,161,984 | 73,140,801 | - | - |
| Bank overdraft | (b) | 236,128 | 13,391,532 | 236,129 | 6,830,587 |
| Revolving credit | (c) | 3,000,000 | 5,000,000 | 3,000,000 | 5,000,000 |
| Lease liabilities/Finance lease liabilities | (d) | 752,739 | 1,737,206 | 682,143 | 1,336,125 |
| Short-term loans | (e) | 24,518,187 | 24,518,187 | - | - |
| | | 88,669,038 | 117,787,726 | 3,918,272 | 13,166,712 |

## 24. LOANS AND BORROWINGS (Continued)

The maturity of the borrowings is disclosed in Note 40(a).

(a) **Term loans**

Term loan 1 of a subsidiary of RM5,324,138 (2019: RM7,444,285) bears interest at 6.72% (2019: 7.47%) per annum and is repayable by monthly instalments of RM215,611 over 6 years commencing from 13th month from full drawdown and is secured and supported as follows:

(i) Legal charge over a freehold vacant land; and
(ii) Corporate guarantee of the Company.

Term loan 2 of a subsidiary of RM35,500,000 (2019: RM43,000,000) bears interest at 5.10% (2019: 5.35%) per annum and is repayable by 5 instalments of RM7,500,000 and a last instalment of RM5,500,000 but the payment term has been revised by bank on 22 May 2020 to monthly instalment of RM1,420,000 and is secured and supported as follows:

(i) Legal charge over a vacant residential land;
(ii) Debenture over fixed and floating charge; and
(iii) Corporate guarantee of the Company.

Term loan 3 of a subsidiary of RM1,317,846 (2019: RM1,916,448) bears interest at 7.56% (2019: 8.21% - 8.31%) per annum and is repayable by monthly instalments of RM60,615 over 5 years commencing one month after full drawdown and is secured and supported as follows:

(i) Legal charge over freehold agricultural land; and
(ii) Corporate guarantee of the Company.

Term loan 4 of a subsidiary of RM18,020,000 (2019: RM20,780,000) bears interest at 7.46 - 8.16% (2019: 7.90% - 8.01%) per annum and is repayable by monthly instalments of RM230,000 over 83 months and 1 final instalment of RM4.91 million commencing one month after full drawdown and is secured and supported as follows:

(i) Legal charge over a leasehold building;
(ii) Debenture incorporating a fixed and floating charges for all monies owing or payable under facility over all present and future assets of the subsidiary; and
(iii) Corporate guarantee of the Company.

(b) **Bank overdrafts**

The secured bank overdrafts of the Group and of the Company are obtained from local financial institutions and are secured as follows:

(i) Legal charges over the freehold land under development of the Group and of the Company;
(ii) Legal charges over the industrial lots of the Company; and
(iii) Facility agreement and corporate guarantee of the Company.

The bank overdrafts of the Group and the Company bear interest with rates of Nil (2019: 8.46% to 8.92%) and 7.67% (2019: 8.92%) per annum.

(c) **Revolving credit**

The revolving credit of the Group and of the Company bear interest of 5.41% (2019: 6.07%) per annum.

## 24. LOANS AND BORROWINGS (Continued)

### (d) Lease liabilities/Finance lease liabilities

Certain plant and machinery and motor vehicles of the Group and the Company as disclosed in Note 5 are pledged for leases. Such leases do not have terms for renewal which would give the Group and the Company an option to purchase at nominal values at the end of lease term. The effective interest rate implicit in the leases of the Group and the Company are at rate ranging from 3.60% to 5.13% (2019: 3.60% to 5.13%) and 4.29% to 5.87% (2019: 4.29% to 5.87%) per annum respectively.

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM | 2019 RM | 2020 RM | 2019 RM |
| Minimum lease payments: | | | | |
| - Not later than one year | 413,867 | 1,429,922 | 342,102 | 1,086,399 |
| - Later than one year and not later than five years | 376,595 | 375,188 | 376,595 | 303,423 |
| | 790,462 | 1,805,110 | 718,697 | 1,389,822 |
| Less: Future finance charges | (37,723) | (67,904) | (36,554) | (53,697) |
| Present value of minimum lease payments | 752,739 | 1,737,206 | 682,143 | 1,336,125 |
| Present value of minimum lease payments: | | | | |
| - Not later than one year | 390,346 | 1,378,493 | 319,750 | 1,048,009 |
| - Later than one year and not later than five years | 362,393 | 358,713 | 362,393 | 288,116 |
| | 752,739 | 1,737,206 | 682,143 | 1,336,125 |

### (e) Short term loans

The short-term loans of the Group is unsecured, interest free and repayable on demand.

## 25. TRADE PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM | 2019 RM | 2020 RM | 2019 RM |
| Trade payables | 5,624,665 | 5,664,483 | 498,974 | 235,814 |
| Trade accruals | 15,795,234 | 7,019,221 | 8,216,795 | 1,472,714 |
| Contract retention sum | 6,109,082 | 13,220,445 | 3,525,600 | 5,178,492 |
| | 27,528,981 | 25,904,149 | 12,241,369 | 6,887,020 |

The normal trade credit term granted to the Group and to the Company ranges from 30 to 90 (2019: 30 to 90) days.

## 26. OTHER PAYABLES, DEPOSITS AND ACCRUALS

| | Group | | Company | |
|---|---|---|---|---|
| | 2020<br>RM | 2019<br>RM | 2020<br>RM | 2019<br>RM |
| Other payables | 4,943,176 | 5,147,560 | 3,587,475 | 3,110,868 |
| GST payable | 2,439,761 | 2,326,146 | 2,423,715 | 2,326,146 |
| Deposits | 5,741,493 | 4,732,855 | 10,400 | 7,800 |
| Accruals | 652,683 | 807,504 | 286,979 | 219,940 |
| | 13,777,113 | 13,014,065 | 6,308,569 | 5,664,754 |

Included in other payables of the Group is an amount of RM125,190 (2019: RM313,298) being advances from a third party. This amount is unsecured, bears interest of 8% (2019: 8%) per annum and is repayable on demand.

## 27. AMOUNT DUE TO SUBSIDIARIES

| | Company | |
|---|---|---|
| | 2020<br>RM | 2019<br>RM |
| Trade | 2,849,654 | 2,841,517 |
| Non-trade | 12,017,911 | 1,189,091 |
| | 14,867,565 | 4,030,608 |

The trade credit term is as disclosed in Note 25.

The non-trade amount due to subsidiaries is unsecured, interest free and repayable upon demand in cash.

## 28. AMOUNT DUE TO DIRECTORS

The amount due to directors is non-trade in nature, unsecured, interest-free and payable upon demand in cash.

## 29. REVENUE

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM | 2019 RM | 2020 RM | 2019 RM |
| **Revenue from contract customers:** | | | | |
| Property development | | | | |
| - Properties under development | 45,299,203 | 50,751,078 | 270,748 | 4,373,650 |
| - Completed properties | 48,668,620 | - | - | - |
| Construction contracts | 24,918,789 | 25,491,202 | 49,705,498 | 56,492,357 |
| Water supply and services rendered | 8,229,110 | 32,258,381 | - | - |
| | 127,115,722 | 108,500,661 | 49,976,246 | 60,866,007 |
| **Revenue from other sources:** | | | | |
| Dividend income from subsidiaries | - | - | 8,002,500 | 3,947,500 |
| Rental income | 12,657,980 | 13,229,889 | - | - |
| | 12,657,980 | 13,229,889 | 8,002,500 | 3,947,500 |
| | 139,773,702 | 121,730,550 | 57,978,746 | 64,813,507 |
| ***Timing of revenue recognition:*** | | | | |
| Over time | 91,105,082 | 121,730,550 | 49,976,246 | 60,866,007 |
| At a point in time | 48,668,620 | - | 8,002,500 | 3,947,500 |
| | 139,773,702 | 121,730,550 | 57,978,746 | 64,813,507 |

(a) **Disaggregation of revenue**

The Group and the Company report the following segments: civil engineering and construction, property development property investments and investment holding and water supply and services in accordance with MFRS 8 *Operating Segments*. For the purpose of disclosure for disaggregation of revenue, it disaggregates revenue into primary geographical markets and major goods or services.

The information on disaggregation of revenue and gross profit into the major segments are disclosed in Note 38.

(b) **Transaction price allocated to the remaining performance obligations**

The Group and the Company apply the practical expedient in paragraph 121(a) of MFRS 15 and do not disclose information about remaining performance obligations that have original expected durations of one year or less.

## 30. COST OF SALES

| | Group 2020 RM | Group 2019 RM | Company 2020 RM | Company 2019 RM |
|---|---|---|---|---|
| Contract cost | 11,502,302 | 12,144,209 | 25,694,221 | 45,548,143 |
| Property development cost | 42,092,170 | 26,917,623 | 517,032 | 3,481,070 |
| Operation and maintenance charges | | | | |
| - water supply and services rendered | 7,554,858 | 29,574,277 | - | - |
| Direct operating expenses of investment properties | 9,740,667 | 7,242,920 | - | - |
| | 70,889,997 | 75,879,029 | 26,211,253 | 49,029,213 |

## 31. OTHER INCOME

| | Group 2020 RM | Group 2019 RM | Company 2020 RM | Company 2019 RM |
|---|---|---|---|---|
| Interest income | 5,452,110 | 7,775,186 | 6,498,078 | 6,941,980 |
| Gain on foreign exchange | | | | |
| - realised | - | 1,053 | - | - |
| - unrealised | 230,994 | 1,966 | 12,833 | 1,966 |
| Gain on disposal of: | | | | |
| - other investment | - | 5,362,500 | - | - |
| - property,plant and equipment | 99,914 | 39,190 | 99,914 | 84,999 |
| Rental income | 1,786,975 | 1,130,184 | 44,100 | 2,120,272 |
| Reversal of bad debts written off | 394,533 | - | - | - |
| Dividend income | 103,846 | - | - | - |
| Miscellaneous | 962,634 | 856,443 | 37,597 | 159,692 |
| | 9,031,006 | 15,166,522 | 6,692,522 | 9,308,909 |

## 32. FINANCE COSTS

| | Group 2020 RM | Group 2019 RM | Company 2020 RM | Company 2019 RM |
|---|---|---|---|---|
| Interest expenses on: | | | | |
| - Term loans | 1,652,536 | 1,973,228 | - | - |
| - Revolving credit | 170,774 | 294,104 | 170,774 | 294,105 |
| - Bank commitment | 55,640 | 30,977 | 23,616 | 19,392 |
| - Bank overdraft | 294,908 | 1,193,718 | 144,714 | 594,051 |
| Lease liabilities/Finance lease liabilities | 35,167 | 38,860 | 22,129 | 5,455 |
| | 2,209,025 | 3,530,887 | 361,233 | 913,003 |

## 33. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at:

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2020<br>RM | 2019<br>RM | 2020<br>RM | 2019<br>RM |
| After charging: | | | | | |
| Auditors' remuneration | | | | | |
| - statutory audit | | 285,543 | 250,786 | 128,700 | 98,000 |
| - under accruals in prior years | | 29,800 | 19,292 | 25,700 | 12,000 |
| - other services | | 5,500 | 5,500 | 5,500 | 5,500 |
| Bad debts written off | | 9,983 | 584,914 | - | - |
| Impairment loss on: | | | | | |
| - goodwill | | 8,164,906 | - | - | - |
| - trade receivables | | 8,158,590 | 468,294 | - | - |
| - other receivables | | 265,636 | - | 50,158 | - |
| Fair value loss on other investment | | 3,115,392 | 15,923,115 | - | - |
| Depreciation of: | | | | | |
| - property, plant and equipment | | 940,443 | 1,081,965 | 290,626 | 240,550 |
| - investment properties | | 2,267,423 | 2,267,423 | - | - |
| Interest expenses | | 2,209,025 | 3,530,887 | 361,233 | 913,003 |
| Loss on foreign exchange | | | | | |
| - realised | | 293,745 | - | - | - |
| - unrealised | | - | 27,512 | - | - |
| Property, plant and equipment written off | | 9,437 | 5,270 | - | - |
| Inventory written off | | - | 399,000 | - | - |
| Expense relating to short-term lease | | 385,054 | - | 139,700 | - |
| Rental of premises | | - | 381,245 | - | 138,600 |
| Staff and labour costs | (a) | 3,221,052 | 3,409,774 | 872,814 | 915,425 |
| Directors' remuneration | (b) | 1,660,612 | 1,404,211 | 699,765 | 485,640 |
| And crediting: | | | | | |
| Gain on disposal: | | | | | |
| - property, plant and equipment | | 99,914 | 39,190 | 99,914 | 84,999 |
| - other investment | | - | 5,362,500 | - | - |
| Realised gain on foreign exchange | | - | 1,053 | - | - |
| Unrealised gain on foreign exchange | | 230,994 | 1,966 | 12,833 | 1,966 |
| Interest income | | 5,452,110 | 7,775,186 | 6,498,078 | 6,941,980 |
| Rental income | | 1,786,975 | 1,130,184 | 44,100 | 2,120,272 |
| Reversal of impairment loss on trade receivables | | 171,629 | 137,337 | - | - |
| Management and administration fee | | 93,000 | 48,000 | - | - |
| Reversal of bad debts written off | | 394,533 | - | - | - |
| Dividend income | | 103,846 | - | - | - |

## 33. PROFIT BEFORE TAXATION (Continued)

(a) **Staff and labour costs comprise:**

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM | 2019 RM | 2020 RM | 2019 RM |
| Salaries,wages and bonus | 2,911,169 | 3,046,404 | 788,405 | 834,057 |
| Social security costs | 31,511 | 32,377 | 7,380 | 7,572 |
| Decrease in short term accumulating compensated absences | (8,736) | (20,507) | (8,736) | (4,790) |
| Contribution to defined contribution plan | 287,108 | 351,500 | 85,765 | 78,586 |
| | 3,221,052 | 3,409,774 | 872,814 | 915,425 |

(b) **Directors' remuneration comprise:**

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM | 2019 RM | 2020 RM | 2019 RM |
| Directors' fees | 212,998 | 200,023 | 101,875 | 97,500 |
| Salaries, bonus and other emoluments | 1,389,070 | 1,140,500 | 597,890 | 388,140 |
| Contribution to defined contribution plan | 58,544 | 63,688 | - | - |
| | 1,660,612 | 1,404,211 | 699,765 | 485,640 |

## 34. TAXATION

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM | 2019 RM | 2020 RM | 2019 RM |
| Current tax | | | | |
| - current year | | | | |
| - Malaysian income tax | 15,790,029 | 13,486,706 | 6,571,213 | 4,438,732 |
| - Foreign income tax | 1,513,866 | 2,148,177 | - | - |
| - Witholding tax | 2,780,350 | 14,498 | 3,630 | 14,498 |
| - prior years | | | | |
| - Malaysian income tax | (231,561) | (120,219) | (4,618) | 138,330 |
| | 19,852,684 | 15,529,162 | 6,570,225 | 4,591,560 |
| Deferred tax (Note 13) | | | | |
| - current year | (1,916,210) | (3,278,637) | (1,966) | - |
| - prior years | 1,973,555 | (63,880) | (299,853) | - |
| | 57,345 | (3,342,517) | (301,819) | - |
| Real property gain tax | | | | |
| - prior years | - | (474,309) | - | - |
| | 19,910,029 | 11,712,336 | 6,268,406 | 4,591,560 |

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2019: 24%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

## 34. TAXATION (Continued)

The reconciliations of tax expense applicable to profit before tax at the applicable statutory income tax rates to tax expense at the effective income tax rates of the Group and of the Company are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM | 2019 RM | 2020 RM | 2019 RM |
| Profit before taxation | 48,780,548 | 31,145,651 | 34,635,126 | 20,578,630 |
| Taxation at Malaysian statutory income tax rate of 24% (2019: 24%) | 11,707,331 | 7,474,956 | 8,312,430 | 4,938,871 |
| Tax effects in respect of: | | | | |
| Effect of tax rates in foreign jurisdictions | 298,848 | 432,162 | - | - |
| Non-deductible expenses | 4,112,552 | 3,249,917 | 186,983 | 465,099 |
| Non-taxable income | (173,466) | (2,333,694) | (1,930,166) | (965,238) |
| Foreign witholding tax | 2,780,350 | 14,498 | 3,630 | 14,498 |
| Real property gain tax | - | (474,309) | - | - |
| Deferred tax assets not recognised during the financial year | - | 3,828,306 | - | - |
| Over/(Under) provision of income tax in prior financial years | 1,741,994 | (184,099) | (304,471) | 138,330 |
| Share of results of associates | (563,712) | (301,366) | - | - |
| Share of results of joint ventures | 6,132 | 5,965 | - | - |
| | 19,910,029 | 11,712,336 | 6,268,406 | 4,591,560 |

## 35. BASIC AND DILUTED EARNINGS PER SHARE

| | Group | |
|---|---|---|
| | 2020 | 2019 |
| Profit attributable to shareholders of the Company (RM) | 21,657,889 | 14,588,874 |
| Weighted average number of ordinary shares | 337,411,218 | 343,741,652 |
| Basic earnings per share (sen) | 6.42 | 4.24 |

Basic earnings per share are calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue, net of treasury shares, during the financial year.

The diluted earnings per share is equal to the basic earnings per share for the financial year 2020 and 2019 as there is no dilutive potential ordinary shares in issue.

## 36. DIVIDENDS

| | Company 2020 | Company 2019 |
|---|---|---|
| Recognised during the financial year: | | |
| Dividends on ordinary shares: | | |
| - single tier interim dividend for the financial year ended 31 March 2019: 2.0 sen per ordinary share, paid on 26 July 2019 | 6,814,952 | - |
| - single tier interim dividend for the financial year ended 31 March 2019: 2.0 sen per ordinary share, paid on 27 December 2018 | - | 6,884,564 |

## 37. RELATED PARTIES

(a) **Identity of related parties**

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the parties are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties of the Group include:

(i) Company's holding company;
(ii) Entities having significant influence over the Group;
(iii) Subsidiaries;
(iv) Associates;
(v) Joint ventures;
(vi) Entities in which directors have substantial financial interests; and
(vii) Key management personnel of the Group's and the Company's holding company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) **Significant related party transactions**

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

| | Group 2020 RM | Group 2019 RM | Company 2020 RM | Company 2019 RM |
|---|---|---|---|---|
| Billings on contract work charged to subsidiaries | - | - | 29,412,255 | 22,696,214 |
| Hire of machinery charged to subsidiaries | - | - | - | 2,076,273 |
| Interest income received/receivable from subsidiaries | - | - | 6,298,586 | 6,903,444 |
| Management fee received/receivable from a subsidiary | - | - | 36,297 | 144,984 |
| Rental of premises paid/payable to related party in which certain directors have interest in | 300,000 | 300,000 | 109,800 | 109,800 |
| Construction cost paid/payable to a company in which its director and major shareholder is related to a director of the Company | 773,555 | 6,961,444 | 773,555 | 4,679,688 |

The information regarding outstanding balances arising from related party transactions as at reporting date is disclosed in Notes 8, 9, 10, 15, 18, 27 and 28.

**37. RELATED PARTIES (Continued)**

(c) **Key management personnel remuneration**

Key management personnel are those persons having the authority and responsibility for planning, directing, and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of the Group as disclosed in Note 33(b).

**38. SEGMENTAL INFORMATION**

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

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 mainly comprise associates, joint ventures and corporate assets.

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment.

Business Segments of the Group is organised into four major segments which are civil engineering and construction, property development, property investments and investment holding, and water supply and services.

## 38. SEGMENTAL INFORMATION (Continued)

| | | Civil engineering and construction RM | Property development RM | Property investments and investment holding RM | Water supply and services RM | Elimination RM | Consolidated RM |
|---|---|---|---|---|---|---|---|
| **2020** | | | | | | | |
| **Revenue** | | | | | | | |
| External | | 24,918,789 | 93,967,823 | 12,657,980 | 8,229,110 | - | 139,773,702 |
| Inter-segment | (a) | 50,285,300 | - | - | - | (50,285,300) | - |
| Total revenue | | 75,204,089 | 93,967,823 | 12,657,980 | 8,229,110 | (50,285,300) | 139,773,702 |
| **Results** | | | | | | | |
| Segment results | (b) | 42,049,059 | 30,452,583 | 1,126,453 | 3,463,943 | (28,425,714) | 48,666,324 |
| Finance costs | | (246,951) | (6,435,755) | (1,524,242) | - | 5,997,923 | (2,209,025) |
| Share of results of associates | | - | - | 2,348,801 | - | - | 2,348,801 |
| Share of results of joint ventures | | - | - | (25,552) | - | - | (25,552) |
| Taxation | | (7,703,772) | (8,765,991) | (3,673,622) | (1,502,130) | 1,735,486 | (19,910,029) |
| Non-controlling interests | | | | | | | (7,212,630) |
| Profit attributable to owners of the Company | | | | | | | 21,657,889 |
| Interest income | | 8,380,617 | 4,591,782 | 474,807 | 4,735,192 | (12,730,288) | 5,452,110 |
| **Assets and liabilities** | | | | | | | |
| Segment assets | (c) | 38,548,332 | 550,446,622 | 108,288,498 | 93,007,052 | (41,587,449) | 748,703,055 |
| Associates and joint ventures | | - | - | 94,505,378 | - | - | 94,505,378 |
| Unallocated corporate assets | | | | | | | 9,280,683 |
| Consolidated total assets | | | | | | | 852,489,116 |
| Segment liabilities | (d) | 29,759,593 | 79,773,827 | 30,050,449 | 2,839,568 | - | 142,423,437 |
| Consolidated total liabilities | | | | | | | 142,423,437 |
| **Other information** | | | | | | | |
| Capital expenditure | | 780,099 | 3,658 | 14,000 | - | - | 797,757 |
| Depreciation | | 1,387,012 | 23,842 | 2,524,861 | - | (221,030) | 3,714,685 |
| Impairment loss on trade receivables | | 7,923,039 | - | 235,551 | - | - | 8,158,590 |
| Impairment loss on other receivables | | 50,158 | 215,478 | - | - | - | 265,636 |
| Impairment loss on goodwill on consolidation | | - | - | 346,107 | - | 7,818,799 | 8,164,906 |
| Fair value loss on other investment | | - | - | 3,115,392 | - | - | 3,115,392 |
| Non-cash expenses other than depreciation | | 9,401 | 19 | - | 17 | - | 9,437 |

## 38. SEGMENTAL INFORMATION (Continued)

| | | Civil engineering and construction RM | Property development RM | Property investments and investment holding RM | Water supply and services RM | Elimination RM | Consolidated RM |
|---|---|---|---|---|---|---|---|
| **2019** | | | | | | | |
| **Revenue** | | | | | | | |
| External | | 25,491,202 | 50,751,078 | 13,229,889 | 32,258,381 | - | 121,730,550 |
| Inter-segment | (a) | 56,492,357 | - | - | - | (56,492,357) | - |
| Total revenue | | 81,983,559 | 50,751,078 | 13,229,889 | 32,258,381 | (56,492,357) | 121,730,550 |
| **Results** | | | | | | | |
| Segment results | (b) | 29,155,148 | 24,361,036 | (4,494,216) | 7,152,198 | (22,728,466) | 33,445,700 |
| Finance costs | | (360,398) | (6,614,001) | (1,797,665) | - | 5,241,177 | (3,530,887) |
| Share of results of associates | | - | - | 1,255,692 | - | - | 1,255,692 |
| Share of results of joint ventures | | - | - | (24,854) | - | - | (24,854) |
| Taxation | | (6,363,950) | (5,417,945) | (1,029,194) | (2,148,177) | 3,246,930 | (11,712,336) |
| Non-controlling interests | | | | | | | (4,844,441) |
| Profit attributable to owners of the Company | | | | | | | 14,588,874 |
| Interest income | | 8,886,061 | 5,710,596 | 200,130 | 5,014,782 | (12,036,383) | 7,775,186 |
| **Assets and liabilities** | | | | | | | |
| Segment assets | (c) | 30,549,301 | 580,122,280 | 110,959,514 | 115,336,715 | (56,388,999) | 780,578,811 |
| Associates and joint ventures | | - | - | 91,656,011 | - | - | 91,656,011 |
| Unallocated corporate assets | | | | | | | 17,445,589 |
| Consolidated total assets | | | | | | | 889,680,411 |
| Segment liabilities | (d) | 64,391,900 | 95,905,940 | 32,721,401 | 3,091,711 | (19,683,069) | 176,427,883 |
| Consolidated total liabilities | | | | | | | 176,427,883 |
| **Other information** | | | | | | | |
| Capital expenditure | | 896,215 | 11,267 | 39,094 | - | - | 946,576 |
| Depreciation | | 1,666,937 | 57,309 | 2,304,184 | - | - | 4,028,430 |
| Impairment loss on trade receivables | | 468,294 | - | - | - | - | 468,294 |
| Reversal of impairment loss on trade receivables | | - | - | (137,337) | - | - | (137,337) |
| Fair value loss on other investment | | - | - | 15,923,115 | - | - | 15,923,115 |
| Non-cash expenses other than depreciation | | 5,266 | - | 4 | - | - | 5,270 |

**38. SEGMENTAL INFORMATION (Continued)**

Reconciliation of reportable segment revenue, profit or loss, assets, liabilities, and other material items are as follows:

(a) **Inter-segment revenue**

Inter-segment revenues are eliminated on consolidation.

(b) **Reconciliation of segment results**

| | 2020<br>RM | 2019<br>RM |
|---|---|---|
| Elimination of inter-segment finance costs | 5,997,923 | 5,241,177 |
| Elimination of inter-segment profits | 22,427,791 | 17,487,289 |
| | 28,425,714 | 22,728,466 |

(c) **Reconciliation of assets**

| | 2020<br>RM | 2019<br>RM |
|---|---|---|
| Inter-segment assets | 41,587,449 | 56,388,999 |

(d) **Reconciliation of liabilities**

| | 2020<br>RM | 2019<br>RM |
|---|---|---|
| Inter-segment liabilities | - | 19,683,069 |

**Geographical Segments**

Revenue and non-current assets information based on the geographical location of customers and asset respectively are as follows:

| | Revenue | | Non-current assets * | |
|---|---|---|---|---|
| | 2020<br>RM | 2019<br>RM | 2020<br>RM | 2019<br>RM |
| Malaysia | 131,544,592 | 89,472,169 | 529,144,559 | 497,630,506 |
| Papua New Guinea | 8,229,110 | 32,258,381 | 289,493 | 305,521 |
| | 139,773,702 | 121,730,550 | 529,434,052 | 497,936,027 |

* *Excluding deferred tax assets.*

Revenue from one major customer amounting to RM8,229,110 (2019: RM32,258,381) relates to the sales from the water supply and services segment.

## 39. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

(i) Fair value through profit or loss ("FVPL")
(ii) Amortised cost

| | Carrying amount RM | Amortised cost RM | FVPL RM |
|---|---|---|---|
| **At 31 March 2020** | | | |
| **Financial assets** | | | |
| **Group** | | | |
| Other investments | 36,734,548 | - | 36,734,548 |
| Trade receivables | 14,277,109 | 14,277,109 | - |
| Other receivables and deposits ^ | 6,262,317 | 6,262,317 | - |
| Deposits with licensed financial institutions | 6,463,997 | 6,463,997 | - |
| Cash and bank balances | 91,914,933 | 91,914,933 | - |
| | 155,652,904 | 118,918,356 | 36,734,548 |
| **Company** | | | |
| Other investments | 19,080,660 | - | 19,080,660 |
| Other receivables and deposits ^ | 1,425,993 | 1,425,993 | - |
| Amount due from subsidiaries | 160,848,466 | 160,848,466 | - |
| Deposits with licensed financial institutions | 1,888 | 1,888 | - |
| Cash and bank balances | 237,306 | 237,306 | - |
| | 181,594,313 | 162,513,653 | 19,080,660 |
| **Financial liabilities** | | | |
| **Group** | | | |
| Trade payables | 27,528,981 | 27,528,981 | - |
| Other payables, deposits and accruals * | 11,337,352 | 11,337,352 | - |
| Amount due to directors | 2,543,077 | 2,543,077 | - |
| Loan and borrowings | 88,669,038 | 88,669,038 | - |
| | 130,078,448 | 130,078,448 | - |
| **Company** | | | |
| Trade payables | 12,241,369 | 12,241,369 | - |
| Other payables, deposits and accruals * | 3,884,854 | 3,884,854 | - |
| Amount due to subsidiaries | 14,867,565 | 14,867,565 | - |
| Amount due to directors | 1,987,500 | 1,987,500 | - |
| Loan and borrowings | 3,918,272 | 3,918,272 | - |
| | 36,899,560 | 36,899,560 | - |

**39. FINANCIAL INSTRUMENTS (Continued)**

(a) **Categories of financial instruments (Continued)**

| | Carrying amount RM | Amortised cost RM | FVPL RM |
|---|---|---|---|
| **At 31 March 2019** | | | |
| **Financial assets** | | | |
| **Group** | | | |
| Operating financial assets | 4,273,814 | 4,273,814 | - |
| Other investments | 20,769,280 | - | 20,769,280 |
| Trade receivables | 26,195,642 | 26,195,642 | - |
| Other receivables and deposits ^ | 6,370,760 | 6,370,760 | - |
| Deposits with licensed financial institutions | 13,411,232 | 13,411,232 | - |
| Cash and bank balances | 98,004,237 | 98,004,237 | - |
| | 169,024,965 | 148,255,685 | 20,769,280 |
| **Company** | | | |
| Trade receivables | 3,943,065 | 3,943,065 | - |
| Other receivables and deposits ^ | 813,786 | 813,786 | - |
| Amount due from subsidiaries | 200,654,717 | 200,654,717 | - |
| Deposits with licensed financial institutions | 1,862 | 1,862 | - |
| Cash and bank balances | 238,124 | 238,124 | - |
| | 205,651,554 | 205,651,554 | - |
| **Financial liabilities** | | | |
| **Group** | | | |
| Trade payables | 25,904,149 | 25,904,149 | - |
| Other payables, deposits and accruals * | 10,687,919 | 10,687,919 | - |
| Amount due to directors | 2,586,369 | 2,586,369 | - |
| Loan and borrowings | 117,787,726 | 117,787,726 | - |
| | 156,966,163 | 156,966,163 | - |
| **Company** | | | |
| Trade payables | 6,887,020 | 6,887,020 | - |
| Other payables, deposits and accruals * | 3,338,608 | 3,338,608 | - |
| Amount due to subsidiaries | 4,030,608 | 4,030,608 | - |
| Amount due to directors | 2,487,500 | 2,487,500 | - |
| Loan and borrowings | 13,166,712 | 13,166,712 | - |
| | 29,910,448 | 29,910,448 | - |

^ *Advances to sub-contractors and GST refundable were excluded from other receivables.*
* *GST payable were excluded from other payables.*

## 39. FINANCIAL INSTRUMENTS (Continued)

### (b) Fair value measurement

The methods and assumptions used to determine the fair value of the following classes of financial assets and liabilities are as follows:

(i) Cash and cash equivalents, trade and other receivables and payables

The carrying amounts of cash and cash equivalents, short-term receivables and payables are reasonable approximation of fair values due to short term nature of these financial instruments.

The fair value of operating financial assets are estimated by discounting future cash flows using current lending/borrowing rates for similar types of arrangements.

(ii) Other investments

The fair value of shares quoted in an active market is determined by reference to the quoted closing bid price at the reporting date.

The fair value of unit trust fund is determined by reference to the redemption price at the reporting date.

(iii) Loans and borrowings

The carrying amounts of the current portion of loans and borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The carrying amounts of long-term floating rate loans are reasonable approximation of fair values as the loans will be re-priced to market interest rate on or near reporting date.

The fair value of finance lease is estimated using discounted cash flow analysis, based on current lending rates for similar types of arrangements.

Policy on transfer between levels
The fair value of assets and liabilities to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There have been no transfers between Level 1 and Level 2 during the financial year (2019: no transfer in either directions).

The carrying amounts of financial assets and liabilities recognised in the financial statements are reasonable approximation of their fair values except as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | Carrying Amount RM | Fair Value RM | Carrying Amount RM | Fair Value RM |
| **31 March 2020** | | | | |
| **Financial assets** | | | | |
| Other investments | 36,734,548 | 36,734,548 | 19,080,660 | 19,080,660 |
| **31 March 2019** | | | | |
| **Financial assets** | | | | |
| Other investments | 20,769,280 | 20,769,280 | - | - |
| Operating financial assets | 4,273,814 | 4,273,814 | - | - |
| **Financial liability** | | | | |
| Finance lease liabilities | 1,737,206 | 1,777,953 | 1,336,125 | 1,334,878 |

## 39. FINANCIAL INSTRUMENTS (Continued)

### (c) Fair value hierarchy

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, the lowest level input that is significant to the fair value measurement as whole:

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(iii) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments:

| | | ← Fair value of financial instruments not carried at fair value → | | |
|---|---|---|---|---|
| | Amount RM | Level 1 RM | Level 2 RM | Level 3 RM |
| **31 March 2019** | | | | |
| **Group** | | | | |
| Operating financial assets | 4,273,814 | - | - | 4,273,814 |
| Finance lease liabilities | 1,777,953 | - | 1,777,953 | - |
| **Company** | | | | |
| Finance lease liabilities | 1,334,878 | - | 1,334,878 | - |
| **31 March 2020** | | | | |
| **Group** | | | | |
| Other investments | 36,734,548 | 36,734,548 | - | - |
| **Company** | | | | |
| Other investments | 19,080,660 | 19,080,660 | - | - |
| **31 March 2019** | | | | |
| **Group** | | | | |
| Other investments | 20,769,280 | 20,769,280 | - | - |

## 40. 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, credit risk, foreign currency risk and liquidity risk.

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing these risks. The Group's risk management approach seeks to minimise the potential material adverse impact of those exposures.

The following section provides 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.

The Group's and the Company's interest rate risk arises primarily from interest-bearing financial assets and financial liabilities. The Group's and the Company's interest-bearing financial assets include fixed deposits that are short-term in nature and are held to earn a better yield than cash at banks. The fixed deposits placed with licensed banks at fixed rate expose the Group and the Company to fair value interest rate risk. The Group's interest-bearing financial liabilities include lease liabilities, term loans, bank overdrafts and revolving credit, whilst the Company's interest-bearing financial liabilities include amount due from subsidiaries and borrowings.

Loans and borrowings at floating rates expose the Group and the Company to cash flow interest rate risk whilst lease liabilities at fixed rate expose the Group and the Company to fair value interest rate risk. The Group and the Company manage their interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

*Sensitivity analysis for interest rate risk*

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's and the Company's profit for the financial year.

| | Change in basis points | Effect on profit for the financial year RM |
|---|---|---|
| **Group:** | | |
| **31 March 2020** | + 100 | (481,826) |
| | - 100 | 481,826 |
| **31 March 2019** | + 100 | 695,646 |
| | - 100 | (695,646) |
| **Company:** | | |
| **31 March 2020** | + 100 | 373,763 |
| | - 100 | (373,763) |
| **31 March 2019** | + 100 | 263,414 |
| | - 100 | (263,414) |

**40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**

(b) **Credit risk**

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk primarily arises from its contract assets, trade and other receivables whilst the Company's exposure to credit risk primarily arises from amount due from subsidiaries. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures for material contracts.

**Trade receivables and contract assets**

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets is represented by the carrying amounts in the statements of financial position.

In respect of trade receivables from sale of properties, the Group mitigates its credit risk by retaining legal title to all properties sold until the full contracted sales value is settled.

Credit risk concentration profile

At the reporting date, the Group and the Company did not have any significant concentration of credit risk that may arise from exposure to a single customer or to a group of customers.

The Group and the Company apply the simplified approach to providing for impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected credit loss ("ECL") allowance for all trade receivables and contract assets. The determination of ECL also incorporates economic conditions during the period of historical data, current conditions and forward-looking information on the economic conditions over the expected settlement period of the receivables. The Group and the Company believe that changes in economic conditions over these periods would not materially impact the impairment calculation of the receivables.

For construction contracts, as there are only a few customers, the Group assessed the risk of each customer individually based on their financial capability, past trend of payments and other external information relating to the customers that are publicly available. For property development contracts, the Group and the Company determine the ECL rate for the group of customers based on actual credit loss experience over the past three years.

## 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### (b) Credit risk (Continued)

**Trade receivables and contract assets (Continued)**

Credit risk concentration profile (Continued)

The information about the credit risk exposure on the Group's trade receivables and contract assets are as follows:

| | Gross carrying amount RM | ECL allowance RM | Net balance RM |
|---|---|---|---|
| **Group** | | | |
| **At 31 March 2020** | | | |
| **Trade receivables** | | | |
| Current (not past due) | 11,178,589 | - | 11,178,589 |
| 1 to 30 days past due | 816,037 | - | 816,037 |
| 31 to 60 days past due | 326,460 | - | 326,460 |
| 61 to 90 days past due | 564,011 | - | 564,011 |
| 91 to 120 days past due | 24,968 | - | 24,968 |
| More than 120 days past due | 1,367,044 | - | 1,367,044 |
| Credit impaired: | | | |
| - Individually assessed | 8,767,914 | (8,767,914) | - |
| - Collectively assessed | 12,304 | (12,304) | - |
| **Contract assets** | | | |
| Current (not past due) | 2,884,450 | - | 2,884,450 |
| | 25,941,777 | (8,780,218) | 17,161,559 |
| **At 31 March 2019** | | | |
| **Trade receivables** | | | |
| Current (not past due) | 4,634,482 | - | 4,634,482 |
| 1 to 30 days past due | 7,847,399 | - | 7,847,399 |
| 31 to 60 days past due | 340,122 | - | 340,122 |
| 61 to 90 days past due | 1,094,774 | - | 1,094,774 |
| 91 to 120 days past due | 101,791 | - | 101,791 |
| More than 120 days past due | 12,177,074 | - | 12,177,074 |
| Credit impaired: | | | |
| - Individually assessed | 541,398 | (541,398) | - |
| - Collectively assessed | 251,859 | (251,859) | - |
| **Contract assets** | | | |
| Current (not past due) | 10,631,164 | - | 10,631,164 |
| | 37,620,063 | (793,257) | 36,826,806 |

The significant changes in the gross carrying amounts of trade receivables and contract assets do not contribute to changes in the impairment loss allowance during the financial year.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) **Credit risk (Continued)**

**Other receivables and other financial assets**

For other receivables and other financial assets (including cash and short-term deposits, and amount due from subsidiaries), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

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

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

The Company provides advances to subsidiaries. The Company monitors the results of the subsidiaries in determining the recoverability of intercompany balances. The advances to subsidiaries are repayable on demand. For such advances, expected credit losses are assessed based on the assumption that repayment of the advances is demanded at the reporting date. If the subsidiary does not have sufficient liquid reserves when the loan is demanded, the Company will consider the expected manner of recovery and recovery period of the advances.

Other than the credit-impaired other receivables, the Group and the Company consider these financial assets to have low credit risk. As at the reporting date, the Group and the Company did not recognise any loss allowance for impairment for other receivables and other financial assets other than those as disclosed in Note 16.

Refer to Note 3.14(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

**Financial guarantees**

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of banking facilities granted to certain subsidiaries whilst the Group is exposed to credit risk in relation to financial guarantees given to banks in respect of banking facilities granted by the Group and the Company to certain associates. The maximum exposure to credit risks to the Group and the Company amounts to RM19,600,000 (2019: RM19,600,000) and RM101,580,723 (2019: RM138,764,382) respectively representing the maximum amount the Group and the Company could pay if the guarantee is called on. Generally, the Group and the Company consider the financial guarantee to have a low credit risk. As at the reporting date, there was no loss allowance for impairment as determined by the Group and the Company for the financial guarantee.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the guarantee is provided as credit enhancement to the associates' and subsidiaries' secured borrowings.

**40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**

(c) **Foreign currency risk**

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's and the Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's and the Company's operating activities (when sales, purchases and borrowings that are denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

Sensitivity analysis for foreign currency risk

The directors believe that the impact of foreign currency fluctuation will not significantly affect the profitability of the Group and the Company. As such, sensitivity analysis is not presented.

(d) **Liquidity risk**

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables, loans and borrowings.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group and the Company use a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group's and the Company's treasury department also ensure that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows:

| | Carrying amount RM | Contractual undiscounted cash flow RM | On demand /Within 1 year RM | 2 to 5 years RM | More than 5 years RM |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **At 31 March 2020** | | | | | |
| **Financial liabilities** | | | | | |
| Trade payables | 27,528,981 | 27,528,981 | 27,528,981 | - | - |
| Other payables, deposits and accruals * | 11,337,352 | 11,337,352 | 11,337,352 | - | - |
| Amount due to directors | 2,543,077 | 2,543,077 | 2,543,077 | - | - |
| Loan and borrowings | 88,669,038 | 95,665,536 | 51,971,083 | 43,694,453 | - |
| Financial guarantee contracts | - | 19,600,000 | 19,600,000 | - | - |
| | 130,078,448 | 187,324,256 | 111,488,568 | 43,694,453 | - |

## 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### (d) Liquidity risk (Continued)

Maturity analysis (Continued)

| | Carrying amount RM | Contractual undiscounted cash flow RM | On demand /Within 1 year RM | 2 to 5 years RM | More than 5 years RM |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **At 31 March 2019** | | | | | |
| **Financial liabilities** | | | | | |
| Trade payables | 25,904,149 | 25,904,149 | 25,904,149 | - | - |
| Other payables, deposits and accruals * | 10,687,919 | 10,687,919 | 10,687,919 | - | - |
| Amount due to directors | 2,586,369 | 2,586,369 | 2,586,369 | - | - |
| Loan and borrowings | 117,787,726 | 128,545,819 | 52,710,131 | 68,855,688 | 6,980,000 |
| Financial guarantee contracts | - | 19,600,000 | 19,600,000 | - | - |
| | 156,966,163 | 187,324,256 | 111,488,568 | 68,855,688 | 6,980,000 |

| | Carrying amount RM | Contractual undiscounted cash flow RM | On demand /Within 1 year RM | 2 to 5 years RM |
|---|---|---|---|---|
| **Company** | | | | |
| **At 31 March 2020** | | | | |
| **Financial liabilities** | | | | |
| Trade payables | 12,241,369 | 12,241,369 | 12,241,369 | - |
| Other payables, deposits and accruals * | 3,884,854 | 3,884,854 | 3,884,854 | - |
| Amount due to subsidiaries | 14,867,565 | 14,867,565 | 14,867,565 | - |
| Amount due to directors | 1,987,500 | 1,987,500 | 1,987,500 | - |
| Loan and borrowings | 3,918,272 | 3,954,826 | 3,578,231 | 376,595 |
| Financial guarantee contracts | - | 101,580,723 | 101,580,723 | - |
| | 36,899,560 | 138,516,837 | 138,140,242 | 376,595 |
| **At 31 March 2019** | | | | |
| **Financial liabilities** | | | | |
| Trade payables | 6,887,020 | 6,887,020 | 6,887,020 | - |
| Other payables, deposits and accruals * | 3,338,608 | 3,338,608 | 3,338,608 | - |
| Amount due to subsidiaries | 4,030,608 | 4,030,608 | 4,030,608 | - |
| Amount due to directors | 2,487,500 | 2,487,500 | 2,487,500 | - |
| Loan and borrowings | 13,166,712 | 13,220,409 | 12,916,986 | 303,423 |
| Financial guarantee contracts | - | 138,764,382 | 138,764,382 | - |
| | 29,910,448 | 168,728,527 | 168,425,104 | 303,423 |

* *GST payables were excluded from other payables.*

## 41. CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital are to maintain a strong capital base and safeguard the Group's ability to continue as going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The debt-to-equity ratios as at 31 March 2020 and as at 31 March 2019 were as follows:

| | Note | 2020 RM | 2019 RM |
|---|---|---|---|
| **Group** | | | |
| Trade payables | 25 | 27,528,981 | 25,904,149 |
| Other payables, deposits and accruals | 26 | 13,777,113 | 13,014,065 |
| Amount due to directors | 28 | 2,543,077 | 2,586,369 |
| Loans and borrowings | 24 | 88,669,038 | 117,787,726 |
| Less: Cash and short-term deposits | | (98,378,930) | (111,415,469) |
| Net debt | | 34,139,279 | 47,876,840 |
| Equity attributable to the shareholders of the Company | | 558,792,036 | 550,171,762 |
| Capital and net debt | | 592,931,315 | 598,048,602 |
| Gearing ratio | | 6% | 8% |
| **Company** | | | |
| Trade payables | 25 | 12,241,369 | 6,887,020 |
| Other payables, deposits and accruals | 26 | 6,308,569 | 5,664,754 |
| Amount due to subsidiaries | 27 | 14,867,565 | 4,030,608 |
| Amount due to directors | 28 | 1,987,500 | 2,487,500 |
| Loans and borrowings | 24 | 3,918,272 | 13,166,712 |
| Less: Cash and short-term deposits | | (239,194) | (239,986) |
| Net debt | | 39,084,081 | 31,996,608 |
| Equity attributable to the shareholders of the Company | | 409,023,067 | 395,526,847 |
| Capital and net debt | | 448,107,148 | 427,523,455 |
| Gearing ratio | | 9% | 7% |

There were no changes in the Group's and the Company's approach to capital management during the financial year.

The subsidiaries of the Company are required to maintain certain gearing ratio for its borrowings granted by financial institutions.

## 42. COMMITMENTS

**Operating lease commitments – as lessor**

The Group leases its investment property which has remaining lease term between two to five years. Rental charges are revised every one to three years to reflect current market conditions.

The maturity analysis of the Group's lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

| | Group | |
|---|---|---|
| | **2020** **RM** | **2019** **RM** |
| - Not later than one year | 7,323,225 | 7,095,166 |
| - More than one year and not later than five years | 6,753,393 | 4,937,845 |
| | 14,076,618 | 12,033,011 |

## 43. SIGNIFICANT EVENT DURING AND SUBSEQUENT TO THE FINANCIAL YEAR

**Coronavirus outbreak**

On 11 March 2020, the World Health Organisation declared the Coronavirus ("Covid-19") outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed the Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the Covid-19 outbreak in Malaysia. The Covid-19 outbreak also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the Covid-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group and the Company operate.

The Group and the Company have performed assessments of the overall impact of the situation on the Group's and the Company's operations and financial implications, including the recoverability of the carrying amount of assets and measurements of assets and liabilities, and concluded that there is no material adverse effects on the financial statements for the financial year ended 31 March 2020.

Given the fluidity of the situation, the Group and the Company will continuously monitor the impact of Covid-19 and take appropriate and timely measures to minimise the impact of the outbreak on the Group's and the Company's operations.

# STATEMENT BY DIRECTORS

**(Pursuant to Section 251(2) of the Companies Act 2016)**

We, **TAN SRI DATO' KHOO CHAI KAA** and **LOW YEW HWA**, being two of the directors of BREM HOLDING BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 50 to 141 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 March 2020 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

| | |
|---|---|
| ................................................ | ................................................ |
| TAN SRI DATO' KHOO CHAI KAA | LOW YEW HWA |
| Director | Director |

Date: 19 August 2020

# STATUTORY DECLARATION

**(Pursuant to Section 251(1) of the Companies Act 2016)**

I, **TAN SRI DATO' KHOO CHAI KAA**, being the director primarily responsible for the financial management of BREM HOLDING BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 50 to 141 are 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.

................................................
TAN SRI DATO' KHOO CHAI KAA

Subscribed and solemnly declared by the abovenamed at Petaling Jaya in the state of Selangor Darul Ehsan on 19 August 2020.

Before me,

LAWRENCE LOW (BC/L/501)
Commissioner for Oaths

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of Brem Holding Berhad, which comprise the statements of financial position as at 31 March 2020 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 50 to 141.

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 March 2020, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

**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 are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants* (including International Independence standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

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

**Goodwill on consolidation (Note 12 to the financial statements)**

The Group's goodwill is allocated to property development and property investment segments. The goodwill is tested for impairment annually. This assessment requires the exercise of significant judgements by the Group on the rental income per square foot and capitalisation rate or price per square foot applied in the recoverable amount calculation and assumptions supporting the estimated fair value less costs to sell.

**Our response:**
Our audit procedures included, among others:

- assessing the valuation methodology adopted by the Group in accordance to the requirements of MFRS 136 *Impairment of Assets*;
- discussing with the management in assessing key assumptions used in the preparation of cash flow projection;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key assumptions that are expected to be most sensitive to the recoverable amount.

**Key Audit Matters (Continued)**

**Revenue and cost of sales recognition for property development business and construction business (Notes 29 and 30 to the financial statements)**

The amount of revenue and corresponding costs of the Group's and the Company's property development and construction activities are recognised over the period of contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of performance obligation is determined by reference to proportion of construction costs incurred for works performed to date bear to the estimated total costs for each project. We focused on this area because significant directors' judgement is required, in particular with regards to determining the progress towards satisfaction of a performance obligation, the extent of the property development and construction costs incurred, the estimated total property development and construction revenue and costs, as well as the recoverability of the development and construction projects. The estimated total revenue and costs are affected by a variety of uncertainties that depend of the outcome of future events.

**Our response:**
Our audit procedures included, among others:

- reviewing the Group's and the Company's major assumptions by comparing to contractual terms, historical margin and our understanding gathered from the analysis of changes in assumptions from previous year;
- discussing the progress of the projects and expected outcome with the project managers;
- matching the computed stage of completion for identified projects against architect certificate or progress report;
- checking the mathematical computation of the recognised revenue and corresponding cost of sales recognised during the financial year; and
- assessing the potential deduction to revenue arising from liquidated and ascertained damages by considering the contractual delivery dates and estimated delivery dates, progress reports and interview of relevant project personnel.

**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 information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

**Responsibilities of the Directors for the Financial Statements**

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

The directors of the Company are responsible for overseeing the Group's financial reporting process.

**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.
- 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, related safeguards.

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

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

**Other Matters**

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

| | |
|---|---|
| ……………………………………… | ……………………………………… |
| **Baker Tilly Monteiro Heng PLT** | **Andrew Choong Tuck Kuan** |
| 201906000600 (LLP0019411-LCA) & AF 0117 | No. 03264/04/2021 J |
| Chartered Accountants | Chartered Accountant |

Kuala Lumpur

Date: 19 August 2020

# ANALYSIS OF SHAREHOLDINGS
## as at 30 July 2020

### SHARE CAPITAL

| | | |
|---|---|---|
| Total Number of Issued Shares | : | 345,472,344 (inclusive of 16,492,634 Treasury Shares) |
| Class of shares | : | Ordinary shares |
| Voting rights | : | 1 vote per Ordinary share |

### ANALYSIS BY SIZE OF SHAREHOLDINGS

| Size of Shareholdings | No. of Shareholders | % | No. of Shares held | % |
|---|---|---|---|---|
| 1 to 99 | 276 | 7.83 | 11,618 | 0.00 |
| 100 to 1,000 | 216 | 6.12 | 70,318 | 0.02 |
| 1,001 to 10,000 | 1,827 | 51.82 | 8,540,279 | 2.60 |
| 10,001 to 100,000 | 1,054 | 29.89 | 27,423,695 | 8.34 |
| 100,001 and below 5% of the issued shares | 150 | 4.25 | 110,477,264 | 33.58 |
| 5% and above of the issued shares | 3 | 0.08 | 182,456,536 | 55.46 |
| **TOTAL** | 3,526 | 100.00 | 328,979,710 | 100.00 |

### LIST OF THIRTY LARGEST SHAREHOLDERS

| NO. | NAME | SHAREHOLDINGS | % |
|---|---|---|---|
| 1 | BREM PROPERTIES SDN. BHD. | 96,593,096 | 29.36 |
| 2 | TAN SRI DATO' KHOO CHAI KAA | 50,698,772 | 15.41 |
| 3 | WAWASAN EKUITI SDN. BHD. | 35,164,668 | 10.69 |
| 4 | AFFIN HWANG NOMINEES(TEMPATAN) SDN. BHD.<br>BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR<br>BOND RESOURCES SDN. BERHAD | 16,390,053 | 4.98 |
| 5 | AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD.<br>BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR<br>BREM PROPERTIES SDN. BHD. | 11,900,848 | 3.62 |
| 6 | AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD.<br>BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR<br>CLASSICAL GLORY SDN. BHD. | 8,928,624 | 2.71 |
| 7 | TRADEMA HOLDINGS SDN.BHD. | 6,423,608 | 1.95 |
| 8 | MAYBANK NOMINEES (TEMPATAN) SDN. BHD.<br>BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LOW YEW HWA | 5,264,195 | 1.60 |
| 9 | TAN SRI DATO' YAP SUAN CHEE | 5,256,388 | 1.60 |
| 10 | CLASSICAL GLORY SDN. BHD. | 4,936,478 | 1.50 |

## LIST OF THIRTY LARGEST SHAREHOLDERS (CONTINUED)

| NO. | NAME | SHAREHOLDINGS | % |
|---|---|---|---|
| 11 | KHOO CHAI THIAM | 2,813,261 | 0.86 |
| 12 | TAN JIN TUAN | 2,727,720 | 0.83 |
| 13 | CIMB GROUP NOMINEES (ASING) SDN. BHD.<br>BENEFICIARY : EXEMPT AN FOR DBS BANK LTD (SFS) | 2,645,600 | 0.80 |
| 14 | CIMB GROUP NOMINEES (TEMPATAN)SDN. BHD.<br>BENEFICIARY : PEMBANGUNAN SUMBER MANUSIA BERHAD | 1,958,000 | 0.60 |
| 15 | UOB KAY HIAN NOMINEES (TEMPATAN) SDN. BHD.<br>BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR TEO SIEW LAI | 1,830,956 | 0.56 |
| 16 | LTK (MELAKA) SDN. BHD. | 1,594,320 | 0.48 |
| 17 | KENANGA NOMINEES (TEMPATAN)SDN. BHD.<br>BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR GOH SWEE MOI | 1,500,000 | 0.46 |
| 18 | HLIB NOMINEES (TEMPATAN) SDN. BHD.<br>BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR TENG SIEW KEAN | 1,275,861 | 0.39 |
| 19 | RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD.<br>BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR SU MING KEAT | 1,061,985 | 0.32 |
| 20 | CITIGROUP NOMINEES (TEMPATAN) SDN. BHD.<br>BENEFICIARY : EXEMPT AN FOR BANK OF SINGAPORE LIMITED (LOCAL) | 1,040,000 | 0.32 |
| 21 | KHOO PING KAW | 1,009,000 | 0.31 |
| 22 | AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD.<br>BENEFICIARY : PLEDGED SECURITIES ACCOUNT<br>FOR TAN SRI DATO' KHOO CHAI KAA | 930,300 | 0.28 |
| 23 | ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD.<br>BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR ER KA WEI | 902,100 | 0.27 |
| 24 | LOW YIEW FOOK | 840,914 | 0.26 |
| 25 | NG KAR KHIM | 839,841 | 0.26 |
| 26 | KHOO CHAI THIAM | 818,376 | 0.25 |
| 27 | HLIB NOMINEES (TEMPATAN) SDN. BHD.<br>BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR TEE KIM SOON | 800,000 | 0.24 |
| 28 | YEONG CHERNG SDN BHD | 676,000 | 0.21 |
| 29 | CGS-CIMB NOMINEES (TEMPATAN)SDN. BHD.<br>BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LIM CHEN YIK | 630,000 | 0.19 |
| 30 | ANG SOUI HOCK | 582,254 | 0.18 |
| | | 268,033,218 | 81.47 |

**SUBSTANTIAL SHAREHOLDERS**
**(as shown in the register of substantial shareholders)**

| Name of Substantial Shareholders | No. of Ordinary Shares Direct | % | Deemed Interests | % |
|---|---|---|---|---|
| 1. Tan Sri Dato' Khoo Chai Kaa | 51,629,072 | 15.69 | 108,493,544 | 32.98 |
| 2. Puan Sri Datin Lee Lei Choo | - | - | 160,122,616 | 48.67 |
| 3. Wawasan Ekuiti Sdn. Bhd. | 35,164,668 | 10.69 | - | - |
| 4. Classical Glory Sdn. Bhd. | 13,865,102 | 4.21 | 35,164,668 | 10.69 |
| 5. Brem Properties Sdn. Bhd. | 108,493,544 | 32.98 | - | - |
| 6. Norhayati Binti Ali Polah | - | - | 35,164,668 | 10.69 |

**STATEMENT OF DIRECTORS' SHAREHOLDINGS**

| Directors' Name | No. of Ordinary Shares Direct | % | Deemed Interests | % |
|---|---|---|---|---|
| **The Company** | | | | |
| Tan Sri Dato' Khoo Chai Kaa | 51,629,072 | 15.69 | 108,493,544 | 32.98 |
| Low Yew Hwa | 5,264,195 | 1.60 | - | - |
| Wong Miow Song | - | - | - | - |
| Dato' Hj. Abu Sujak Bin Hj. Mahmud | - | - | - | - |
| Sr. Alias Bin Marjoh | - | - | - | - |
| Khoo Hui Keam | - | - | - | - |
| Khoo Hui Giok | - | - | - | - |

By virtue of his interest in the ordinary shares in the Company and pursuant to Section 8 of CA 2016, Tan Sri Dato' Khoo Chai Kaa is also deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

| Directors' Name | No. of Ordinary Shares of HK$1 each Direct | % | Deemed Interests | % |
|---|---|---|---|---|
| **Subsidiary Companies:-** | | | | |
| **a) Brem Oversea Investments Pte. Limited** | | | | |
| Low Yew Hwa | 600,000 | 5.00 | - | - |

| | No. of Ordinary Shares Direct | % | Deemed Interests | % |
|---|---|---|---|---|
| **b) Brem Maju Sdn Bhd** | | | | |
| Tan Sri Dato' Khoo Chai Kaa | 1,779,080 | 29.75 | - | - |
| Low Yew Hwa | 598,010 | 10.00 | - | - |

| | No. of Ordinary Shares of K1 each Direct | % | Deemed Interests | % |
|---|---|---|---|---|
| **c) Brem Maju (PNG) Limited** | | | | |
| Tan Sri Dato' Khoo Chai Kaa | 1 | 0.0004 | - | - |
| Low Yew Hwa | 1 | 0.0004 | - | - |

# PROPERTIES HELD BY THE BREM GROUP OF COMPANIES

| Location | Description/ Existing use | Date of acquisition | Area | Tenure/Age of building | Net book value as at 31 March 2020 RM '000 |
|---|---|---|---|---|---|
| **BREM HOLDING BERHAD** | | | | | |
| PT 19658-19697, 19869-19870,19873 19927-20035, 23824 Mukim of Sungai Pasir, District of Kuala Muda, Kedah Darul Aman. | Development land - vacant | 07/01/1994 | 23.84 acres | Freehold | 34,191 |
| PT 4657, 4658, 4663, 4667, 4672-4674, 4678-4684, 4688-4700, 4704-4706, 4724, Mukim of Pinang Tunggal, District of Kuala Muda, Kedah Darul Aman. | Development land - vacant | 07/01/1994 | 79.81 acres | Freehold | 11,109 |
| **COSMO-ONE REALTY SDN BHD** | | | | | |
| Lot 7, Jalan 222, Petaling Jaya, Selangor Darul Ehsan. | Factory building for rental | 04/09/1996 | 1.21 acres | Leasehold Expiring on 20/07/2065 | 7,423 |
| **NAGA ISTIMEWA SDN BHD** | | | | | |
| PT 14218, 14221 Mukim of Batu, District of Kuala Lumpur, Wilayah Persekutuan. | Investment property for rental - retail cum office complex | 26/10/1995 | 2.74 acres | Leasehold Expiring on 01/08/2095 Age: 12 years | 99,056 |
| **HARMONY PROPERTY SDN BHD** | | | | | |
| Lot No. 2868-2870 Mukim of Batu, District of Kuala Lumpur, Wilayah Persekutuan. | Development land - vacant | 31/03/2005 | 5.94 acres | Freehold | 17,653 |
| Lot No. 2520-2522 Mukim of Batu, District of Kuala Lumpur, Wilayah Persekutuan. | Development land - vacant | 31/03/2005 17/11/1995 | 5.94 acres | Freehold | 8,149 |
| Lot No. 2494 - 2496, 2519 Mukim of Batu, District of Kuala Lumpur, Wilayah Persekutuan. | Development land - vacant | 31/03/2005 10-10-1995 | 7.94 acres | Freehold | 8,245 |
| Lot 1919, Mukim of Batu, District of Kuala Lumpur, Wilayah Persekutuan. | Development land -vacant | 08/04/2011 | 3.0 acres | Freehold | 36,899 |
| Lot 2 & Lot 9, District of Petaling, Selangor Darul Ehsan | Development land -vacant | 15/03/2011 | 7.59 acres | Leasehold Expiring on 16/05/2065 | 64,978 |

| Location | Description/ Existing use | Date of acquisition | Area | Tenure/Age of building | Net book value as at 31 March 2020 RM '000 |
|---|---|---|---|---|---|
| Lot 5114 & PT 1157, Mukim of Ulu Kelang, District of Kuala Lumpur, Wilayah Persekutuan. | Development land -vacant | 19/11/2010 | 33.28 acres | Leasehold Expiring on 05/04/2083 & 9/11/2083 | 132,509 |
| **BREM MAJU SDN BHD** | | | | | |
| Lot 4649, WC/S - 5, Mukim of Batu, District of Kuala Lumpur, Wilayah Persekutuan. (WC 23, Antah Tower, Off Jalan Kuching, 51200 Kuala Lumpur) | Single bedroom apartment for rental | 03/11/1986 | 58.71 sq m. | Freehold Age: 33½ years | 67 |
| **BREM MAJU (PNG) LIMITED** | | | | | |
| Allotment 2, Section 516, Waigani Drive, Hohola, NCD, Papua New Guinea. | 3-storey residential house | 15/03/2003 | 0.06 acre . | Leasehold Expiring on 28/05/2095 Age: 17 years | 288 |
| **TITI KAYA SDN BHD** | | | | | |
| PT 27609-PT 27611, Mukim of Kapar, District of Klang, Selangor Darul Ehsan. | Development land - vacant | 21/10/1995 | 12.43 acres | Freehold | 2,847 |
| PT 27612 & PT 41705 (Formerly as Grant 30380, Lot 84), Mukim of Kapar, District of Klang, Selangor Darul Ehsan. | Development land - vacant | 30/12/1996 09/05/1997 | 161.82 acres | Freehold | 25,712 |
| **BREM ALUMINIUM & GLASS SDN BHD** | | | | | |
| PT 15737 (Lot 54451) Mukim Batu Daerah Kuala Lumpur Wilayah Persekutuan | 9 units 3S/Shops | 17-09-1987 | 625 sq m | Leasehold Expiring on 16-09-2086 | 713 |
| **ENG ANN REALTY CO. (KLANG) SDN BHD** | | | | | |
| Lot No. 3328-3330, 2900 & PT 252 (Formerly 3325), Mukim of Bukit Raja, District of Klang, Selangor Darul Ehsan. | Development land - vacant | 10/06/1994 | 4.70 acres | Freehold | 3 |

# Properties Held By The Brem Group Of Companies

| Location | Description/ Existing use | Date of acquisition | Area | Tenure/Age of building | Net book value as at 31 March 2020 RM '000 |
|---|---|---|---|---|---|
| Lot 6469 & 1674, Mukim of Bukit Raja, District of Klang, Selangor Darul Ehsan. | Development land - vacant | 10/01/1994 | 0.1 acre | Freehold | 6 |
| Lot 15377, Mukim of Kapar, District of Klang, Selangor Darul Ehsan. | Development land - vacant | 10/01/1994 | 5.31 acres | Freehold | 1,657 |
| PT 27612 & PT 41705 (Formerly as Grant 30380, Lot 84), Mukim of Kapar, District of Klang, Selangor Darul Ehsan. | Development land - vacant | 10/06/1994 | 109.88 acres | Freehold | 204 |
| **INTAN KEMUNCAK SDN BHD** Lot 1918, Mukim of Batu, District of Kuala Lumpur, Wilayah Persekutuan. | Development land - vacant | 24/07/2014 | 3.06 acres | Freehold | 25,619 |

**BREM HOLDING BERHAD** 198101000648 (66756-P)
(Incorporated in Malaysia)

**39th Annual General Meeting**

# PROXY FORM

I/We ______________________________________________
(FULL NAME AS PER NRIC / CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

Company No. ______________ /NRIC No. (new) ______________ (old) ______________

of ______________________________________________
(FULL ADDRESS)

being a member of BREM HOLDING BERHAD hereby appoint ______________________________

NRIC No. (new) ______________________ (old) ______________________

of ______________________________________________
(FULL ADDRESS)

or failing *him/her ______________ NRIC No. (new) ______________ (old) ______________

of ______________________________________________
(FULL ADDRESS)

or failing *him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Thirty-Ninth ("39th") Annual General Meeting of the Company to be held at the Crystal Ballroom, Level 1, Crystal Crown Hotel Harbour View Port Klang, 217, Persiaran Raja Muda Musa, 42000 Port Klang, Selangor Darul Ehsan on Tuesday, 22 September 2020, at 10.30 a.m. or at any adjournment thereof.

The proportions of *my/our holdings to be represented by *my/our proxy(ies) are as follows :-
Proxy 1 __________%
Proxy 2 __________%
__________%

*(Should you desire to direct your proxy as to how to vote on the Resolutions set out in the Notice of Meeting, please indicate an "X" in the appropriate space. Unless otherwise instructed, the proxy may vote or abstain from voting at his discretion.)*

| NO. | RESOLUTIONS | FOR | AGAINST |
|---|---|---|---|
| 1. | Ordinary Resolution 1 - To approve the payment of Directors' fees | | |
| 2. | Ordinary Resolution 2 - To approve the payment of Directors' benefits | | |
| 3. | Ordinary Resolution 3 - Re-election of Dato' Hj. Abu Sujak Bin Hj. Mahmud as Director | | |
| 4. | Ordinary Resolution 4 - Re-election of Ms. Khoo Hui Keam as Director | | |
| 5 . | Ordinary Resolution 5 - Re-appointment of Messrs. Baker Tilly Monteiro Heng PLT. as Auditors | | |
| 6 | Ordinary Resolution 6 - Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016 | | |
| 7. | Ordinary Resolution 7 - Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature | | |
| 8. | Ordinary Resolution 8 - Proposed Renewal of Authority For Share Buy- Back | | |
| 9. | Ordinary Resolution 9 - Continuing in Office of Mr. Wong Miow Song as Independent Non-Executive Director | | |
| 10. | Ordinary Resolution 10 - Continuing in Office of Dato' Hj Abu Sujak bin Hj. Mahmud as Independent Non-Executive Director | | |

(*Strike out whichever is not desired)

Dated this day of , 2020

| | |
|---|---|
| No. of Shares Held: | |
| CDS Account No.: | |
| Tel. No. (during office hours): | |

.............................................................
Signature/Common Seal of Member

Notes:
1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint up to two (2) proxies to attend, speak and vote instead of him/her. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy. There shall be no restriction as to the qualification of the proxy.
2. Where a member of the Company is an Exempt Authorised Nominee ("EAN") as defined under the Securities Industry (Central Depositories) Act 1991 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 EAN may appoint in respect of each omnibus account it holds.
3. In the case of a corporate body, the proxy appointed must be in accordance with the Constitution and the instrument appointing a proxy shall be given under the Company's Common Seal or under the hand of the officer or attorney duly authorised.
4. The Proxy Form must be deposited at the Company's Registered Office at 3rd Floor, Brem House, Crystal Crown Hotel, No. 12, Lorong Utara A, Off Jalan Utara, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for the meeting or any adjournment thereof.
5. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements ("MMLR") of Bursa Securities, all the Resolutions set out in this Notice will be put to vote by poll.
6. **General Meeting Record of Depositors**
For purposes of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Clause 63 of the Constitution of the Company and Paragraph 7.16(2) of the MMLR of Bursa Securities a Record of Depositors as at 15 September 2020 and a Depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting or appoint proxy to attend and/or vote in his stead.

*Fold this flap for sealing*

*Fold Here*

Affix
stamp

The Company Secretary

**BREM HOLDING BERHAD** 198101000648 (66756-P)
3rd Floor, BREM House
Crystal Crown Hotel
No. 12, Lorong Utara A
Off Jalan Utara
46200 Petaling Jaya
Selangor Darul Ehsan

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www.bremholding.com

**BREM HOLDING BERHAD 198101000648 (66756-P)**

3rd Floor, BREM House, Crystal Crown Hotel,
No. 12, Lorong Utara A, Off Jalan Utara,
46200 Petaling Jaya, Selangor Darul Ehsan.