CRESTBUILDER HOLDINGS BERHAD

200201005719 (573382-P)

ANNUAL REPORT 2020

Contents

CORPORATE PROFILE

Crest Builder Holdings Berhad ("CBHB") was incorporated in Malaysia under the Companies Act 1965 on 9 March 2002 as a public limited company. CBHB is principally an investment holding company and had successfully undertaken a Corporate and Debt Restructuring Scheme which involved taking over the listing status of MGR Corporation Berhad. CBHB was listed on the Main Board of Bursa Malaysia Securities Berhad on 12 June 2003.

The CBHB Group was founded in 1983 by the late Mr. Yong Soon Chow. What started out as a small timer of less than 10 staff has grown to a strong corporation of over 200 staff under its stable. Over the past 37 years, the CBHB Group has carved a strong foothold in the local construction industry. With in-depth industry experience, the CBHB Group has a proven and established track record in the sector – especially in the commercial, residential and institutional building construction. The Group counts top branded developers and international property players amongst its clientele.

With a good blend of experience and vibrant protégés in its management team, the CBHB Group has moved along the supply chain and diversified beyond purely construction into other construction-related activities, such as property development, mechanical & electrical engineering ("M&E") services and project management – and upon completion of our RM300 million maiden development namely 3 Two Square, the Group has also diversified into property management as well as car park management.

The Group has also completed various developments, including the UNITAR Campus at Tierra Crest, and a series of residential and commercial projects, i.e. Alam Idaman, Avenue Crest, Alam Sanjung and Residensi Hijauan in Shah Alam. The Group also manages a concession of the 5,000 student capacity UiTM Tapah campus which ends in 2034. Together with the conventional developments, the Group has also secured the privatisation and the redevelopment of Dang Wangi LRT station and Kelana Jaya LRT station. In addition, the Group recently acquired a freehold land in Bukit Tinggi, Klang and the upcoming property development project will be launched in the near future.

With the vision to be the '*Preferred*' organisation of choice by the partners and customers, the Group aspires to achieve distinction in the industry through prudent cost management, highest standards of quality and complete customer satisfaction.

NOTICE OF 19TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 19th annual general meeting will be conducted virtually for the purpose of considering and, if thought fit, passing with or without modifications the resolutions as set out in this notice

Day, Date and Time	Wednesday, 9 June 2021 at 10:30 a.m.
Broadcast Venue	Boardroom, Penthouse The Crest, 3 Two Square No. 2, Jalan 19/1 46300 Petaling Jaya Selangor Darul Ehsan
Meeting Platform	www.swsb.com.my
Mode of Communication	Shareholders may submit questions to the Board of Directors ("Board") prior to the 19th Annual General Meeting ("19th AGM") to corporate@crestbuilder.com.my to pose questions no later than 12:30 p.m. on 7 June 2021 or to use the Question and Answer ("Q&A") Platform to transmit questions to the Board via Remote Participation and Voting ("RPV") facilities during live streaming

AGENDA

Ordinary business

1. **Laying of audited financial statements and reports**

   THAT the duly audited financial statements consisting of the consolidated statement of comprehensive income, the consolidated statement of financial position, the Reports of the Directors and Auditors for the financial year ended 31 December 2020, in compliance with Section 340(1)(a) and 266(1)(a) of the Companies Act 2016 respectively be hereby adopted and received. ***Resolution 1***

2. **Election of director**

   THAT re-election of the Non-Executive Chairman, Tengku Dato' Sulaiman Shah bin Tengku Abdul Jalil Shah who retires in accordance with Article 79 of the Company's Constitution, be hereby approved. ***Resolution 2***

3. **Election of director**

   THAT re-election of the Independent Non-Executive Director, Encik Mohd Khasan bin Ahmad who retires in accordance with Article 80 of the Company's Constitution, be hereby approved. ***Resolution 3***

4. **Appointment of auditors**

   THAT the appointment of Messrs Baker Tilly Monteiro Heng PLT, Chartered Accountants, as the auditors in accordance with Article 57 of the Company's Constitution and pursuant to Section 271(4)(a) of the Companies Act 2016 for the ensuing financial year ending 31 December 2021 be confirmed and that the directors be authorised to fix the remuneration of the auditors pursuant to Section 274(1)(a) of the Companies Act 2016 be hereby approved. ***Resolution 4***

NOTICE OF 19TH ANNUAL GENERAL MEETING
(cont'd)

Special business

5. **Approval for fees for directors pursuant to Section 230(1)(a) of the Companies Act 2016**

   THAT the payment of RM198,000 as fees for directors for the financial year ending 31 December 2021 (2020: RM198,000) in accordance with Article 88 of the Company's Constitution be hereby approved. ***Resolution 5***

6. **Allotment of shares or grant of rights with the Company approval pursuant to Section 76 of the Companies Act 2016**

   THAT pursuant to Section 76 of the Companies Act 2016 and subject to the approval of all relevant authorities being obtained, the directors be empowered for the purposes of Section 75(1) of the Companies Act 2016 to issue shares in the Company at any time and 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 pursuant to this resolution does not exceed 10% of the issued and paid up capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next annual general meeting be hereby approved. ***Resolution 6***

7. **Proposed renewal of share buy-back authority of up to ten percent (10%) of the issued and paid-up share capital**

   THAT subject to Section 127 of the Companies Act 2016 and rules, regulations or orders made pursuant to the Companies Act 2016, provisions of the Company's Constitution and the requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the directors of the Company be and are hereby authorised to make purchases of ordinary shares comprised in the Company's issued and paid-up ordinary share capital, such purchases to be made through Bursa Securities subject further to the following: ***Resolution 7***

   (i) the aggregate number of ordinary shares in Crest Builder Holdings Berhad ("CBHB Shares") which may be purchased or held by the Company shall not exceed ten per cent (10%) of the issued and paid-up ordinary share capital of the Company ("Proposed Share Buy-Back"), subject to the restriction that the issued and paid-up ordinary share capital of CBHB does not fall below the minimum share capital requirements of the Listing Requirements of Bursa Securities ("Listing Requirements") applicable to a company listed on the Main Market of Bursa Securities and that the listed issuer continues to maintain a shareholding spread that is in compliance with the requirements of the Listing Requirements after the share purchase;

NOTICE OF 19TH ANNUAL GENERAL MEETING
(cont'd)

(ii) the maximum funds to be allocated by the Company for the purpose of purchasing the CBHB Shares under the Proposed Share Buy-Back shall not exceed the retained earnings account of the Company for the time being which stood at RM21,813,802 as at 31 December 2020 based on the latest audited financial statements of CBHB for the financial year ended 31 December 2020;

(iii) the authority conferred by this resolution to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this ordinary resolution and will continue to be in force until:

(a) the conclusion of the next annual general meeting ("AGM") of the Company at which such resolution was passed at the time which the authority would lapse unless renewed by ordinary resolution, either unconditionally or conditionally; or

(b) the expiration of the period within the next AGM of the Company after that date is required by the Companies Act 2016 to be held; or

(c) the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company of the CBHB Shares before the aforesaid expiry date and, made in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities; and

(iv) upon completion of the purchase(s) of the CBHB Shares by the Company, the directors of the Company be and are hereby authorised to retain the CBHB Shares so purchased as treasury shares, which may be distributed as dividends to shareholders, cancel and/or resold on Bursa Securities, in the manner as prescribed by the Companies Act 2016, rules, regulations and orders made pursuant to the Companies Act 2016 and the requirements of Bursa Securities and any other relevant authority for the time being in force,

AND THAT the directors of the Company be and hereby authorised to take all such steps as are necessary or expedient to implement, finalise, complete or to effect the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, resolutions, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the said directors may deem fit and expedient in the best interest of the Company to give effect to and to complete the purchase of CBHB Shares.

8. Continuing in office as Independent Non-Executive Directors

8.1 **THAT** approval be and is hereby given to Encik Mohd Khasan bin Ahmad who had served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve years, to continue to act as an Independent Non-Executive Director of the Company. ***Resolution 8***

8.2 **THAT** approval be and is hereby given to Mr. Kam Yong Kan who had served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve years, to continue to act as an Independent Non-Executive Director of the Company. ***Resolution 9***

NOTICE OF 19TH ANNUAL GENERAL MEETING
(cont'd)

By order of the Board

Company Secretary
Heng Chiang Pooh FCIS
(MAICSA 7009923)

Dated: 5 May 2021

Notes

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint anyone to attend and vote in his stead as his proxy without limitation and the provisions of Section 334 of the Companies Act 2016 shall apply.*

2. *If a corporation is a member of the Company, the corporation may by resolution of its Board or other governing body authorise a person or persons to act as its representative or representatives at any meeting of members of the Company. A certificate of authorisation by a corporate member shall be prima facie evidence of the appointment or the revocation of the appointment, as the case may be, of a representative pursuant to Section 333 of the Companies Act 2016.*

3. *Shareholders' attention is hereby drawn to the Listing Requirements of the Bursa Malaysia Securities Berhad, which allows a member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, to appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities.*

4. *A member may appoint more than one (1) proxy provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy.*

5. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Share Registrar's office at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.*

6. *In respect to the deposited securities, only members whose name appear in the Record of Depositors on 2 June 2021 shall be eligible to attend the meeting or to appoint proxy to attend and/or vote on his behalf.*

STATEMENT ACCOMPANYING NOTICE OF 19TH ANNUAL GENERAL MEETING

1. VOTING BY WAY OF POLL

Pursuant to paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this notice shall be put to vote by way of poll.

2. ORDINARY BUSINESS – RESOLUTION 1

The Board had proposed that Resolution 1 be recommended for consideration at the annual general meeting to receive and adopt the duly audited financial statements consisting of the consolidated statement of comprehensive income, the consolidated statement of financial position, the Reports of the Directors and Auditors for the financial year ended 31 December 2020. However, the same matters had been formally approved by the Board in compliance with the provisions of the Companies Act 2016.

3. ORDINARY BUSINESS – RESOLUTION 2 & 3

The particulars of the retiring directors who are standing for re-election are set out in the relevant pages of the Annual Report as follows:

Name of Directors	Directors' Profile	Directors' Shareholdings
Tengku Dato' Sulaiman Shah bin Tengku Abdul Jalil Shah (Non-Executive Chairman)	Page 13	Page 175
Encik Mohd Khasan bin Ahmad (Independent Non-Executive Director)	Page 13	Page 175

Details of directors' attendance at Board Meetings are set out in the Statement of Overview on Corporate Governance on Page 50 of the Annual Report.

4. ORDINARY BUSINESS – RESOLUTION 4

Pursuant to Section 273(b) of the Companies Act 2016, an auditor shall cease to hold office at the conclusion of the annual general meeting next following his appointment, unless the auditor is re-appointed.

STATEMENT ACCOMPANYING NOTICE OF 19TH ANNUAL GENERAL MEETING
(cont'd)

5. SPECIAL BUSINESS – RESOLUTION 5

This authorisation by the general meeting would enable the payment of directors' remuneration in accordance with Article 88 of the Company's Constitution as follows:

Article 88 - Directors' Remuneration

The directors shall be paid by way of remuneration for their services such fixed sums (if any) as shall from time to time be determined by the Company in general meeting, and such remuneration shall be divided among the directors in such proportion and manner as the directors may determine. Provided always that:

(a) fees payable to directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;

(b) salaries payable to directors who do hold an executive office in the Company may not include a commission on or percentage of turnover;

(c) fees payable to directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting;

(d) any fee paid to an Alternate Director shall be such as agreed between herself and the director nominating her shall be paid out of the remuneration of the latter.

6. SPECIAL BUSINESS – RESOLUTION 6

The Company had during its 18th annual general meeting held on 12 August 2020, obtained its shareholders' approval for the general mandate pursuant to Section 76 of the Companies Act 2016 and subject to the approval of all relevant authorities being obtained, the directors be empowered for the purposes of Section 75(1) of the Companies Act 2016 to issue shares in the Company at any time and 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 pursuant to this resolution does not exceed 10% of the issued and paid up capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next annual general meeting be hereby approved. The Company did not issue any shares pursuant to the said mandate.

This Proposed Resolution 6 which is an Ordinary Resolution, if passed, will grant a renewed general mandate which will provide flexibility for the Company and will empower the directors to issue new shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for the purpose of funding current and/or future investment projects, working capital, and/or strategic development of the Group. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied at a general meeting, will be valid until the conclusion of the next annual general meeting.

At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is sought, the Company shall make an announcement in respect thereof.

7. SPECIAL BUSINESS – RESOLUTION 7

The Proposed Share Buy-Back of up to ten percent (10%) of the issued and paid-up share capital, if approved by the shareholders of the Company, will enable the Company to make purchases of ordinary shares comprised in the Company's issued and paid-up ordinary share capital. Further information can be obtained in the accompanying Circular dated 5 May 2021.

STATEMENT ACCOMPANYING NOTICE OF 19TH ANNUAL GENERAL MEETING
(cont'd)

8. SPECIAL BUSINESS – RESOLUTION 8 & 9

With reference to our Corporate Governance Report on disclosures made pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements and in compliance with the Malaysian Code on Corporate Governance 2017, the next Resolution 8 and Resolution 9 are with respect to approval sought for each independent director who had served since 2003.

As stated under Practice 4.2 in the Corporate Governance Report, the Board had in reviewing the independent status, considered that it is necessary to focus not only on whether a director's background and current activities qualify him as being independent but also whether the director can act independently of management.

In the application of best practice, if the Board continues to retain an independent director after the twelfth year, the Board should seek annual shareholders' approval through a two-tier voting process.

- Tier 1: Only the Large Shareholder(s) of the Company votes; and
- Tier 2: Shareholders other than Large Shareholders votes.

From the records, the only large shareholder is SC Yong Holdings Sdn. Bhd. with 68,148,000 shares or 42.04% of the equity capital, who shall be voting under Tier 1.

The rest of the shareholders shall vote under Tier 2.

The resolution is deemed passed only if both Tier 1 and Tier 2 voted in support of the proposed resolution.

The Board of Directors has via the Nomination and Remuneration Committee assessed the independence of Encik Mohd Khasan bin Ahmad and Mr. Kam Yong Kan who each has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, and recommended them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications.

(i) each of them fulfils the criteria of an Independent Director pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
(ii) each of them is familiar with the Company's business operations as each has been with the Company for more than nine (9) years;
(iii) each of them has devoted sufficient time and attention to his responsibilities as an Independent Non-Executive Director of the Company; and
(iv) each of them has exercised due care during his tenure as an Independent Director of the Company and carried out his duty in the interest of the Company and shareholders.

The proposed Resolutions 8 and 9, if passed respectively, will enable Encik Mohd Khasan bin Ahmad and Mr. Kam Yong Kan to continue in office as Independent Non-Executive Directors.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tengku Dato' Sulaiman Shah bin Tengku Abdul Jalil Shah - *Non-Executive Chairman*

Yong Shang Ming - *Managing Director*

Koh Hua Lan (f) - *Executive Director*

Mohd Khasan bin Ahmad - *Independent Non-Executive Director*

Kam Yong Kan - *Independent Non-Executive Director*

Lim Boon Teng - *Independent Non-Executive Director*

Yong Tiok Keng (f) - *Alternate Director to Koh Hua Lan (f)*

AUDIT COMMITTEE

Mohd Khasan bin Ahmad, Chairman
Kam Yong Kan
Lim Boon Teng

NOMINATION AND REMUNERATION COMMITTEE

Lim Boon Teng, Chairman
Mohd Khasan bin Ahmad
Kam Yong Kan

COMPANY SECRETARY

Heng Chiang Pooh FCIS
(MAICSA 7009923)

REGISTERED OFFICE

No. 62-2, Jalan 2A/27A
Section 1, Wangsa Maju
53300 Kuala Lumpur
Tel : 03-4148 1888
Fax : 03-4149 1888

PRINCIPAL PLACE OF BUSINESS

Penthouse, The Crest
3 Two Square
No. 2, Jalan 19/1
46300 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7841 6000
Fax : 03-7841 6088
Email : corporate@crestbuilder.com.my

SHARE REGISTRAR

ShareWorks Sdn. Bhd.
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Tel : 03-6201 1120
Fax : 03-6201 3121

AUDITORS

Baker Tilly Monteiro Heng PLT
Baker Tilly Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel : 03-2297 1000
Fax : 03-2282 9980

PRINCIPAL BANKERS

AmBank (M) Berhad
Bank Islam Malaysia Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
United Overseas Bank (Malaysia) Bhd.

STOCK EXCHANGE LISTING

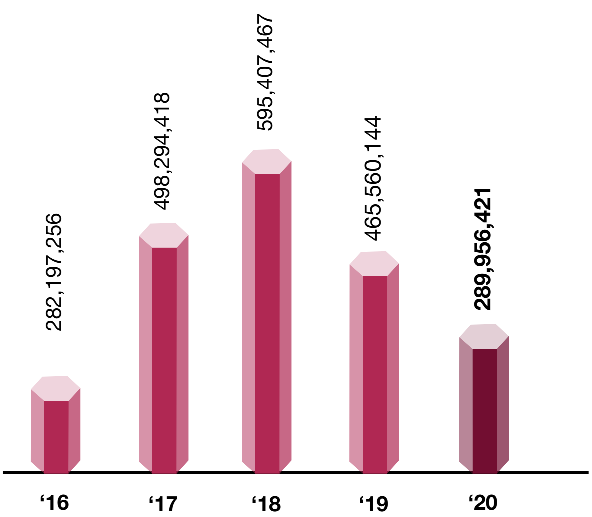
Bursa Malaysia Securities Berhad - Main Market
Sector : Construction

FINANCIAL HIGHLIGHTS

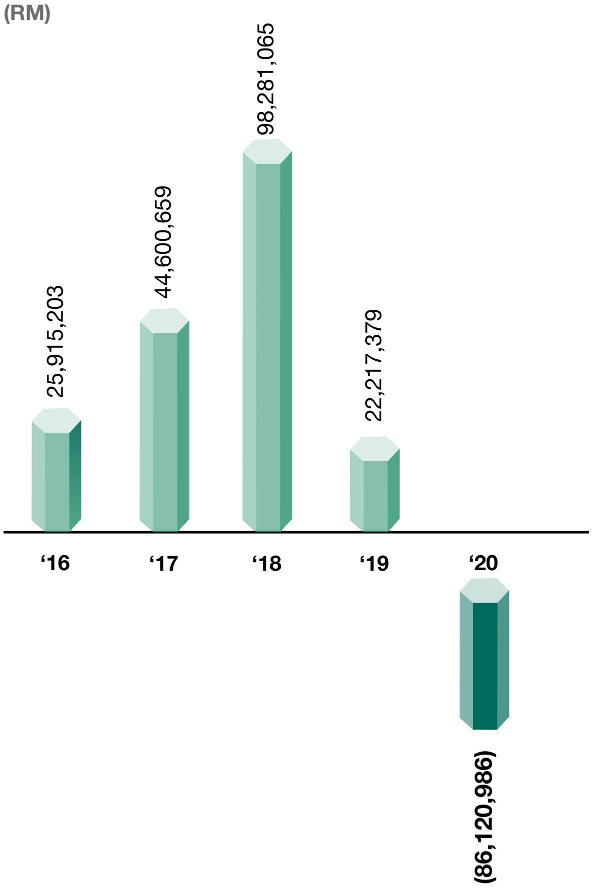
Financial Year Ended	2016 RM	2017 RM	2018 RM	2019 RM	2020 RM
Revenue	282,197,256	498,294,418	595,407,467	465,560,144	**289,956,421**
Profit/(Loss) Before Tax	25,915,203	44,600,659	98,281,065	22,217,379	**(86,120,986)**
Profit/(Loss) for the Financial Year	14,988,214	30,380,456	72,180,738	16,874,670	**(74,825,827)**
Profit/(Loss) attributable to Owners of the Company	13,212,158	28,057,245	70,335,634	19,206,979	**(77,110,918)**
Total Equity attributable to Owners of the Company	403,211,580	424,441,163	487,266,134	492,439,352	**408,995,043**
Net Assets per Share (RM)	2.36	2.49	2.87	3.02	**2.52**
Total Number of Shares (net of Treasury Shares)	170,691,557	170,691,557	169,909,457	162,880,557	**162,107,557**
Basic Earnings/(Loss) per Share (sen)	7.73	16.44	41.21	11.55	**(47.53)**
Diluted Earnings/(Loss) per Share (sen)	7.73	16.44	41.21	11.55	**(47.53)**
Gross Dividend (%)	4.00*	4.00*	4.50*	3.50*	**0.00**

* *Single Tier Dividend*

REVENUE
(RM)

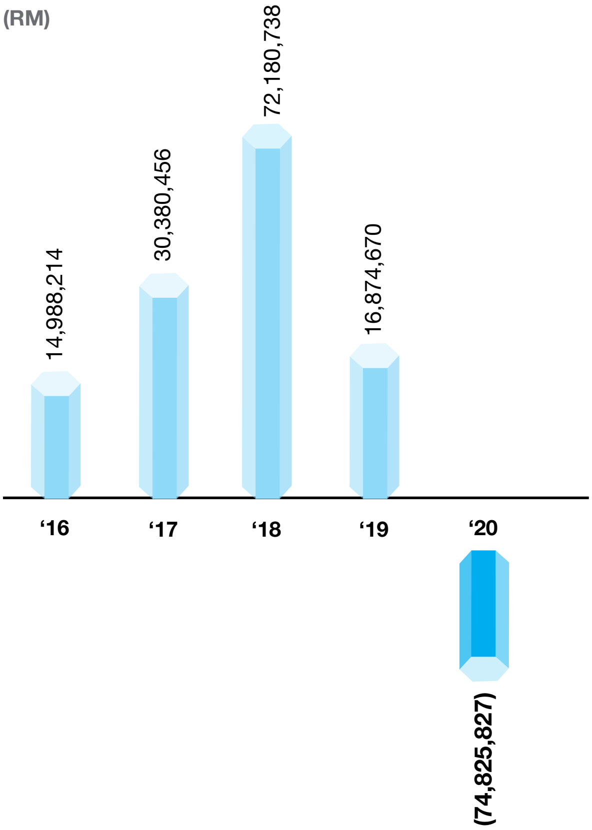


PROFIT/(LOSS) BEFORE TAX
(RM)

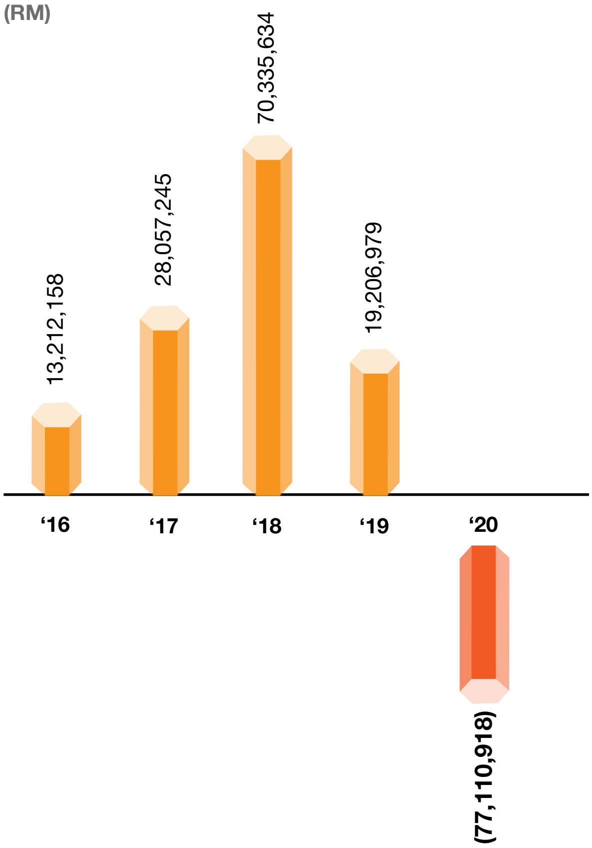


FINANCIAL HIGHLIGHTS
(cont'd)

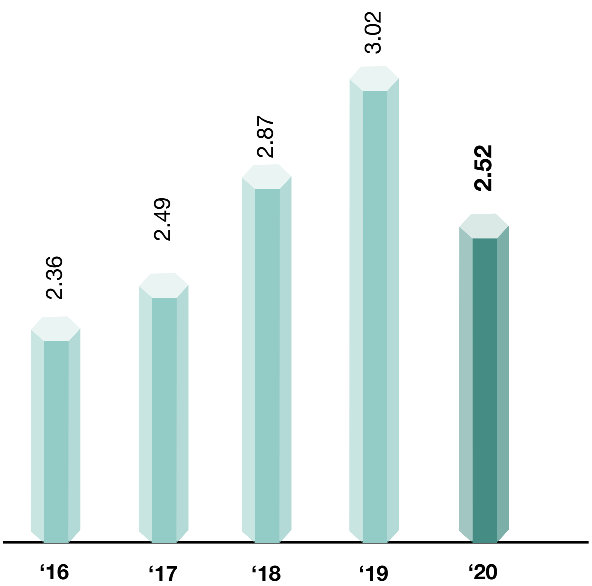
PROFIT/(LOSS) FOR THE FINANCIAL YEAR
(RM)



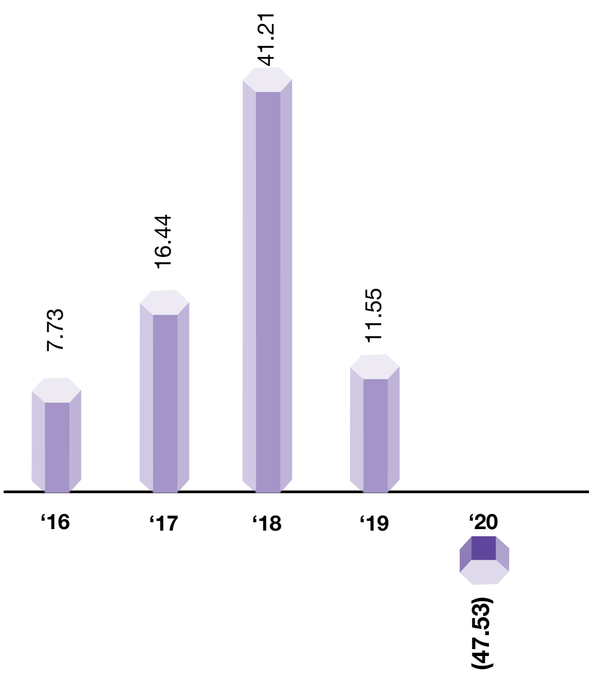
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY
(RM)



NET ASSETS PER SHARE
(RM)



BASIC EARNINGS/(LOSS) PER SHARE
(SEN)



DIRECTORS' PROFILE

TENGKU DATO' SULAIMAN SHAH BIN TENGKU ABDUL JALIL SHAH

Non-Executive Chairman
aged 65

Tengku Dato' Sulaiman Shah bin Tengku Abdul Jalil Shah * was appointed to the Board on 26 February 2003 as Executive Chairman and he was re-designated as the Non-Executive Chairman with effect from 1 March 2005. Tengku Dato' Sulaiman Shah has over 30 years of experience in the construction, printing, advertising, freight industries and health products. He was appointed as the "Orang Besar Istana" in year 1996 with the bestowed title of "Tengku Setia". In year 2007, he was awarded "Dato' Sultan Sharafuddin Idris Shah" (D.S.I.S). He is primarily responsible for the orderly conduct and working of the Board and the public relation and communication affairs of the Group. He attended all of the five (5) Board meetings held during the financial year ended 31 December 2020.

KOH HUA LAN (F)

Executive Director
aged 69

Koh Hua Lan (f) was appointed to the Board on 26 February 2003. Madam Koh is a co-founder of Crest Builder Sdn. Bhd. and she has more than 35 years of experience in financial and administration management. She is principally responsible for the administration, human resource and management support services of the Group. She attended all of the five (5) Board meetings held during the financial year ended 31 December 2020.

YONG SHANG MING

Managing Director
aged 38

Yong Shang Ming was appointed to the Board on 31 January 2008. He graduated from City University, London with a Honours Degree in Civil Engineering. He joined the Group in June 2003 as the Special Assistant to the former Group Managing Director. He has been the Group Managing Director since 2015 and he has been instrumental in the overall operations, business strategies and direction of the Group. He has been directly involved in the project procurement and implementation as well as the business development ventures of the Group. He is also involved in the project inception, planning, development and marketing operations of the Group's property development projects. Further to that, he has been actively involved and tirelessly championing the rights of the contractors as an active representative voice in the Master Builders Association Malaysia (MBAM) for the past 15 years. He is currently the Vice President of MBAM. Further to MBAM, he is also an active member of the Real Estate & Housing Developers' Association (REHDA). On the global front, he is an active member of the International Federation of Asian and Western Pacific Contractors' Associations (IFAWPCA) and is currently the Secretary General of the Asean Contstructors Federation (ACF). He attended all of the five (5) Board meetings held during the financial year ended 31 December 2020.

MOHD KHASAN BIN AHMAD

Independent Non-Executive Director
aged 60

Mohd Khasan bin Ahmad * was appointed to the Board on 25 February 2003 and is the Chairman of the Audit Committee and member of the Nomination and Remuneration Committee. He graduated from Universiti Teknologi MARA with a degree in Accountancy. He is a member of the Malaysian Institute of Accountants. He served in Bank Negara Malaysia for a period of about 7 years, the last 2 years of which he was seconded to the then Capital Issues Committee as its Principal Assistant Secretary. Subsequently, he joined the Securities Commission for a period of about 6 years and his last capacity was as an Assistant Manager in its Issues and Investment Division. During the tenure of his above appointments, he was involved in various corporate exercises ranging from initial public offerings, mergers and acquisitions, reverse take-overs, issuance of bonds and other capital raising exercises. He then joined the private sector in 1997 and held various senior management positions. He is also the director of Sinmah Capital Berhad, Homeritz Corporation Berhad and LYC Healthcare Berhad. He attended all of the five (5) Board meetings held during the financial year ended 31 December 2020.

DIRECTORS' PROFILE
(cont'd)

KAM YONG KAN

Independent Non-Executive Director
aged 62

Kam Yong Kan was appointed to the Board on 26 February 2003 and also the member of the Audit Committee and member of the Nomination and Remuneration Committee. He is an ex-fellow member of the Association of Chartered Certified Accountants, United Kingdom, an ex-member of the Malaysian Institute of Accountants and an associate member of the Malaysian Institute of Taxation. He has over 30 years experience in audit, finance, corporate finance, tax and treasury functions in property related industries. He was attached to a listed property group from 1991 to 2000 and held the position of a Finance Director during the last 4 years of his tenure in the property group. He attended all of the five (5) Board meetings held during the financial year ended 31 December 2020.

LIM BOON TENG

Independent Non-Executive Director
aged 50

Lim Boon Teng was appointed to the Board on 18 August 2017 and also the Chairman of the Nomination and Remuneration Committee and member of the Audit Committee. He graduated from Universiti Malaya with a Bachelor Degree in Accountancy. He is a member of the Malaysian Institute of Certified Public Accountants and a member of the Malaysian Institute of Accountants. He has more than 20 years of experience in the field of accounting, auditing and corporate finance. He worked in Ernst & Young Malaysia and CIMB Investment Bank Berhad before working in Ernst & Young China for 12 years, 3 years of which was as an audit partner. He joined Deloitte Malaysia in 2012 and worked as audit partner for 4 years. He is currently managing his accounting practices. He attended all of the five (5) Board meetings held during the financial year ended 31 December 2020.

YONG TIOK KENG (F)

Alternate Director to Koh Hua Lan (f)
aged 42

Yong Tiok Keng (f) was appointed to the Board on 25 May 2009. She holds a B. Sc in Accounting & Finance from London School of Economics in 2001. She has over 15 years of experience in the fields of accounting and corporate finance activities and she is currently the Corporate Affairs Manager of Crest Builder Holdings Berhad. She is principally responsible for the Corporate Affairs and financial policies of the Group. She attended all of the five (5) Board meetings held during the financial year ended 31 December 2020.

Further information

All the directors are Malaysian.

Except for certain recurrent related party transaction of revenue nature or trading nature which are necessary for the day to day operation of the Group and for which Tengku Dato' Sulaiman Shah bin Tengku Abdul Jalil Shah is deemed to be interested as disclosed in page 57.

Yong Shang Ming is the son to Koh Hua Lan. Yong Tiok Keng is the daughter to Koh Hua Lan. Saved as disclosed herein, there are no family relationships between the directors and/or major shareholders of the Company, or any personal interest or conflict of interest in any business arrangement involving the Group.

The securities holdings of the directors are disclosed on page 175. By virtue of their interests in shares of the Company and under Section 8 of the Companies Act 2016, Koh Hua Lan is deemed to be interested in the shares of all the subsidiary companies to the extent the Company has an interest.

None of the directors has been convicted of any offence within the past five years other than traffic offences, if any.

Note:
* *Indicates directors who retire according to the Company's Constitution and are eligible to offer themselves for re-election.*

KEY MANAGEMENT PERSONNELS' PROFILE

TEH HOCK HUA

Chief Executive Officer (Construction Division)
aged 48

Teh Hock Hua, a Malaysian, graduated from Universiti Malaya, with a Bachelor in Civil Engineering with a First Class Honours in 1998 and joined Crest Builder Sdn. Bhd. in the same year as a Project Engineer. As a young apprentice, he quickly rose up the ranks; being promoted to Project Manager, General Manager, Executive Director of Crest Builder Sdn. Bhd. and also the overall Head of the Construction Division of the Group. He was re-designated as the Chief Executive Officer of Construction Division with effect from 1 August 2017. Some of his more notable completed projects includes the prestigious 40 storey Northshore Gardens in Desa ParkCity, the Menara Bank Islam along Jalan Perak, Menara Worldwide along Jalan Bukit Bintang as well as the recently completed Quarza KL East shopping mall in Taman Melawati. He is the overall person in charge in the Construction Division, and oversees the day to day operations, including the Contracts, M&E and other departments under the Construction Division.

IR. DR. SIEW WOH HON

Chief Operating Officer (M&E Division)
aged 47

Ir. Dr. Siew Woh Hon, a Malaysian, graduated his BSc in Electrical Engineering from USA (1995), MSC in Construction Management from UK (2008) and PhD in Construction Management from USA (2014). He is a registered Professional Engineer with Practicing Certificate (PEPC) with Board of Engineers Malaysia. He has accumulated more than 20 years of experience in field of M&E and engineering design. He has vast experience of managing technically complex projects and possesses a forward-thinking approach to the management of clients and assignments. He has a long track record of delivering complex projects with a global reach and is able to manage the project delivery team through entire life-cycle, from clients' enquiry to invoice. He has led the teams on commercial, industrial, education and health projects where the highest standards are routinely demanded.

YONG TIOK NEE

Head of Construction Solutions & Property Management
aged 33

Yong Tiok Nee, a Malaysian, was appointed as the Head of Construction Solutions & Property Management of Crest Builder Holdings Berhad in September 2015. She is the holder of Bachelor Degree of Planning and Design (Property and Construction) and Bachelor Degree of Property and Construction (Honours), both from University of Melbourne, Australia. She started her career in the Group as a Head of Contracts Solutions and Facility Management. During her tenure with the Group, she gained extensive experience in the area of building maintenance, building management which includes financial budgeting and cash flow management. She currently heads the Construction Solutions and Property Management divisions.

SZE TO PAUI KHAY

Chief Operating Officer (Property Division)
aged 55

Sze To Paui Khay, a Malaysian, graduated from National Cheng Kung University with a Bachelor Degree in Civil Engineering in 1989. He has over 30 years of experience in the field of consultancy, turnkey contractor and property development. He started his tenure in CB Land Sdn. Bhd. as a Project Director since 2013 and promoted to Chief Operating Officer (Property) in 2017. He leads the Property Development Division, in charge of the overall initialisation, initiatives, execution and operation of all the property projects under the Group.

CHAIRMAN'S STATEMENT

New Ocean World Convention Centre, Petaling Jaya (Construction)

Dear valued shareholders,

On behalf of the Board of Directors, we are pleased and honoured to present to you, our esteemed shareholders, your company's Annual Report and Audited Financial Statements for the financial year ended 31 December 2020 ("FYE2020").

Covid-19 pandemic has destructed the global economies in varying degrees. Crest Builder Holdings Berhad ("CBHB" or "the Group") was not spared either but we persevered the best we could last year.

CBHB's strength, amongst others, is the end result of leveraging on past experiences, tweaking and improving to optimise our strategies in going forward. With that said, we would like to learn from this pandemic where we try to tinker to make all the necessary preventive measures, where possible, to future proof the Group in better handling such a global event. This is to maximise our long-term success.

Despite all the catastrophes that hit the global business communities for a huge chunk of 2020, CBHB remains resilient, supported by our strong outstanding order book of RM1.1 billion, which will provide earnings visibility over the next few years.

FINANCIAL PERFORMANCE

Despite the challenging operating environment faced in 2020 not only by CBHB but the construction and property players as a whole, I am proud to say we persevered through a pandemic mayhem and did our best in optimising our earnings the best we can.

The Group took a defensive approach and treaded carefully during these trying times. It will continue to implement cost optimization measures and exercise prudent capital management. The building material prices, especially steel and copper, have fluctuated in quite a big way due to the supply issues. The Group has been selective and carefully reviewing the opportunities/ projects available to ensure that it only bids for projects that will return value to the shareholders. Although the Group recorded lower revenue and registered a loss in 2020, the balance sheet is still healthy, with a cash and cash equivalent of RM73.7 million and a low gearing ratio of 0.5 times. Coupled with the strong order book cover ratio of 4.7 times, the Group is confident that it will be able to sail through this difficult period.

Further details of the Group's financial performance are contained in the Management Discussion and Analysis section within this Annual Report.

CHAIRMAN'S STATEMENT
(cont'd)

REVIEW ON OPERATIONAL ACTIVITIES

The Group is principally involved in construction, property development followed by property investment & management and concession arrangement. Under the extreme restrictive circumstances and challenging conditions brought upon by the pandemic, the Group performed to the best of its abilities in an unprecedented year of 2020.

In FYE2020, the construction division recorded a RM235.0 million revenue. The division remained as CBHB's core business driver, having accounted for 81.0% of the total revenue in FYE2020.

The property development division was also affected by the Movement Control Order ("MCO") and lower consumer purchasing power during the year. It registered a revenue of RM1.5 million with only 3 units of completed properties sold during the financial year. The Group did not launch any new developments in 2020 and has 3 ongoing and future property development projects, which are Latitud8 Dang Wangi, Kelana Jaya LRT and Bandar Bukit Tinggi 2 with a total Gross Development Value ("GDV") of RM2.5 billion.

CBHB's concession arrangement division continues to provide a steady revenue of RM45.8 million in FYE2020 from its 23-year concession agreement with the Ministry of Education and Universiti Teknologi Mara ("UiTM") for UiTM Tapah concession. This division contributed 15.8% of the total revenue.

The property investment & management division recorded a revenue of RM7.7 million. The division contributed 2.7% of the total revenue.

INDUSTRY AWARDS

CBTech (M) Sdn. Bhd., a wholly-owned subsidiary company of CBHB, won Super Golden Bull Award under Golden Bull Award 2020 for its consistent growth and innate strength.

LOOKING AHEAD

2021 is expected to be an interesting year across the board. While the mayhem being caused by the pandemic has literally snowballed over from 2020, financial experts and economists alike believe the global communities have in fact sailed through the worst part of this pandemic storm where their opinions are swayed, to some degree, by the roll out of the vaccines which have already been disseminated in some countries. Their enthusiasm is further displayed by the projected growth of various economic elements such as global growth, right down to the sectorial level in particularly the construction sector.

Capri Hotel, Jalan Imbi (Construction)

99 Residence Development, KL North (Construction)

CHAIRMAN'S STATEMENT
(cont'd)

Rumah Selangorku, Subang Bestari (Construction)

From a contraction of 3.5% in 2020, the International Monetary Fund's ("IMF") latest projection has placed the global economy to rebound by 5.5% in 2021. Closer to home, the IMF believes Malaysia's economy will grow by 6.5% in 2021. In complementing this prognosis, based on its analysis, Bank Negara Malaysia expects the Malaysian economy to grow between 6.0% and 7.5%. Though wider than IMF's narrower forecast, both growth forecasts linger in the 7 percent window. The growth projection is, amongst others, on the back of a 13.9% projected growth for the local construction sector.

South Brooks, Desa Park City (Construction)

Thus, CBHB will, without a doubt, continue to stay on course and deliver on our various growth strategies on the back of our highest standards of performance and integrity.

No doubt the pandemic is still evolving but we shall soldier on as we have gained immense experience over the last 12 months countering the related dynamic disorders brought about by this pandemic especially since it is no longer unprecedented but birth of a new norm. That word 'unprecedented' is probably the most used term in 2020 besides 'covid' and 'work from home'.

APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to express my heartfelt thanks to all the CBHB employees for their hard work and dedication, in what has to be one of the more difficult years for the business communities worldwide. I am extremely pleased to say we managed to weather through. To all our shareholders, customers, suppliers, bankers, business associates and all the government agencies, your continued support and trust in CBHB are greatly appreciated.

Last but not least, I would similarly like to express my personal appreciation to the Board members for their invaluable advice and undivided support.

We look forward to your unwavering support in 2021 and beyond.

Tengku Dato' Sulaiman Shah bin
Tengku Abdul Jalil Shah
Non-Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Dear Valued Shareholders,

The Board of Directors and the management of Crest Builder Holdings Berhad ("CBHB" or "the Group") are pleased to present the Management Discussion and Analysis to you, offering an overview and assessment of the financial and operational performance of the Group for the financial year ended 31 December 2020, coupled with our views on the prospects for the coming years.

BUSINESS OVERVIEW

We are a registered Class A contractor with the Ministry of Entrepreneur Development And Cooperatives and a Category G7 contractor with the Construction Industry Development Board. Armed with these registrations, we are more than qualified to tender and carry out all categories of both government and private construction contracts. With more than the necessary expertise, we are capable of serving a wide spectrum across the construction industry which includes property development, property management, M&E services, project management and car park management. With almost 40 years of industry expertise, we are well established in the areas of construction works, construction related activities and also property development.

Our construction division is largely focused on the infrastructure and building works of residential developments, healthcare amenities, infrastructure, leisure amenities, educational facilities and also commercial developments. Our infrastructure and engineering services cover all elements, which include design, construction, completion and maintenance of roads, bridges, and other basic facilities. This division which comprehensively supports our property development division, enables us to achieve an integrated operation benefit under one roof.

Our property development division sequentially is supported by our own in-house pool of experts. This enables us to be involved in all aspects of the real estate business, from planning submission right up to interior furnishing of our own developments.

On top of our extensive experiences in construction and property development, two of our key property development projects, The Crest and Tierra Crest that are currently contributing recurring rental income, form part of our investment in properties under our investment holding division.

The Crest, a 16-storey commercial development with about 1,500 parking bays currently houses our corporate headquarters. To ensure the property continues to be marketable, renovation works are scheduled to commence in 2021. Tierra Crest, a 17-storey multi-commercial building which encompasses office towers and retail podium, is located in Kelana Jaya with access to all major highways.

Over the years, we have been enhancing our team's expertise and capacity, the key factors that have helped us drive and achieve our growth objectives. Moving forward, we will still tap on these key factors.

OBJECTIVES & STRATEGIES

1. Operational excellence and timely delivery

CBHB's objective is to provide superior products for our customers on the back of timely delivery, not compromising on quality and within budget. Our operational efficiencies ensure timeliness is of top priority and that our products and services are of the highest standards. The Group's deliveries of the past projects speak for our excellent track record and successes.

2. Environmental, Safety and Health

One key factor to CBHB's project successes throughout the years is its pool of employees which come with various expertise. Thus, the welfare of the employees is also another priority of the Group. We continuously engage the employees in various training initiatives to ensure that all our processes take into consideration the workers' safety and health aspects and also the environment. Over the years, we have stressed that optimising our profits at the expense of the employees' well-being has never been an option.

MANAGEMENT DISCUSSION AND ANALYSIS
(cont'd)

3. Training and upskilling of the workforce

To ensure the well-being of our employees, CBHB constantly invests in training to upskill and educate the workforce as we keep up with the latest developments in the construction industry. We believe that workers who are equipped with the latest knowledge will ultimately contribute better in all aspects to the Group.

4. Innovation and technology

In keeping up with the latest developments that have besieged the sectors that we are involved in, CBHB advocates technology embracement in our processes. On top of upskilling ourselves, such a move reduces human error and over reliance on labour. We constantly innovate and adopt Industrialised Building System to increase operational efficiencies and improve the quality of our final products for our clients.

GROUP FINANCIAL REVIEW

Financial Performance

CBHB recorded a revenue of RM290.0 million in FYE2020, in contrast to FYE2019's RM465.6 million. This translates to a 37.7% decline. As a result of the lower revenue, losses attributable to the shareholders were RM77.1 million as compared to a profit of RM19.2 million in the preceding year.

In a nutshell, the overall decline was primarily due to the ill effects brought about by the implementation of the MCO which was enforced on 18 March 2020, which had a negative impact on the construction division's activities.

The construction division remained as the main contributor to the Group, having accounted for 81.0% of the Group's revenue in FYE2020. The balance was from our property development (0.5%), concession arrangement (15.8%) and property investment & management (2.7%) divisions.

Segmental Review

Construction

The construction division recorded a revenue of RM235.0 million in FYE2020, as opposed to the RM347.9 million recorded in the preceding year. Being restricted by the various moves implemented by the government to combat the pandemic, the construction activities' lower progress during the year subdued the revenue. The restrictions pushed back projects' completion dates especially those already in the tail end of the construction phase namely South Brooks and New Ocean World Convention Centre although they were progressing within expectations with the extension of time obtained during the MCO. These two projects are expected to be completed by first half of 2021 barring any unforeseen circumstances.

This division suffered a loss before tax of RM46.8 million, as compared to FYE2019's loss before tax of RM12.1 million. The higher loss before tax was mainly attributed to increase in material prices, labour cost and overheads. In addition, CBHB also incurred a RM4.2 million liquidated ascertained damages and other related expenses from a settlement agreement entered with a contract customer. There was also a one-off impairment loss on trade and other receivables & contract assets which amounted to RM6.9 million and RM0.7 million respectively.

Property Development

In FYE2020, there was no property development project in progress after completion of Batu Tiga Phase 2 project in FYE2019. The revenue of RM1.5 million arising from 3 units of completed properties sold by the division in FYE2020 was merely a shade of the RM62.5 million achieved in FYE2019. The loss before tax of RM10.5 million as compared to FYE2019's profit before tax ("PBT") of RM26.3 million was also attributed to the recognition of impairment losses on trade and other receivables which amounted to RM11.9 million in the current financial year.

Concession Arrangement

The division recorded a PBT of RM8.8 million on the back of a revenue of RM45.8 million in FYE2020. In the preceding year, CBHB registered a revenue of RM45.2 million and PBT of RM10.3 million. This marginal increase

MANAGEMENT DISCUSSION AND ANALYSIS
(cont'd)

in revenue was primarily due to the additional maintenance income through the utilisation of maintenance sinking fund for the additional work performed in Universiti Teknologi Mara ("UiTM") Tapah. The decrease in PBT was mainly attributable to lower finance income from concession contract recognised and the decrease in interest income from fixed deposits due to the reduction in overnight policy rate.

Investment Holding

The investment holding division recorded a revenue and loss before tax of RM7.7 million and RM27.7 million respectively. In the preceding year, the division chalked up a revenue and loss before tax of RM10.0 million and RM2.3 million. The decrease in revenue was mainly due to the rebates offered to tenants during the MCO period and the lower occupancy rates in the investment properties. The loss before tax was attributable to loss on changes in fair value of investment properties amounted to RM25.0 million.

Unallocated Segment

In FYE2020, the Group recognised a one-off impairment loss on goodwill amounted to RM9.9 million.

Consolidated Financial Position for FYE2020

CBHB's total equity of RM426.7 million as at the end of FYE2020 represented a 16.0% decrease from the RM507.9 million as at the end of the preceding year. The total assets and total liabilities were RM1,371.3 million and RM944.6 million respectively following FYE2019's RM1,412.9 million and RM905.0 million.

Investment properties decreased by 8.3% to RM276.3 million from RM301.3 million due to a net fair value loss on investment properties of RM25.0 million recognised during the financial year. In FYE2020, inventories increased by 15.3% from RM321.2 million to RM370.5 million mainly attributable to the acquisition of a freehold land for Bandar Bukit Tinggi 2 project amounted to RM55.0 million. In addition, goodwill decreased by 29.5% from RM33.6 million to RM23.7 million due to an impairment loss of RM9.9 million recognised during the financial year. Deferred tax assets increased by 155.7% from RM8.8 million to RM22.5 million mainly contributed by certain loss-making subsidiary companies with their unutilised tax losses carried forward that can be utilised against taxable profits in future.

As at 31 December 2020, trade and other receivables decreased by 5.1% from RM198.9 million to RM188.7 million mainly due to additional net impairment losses on trade and other receivables of RM16.9 million recognised based on our expected credit losses assessment. The contract assets increased by 7.1% from RM71.6 million to RM76.7 million due to timing difference in issuance of progress billing and largely contributed by active construction projects undertaken like South Brooks, Quarza Mall, Plaza @ Kelana Jaya, New Ocean World Convention Centre and Capri Hotel projects. In addition, short term investments amounted to RM12.6 million as compared to RM61.7 million in FYE2019. The proceeds from disposal of short term investments amounted to RM50.0 million were used to repay loans and borrowings and for operating use. On the other hand, trade and other payables as at 31 December 2020 increased marginally by 2.3% from RM353.1 million to RM361.2 million.

Total loans and borrowings amounted to RM538.9 million as compared to RM508.7 million in FYE2019. The increase of 5.9% was mainly due to the drawdown of a term loan amounted to RM38.5 million in financing the acquisition of a freehold land for Bandar Bukit Tinggi 2 project. The total debt to equity ratio was 1.26x as at 31 December 2020 as compared to 1.00x as at 31 December 2019. If we were to exclude the Sukuk Murabahah's RM356.5 million from our debt to equity ratio calculation which has limited recourse to the Group, the ratio is at a lower 0.43x.

Despite the challenging environment, the Group managed to sustain a healthy cash level with a cash and cash equivalent of RM73.7 million. The net assets per share attributable to equity holders decreased from RM3.02 to RM2.52 in FYE2020, which was caused by the decrease in retained earnings.

As at end of FYE2020, the Group's current ratio, a yardstick that measures the state of the Group's financial liquidity, was 1.24x, as compared to the 1.44x in FYE2019. The current ratio indicates that the Group has adequate liquidity to meet its short-term obligations.

MANAGEMENT DISCUSSION AND ANALYSIS
(cont'd)

List of current ongoing projects

No.	Project	Description	Contract value RM	Gross development value RM	Status
	Construction				
1.	Capri Hotel	1 block of 44 storey hotel and car park podium	149.5 m	–	81% complete
2.	South Brooks	2 blocks of 40 storey residential apartments and car park podium	328.8 m	–	97% complete
3.	New Ocean World Convention Centre	6 storey office, factory and car parks	117.8 m	–	99% complete
4.	Media City Angkasapuri	Mechanical and electrical engineering services	18.5 m	–	81% complete
5.	Techvance Hotel	26 storey hotel with 7 storey car park	99.6 m	–	32% complete
6.	Plaza @ Kelana Jaya Mixed Commercial Development	2 blocks of serviced apartments, 25 storey SOHO and 14 storey podium	155.1 m	–	44% complete
7.	99 Residence Development	4 blocks of 55 storey serviced apartments and car park podium	316.0 m	–	9% complete
	Property development				
8.	Latitud8, Dang Wangi	Retail, SOHO and office	409.0 m*#	1.0 b	Commenced main building works
9.	Kelana Jaya LRT	Retail, office suites and residential	–	1.0 b	Pending Development Order
10.	Bandar Bukit Tinggi 2, Klang	Retail, office suites and residential	255.0 m*#	0.5 b	Pending Development Order
	Total		**1.8 b**	**2.5 b**	

* Estimated contract value
\# This is an internally awarded construction contract and its construction revenue will be eliminated at group level

Our outstanding order book stands at approximately RM1.1 billion which will provide earnings visibility for the next 4 years.

MANAGEMENT DISCUSSION AND ANALYSIS
(cont'd)

CORPORATE DEVELOPMENTS

On 4 November 2020, the Group signed a Memorandum of Understanding ("MOU") with Gamuda Industrial Building System Sdn. Bhd. ("Gamuda IBS") to explore potential business opportunities and examine the possibility of co-operation and strategic ventures in prospective collaborations, tenders and projects as well as evaluation of the scope of work. The partnership with Gamuda IBS will accelerate the adoption of prefab products and elevate the supply chain for improved quality, safety and productivity. Use of the industrialised building system ("IBS") will provide the flexibility and testing in advance on the design of buildings in the system, thereby shortening the delivery time of building, reduce the cost in terms of lower capacity on the labour for multiple testings at site and minimize waste during the construction process. This will increase CBHB's chances of winning government projects as the Malaysian government is pushing for the higher adoption of IBS in the government projects.

ANTICIPATED OR KNOWN RISKS

Being a construction and property developer, CBHB remains mindful of the various risks which the Group faces frequently not only in FYE2021 but also beyond. Depending on the degree of these risks, some may have a material effect on our operations. Thus, the Group has adopted various measures to counter and mitigate these risks to deliver and provide quality values to our shareholders and stakeholders alike.

Being involved in the competitive construction business, we are faced with issues such as lower-than-expected number of contract wins and unforeseen delays in the construction progress, just to name a few. In addition, aggravating operational performances is the fluctuation of the Ringgit against other major foreign currencies which directly impacts raw material prices as well as the increase in labour cost. While these risks come with the business hand in hand and cannot be eliminated, what CBHB can essentially do is to minimise such risks by employing pricing management, competitive proposals, and other approaches to mitigate all these issues faced. The performance of the Group may also be hindered by other external macro factors such as lower than expected global economic growth, global trade issues and crude oil price fluctuations.

CBHB's construction division enters into contracts which come with varying degree of risks. Additionally, construction companies are dependent on the quantum of new contracts secured to sustain its earnings. Nonetheless, the Group is optimistic of securing RM500 million worth of contracts in FYE2021 to replenish the outstanding order book of RM1.1 billion as at 31 December 2020. This no doubt will continue to provide clear earnings visibility over the next few years.

The property development division faces risks of land bank depletion, hence land bank replenishment activities in Klang Valley are being carried out with a specific focus on acquiring prime land banks that allow pocket land developments in matured areas. The Group has an active land bank/business development team that continues to search for suitable pieces of land that meet our development criteria.

FUTURE PROSPECT

2021 will not be any different from any other year in the sense that it will still be filled with challenges and uncertainties. Nonetheless, unlike previous years, 2021 outlook will be solely dictated by how and when the Covid-19 pandemic ends.

Malaysia's Ministry of Finance, through its Economic Outlook 2021 report, has projected the construction sector to rebound by 13.9% in 2021 following from the 18.7% contraction in 2020. While the projection gives a huge positive indication of the direction the construction sector is heading towards, as the saying goes, there are many ways of looking at a fixed set of numbers. The 13.9% growth sounds bullish but it also means that the construction sector will still incur a compound decline of 4.8% per annum, over two years, from 2019. The sector's 2021 growth is also boosted by some mega projects which the Group may not have any direct involvement. Thus, such macro numbers be it positive or negative should only be used as a vague indication of the direction of the sector and all those players involved in it.

As at 31 December 2020, our construction order book stands at approximately RM1.1 billion. This value is 4.7 times CBHB FYE2020 construction revenue of RM235.0 million. Thus, notwithstanding the construction sector's contrasting outlook, our order book should be sufficient to provide attractive earnings visibility and keep us really busy for the next few years.

MANAGEMENT DISCUSSION AND ANALYSIS
(cont'd)

With a cautiously optimistic mindset, the Group will continue to stick to its tried and tested strategic growth plans and adopt a prudent approach in future tenders and executions of all our construction jobs.

We will continuously knuckle down and be adaptable to the challenging and dynamic changes brought upon the construction sector through strategic planning and effective executions to overcome such challenges across all our business divisions. We would like to stress that we have been in this business for almost 40 years now and been through various cycles, especially the trough part of each cycle.

Backed by our track record, CBHB's experienced management team will ensure all the projects will be accomplished within expectations and contribute to the Group's top and bottom line, going forward.

Our property development division will continue to be on the lookout for land for development, land that complements our growth strategies and meet our requirements. Such acquisitions will make positive contributions to the Group from the near future onwards.

The division will, amongst others, focus on selling remaining unsold units of our Alam Sanjung, Avenue Crest and Alam Idaman projects to boost the division's income. The division is planning to launch two projects in 2021, which are Latitud8, Kuala Lumpur and Bandar Bukit Tinggi 2, Klang, with a total GDV of RM1.5 billion.

Whilst the overhang of high-priced homes, high cost of living and tight financing will continue to play a challenging role, the highly expected interest rate cut should ease purchasing abilities of some of the potential buyers. With the current low interest rate environment, we believe that the property market will remain attractive to potential buyers.

As for the concession arrangement division, it will continue to contribute to CBHB through the stable earnings generated by UiTM Tapah. The UiTM Tapah concession will run for another 13 years until January 2034.

DIVIDEND

No dividend policy has been established by CBHB. Nonetheless, over the past 5 years, the Group has been paying dividends ranging from 3.5 to 4.5 sen per ordinary share. While the payment of dividend is at the sole discretion of the Board, the Group is committed to pay dividend to its shareholders whenever possible. The quantum of dividend is based on factors such as, amongst others, the retained earnings, capital commitments and the level of available funds. Due to the impact of Covid-19 pandemic, the Group did not declare dividend for FYE2020.

THANK YOU

As in every year, we would like to thank our customers, vendors, suppliers, consultants, associates, bankers, and business partners, for the trust and support you have placed in us. Thank you also goes out to all the government agencies and local authorities that have assisted and supported us.

Last but not least, thank you to the Board of Directors, the management team, and all our employees for their commitment, determination and hard work during the challenging year 2020. We will unquestionably continue working with all our stakeholders to pursue sustainable progress and business growth to create value and maximise benefits for all our stakeholders while upholding good corporate governance, social, and environmental responsibility.

CORPORATE STRUCTURE

CREST BUILDER HOLDINGS BERHAD
200201005719 (573382-P)
Investment Holding

- **100%** **CREST BUILDER SDN. BHD.** 198301014937 (110330-K) *Construction*
  - **100%** **CRESTLAND DEVELOPMENT SDN. BHD.** 199401031170 (316852-A) *Property Investment*
  - **51%** **LANDASAN BAYU SDN. BHD.** 201201005233 (978758-T) *Property Development*
- **100%** **CREST BUILDER INTERNATIONAL SDN. BHD.** 200401005938 (644441-T) *Investment Holding*
  - **51%** **UNITAPAH SDN. BHD.** 200901003738 (846665-X) *Concession Holder*
  - **51%** **INTAN SEKITAR SDN. BHD.** 201201011546 (985063-T) *Property Development*
  - **51%** **K L WATERFRONT DEVELOPMENT SDN. BHD.** 201601006757 (1177684-V) *Property Development*
- **100%** **CBTECH (M) SDN. BHD.** 200001005781 (508386-M) *Mechanical & Electrical Engineering Services*
- **100%** **CB INFRASTRUCTURE SDN. BHD.** 200401020974 (659478-V) *Construction*
- **100%** **3 TWO SQUARE SDN. BHD.** 200301014853 (617273-X) *Property Investment*
- **100%** **VERTICAL SUCCESS SDN. BHD.** 200501014576 (691623-V) *Property Investment*
- **100%** **CB LAND SDN. BHD.** 200401020215 (658719-D) *Property Investment and Property Development*
- **100%** **NEPFIELD SDN. BHD.** 200201024593 (592256-M) *Property Development*
- **100%** **DAMANSARA ONE SDN. BHD.** 200401030676 (669184-V) *Property Development*
- **100%** **JALUR ELIT SDN. BHD.** 201401010595 (1086674-D) *Property Development*

SUSTAINABILITY REPORT

COMMITMENT TO SUSTAINABILITY

Sustainability has always been a pillar of Crest Builder Holdings Berhad ("CBHB" or "the Company") and its subsidiary companies ("CBHB Group" or "the Group")'s culture as we strive to achieve continuing growth and profitability in a safe, caring and sustainable environment. We recognise that sustainability practices are one of the important criteria in investors' investment decisions.

CBHB continues building Malaysia's future landscape with efforts to continue embedding sustainability in its business activities. Our mission, as a responsible corporate citizen, is to ensure high standards of governance across our business to promote responsible business practices, manage environmental impacts, and meet the social needs of the community in which we operate, which is in line with our corporate culture.

OUR POLICY ON SUSTAINABILITY

- Embrace Sustainability in Organisation Culture
- Capitalise on Latest Technology and Information
- Strengthen the Core Business
- Foster a High Performance Partnership

In line with Bursa Malaysia Securities Berhad's Sustainability Reporting Guide (2nd Edition), the Group's sustainability practices are to ensure that economic, environmental and social ("EES") risks and opportunities are tied in with our governance framework and social responsibilities. This enables our corporate success and behaviour to be judged and measured by the public.

The Group continued success in maintaining a sustainable business and generating long-term shareholder value is influenced by several internal and external factors. Each material factor presents unique risks and opportunities to our organisation and is a key consideration in our approach to strategies formulation and execution as it substantially influences the assessments and decisions of our stakeholders. We regularly review these factors to assess their impacts on our business model over the near, medium and long term.

SUSTAINABILITY REPORT
(cont'd)

ECONOMIC

Sustaining our economy

Delivering sustainable returns to our shareholders

Delivering quality products to achieve customers' satisfaction

ENVIRONMENT

Conserving our environment

Protecting our environment and improving our environmental performance

SOCIAL

Building a resilient workforce

Ensuring a positive workplace for our employees

Serving our community

Contributing to the well-being of the community around us

OUR SCOPE OF REPORTING

- Construction
- Property Development
- Mechanical & Electrical Engineering ("M&E") Services
- Property Management
- Car Park Management

SUSTAINABILITY REPORT
(cont'd)

Information disclosed in this Report encompasses our core activities related to construction, property development, M&E services, property management as well as car park management. As part of its commitment to enhance sustainability throughout the Group, CBHB continues with the scope of reporting to cover all its active subsidiary companies.

During the financial year ended ("FYE") 31 December 2020, the Group has stayed true to its roots and maintained its core business activities. As a Malaysian-play construction counter, disclosure in this report will be focused on its sites within the Greater Klang Valley and will not include concessions on the Group's maiden project in Tapah, Perak. In line with the financial disclosures within this Annual Report, this Sustainability Report will cover the Group's activities within the calendar year of 1 January 2020 to 31 December 2020.

THE UNITED NATION SUSTAINABLE DEVELOPMENT GOALS ("UN SDG(s)")

In September 2015, all one hundred and ninety-three (193) United Nation member states adopted "Agenda 2030" - a plan to solve the world's most pressing economic, environmental and social problems over the next fifteen (15) years. It consists seventeen (17) goals and one hundred and sixty-nine (169) targets that cover a broad set of challenges such as economic inclusion, geopolitical instability, depleting natural resources, environmental degradation and climate change. Malaysia is committed to "Agenda 2030" through its UN SDG Roadmap.

SUSTAINABILITY REPORT
(cont'd)

We support the UN SDGs, recognise their strategic importance to our business and to the world, hence we are committed to achieve them. The Group has well-established programs to ensure we operate sustainably and responsibly, following our long-standing commitment to ethical corporate citizenship and promoting sustainability in all our activities. All the UN SDGs are relevant to our operations to varying degrees and we are already contributing to many of these goals. We focus on supporting four (4) goals where we can make the greatest contribution:

UN SDG 5 – GENDER EQUALITY

To achieve gender equality and empower all women and girls, as the descriptor of this UN SDG is a fundamental goal that speaks the core of CBHB's policy when it comes to human rights, labour practices and diversity and inclusion at all levels, stemming from the Board of Directors ("Board") down to the workforce. Although this standalone UN SDG engenders the role, rights and representation of women at work, it does not stand alone in the broader picture of ensuring a business's sustainability.

UN SDG 8 - DECENT WORK AND ECONOMIC GROWTH

To promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all is among one of the chief reasons of being for any company in the world. This includes CBHB, which recognises the role that the major stakeholders play in its success in operations. The 'Economic' and 'Social' pillars in the EES model primarily speaks the contributions of the Group's suppliers and vendors and its employees of which more discussion can be found within the 'Material Sustainability Matters' section of this Report.

UN SDG 12 - RESPONSIBLE CONSUMPTION AND PRODUCTION

To ensure sustainable consumption and production patterns, the Group is well aware of its supply chain management, commitment to reduce consumption and to responsibly use resources available to it. When taken in totality, this UN SDG seeks to embed a sense of responsibility towards resources management, unlocking value for both customers and the shareholders.

UN SDG 16 - PEACE, JUSTICE AND STRONG INSTITUTIONS

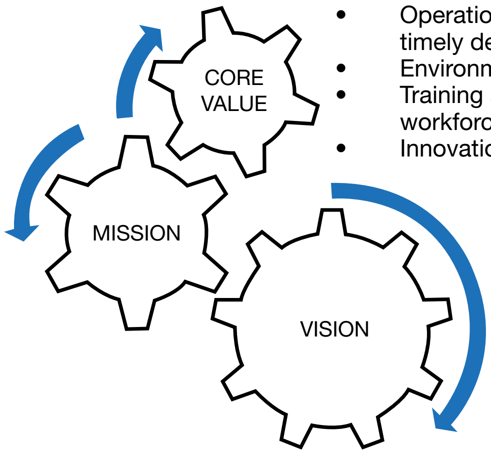
To promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels impacts the Group's main business activity of functioning within the context of government, associations and its own long-term profitability. In line with the Group's practices, this UN SDG is seen most in its Group human resources policies and throughout its value chain.

SUSTAINABILITY REPORT
(cont'd)

SUSTAINABILITY GOVERNANCE

Our vision and mission are the cornerstones of our commitment to the sustainability of the Group. Our core values are the guiding principles that we uphold in day-to-day operations and conduct ourselves to support our vision and shape our culture.

- To promote Co-operation - creating a strong network between ourselves and both upwards and downwards of the supply chain
- To achieve High Standards - providing the promised quality and achieving the zero-defect product
- To develop the Human Capital - our People are our most valuable assets
- To enhance Corporate Social Responsibility - we believe in giving back to the Community
- To enforce Corporate Governance - upholding the Company's values and protecting the stakeholders' interests
- To create the Brand - showcasing Crest Builder to the world
- To accomplish Market Leadership - to be the leader in the construction and property industry

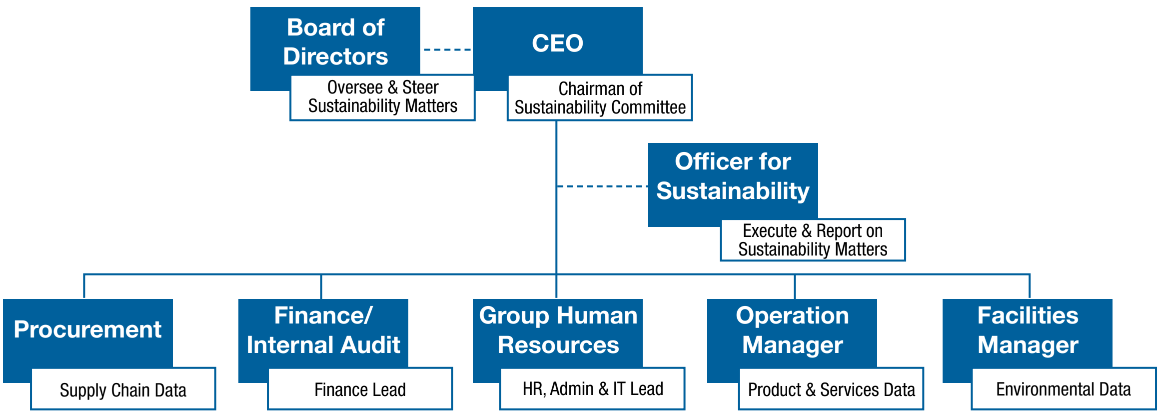


- Operational excellence and timely delivery
- Environmental, Safety and Health
- Training and upskilling of the workforce
- Innovation and technology

To be the preferred organisation of choice by our partners and customers

Sustainability is embedded in our organisational approach and is led from the top. The Board plays a vital guidance and oversight role in advancing sustainability across the organisation with the assistance from the Heads of Departments to oversee the implementation of the organisation's sustainability approach and ensures that key targets are being met. The Group has formed a Sustainability Committee ("the Committee") that is chaired by Chief Executive Officer ("CEO") - Construction Division, who has been given the mandate to carry out the Board's sustainability agenda. The Committee in turn reports to the Board on the sustainability activities and developments during the Board meetings, as and when needed.

During the FYE2020, there has been no change to the initial composition of the Sustainability Committee and at the end of the year, the Committee comprises of:



SUSTAINABILITY REPORT
(cont'd)

The responsibility of the Committee to promote and embed sustainability in the Group includes overseeing the following:

- Stakeholders' engagement
- Materiality assessment and identification of sustainability risks and opportunities relevant to us
- Management of material sustainability risks and opportunities

The Committee also cascades sustainability matters to their respective teams in the form of policies, internal memos and updates to the Group's Standard Operating Procedures ("SOPs") to continue embedding sustainability in every aspect of the Group's daily operation.

The Board also acknowledges that risk management and internal control are integral to our corporate governance and it is responsible for establishing a sound risk management framework and internal control system as well as to ensure their adequacy and effectiveness. The review of the adequacy and effectiveness of the risk management framework and the system of internal control is delegated by the Board to the Audit Committee. The Group's performance is also tracked with the assistance of the Nomination and Remuneration Committee.

ETHICAL BUSINESS PRACTICES AND ANTI-CORRUPTION & ANTI-BRIBERY POLICY

The Board recognises the importance of ethical business conduct across the operations to maintain our stakeholders' trust. Our businesses are conducted with integrity through good governance as mentioned by the Group's Code of Business Conduct and Ethics.

Good governance is the bedrock of our business, led by ethical business practices and integrity. We have embedded the highest standards of governance in our business not only by complying with the law but through processes and directives that continue to reinforce the principles.

We are committed to a zero-tolerance approach in our efforts to prevent corrupt and bribery practices. We conduct our business ethically, as well as in conformity with all applicable laws. Specific mention in the Employee Handbook on the Group's No Gift Policy is strictly adhered to and in place to discourage graft and bribery.

The Group inducts all new employees on the Company's Code of Business Conduct and Ethics, during the dedicated in-house orientation programme. The employees will also be briefed on the Company's polices on confidentiality and conflict of interest, integrity and prevention of staff fraud. Any updates to the Employee Handbook are done through the internal network.

While none of the Group's operations have been assessed for corruption risks, the Group's strong Internal Audit practices, along with the Board's Audit Committee have been vigilant against corruption at all times in the Group's years of operation.

SUSTAINABILITY REPORT
(cont'd)

STAKEHOLDER ENGAGEMENT

We continued to engage our stakeholders actively throughout the fiscal year as part of our sustainability assessment process. Engagement with stakeholders allows us to gain a more complete understanding of our materiality issues and matters whilst, we are also able to capture the key aspects and impacts of our sustainability journey.

The table below lists our key stakeholder groups and their respective areas of interest as well as methods by which we engage them.

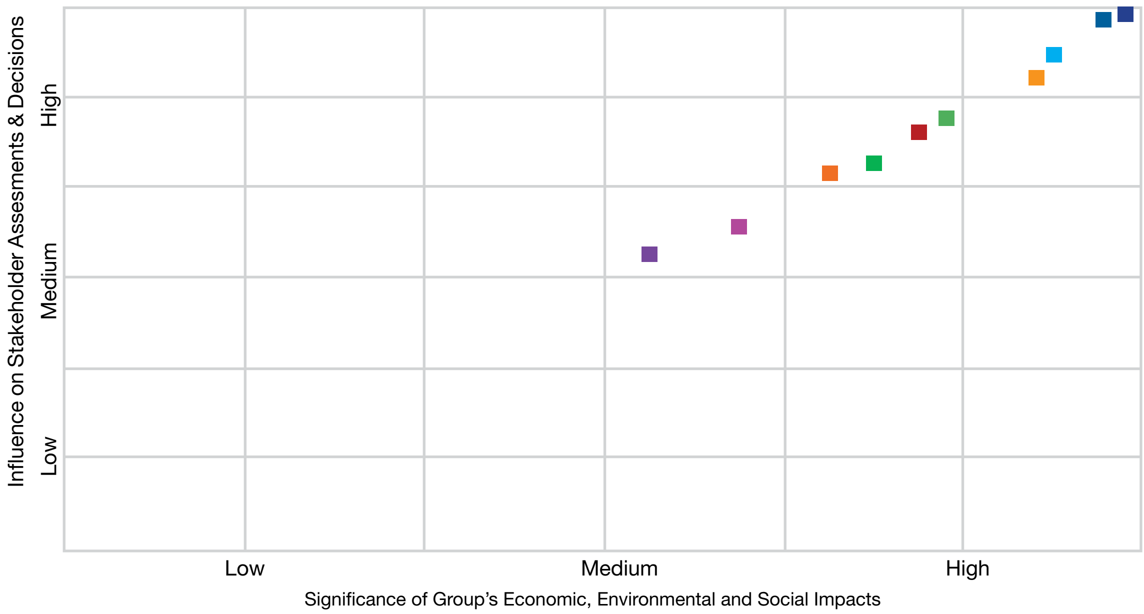
STAKEHOLDERS	ENGAGEMENT METHODS	ENGAGEMENT AREAS
Shareholders	• Annual & Extraordinary General Meetings • Press releases / Corporate presentations • Bursa announcements • Quarterly report • Annual report • Timely update on corporate website	• Financial and operational performance • Dividend policy • Return on investments
Government	• Compliances to laws and regulations	• Operation regulations • Bursa listing requirements • Companies Act • Labour law • Taxations • Occupational Safety and Health Act
Board of directors	• Board meetings	• Corporate strategy • Corporate governance
Employees	• Technical and skills trainings • Performance review • Departmental meetings • In-house newsletters / communications • Annual dinner	• Occupational safety & health • Remuneration policy • Career development • Performance review • Fair employment practices • Minimum housing standards
Financial Institutions	• Bursa announcements • Quarterly report • Annual report • Timely update on corporate website	• Financial and operational performance • Funding requirement
Customers	• Customer Relationship Management ("CRM") • Facilities management review	• Customer satisfactions • After-sales services • Quality assurance
Suppliers & Vendors	• New Supplier / Vendor Form • Regular meetings • Supplier / Vendor audit review • Contract negotiation	• Services and products' quality • Legal compliances
Communities	• Communities	• Social contribution • Job opportunities • Donation and financial aid
Analyst / Media	• Annual & Extraordinary General Meetings • Press conferences and media releases	• Financial and operational performance • General announcements

MATERIAL SUSTAINABILITY MATTERS

We conducted a materiality assessment, collecting views from our stakeholders on key material sustainability matters that may have a significant EES impact on our business or substantively influence the assessment and decisions of our stakeholders.

PRIORITISATION & MATERIALITY MATRIX

We assess our material sustainability matters annually to fully understand how to manage the risks and opportunities they present. This ensures that we prioritise the issues that have the greatest impact on the economy, environment and the society.



SUSTAINABILITY REPORT
(cont'd)

The table below shows key relationships between the Group's Top Ten (10) material sustainability matters, and the related UN SDGs.

Ranking	Material Sustainability Matter	ESS Pillars	Relevant UN SDGs
1	Customers & Products		9, 12, 16
2	Shareholders		8
3	Suppliers & Vendors		8, 9, 12, 16
4	Safe Workplace		8, 3
5	Waste & Effluent		12, 13, 15
6	Training & Talent Management		8
7	Energy & Water Savings		7, 12, 13, 15, 6
8	Labour Practices		8
9	Diversity		8, 5, 10
10	Community Engagement		8, 11

SUSTAINABILITY REPORT
(cont'd)

ECONOMIC

Shareholders

Our shareholders are the ultimate owners of the Company and as such, they are entitled to timely and quality information on the Group's financial performance and position. Apart from the Annual General Meeting where shareholders are encouraged to ask questions to the Board and Executive Management on business operations, and the financial performance and position of the Group, the Group's corporate website at www.crestbuilder.com.my also provides a link on investor relations where quarterly and annual financial statements, announcements, financial information, annual reports, circulars/statements to shareholders and other pertinent information are uploaded on a timely basis when available.

Although engagement is largely governed by the Malaysian Code of Corporate Governance and the Listing Requirements by Bursa Malaysia, the Group enjoys indirect economic impacts of a goodwill, trust and loyalty and a mutually beneficial investment relationship.

Customers & Products

The Group is committed to see that not only our shareholders' interests are taken care of but also those of our customers and suppliers. As one of Malaysia's most trusted construction and M&E engineering contractors, CBHB maintains strong trust and working relationships with its customers in a highly competitive market space. The Group's charter to value the customers' well-being, safety and satisfaction are at the core of our commitment to products & services responsibility throughout the products' and services' lifecycle.

CUSTOMERS' SATISFACTION
Internationally recognised best practices and international quality accreditation
Experienced management that equipped with industry knowledge and comprehensive training
Prompt delivery and reliable customer service
Efficient after-sales service, create an integrated and resilient workforce

In order to ensure that our products are of consistent standard and quality, our construction services for building and infrastructure are accredited by ISO 9001:2015 - Quality Management Systems. Additionally, our Group is in compliance with all relevant laws and regulations governing safety and quality.

With almost 40 years of industry expertise, we are well-established and are capable of serving a wide spectrum across the construction industry which includes construction works, property development, property management, M&E services, project management and car park management. We possess teams of well-equipped employees with industry knowledge who are able to manage and deliver customers' expectation. To keep abreast with more technological advances and innovations that have besieged the sectors that we are involved in, CBHB advocates technology embracement in our processes. On top of upskilling ourselves, as a move to reduce human error and over reliance on manual labour, we constantly innovate and adopt Industrialised Building System ("IBS") to increase operational efficiencies and improve the quality of our final products for our clients.

We have adopted an impartial feedback mechanism to address customer complaints and manage our relationship with them. The Company derives feedback from a specialised CRM matrix, which covers the Property Management business as well. In its main engagement with customers during the annual review, the outcomes of the review are recorded in the CRM Form. This feedback identifies outliners and areas of improvement for the Company to continue providing excellent service. Similarly, the Property Management arm undergoes a monthly Facilities Management Review or when the clients, who lease the property, call the Management for a meeting. Customer complaints will be fielded, answered and managed diligently. At the closure of a case, a report is logged under the CRM system and reviewed annually to give the Company a bigger picture of the building's overall health and maintenance. As part of the Group's consideration, customer satisfaction is an important ingredient in the success and continuation of business for the Group.

SUSTAINABILITY REPORT
(cont'd)

Doing business by ensuring a client's peace of mind through data security and privacy is utmost important for the business consideration. The Group views cyberattack risks as something to be reduced, if not eliminated. We outsource our Information Technology ("IT") function to a professional IT consulting firm so that we can leverage on the third-party expertise and core competencies in handling cybersecurity issues.

In the year under review, similar to last year, there have been no incidence or breach from malware, ransomware, hacking or other cyberattacks on its database. The IT consultant has conducted routine IT review and has given the Group's assets a clean bill of health, including exposure from unauthorised software usage.

Suppliers & Vendors

To our suppliers and vendors, we are committed to enhance our processes and engage with our suppliers and vendors to identify and manage risks, increase productivity and efficiency within the supply chain, underpinned by values of integrity and transparency. We look to create value, by looking for opportunities to collaborate and to share best practices with our suppliers.

At the start of a new project, identification of suitable suppliers and vendors relating to the quality of service and product output are among the key determinants during the tender or bid call. Selection of new suppliers and vendors are identified by the Procurement Department. Procurement Department issues a New Supplier/Vendor Form after fit assessment is carried out and aligned with the Group's business goals and targets.

In step-up reporting, the Officer for Sustainability has informed that environmental surveillance has been successfully included and retrofitted into the assessment cycles of existing suppliers and vendors.

Existing suppliers and vendors undergo an annual audit where operational issues are addressed. As all suppliers adhere to the Supplier Code of Conduct and the Non-Conformance policy defined under ISO 9001:2015, any breach will result in termination and loss of business opportunity going forward. At the end of the engagement, if the stakeholder is found to have satisfactory performance and improves performance through feedback received, will have their contracts renewed in order to secure services and products delivery.

The nature of business for the construction and property development industry is highly localised and the Group focuses its procurement activities on local vendors to support local job creation and price-competitiveness. As CBHB is a Malaysian-play construction counter, usage of local raw materials and local expertise, where possible, is an important indicator of the Group's robustness of operations.

In the period under review, 100% of the Group's procurement budget is spent on local suppliers, ensuring the Group's control on the quality, cost-effectiveness and timeliness of delivery from suppliers. For parts of the business that engage third party local suppliers for delivery of outsourced goods and services, a strong track record of delivery and practices that are against violation of human rights and any form of environmental violations are prioritised. There is no exposure to foreign sources of suppliers for the Company.

ENVIRONMENT

Energy & Water Savings

As a Group with its foundations in the environment protection, the Group is aware of the interaction and tender balance between the built and natural environments. In this report, the Group detailed its disclosure of energy and water usage within the Group's headquarters in Dataran 3 Two Square as well as the Group's energy and water management plans in its sites. Part of its ongoing efforts to use energy carefully seen a reduction in usage of 3% from a total of 150,256 kWh of electricity in FYE2019 to 146,133 kWh (RM63,317) in FYE2020. On the other hand, water usage also reported a decline of 5% in FYE2020 from 468 m^3 in FYE2019 to 446 m^3 in FYE2020.

The Group continues its energy management plans in both headquarters and sites and has detailed SOPs to encourage energy conservation and efficiency. The Group switches older diesel-fed machines to electricity-driven ones. This move reduces the Group's overall carbon footprint and cost as well as efficiency of operations. Site-wide energy management plans provide for temporary energy supply purchased from the national grid, to allay concerns of blackouts or temporary power disruptions.

While different project sites allocate water usage differently, water consumption, including the drilling and drawing of well water or ground water in sites with a stable water table, supplements its reliance on raw water usage. A strict policy against water waste and loss is one of the water conservation efforts of the Group.

Waste & Effluent

In the year under review, the Group has reduced its carbon footprint further as it endeavours to replace its diesel-powered machines with electricity-powered machines in most of the Group's construction sites. With a consumption of 583,670 litres of diesel in the Group's 9 work sites, it is a reduction of 27% from 2019's consumption figures of 801,890 litres. The Group shaved 41% of consumption costs with diesel costing the Group RM1.04 million in operating expenses in 2020.

Among innovations used by the Company is using Construction Industry Development Board (CIDB)'s IBS. This pre-fabricated method reduces wastage by accurate quantity surveying and a construction or development is assessed with the IBS Content Scoring System (IBS Score) based on Construction Industry Standard 18 (2018), (CIS 18:2018).

The Group's Zero Waste policy is one of the initiatives lodged to reduce the about of materials headed for scrapyards and effective garbage disposal policies worked out with its third-party vendors specialising in disposal of construction waste. In 2020, a total of 24,122 m^3 was disposed from 7 sites and properties owned or managed by the Group.

SOCIAL

Safe Workplace

The Group believes that the safety and well-being of its employees are the foundation of its success. Hence, we strive to provide a safe and healthy environment for our employees and to ensure safe practices in all aspects of our business operations. The Group has in place a policy that highlights our commitment to:

- ensure compliance with laws and regulations in relation to occupational safety and health;
- set targets and measures to drive occupational safety and health performance across the organisation; and
- promote a culture where all employees share the commitment to prevent harm to the safety and health of our employees, contractors and the general public.

As such, we strive to provide a safe and healthy environment for our employees and to ensure safe practices in all aspects of our business operations.

Our Safety Officers are registered with Department of Occupational Safety and Health ("DOSH"). In this respect, the Group places importance on continuous compliance with all relevant health and safety laws and regulations such as Occupational Safety and Health Act, 1994 ("OHSA"). In Malaysia, OSHA is the main framework of the Company's Occupational Safety & Health provisions. The Group continues sending its Safety & Health personnel for OSHA-related training, amounting to 112 man-hours across the Group. Safety Induction Training were conducted for all of our newly joined employees in fieldwork. The programme is designed to train employees to become fully aware on the safety and health measures and to meet the OSHA's guidelines. Workers are equipped with safety protective wear and equipment when involving in potentially dangerous works. Furthermore, safety briefings are compulsorily conducted to all visitors or contractors on the awareness of safety before entering to the site.

Following previous disclosure, the Group's target for Occupational Safety & Health was to reach a zero-accident rate for FYE2020. This KPI has been reached as there were no accidents or claims for work-related injury in the year under review.

As a construction company, the Group is compliant to all local land codes, both Federal and State as well as local councils concerning site safety, health and management. One of the key aspects the Group is committed to provide is a safe and healthy working environment free from disease-carrying vectors or insects. In light of the global shut-down caused by the Coronavirus Disease 2019 ("Covid-19") virus in early 2020, this issue could not be more timely. No sites were shut down or fines levied due to the presence of the dengue-causing Aedes mosquito. This reflects the success of the Group's new policies launched in 2019 to improve site hygiene and its adoption of the main environmental UN SDGs.

SUSTAINABILITY REPORT
(cont'd)

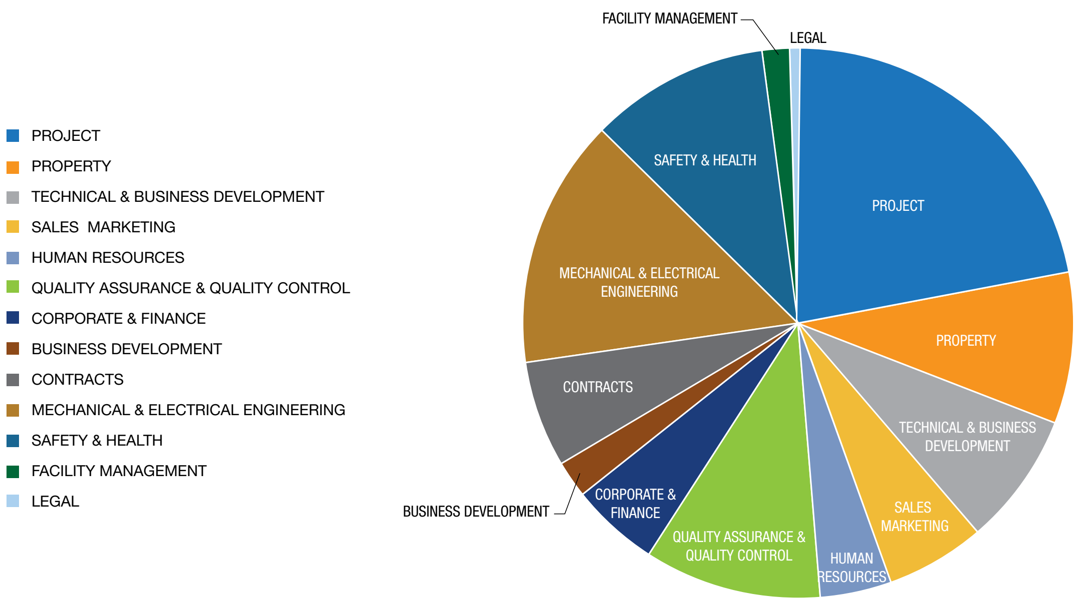
As Covid-19 has affected all areas of business throughout the world since 2020, it has become a social responsibility for CBHB to act accordingly. It is our Group's immediate priority to protect the health and safety of our employees. Amidst the outbreak of Covid-19 pandemic, with the approval obtained from Ministry of International Trade and Industry, we have kept the minimum number of employees to attend to work during the Movement Control Order. Asides, our essential workers deserve most accolades, we ensure protective masks put on and body temperatures checked before entering into business premises. We also practice social distancing with at least one metre.

Training & Talent Management

A good team is a business's surety that the Group grows from strength to strength and on this basis, employees are a valuable business capital or asset and part of the CBHB family. Within the scope of this report are the Group's direct employees under the Group's payroll and will not include those under the minority stake of subsidiary companies in which the Group holds development rights (despite 51% or more ownership).

As an employer, CBHB is a renowned construction firm in Malaysia and instils respect and trust amongst its employees. This enables the Group to retain and attract top talent to its team. The Group also recognises that the Industrial Revolution 4.0 will place pressure in organisations to continuously upskill and reskill our workforce, to stay relevant and productive. Employees are encouraged to attend internal or external training or pursue professional development to enhance their knowledge and skill for career enhancement and personal development, human resource management, technical skills, and others. In FYE2020, our employees underwent 108 man-days of training or 860 man-hours.

Training & Development



Besides training, an engaged workforce is updated with company-wide news in the Group's in-house communications, such as internal staff memos, a quarterly newsletter and annually, as the management's token of appreciation for their colleagues' hard work, the Group celebrates together in their annual dinner.

Despite the industry faced strong headwinds in FYE2020, the stable outlook of the Group's activities and order book led to a low attrition rate and a successful retention of talent. There have been no movement at the Board level and the movement of the workforce is best reflected in the following charts.

SUSTAINABILITY REPORT
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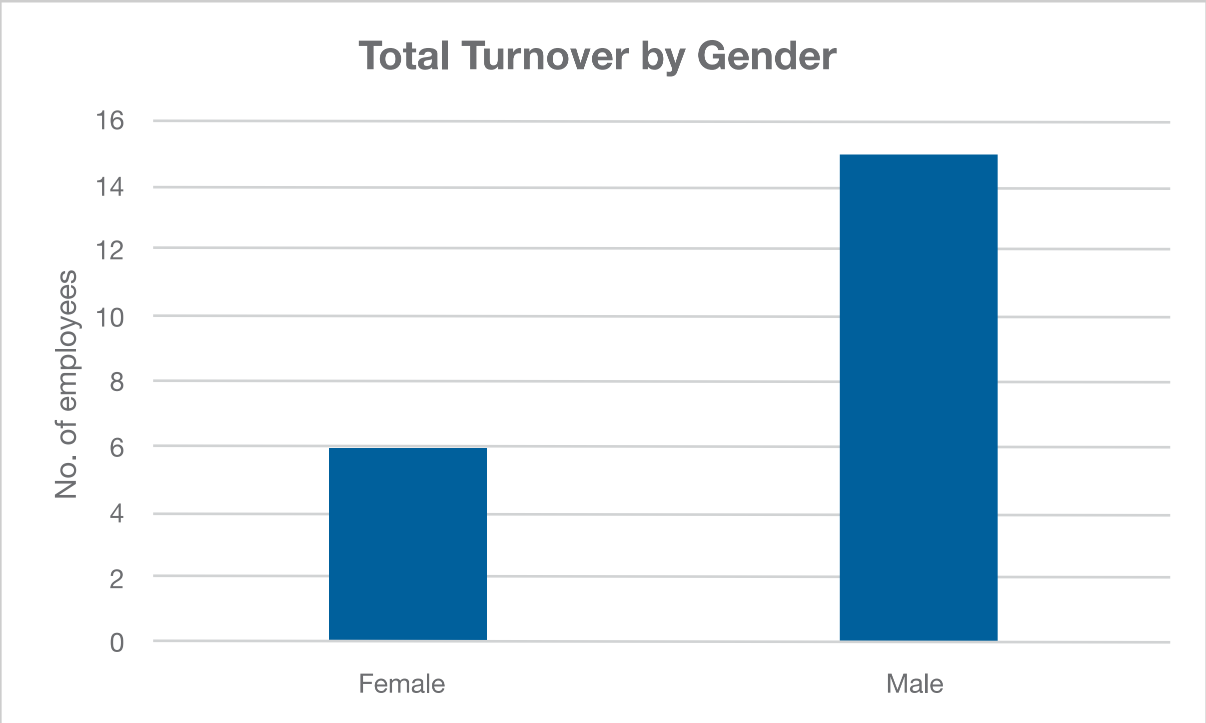

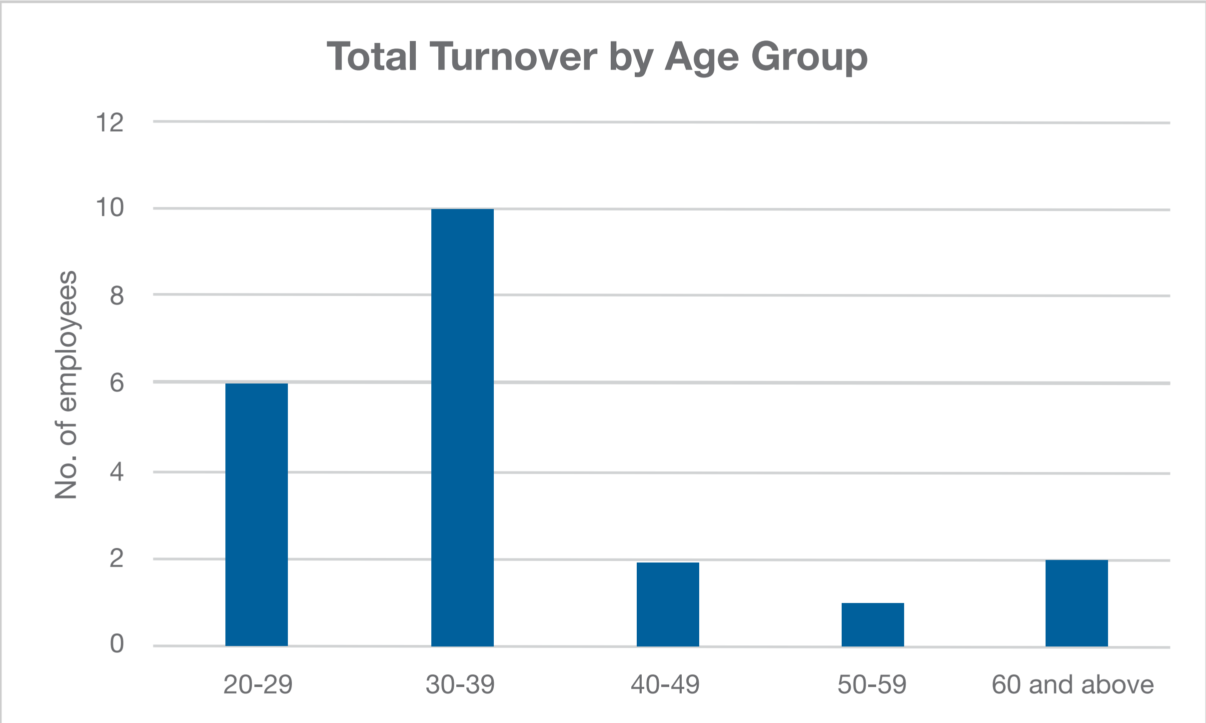

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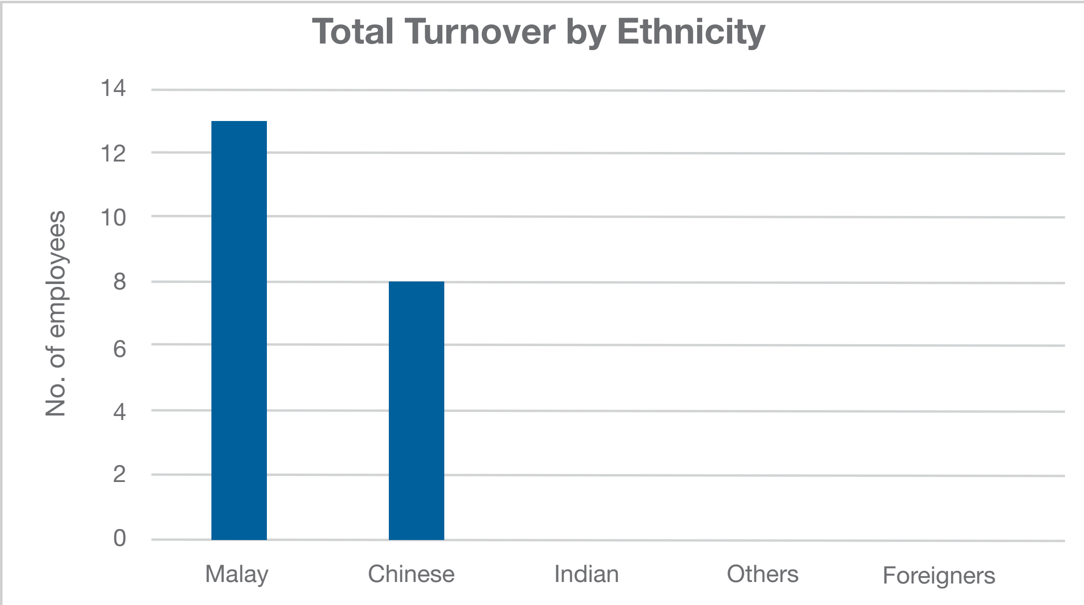
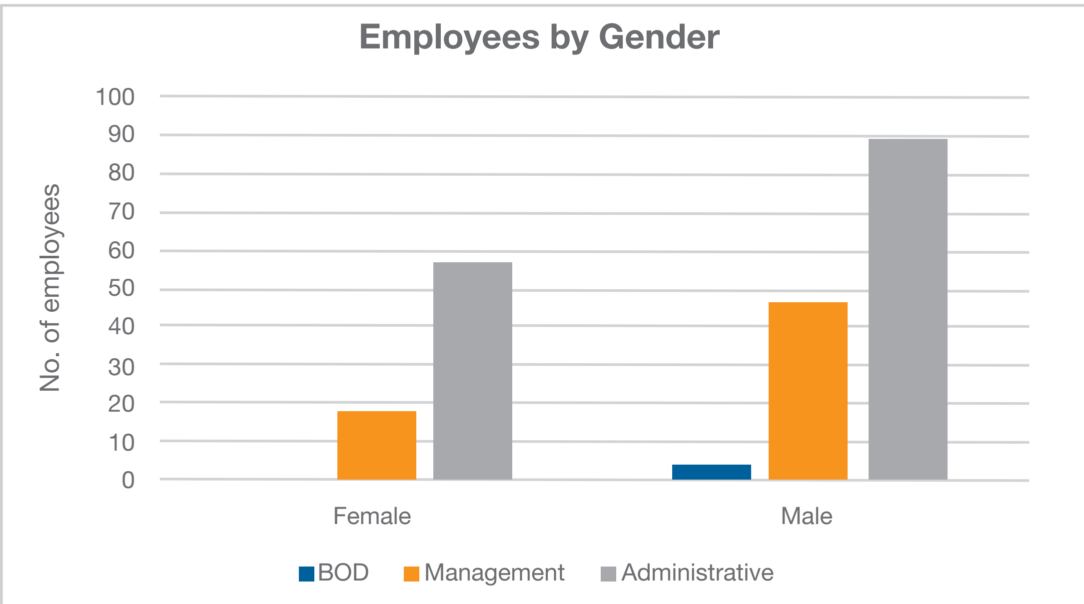


Diversity

Diversity refers to the differences in workforce by gender, age, ethnicity and disability. This measure is considered across the Board, from the directors to the management and the rest of the workforce. As at 31 December 2020, the Group's headcount comprised 4 executive directors, 64 management and 146 administrative staff, bringing the Group tally to 214 pax.

The Board is aware of the initiative to increase female participation in the boardroom, as such, the Group will continue in looking for the right candidate. At the management and administrative levels, there are no foreigners and local talents are hired and sourced from online job platforms and internal recommendations. Most of the Group's pre-dominantly skilled, white-collar workers are graduates or skilled professionals and fill management or administrative roles.

The following charts depict the composition of the Group's human capital in 2020.



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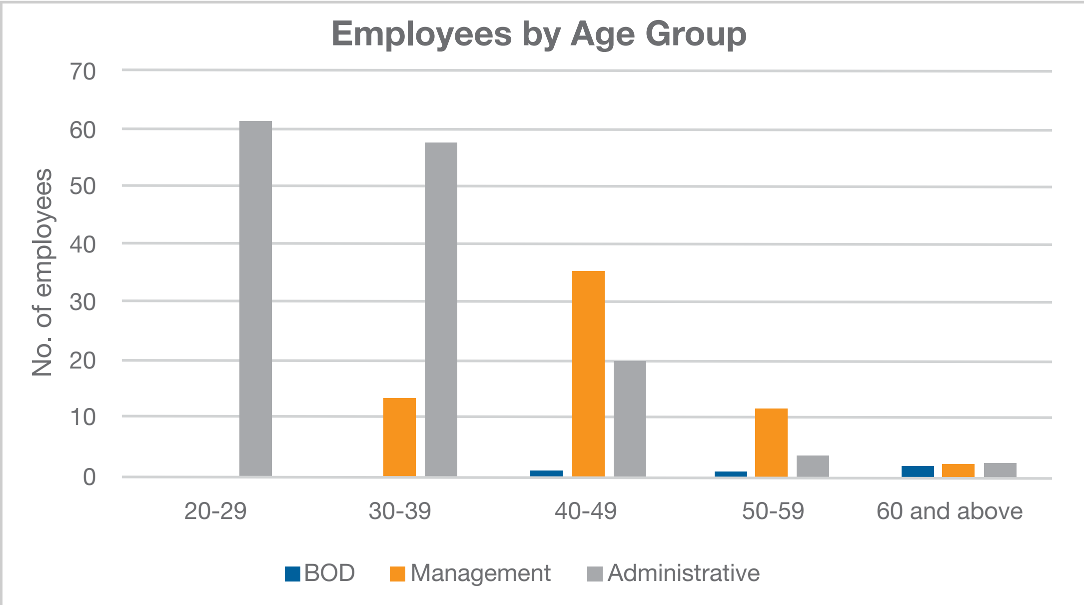

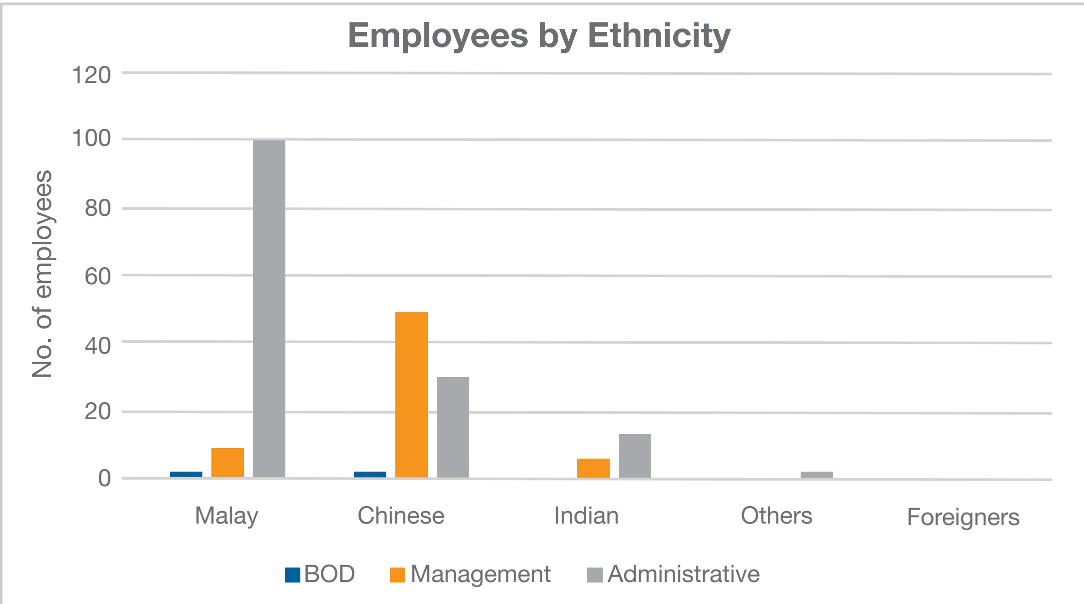

SUSTAINABILITY REPORT
(cont'd)

Labour Practices

We are committed to provide and respect fundamental human rights and safeguard against violation of human rights. The freedoms enshrined in this include freedom from forced and child labour, adherence to minimum wages and fair compensation and provision of reasonable working hours per stipulated by Labour Law.

We guarantee an anti-discriminatory and anti-harassment workplace, one that is safe and healthy and above all, ethical in conduct. Employees are not restricted from unionising and are afforded the freedom of association per local laws and practice.

Furthermore, the Group's employee benefits are above minimum statutory requirements and include dental and healthcare benefits, insurance coverage and adequate leaves on a buildable scale based on length of service.

We are committed to the continuous improvement of our workers' accommodation as we understand that this is a key in ensuring our staff welfare and well-being especially in the midst of Covid-19 pandemic. We are in compliance with the Workers' Minimum Standards of Housing and Amenities (Amendment) Act 2019 (Act 446) whereby we have embarked on the programme to improve the living quarters of our site workers by ensuring reasonable number of workers living in the right size of the space with the required amenities and facilities. Every single site worker is also given an appropriate size and thickness of single bed as well as a cupboard with lock to keep their possessions.

Community Engagement

As we are deeply rooted in the community we operate, we actively engage in community outreach programmes and activities. We are proud of having the privilege to serve various segments of the community towards providing for social empowerment and helping to make a positive difference for people across all walks of life. We have from time to time made various donations and contribution.

OUR COMMITMENT

As a responsible corporate citizen, the Group shall endeavour to undertake sustainable and responsible practices to add value to sustainable business growth, environmental stewardship and social responsibility.

Rewarding our shareholder	Sustaining long term value	Advancing our business	Investing in our human resources	Contributing to society
Dividend	Investment in our resources to ensure long-term benefits to our various stakeholders	Reinvestment in our core business	Competitive remuneration, compensation, benefits and trainings	Continued upliftment of our society's well-being through taxes and donations

SUSTAINABILITY REPORT
(cont'd)

REPORT OF THE AUDIT COMMITTEE

COMPOSITION AND MEMBERS

The current Audit Committee ("the Committee") comprises three (3) members of the Board of Directors ("the Board") who are all Independent Non-Executive Directors. Among the Independent Non-Executive Directors, Mohd Khasan bin Ahmad and Lim Boon Teng are members of the Malaysian Institute of Accountants. Below are the members of the Committee during the financial year:

Directors	Status
1. Mohd Khasan bin Ahmad - Chairman	Independent Non-Executive Director
2. Kam Yong Kan	Independent Non-Executive Director
3. Lim Boon Teng	Independent Non-Executive Director

TERMS OF REFERENCE

The Committee is governed by the following terms of reference:

1. Composition

(i) The Committee shall be appointed by the Board from amongst the directors excluding Alternate Directors; shall consist of not less than three members, where all members are Independent Non-Executive Directors; and at least one member of the Committee:

(a) must be a member of the Malaysian Institute of Accountants; or

(b) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:

(aa) he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or

(bb) he must be a member of one of the associations of accountants specified in Part 11 of the 1st Schedule of the Accountants Act 1967; and

(c) fulfils such other requirements as prescribed by Bursa Malaysia Securities Berhad or approved by the Securities Commission.

The Chairman shall be an Independent Non-Executive Director elected by the members of the Committee.

(ii) In the event of any vacancy in the Committee resulting in the non-compliance of paragraph (i) above, the Board must fill the vacancy within 3 months.

(iii) In the event that a former key audit partner is appointed as a member of the Committee, a cooling-off period of at least 2 years is required to observe prior his/her appointment.

(iv) The term of office and performance of the Committee and each of its members shall be reviewed by the Board at least once every 3 years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

2. Authority

The Committee is granted the authority to investigate any activity of the Company and its subsidiary companies within its terms of reference, and all employees are directed to co-operate as requested by members of the Committee. The Committee is empowered to obtain independent professional or other advice and retain persons having special competence as necessary to assist the Committee in fulfilling its responsibility.

REPORT OF THE AUDIT COMMITTEE
(cont'd)

TERMS OF REFERENCE (CONTINUED)

3. Responsibility

The Committee is to serve as a focal point for communication between non-Committee directors, the external auditors, internal auditors and the management on matters in connection with financial accounting, reporting and controls. The Committee is to assist the Board in fulfilling its fiduciary responsibilities as to accounting policies and reporting practices of the Company and all subsidiary companies and the sufficiency of auditing relative thereto. It is to be the Board's principal agent in assuring the independence of the Company's external auditors, the integrity of the management and the adequacy of disclosures to shareholders.

If the Committee is of the view that a matter reported to the Board has not been satisfactorily resolved resulting in a breach of the Bursa Malaysia Securities Berhad's ("Bursa Securities") Listing Requirements, the Committee shall promptly report such matter to the Exchange.

4. Functions

The functions of the Committee are as follows:

(i) review with the external auditors, their audit plan;

(ii) review with the external auditors, their evaluation of the system of internal control;

(iii) review with the external auditors, their audit report;

(iv) review the assistance given by the Company's officers to the external auditors;

(v) review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;

(vi) review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

(vii) review the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:

(a) changes in or implementation of major accounting policy changes;
(b) significant and unusual events;
(c) significant adjustments arising from the audit;
(d) compliance with accounting standards and other legal requirements;
(e) compliance with Bursa Securities; and
(f) the going concern assumption.

(viii) review any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity; and

(ix) consider the nomination, appointment and re-appointment of external auditors, their audit fees, and any questions on resignation or removal.

REPORT OF THE AUDIT COMMITTEE
(cont'd)

TERMS OF REFERENCE (CONTINUED)

5. Meetings

(i) The Committee is to meet at least four times a year and as many times as the Committee deems necessary.

(ii) In order to form a quorum for any meeting of the Committee, two (2) of the members must be presented and all present must be Non-Executive Directors and majority must be Independent Directors.

(iii) The meetings and proceedings of the Committee are governed by the provisions of the Company's Constitution regulating the meetings and proceedings of the Board so far as the same are applicable.

(iv) The director/person responsible for the financial management of Crest Builder Holdings Berhad and the head of internal audit shall normally attend meetings of the Committee. The presence of a representative of the external auditors will be requested if required.

(v) Upon request by the external auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider any matters the external auditors believe should be brought to the attention of the directors or members of the Company.

(vi) At least twice a year, the Committee shall meet with the external auditors without the presence of other directors and employees of the listed issuer whenever deemed necessary.

6. Secretary and minutes

The secretary of the Committee shall be the Company Secretary. Minutes of each meeting are to be prepared and sent to the Committee members, and the Company's directors who are not members of the Committee.

MEETINGS

The Audit Committee convened six (6) meetings in respect for financial year ended 31 December 2020. The attendance for the meetings were as follows:

Members	Number of meetings attended	Number of meetings held during tenure
1. Mohd Khasan bin Ahmad - Chairman	6	6
2. Kam Yong Kan	6	6
3. Lim Boon Teng	6	6

REPORT OF THE AUDIT COMMITTEE
(cont'd)

SUMMARY OF ACTIVITIES

For the financial year under review, the Audit Committee carried out its duties as set out in the terms of reference. The Committee convened six (6) meetings to review the following:

- the annual financial statements prior to submission to the Board for consideration and approval;
- the unaudited Quarterly Financial Results for four quarters in year 2020 for the release to the Bursa Malaysia Securities Berhad and Securities Commission Malaysia;
- the Recurrent Related Party Transactions and Related Party Transactions of the Company;
- the Statement of Overview on Corporate Governance and Statement on Risk Management and Internal Control for disclosure in Annual Report 2019;
- review of the internal audit reports for financial year 2019 & 2020 including internal controls and implementation of recommendations;
- the internal and external audit planning memorandums and programmes of the internal and external auditors for the following year as well as the recommendation of their respective fees to the Board;
- consider and recommend to the Board the appointment of external and internal auditors; and
- the recommendations by the internal and external auditors in respect of control weaknesses noted during the course of their audit.

The meetings were appropriately structured through the use of agendas and meeting papers, which were distributed to members 5 business days in advance before the meetings.

INTERNAL AUDIT FUNCTION

The Company has an outsourcing arrangement with an independent professional firm to provide internal audit services which assists the Audit Committee in discharging of its functions. The internal auditors, Ernst & Young Advisory Services Sdn. Bhd., provide independent and objective reports on the organisation's management records, accounting policies and controls directly to the Audit Committee. Such audits/reviews also ensure instituted controls are appropriate and are effectively applied to achieve acceptable risks exposures. The internal audit function is carried out in accordance with a recognised framework guided by International Standards for the Professional Practice of Internal Auditing. In terms of resources allocated for each of their visit, the team with a size of 4 to 5 members is assigned and headed by the Engagement Partner. The internal auditors are free from any relationship or conflict of interest with the Group, which could impair their objectivity and independence in carrying out their duties.

During the financial year, the internal auditors conducted independent reviews and evaluated risk exposures relating to the Group's governance, operations and information system as follows:

- reliability and integrity of financial and operational information;
- effectiveness and efficiency of operations;
- safeguarding of assets; and
- compliance with policies and procedures, laws, regulations and contracts i.e. reasonably ensuring conformity and adherence to these matters.

The internal auditors also established follow-up audits/reviews to monitor and to ensure that internal audit's recommendations have been effectively implemented. Reports, including where relevant, action plans agreed with the operational level management, are circulated to senior management and are tabled at the Audit Committee Meeting. Internal audit fees of RM120,000 was paid to the outsourced internal auditors for the financial year ended 31 December 2020.

During the financial year, the internal audit activities have been carried out according to the internal audit plan which has been approved by the Audit Committee.

STATEMENT OF OVERVIEW ON CORPORATE GOVERNANCE

The Board of Directors ("the Board") remains committed to achieving and maintaining the highest standards of corporate governance throughout the Group. The Board views corporate governance as synonymous with four key concepts; namely transparency, accountability, integrity as well as corporate performance.

Measures and efforts have and shall be taken to ensure as far as practicable the adoption and implementation of the Principles and Recommendations set out in the Malaysian Code on Corporate Governance 2017 ("the Code") and in the Main Market Listing Requirements ("MMLR") of the Bursa Malaysia Securities Berhad ("Bursa Malaysia").

Set out below is a description of how the Group has applied the Principles of the Code and how the Board has complied with the Recommendations set out in the Code throughout the financial year ended 31 December 2020.

SECTION A – BOARD OF DIRECTORS

The Board

The Group recognises the importance of role played by the Board in the stewardship of its direction and operations and ultimately the enhancement of long term shareholder value. To fulfill this role, the Board is responsible for the overall corporate governance of the Group, including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Board has a formal schedule of matters reserved to itself for decision, which includes the overall Group strategy and direction, acquisition and divestment policy, approval of major capital expenditure projects and significant financial matters. The schedule ensures that the governance of the Group is in its hands.

Duties and Responsibilities of the Board

The responsibilities of the Board of the Company are as follows:

- reviewing and adopting a strategic plan for the Group which will enhance the future growth of the Group;
- overseeing the conduct of the Group's business to evaluate whether the business is being properly managed;
- identifying principal risks of the business and ensure the implementation of appropriate systems to manage these risks;
- succession planning;
- overseeing the development and implementation of shareholder communications policy for the Company; and
- reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board has formalised and adopted a Board Charter which serves as a source of reference for directors. The Board Charter comprises, amongst others, the duties and responsibilities of the Board and the management, Board composition, Board Committees, Board meetings, Directors' Code of Business Conduct and Ethics, Directors' training, Directors' remuneration as well as communication between the Board and shareholders.

The Board Charter approved by the Board is reviewed regularly to ensure that new laws, regulations or relevant developments having an impact on the discharge of the Board's responsibilities are taken into account.

The Board Charter is available on the Company's website at www.crestbuilder.com.my.

STATEMENT OF OVERVIEW ON CORPORATE GOVERNANCE
(cont'd)

SECTION A – BOARD OF DIRECTORS (CONTINUED)

Board Balance & Independence of Directors

As at the date of this statement, the Board has seven (7) members, comprising four (4) Non-Executive Directors, two (2) Executive Directors and one (1) Alternate Director. Three (3) of the seven (7) Directors are Independent Non-Executive Directors. A brief profile of each director is presented on pages 13 and 14 of this Annual Report.

There is a clear division of responsibility between the Chairman and the Managing Director of the Group in order to provide for balance of power and authority. The Chairman is responsible for ensuring the Board effectiveness and conduct whilst the Managing Director has an overall responsibility over the operating units, organisational effectiveness and implementation of the Board's policies and decisions.

All the Independent Non-Executive Directors are independent of management and are free from any business or other relationship that could materially interfere with the exercise of their independent judgement. They have the calibre to ensure that the strategies proposed by the management are fully deliberated and examined in the long-term interest of the Group, as well as shareholders, employees and customers.

One of the recommendations of the Code states that the tenure of an Independent Director should not exceed a cumulative term of 9 years. If the Board intends to retain an Independent Director beyond 9 years, it should justify and seek annual shareholders' approval. If the Board continues to retain the Independent Director after the 12 years, the Board should seek annual shareholders' approval through a two-tier voting process. The Nomination and Remuneration Committee and the Board have upon their annual assessment, concluded that each of the 2 Independent Non-Executive Directors, Encik Mohd Khasan bin Ahmad and Mr. Kam Yong Kan continue to demonstrate conduct and behaviour that are essential indicators of independence, and that each of them continues to fulfil the definition of independence as set out in the MMLR. In addition, the Company has sought shareholders' approval at the Annual General Meeting for both to continue to serve as Independent Directors of the Board. The approval was obtained by shareholders through a two-tier voting process at the last Annual General Meeting held on 12 August 2020. The length of their service on the Board does not in any way interfere with their exercise of independent judgement and ability to act in the best interest of Crest Builder Holdings Berhad.

Although the Company does not have a formal Board Diversity Policy, the Board is actively working towards promotion of corporate culture that embraces diversity in its recruitment process. The Board has achieved Boardroom diversity in terms of gender, age and ethnicity. As of to-date, 16.7% of Board members is represented by woman director (exclude Alternate Director).

Code of Conduct

The Company has issued and implemented a Code of Business Conduct and Ethics that applies to all directors and employees of the Group. Directors and employees are required to read, understand and abide by the Code of Business Conduct and Ethics. The Code of Business Conduct and Ethics is effectively communicated via the Company's Employee Handbook and is subject to regular review and updates. The Code of Business Conduct and Ethics lays out the ethical, business and lawful conduct of the Company, include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Company has a formalised whistleblower policy. The whistleblower policy is planned as a tool to manage non-compliance to the Group's Code of Business Conduct and Ethics and its future improvement. The whistleblower is advised to report and provide appropriate information of any improper conduct to any of the Risk Management Committee members for further action.

STATEMENT OF OVERVIEW ON CORPORATE GOVERNANCE
(cont'd)

SECTION A – BOARD OF DIRECTORS (CONTINUED)

Board Meetings

The Board ordinarily meets at least four (4) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. During the financial year, the Board met on five (5) occasions, where it deliberated upon and considered a variety of matters including the Group's financial results, major investments and strategic decisions, the business direction of the Group and corporate governance matters.

Details of the attendance of the directors at the Board Meetings are as follows:

Directors	Number of meetings attended in 2020
(i) Tengku Dato' Sulaiman Shah bin Tengku Abdul Jalil Shah	5/5
(ii) Yong Shang Ming	5/5
(iii) Koh Hua Lan (f)	5/5
(iv) Mohd Khasan bin Ahmad	5/5
(v) Kam Yong Kan	5/5
(vi) Lim Boon Teng	5/5
(vii) Yong Tiok Keng (f) (Alternate to Koh Hua Lan)	5/5

Where a potential of conflict arises in the Group's investment, projects or any transactions involving director's interest, such director is required to declare his/her interest and abstain from further discussion and the decision-making process.

Board Committees

Where appropriate, matters have been delegated to Board Committees, all of which have written constitutions and terms of reference to assist the Board in discharging its duties and responsibilities. The Board will then receive the reports of their proceedings and deliberations in its scheduled Board meetings.

(i) Audit Committee

The Audit Committee whose composition meets the MMLR, i.e. all members are Non-Executive Directors and at least one member is a qualified accountant. The primary objective of the Audit Committee is to assist the Board in fulfilling its responsibilities relating to accounting and reporting practices of the Group. The Report of the Audit Committee is set out on page 44. The Audit Committee is empowered to obtain external professional advice and to invite outsiders with relevant experience to attend its meeting when necessary.

(ii) Nomination Committee

The Nomination Committee has been charged with identifying and recommending new nominees to the Board as well as committees of the Board of Crest Builder Holdings Berhad. However, the Board makes all decisions on appointments after considering the recommendations of the Committee.

The Committee periodically reviews the required mix of skills, experience and other qualities including core competencies which Non-Executive Directors should bring to the Board.

STATEMENT OF OVERVIEW ON CORPORATE GOVERNANCE
(cont'd)

SECTION A – BOARD OF DIRECTORS (CONTINUED)

Board Committees (Continued)

(ii) Nomination Committee (Continued)

All the members of the Nomination Committee are Independent Non-Executive Directors. The members of the Nomination Committee and the details of their attendance are as follows:

Directors	Number of meetings attended in 2020
Kam Yong Kan (Chairman)	1/1
Mohd Khasan bin Ahmad	1/1
Lim Boon Teng	1/1

Subsequent to the financial year end, the Nomination Committee and the Remuneration Committee were merged and renamed as the Nomination and Remuneration Committee with effect from 26 February 2021.

(iii) Remuneration Committee

The Remuneration Committee is responsible for developing the Group's remuneration policy and determining the remuneration packages of the directors of the Group. The Remuneration Committee proposes, subject to the approval of the Board, the remuneration and terms and conditions of service and the remuneration to be paid to each director for his/her services as a member of the Board as well as Committee of the Board.

The members of the Remuneration Committee and the details of their attendance are as follows:

Directors	Number of meetings attended in 2020
Lim Boon Teng (Chairman)	1/1
Mohd Khasan bin Ahmad	1/1
Kam Yong Kan	1/1

Subsequent to the financial year end, the Nomination Committee and the Remuneration Committee were merged and renamed as the Nomination and Remuneration Committee with effect from 26 February 2021.

Supply of Information

The Board is supported by a qualified and competent Company Secretary who is accountable to the Board and is responsible in advising the Board on issues relating to corporate governance with the relevant laws, rules and regulations affecting the Group and the Company as well as ensuring compliance with the statutory requirements of the Companies Act 2016, the MMLR and other regulatory bodies.

All scheduled meetings held during the financial year were preceded with a formal agenda issued by the Company Secretary in consultation with the Chairman and the Managing Director. The agenda for each meeting was accompanied by the minutes of preceding meetings of the Board and Board Committees, reports on Group's financial performance, industry trends, business plans and proposals, quarterly result announcements and other relevant information. The Board papers are comprehensive and encompass all material aspects of the matters being considered, enabling the Board to look at both quantitative and qualitative factors so that informed decisions are made. All the Board papers are distributed 5 business days in advance of the meetings to ensure directors are well informed and prepared for the meetings.

STATEMENT OF OVERVIEW ON CORPORATE GOVERNANCE
(cont'd)

SECTION A – BOARD OF DIRECTORS (CONTINUED)

Supply of Information (Continued)

All directors have access to the advice and services of the Company Secretary. Directors are informed and aware that they may take independent professional advice, if necessary and appropriate in furtherance of their duties, at the expense of the Group.

Appointments and Re-elections to the Board

The Nomination and Remuneration Committee is responsible for making recommendations for any appointments to the Board. In making these recommendations, the Nomination and Remuneration Committee considers the required mix of skills and experience which the directors should bring to the Board.

In accordance with the Company's Constitution, all directors who are appointed by the Board are subject to re-election by rotation by shareholders at the first opportunity after their appointments. The Constitution also provides that at least 1/3 of the remaining directors be subject to re-election by rotation at each Annual General Meeting, provided that all directors including the Managing Director shall retire from office at least once every three years but shall be eligible for re-election.

Annual Evaluation

The Board has undertaken a formal and objective annual evaluation to determine the effectiveness of the Board, its committees and each individual director. Every year, directors are required to complete the Directors' Self-Performance Evaluation Form covering a series of key success factors, namely integrity & ethics, governance, strategic perspective, business acumen, judgement and decision making, teamwork, communication and leadership. Directors are also given opportunity to provide feedback on the performance of the Board and the Company and suggestion for improvement.

Directors Training

All the directors of the Company have attended the Mandatory Accreditation Programme ("MAP") prescribed by Bursa Malaysia for directors of public listed companies.

The Board encourages directors to participate in ongoing education, as well as participation in accredited director education programmes.

During the financial year 2020, all directors had attended various training programmes, conferences, seminars and workshops which they have individually or collectively considered as relevant and useful in contributing to the effective discharge of their duties as directors. The directors had attended/participated in one or more of the following training programmes/conferences/seminars/workshops in 2020:

- Corporate Liability Provision in relation to Section 17A of the Malaysian Anti-Corruption Commission Act 2009
- COVID-19: Navigating International Contracts
- COVID-19 and the New Normal: Corporate Rescue Mechanisms in Times of Crisis
- Judicial Management – A Corporate Rescue Mechanism
- MIA Webinar Series: Mastering the Technical Requirements of IAS1 – Presenting Financial Statements with Confidence
- MIA Webinar Series: Practical Preparation of Financial Statements using MFRS for MBRS Templates
- MIA Webinar Series: Technical Update on IFRS (MFRS) 2020
- Prihatin Plus
- The Disruptions in Construction Industry Post Covid-19
- The E&E Industry Business Sustainability Webinar: What Now, What Next?

The directors are also kept informed of the various requirements and updates issued by regulatory authorities.

STATEMENT OF OVERVIEW ON CORPORATE GOVERNANCE
(cont'd)

SECTION B – DIRECTORS' REMUNERATION

The objectives of the Group's remuneration policy are to attract and retain the directors required to lead and control the group effectively. Generally, the remuneration of each director reflects the level of responsibility and commitment that goes with the Board Committee membership. In the case of Executive Directors, the component parts of the remuneration are structured so as to link rewards to individual and the Group's performance.

The Nomination and Remuneration Committee reviews and recommends directors' fees for the Board's approval.

Disclosure

The Board has considered disclosure of details of the remuneration of each director. The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to directors' remuneration are appropriately served by the "band disclosure" as required by the MMLR and the Code.

The remuneration/fees received by the directors (including Alternate Director) from the Group for the financial year ended 31 December 2020 as follows:

Salary Band (RM)	Directors' name	Executive Director (Number of directors)	Non-Executive Director (Number of directors)
Less than 50,000	(i) Tengku Dato' Sulaiman Shah bin Tengku Abdul Jalil Shah (ii) Mohd Khasan bin Ahmad (iii) Kam Yong Kan (iv) Lim Boon Teng	–	4
400,001 to 450,000	(i) Koh Hua Lan (ii) Yong Tiok Keng	2	–
450,001 to 500,000	–	–	–
500,001 to 550,000	–	–	–
550,001 to 600,000	(i) Yong Shang Ming	1	–

Aggregate remuneration of directors of the Company and subsidiary companies is categorised into appropriate components:

	Directors' fees (RM)	Salaries and/or other emoluments (RM)	Total (RM)
Executive Directors Non-Executive Directors	– 198,000	1,392,184 –	1,392,184 198,000
Total	198,000	1,392,184	1,590,184

STATEMENT OF OVERVIEW ON CORPORATE GOVERNANCE
(cont'd)

SECTION B – DIRECTORS' REMUNERATION (CONTINUED)

Disclosure (Continued)

On top of the above, the top five senior management's remuneration paid during the financial year ended 31 December 2020 are as follows:

No.	Name	Salaries and allowances RM	Defined contribution plan RM	Estimated benefits-in-kind RM	Total RM
	Executive Directors (including Alternate Director)				
1)	Yong Shang Ming (Managing Director)	472,674	56,610	28,000	557,284
2)	Yong Tiok Keng (f) (Alternate Director to Koh Hua Lan)	356,123	42,624	24,000	422,747
3)	Koh Hua Lan (f) (Executive Director)	403,453	–	8,700	412,153
	Key Management Personnel				
4)	Teh Hock Hua (Chief Executive Officer (Construction Division))	428,423	51,300	23,950	503,673
5)	Ir. Dr. Siew Woh Hon (Chief Operating Officer (M&E Division))	324,923	38,880	–	363,803

SECTION C – SHAREHOLDERS

Dialogue between the Company and Investors

The Company values communication with its shareholders and investors and does this through the Annual Report, Annual General Meeting and Corporate Announcements. All enquiries made are normally dealt with as promptly as practicable.

The Company also holds briefings with research analysts, fund managers and investors to explain the Group's strategies, performance and major developments and the Board plans to conduct regular dialogues with institutional investors, fund managers and analysts with the aim of fostering mutual understanding of the Group's objectives.

The Annual General Meeting

The Company has used the Annual General Meeting as a forum of communication with its shareholders. The Board encourages participation from shareholders by having a question and answer session during the Annual General Meeting whereby the directors are available to discuss aspects of the Group's performance and its business activities. Each item of special business included in the notice of the meeting is accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting and the Chairman declares the number of proxies received, both for and against each separate resolution, where appropriate.

STATEMENT OF OVERVIEW ON CORPORATE GOVERNANCE
(cont'd)

SECTION D – ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcement of results to shareholders as well as the Chairman's Statement and Management Discussion and Analysis in the Annual Report.

The directors consider that in preparing the financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. All accounting standards which the Board considers to be applicable have been complied with.

The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

Internal Control

The Board acknowledges responsibility for maintaining a sound internal control system and for reviewing its adequacy and integrity. The internal control system is designed to safeguard the shareholders' investments and the Group's assets, by its nature can only manage rather than eliminate risk of failure to achieve business objectives and inherently can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board regards risk management as an integral part of the business operations. During the year, managers in the Group have attended a series of briefings on risk management which were facilitated by external consultants to raise the level of knowledge of risk management amongst managers to enhance their understanding of the risks which potentially affect the achievement of their respective operating unit's business objectives.

Information on the Group's internal control is presented in the Statement on Risk Management and Internal Control laid out on pages 58 to 59 of this Annual Report.

Relationship with Auditors

Through the Audit Committee, the Group has established a transparent and appropriate relationship with the Group's auditors, both external and internal, in ensuring compliance with the accounting standards in Malaysia. In relation to the Financial Statements, the role of the Audit Committee in relation to the external auditors are contained in the Report of Audit Committee set out on pages 44 to 47 of this Annual Report.

The Audit Committee met the external auditors twice a year on 29 April 2020 and 30 November 2020 without the presence of the Executive Directors and the management to exchange independent views on matters which require the Audit Committee's attention.

The Audit Committee had assessed the suitability, objectivity and independence of the external auditors. In its assessment, the Audit Committee considered several factors such as competency and scope of audit and level of non-audit services rendered by Baker Tilly Monteiro Heng PLT for financial year 2020.

Baker Tilly Monteiro Heng PLT confirmed that they will continuously comply with the relevant ethical requirements regarding independence with respect to the audit of the financial statements of the Group and of the Company for financial year ended 31 December 2020 in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountant's *International Code of Ethics for Professional Accountants (including International Independence Standards).*

Being satisfied with Baker Tilly Monteiro Heng PLT's performance, technical competency and audit independence, the Audit Committee recommended the re-appointment of Baker Tilly Monteiro Heng PLT as external auditors for financial year ending 31 December 2021, which was concurred by the Board for it to be proposed for shareholders' approval at the forthcoming Annual General Meeting.

STATEMENT OF OVERVIEW ON CORPORATE GOVERNANCE
(cont'd)

ADDITIONAL COMPLIANCE INFORMATION

In conformance with Bursa Malaysia Listing Requirements, the following information is provided:

1. Utilisation of Proceeds

The Company did not implement any fund raising proposal, whether involving the issue of securities or otherwise during the financial year.

2. Share Buy-Back

Details of the ordinary shares purchased during the financial year ended 31 December 2020 are set out below:

Month	No. of ordinary shares purchased Unit	Minimum price paid for each share purchased RM	Maximum price paid for each share purchased RM	Total consideration * RM
February	429,500	0.855	0.895	380,097
March	343,500	0.695	0.855	283,447
Total	773,000	0.695	0.895	663,544

* *Including transaction costs*

All the ordinary shares re-purchased during the financial year ended 31 December 2020 were held as treasury shares. There was no resale nor cancellation or distribution of treasury shares during the financial year.

As at 31 December 2020, 14,814,100 shares were held as treasury shares.

3. Exercise of Options, Warrants or Convertible Securities

There was no exercise of options, warrants or convertible securities during the financial year.

4. American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

The Company did not sponsor any ADR or GDR Programme during the financial year.

5. Imposition of Sanctions/Penalties

There were no sanctions/penalties imposed on the Company and/or its subsidiary companies, directors or management arising from any significant breach of rules/guidelines/legislations by the relevant regulatory authorities.

6. Non-Audit Fees

Non-audit fees amounting to RM9,000 were paid/payable to the external auditors for the financial year ended 31 December 2020.

STATEMENT OF OVERVIEW ON CORPORATE GOVERNANCE
(cont'd)

7. Profit Estimate, Forecast or Projection

The Company did not announce any profit estimate, forecast or projection during the financial year.

8. Profit Guarantee

There was no profit guarantee given by the Company during the financial year.

9. Material Contracts

There were no material contracts entered into by the Company and its related parties which involved directors' and major shareholders' interests during the financial year.

10. Recurrent Related Party Transactions

The recurrent related party transactions during the financial year ended 31 December 2020 are as follows:

Related party	Contracting party	Nature of transaction	Transacted value for financial year ended 31 December 2020 RM
Farima Sdn. Bhd. (company connected to Tengku Dato' Sulaiman Shah bin Tengku Abdul Jalil Shah)	Crestland Development Sdn. Bhd.	Rental expense	24,000

11. Revaluation Policy

The revaluation policy on landed properties of the Company and its subsidiary companies is disclosed in Note 3.4 to the Financial Statements.

12. Variation in Results

There was no significant variation in results (differ by 10% or more) from any profit estimation/forecast/projection/unaudited result announced.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

THE BOARD'S RESPONSIBILITIES

Pursuant to the requirements under the Malaysian Code on Corporate Governance for companies listed on Bursa Malaysia Securities Berhad ("Bursa Malaysia"), the Board of Directors ("the Board") acknowledges their responsibilities under the Bursa Malaysia Listing Requirements to:

- identify principal business risks and ensure implementation of appropriate control measures to manage the risk; and
- review the adequacy and integrity of the internal control system, management information system and system for compliance with applicable laws, regulations, rules, directives and guidelines.

It should be noted that a risk management and internal control system is designed to manage risks rather than eliminate them, and can provide only reasonable but not absolute assurance against any material misstatement or loss.

The Board confirms that there is an ongoing risk management process established to identify, evaluate, and manage significant risks to effectively mitigate the risks that may impede the achievement of Crest Builder Group of Companies ("the Group") business and corporate objectives. The Board reviews the process on a regular basis to ensure proper management of risk and that measures are taken to mitigate any weaknesses in the control environment.

RISK MANAGEMENT FRAMEWORK

The enterprise risk management framework of the Group was set up in 2003 with the assistance of a professional firm of consultants. The formalisation of the enterprise risk management framework involved developing the risk profile where principal business risks, which could affect the achievement of the strategic business objective of the Group, are systematically identified, evaluated and mitigated.

A risk management committee was established in 2006. The committee is dedicated to meet its obligations and fiduciary responsibilities to stakeholders of the Group. It is actively reviewing the framework to enhance the identification, evaluation and communication of the overall risk process to ensure critical risks (present and potential) are managed systematically and communicated to the Board on a timely basis. The committee also would ensure the framework is relevant and adaptive to changes in the business environment from time to time.

INTERNAL CONTROL

The Board through the Audit Committee and Management Committee reviews and monitors, as an ongoing process, the adequacy and integrity of the internal control system.

Audit Committee

The Audit Committee received reports from the internal auditors at least twice a year. The Group has an outsourcing arrangement with an independent professional firm in relation to its internal audit function. The internal audit function adopts a risk-based approach which focuses on the principal risks affecting the key business processes of the Group. Periodic scheduled internal audit visits have been carried out in accordance with the approved internal audit plan.

The internal audit function is responsible for undertaking regular and systematic review of the internal controls to provide the Audit Committee and the Board with sufficient assurance that the system of internal control is effective in addressing the risks identified. On a half yearly basis, internal auditors submit audit reports and plan status for review and approval by the Audit Committee. Included in the reports are recommended corrective measures on risks identified, if any, for implementation by the management.

As required by paragraph 15.23 of Bursa Securities Listing Requirements, the external auditors have conducted a limited assurance engagement on this Statement on Risk Management and Internal Control. Their limited assurance engagement was performed in accordance with ISAE3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and Audit and Assurance Practice Guide 3 (previously RPG 5 (Revised 2015)) ("AAPG 3"), *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control.*

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(cont'd)

INTERNAL CONTROL (CONTINUED)

Audit Committee (Continued)

Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this statement is not prepared, in all material aspects, in accordance with disclosure required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Controls: *Guidance for Directors of Listed Issuers* to be set out, nor is factually inaccurate. AAPG 3 does not require the external auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and management thereon. The external auditors also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

Management Committee

The Management Committee oversees the day-to-day operations and conduct of the Group's businesses. Scheduled meetings are held at operational and management levels to identify, discuss and resolve business and operational issues. These include scheduled management meetings at Group and individual subsidiary company levels, project managers meetings and site meetings. Minutes of these meetings and management reports are escalated to the relevant Executive Directors on a timely basis. The meetings are held as part of an ongoing process to review and assess the adequacy and effectiveness of the Group's risk management and internal control system and to ensure that any shortcomings identified are addressed on a timely basis.

Other Features of the Group's Internal Control System

Other features of the Group's internal control system include the following:

- Quality Policy and Quality Objectives which clearly outlined the Group's direction
- Clear organisation structure with delineated reporting lines
- Systematic performance appraisal for all employees of the Group
- Continuous training provided to maintain high competency and capabilities levels
- Clearly defined objectives and term of reference of the various Committees are established by the Board
- Frequent visits to the job sites by Executive Directors and senior management
- Processes and procedures in accordance with the requirements of MS ISO 9001:2015 certification are implemented
- Employee Handbook is available for reference
- Project Budget and controls

REVIEW

The Board has received assurance from Managing Director and Head of Finance that the Group's risk management and internal control system are operating adequately and effectively.

For the financial year under review, the Board is satisfied with the adequacy and effectiveness of the risk management, and the review and monitoring of the internal control system gives reasonable assurance that the internal controls in place are adequate. Where exceptions were noted, they were not material in the context of this report and corrective actions have been taken.

The Board recognises that the Group operates in a dynamic business environment and that the Group's internal control system must be responsive to changes in the business environment and continuously evolves to support its business objectives. The review of all control procedures was continuously carried out throughout the period under review and up to the date of approval of this statement for inclusion in the annual report to ensure an effective and efficient system of internal control. The Board remains committed towards continuous improvements and enhancements of its system of internal control and will, when necessary, put in place action plans to ensure that there is increased certainty of the achievement of business objectives, thus enhancing shareholders' value.

This Statement is made in accordance with the resolution of the Board dated 15 April 2021.

STATEMENT ON DIRECTORS' RESPONSIBILITY

As required under the Companies Act 2016, the directors of Crest Builder Holdings Berhad have made a statement expressing an opinion on the financial statements. The Board of Directors ("the Board") is of the opinion that the financial statements have been drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company for the financial year ended 31 December 2020.

In the process of preparing these financial statements, the directors have reviewed the accounting policies and practices to ensure that they were consistently applied throughout the financial year. In cases where judgement and estimates were made, they were based on reasonableness and prudence.

Additionally, the directors have relied on the system of internal control to ensure that the information generated for the preparation of the financial statements from the underlying accounting records is accurate and reliable.

This statement is made in accordance with a resolution of the Board dated 15 April 2021.

FINANCIAL STATEMENTS

DIRECTORS' 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 December 2020.

PRINCIPAL ACTIVITIES

The Company is principally engaged as an investment holding company. The principal activities of its subsidiary companies are disclosed in Note 7 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
Loss for the financial year	(74,825,827)	(3,575,520)
Attributable to:		
Owners of the Company	(77,110,918)	(3,575,520)
Non-controlling interests	2,285,091	–
	(74,825,827)	(3,575,520)

DIVIDENDS

Since the end of the previous financial year, the Company paid a first and final single-tier dividend of 3.5 sen per ordinary share amounting to RM5,673,764 in respect of financial year ended 31 December 2019 on 28 October 2020.

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

RESERVES OR 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 debts and had satisfied themselves that there were no known bad debts 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 require the writing off of bad debts or render the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

DIRECTORS' REPORT
(cont'd)

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 other than the impairment of goodwill and adverse impact from COVID-19 as disclosed in Notes 27 and 38 to the financial statements respectively; 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.

DIRECTORS' REPORT
(cont'd)

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

TREASURY SHARES

As at 31 December 2020, the Group and the Company held 14,814,100 treasury shares out of its 176,921,657 issued and paid-up ordinary shares.

The directors of the Company are committed to enhance the value of the Company and its shareholders and believe that the share repurchase plan can be executed in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 773,000 of its issued ordinary shares from the open market on Bursa Malaysia Securities Berhad. The average price paid for the shares repurchased was approximately RM0.86 per share including transaction costs.

The share repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016 in Malaysia. There was no resale, cancellation or distribution of treasury shares during the financial year.

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:

Tengku Dato' Sulaiman Shah Bin Tengku Abdul Jalil Shah *
Koh Hua Lan *
Yong Shang Ming *
Mohd Khasan Bin Ahmad
Kam Yong Kan
Lim Boon Teng
Yong Tiok Keng (Alternate director to Koh Hua Lan) *

* *Directors of the Company and of certain subsidiary companies*

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

Firdaus Bin Tajuddin
Khoo Kheng Kiat
Sri Rahayu Binti Tajuddin
Teh Hock Hua
Vignesh Naidu A/L Kuppusamy Naidu
Yong Tiok Nee

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 1.1.2020	**Bought**	**Sold**	**At 31.12.2020**
Indirect interests:				
Koh Hua Lan #	66,622,000	1,526,000	–	68,148,000
Yong Shang Ming #	66,622,000	1,526,000	–	68,148,000
Yong Tiok Keng # ^	66,622,000	1,526,000	–	68,148,000

\# *Shares held through a company in which the director has substantial interests*
^ *Alternate director to Koh Hua Lan*

By virtue of her interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Koh Hua Lan is deemed to have an interest in the ordinary shares of the subsidiary companies to the extent that the Company has an interest.

Other than as disclosed 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 31 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, other than any deemed benefits which may arise from transactions as disclosed in Note 33(b) to the financial statements.

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 insurance coverage and insurance premium paid for the directors and officers of the Company were RM5,000,000 and RM11,000 respectively.

SUBSIDIARY COMPANIES

The details of the Company's subsidiary companies are disclosed in Note 7 to the financial statements.

The auditors' reports on the financial statements of the subsidiary companies did not contain any qualification.

DIRECTORS' REPORT
(cont'd)

SIGNIFICANT EVENT DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant event during and subsequent to the end of the financial year are disclosed in Note 38 to the financial statements.

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in Note 27 to the financial statements.

AUDITORS

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

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

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

TENGKU DATO' SULAIMAN SHAH BIN TENGKU ABDUL JALIL SHAH
Director

YONG SHANG MING
Director

Petaling Jaya

Date: 15 April 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 RM	2019 RM
ASSETS			
Non-current assets			
Property, plant and equipment	5	31,066,656	33,791,308
Investment properties	6	276,327,612	301,327,612
Golf club membership	8	54,000	54,000
Inventories	9	78,993,019	18,301,531
Goodwill	10	23,659,780	33,608,137
Operating financial asset	11	280,784,865	290,607,950
Deferred tax assets	12	22,522,311	8,846,072
Total non-current assets		713,408,243	686,536,610
Current assets			
Inventories	9	291,487,753	302,874,630
Operating financial asset	11	9,821,534	8,727,493
Trade and other receivables	13	188,704,594	198,880,638
Contract assets	15	76,650,831	71,613,322
Current tax assets		4,933,214	4,934,088
Short term investments	16	12,567,247	61,686,794
Fixed deposits placed with licensed banks	17	53,964,653	57,086,752
Cash and bank balances	18	19,770,594	20,533,738
Total current assets		657,900,420	726,337,455
TOTAL ASSETS		1,371,308,663	1,412,874,065

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020
(cont'd)

	Note	2020 RM	2019 RM
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	19	181,190,804	181,190,804
Treasury shares	20	(13,660,787)	(13,001,160)
Retained earnings		241,465,026	324,249,708
		408,995,043	492,439,352
Non-controlling interests		17,709,371	15,424,280
TOTAL EQUITY		426,704,414	507,863,632
Non-current liabilities			
Loans and borrowings	21	375,624,629	362,532,848
Deferred tax liabilities	12	27,925,992	27,572,232
Trade and other payables	22	10,552,722	10,552,722
Total non-current liabilities		414,103,343	400,657,802
Current liabilities			
Loans and borrowings	21	163,238,002	146,183,785
Current tax liabilities		535,690	409,203
Trade and other payables	22	350,639,043	342,583,228
Contract liabilities	15	16,088,171	15,176,415
Total current liabilities		530,500,906	504,352,631
TOTAL LIABILITIES		944,604,249	905,010,433
TOTAL EQUITY AND LIABILITIES		1,371,308,663	1,412,874,065

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020 RM	2019 RM
Revenue from contracts with customers and other revenue		254,948,546	429,581,302
Finance income from concession contract		35,007,875	35,978,842
Revenue	23	289,956,421	465,560,144
Cost of sales	24	(275,285,231)	(382,042,001)
Gross profit		14,671,190	83,518,143
Other income		5,191,130	9,197,565
Administrative expenses		(21,927,190)	(39,850,420)
Net (impairment losses)/reversal of impairment losses on receivables and contract assets		(17,587,362)	9,193,587
Other expenses		(34,948,357)	(6,049,422)
Operating (loss)/profit		(54,600,589)	56,009,453
Finance income	25	1,389,190	2,587,579
Finance costs	26	(32,909,587)	(36,379,653)
(Loss)/Profit before tax	27	(86,120,986)	22,217,379
Income tax credit/(expense)	28	11,295,159	(5,342,709)
(Loss)/Profit for the financial year		(74,825,827)	16,874,670
Other comprehensive income, net of tax		–	–
Total comprehensive (loss)/income for the financial year		(74,825,827)	16,874,670
(Loss)/Profit attributable to:			
Owners of the Company		(77,110,918)	19,206,979
Non-controlling interests		2,285,091	(2,332,309)
		(74,825,827)	16,874,670
Total comprehensive (loss)/income attributable to:			
Owners of the Company		(77,110,918)	19,206,979
Non-controlling interests		2,285,091	(2,332,309)
		(74,825,827)	16,874,670
(Loss)/Earnings per share (sen):	29		
- basic		(47.53)	11.55
- diluted		(47.53)	11.55

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		← Attributable to owners of the Company →					
	Note	**Share capital RM**	**Treasury shares RM**	**Retained earnings RM**	**Total RM**	**Non-controlling interests RM**	**Total equity RM**
At 1 January 2019		181,190,804	(6,478,293)	312,553,623	487,266,134	17,756,589	505,022,723
Total comprehensive income/(loss) for the financial year		–	–	19,206,979	19,206,979	(2,332,309)	16,874,670
Transactions with owners:							
Dividends on ordinary shares	30	–	–	(7,510,894)	(7,510,894)	–	(7,510,894)
Purchase of treasury shares	20	–	(6,522,867)	–	(6,522,867)	–	(6,522,867)
Total transactions with owners		–	(6,522,867)	(7,510,894)	(14,033,761)	–	(14,033,761)
At 31 December 2019		181,190,804	(13,001,160)	324,249,708	492,439,352	15,424,280	507,863,632

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd)

		Attributable to owners of the Company					
	Note	Share capital RM	Treasury shares RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
At 1 January 2020		181,190,804	(13,001,160)	324,249,708	492,439,352	15,424,280	507,863,632
Total comprehensive (loss)/income for the financial year		–	–	(77,110,918)	(77,110,918)	2,285,091	(74,825,827)
Transactions with owners:							
Dividends on ordinary shares	30	–	–	(5,673,764)	(5,673,764)	–	(5,673,764)
Purchase of treasury shares	20	–	(659,627)	–	(659,627)	–	(659,627)
Total transactions with owners		–	(659,627)	(5,673,764)	(6,333,391)	–	(6,333,391)
At 31 December 2020		181,190,804	(13,660,787)	241,465,026	408,995,043	17,709,371	426,704,414

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020 RM	2019 RM
Cash flows from operating activities			
(Loss)/Profit before tax		(86,120,986)	22,217,379
Adjustments for:			
Amortisation of discount on Sukuk Murabahah	26	2,815,083	3,028,000
Depreciation of property, plant and equipment	5	5,071,435	5,159,024
Finance income from concession contract	23	(35,007,875)	(35,978,842)
Gain on disposal of property, plant and equipment		(30,000)	(45,452)
Impairment losses on:			
- contract assets		680,580	–
- goodwill		9,948,357	–
- trade receivables		6,900,627	4,778,174
- other receivables		11,872,294	6,694
Income from short term investments		(880,453)	(2,501,409)
Interest expense		30,094,504	33,351,653
Interest income from banks		(1,441,102)	(2,301,677)
Net fair value loss/(gain) on investment properties	6	25,000,000	(2,000,000)
Reversal of impairment losses on:			
- trade receivables		(1,866,139)	(4,800,281)
- other receivables		–	(9,178,174)
Write-off of inventories - property under development		–	6,049,422
Operating (loss)/profit before changes in working capital		(32,963,675)	17,784,511
Changes in working capital:			
Operating financial asset		43,736,919	43,736,918
Inventories		(49,304,611)	(7,432,210)
Trade and other receivables		(6,730,738)	24,453,624
Contract assets		(5,718,089)	58,305,580
Trade and other payables		8,055,815	(15,938,893)
Contract liabilities		911,756	1,970,061
Cash (used in)/generated from operations		(42,012,623)	122,879,591
Income tax paid		(2,396,294)	(10,206,718)
Income tax refunded		496,335	942,717
Interest received	23	104,932	49,707
Net cash (used in)/from operating activities		(43,807,650)	113,665,297

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd)

	Note	2020 RM	2019 RM
Cash flows from investing activities			
Interest received		1,336,170	2,251,970
Proceeds from disposal of property, plant and equipment		30,000	83,530
Proceeds from disposal of short term investments		50,000,000	70,700,000
Placement of short term investments		–	(89,806,000)
Purchase of property, plant and equipment	(a)	(996,783)	(1,822,098)
Fixed deposits pledged		(1,698,861)	(939)
Net decrease in bank balances maintained in an escrow account		169,211	565,205
Net cash from/(used in) investing activities		48,839,737	(18,028,332)
Cash flows from financing activities	**(b)**		
Dividends paid	30	(5,673,764)	(7,510,894)
Drawdown of term loans		38,500,000	–
Interest paid		(30,094,504)	(33,351,653)
Net drawdown/(Repayment) of bankers' acceptances		13,972,107	(13,481,104)
Net drawdown/(Repayment) of revolving credits		7,886,824	(15,099,130)
Payment of lease liabilities		(4,803,800)	(4,738,517)
Purchase of treasury shares		(659,627)	(6,522,867)
Repayment of Sukuk Murabahah		(25,000,000)	(25,000,000)
Repayment of term loans		(6,977,497)	(15,678,314)
Net cash used in financing activities		(12,850,261)	(121,382,479)
Net decrease in cash and cash equivalents		(7,818,174)	(25,745,514)
Cash and cash equivalents at the beginning of the financial year		47,261,851	73,007,365
Cash and cash equivalents at the end of the financial year		39,443,677	47,261,851
Analysis of cash and cash equivalents			
Fixed deposits placed with licensed banks	17	53,964,653	57,086,752
Cash and bank balances	18	19,770,594	20,533,738
		73,735,247	77,620,490
Less:			
Bank overdrafts	21	(29,482,165)	(27,078,884)
Fixed deposits pledged with licensed banks	17	(4,809,303)	(3,110,442)
Bank balances maintained in an escrow account	18	(102)	(169,313)
		39,443,677	47,261,851

CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd)

(a) Purchase of property, plant and equipment:

	Group 2020 RM	Group 2019 RM
Purchase of property, plant and equipment	2,346,783	3,094,098
Financed by way of lease arrangements	1,350,000	1,272,000
Cash payments on purchase of property, plant and equipment	996,783	1,822,098

(b) Reconciliation of liabilities arising from financing activities:

	As at 1.1.2020 RM	Cash flows RM	Non-cash Acquisition RM	Non-cash Amortisation of discount RM	As at 31.12.2020 RM
Term loans	6,977,497	31,522,503	–	–	38,500,000
Lease liabilities	10,716,908	(4,803,800)	1,350,000	–	7,263,108
Sukuk Murabahah	378,669,687	(25,000,000)	–	2,815,083	356,484,770
Bankers' acceptances	22,590,000	13,972,107	–	–	36,562,107
Revolving credits	62,683,657	7,886,824	–	–	70,570,481
	481,637,749	23,577,634	1,350,000	2,815,083	509,380,466

	As at 1.1.2019 RM	Cash flows RM	Non-cash Acquisition RM	Non-cash Amortisation of discount RM	As at 31.12.2019 RM
Term loans	22,655,811	(15,678,314)	–	–	6,977,497
Lease liabilities	14,183,425	(4,738,517)	1,272,000	–	10,716,908
Sukuk Murabahah	400,641,687	(25,000,000)	–	3,028,000	378,669,687
Bankers' acceptances	36,071,104	(13,481,104)	–	–	22,590,000
Revolving credits	77,782,787	(15,099,130)	–	–	62,683,657
	551,334,814	(73,997,065)	1,272,000	3,028,000	481,637,749

(c) Total cash outflows for leases

During the financial year, the Group had total cash outflows for leases of RM6,979,291 (2019: RM6,998,129).

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 RM	2019 RM
ASSETS			
Non-current assets			
Plant and equipment	5	–	–
Investment in subsidiary companies	7	102,732,174	106,365,270
Amount due from subsidiary companies	14	148,891,931	136,121,345
Total non-current assets		251,624,105	242,486,615
Current assets			
Amount due from subsidiary companies	14	8,209,566	7,421,574
Deposit and prepayments		12,595	10,765
Short term investments	16	10,133,535	58,306,102
Fixed deposits placed with licensed banks	17	3,148,484	3,080,593
Cash and bank balances	18	115,012	115,012
Total current assets		21,619,192	68,934,046
TOTAL ASSETS		273,243,297	311,420,661
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	19	181,190,804	181,190,804
Treasury shares	20	(13,660,787)	(13,001,160)
Retained earnings		21,813,802	31,063,086
TOTAL EQUITY		189,343,819	199,252,730
Current liabilities			
Loans and borrowings	21	2,396,455	4,587,548
Current tax liabilities		532,286	404,621
Other payables and accruals	22	273,796	319,293
Amount due to subsidiary companies	14	80,696,941	106,856,469
Total current liabilities		83,899,478	112,167,931
TOTAL LIABILITIES		83,899,478	112,167,931
TOTAL EQUITY AND LIABILITIES		273,243,297	311,420,661

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

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020 RM	2019 RM
Interest income		6,861,526	7,002,785
Other revenue		827,433	11,665,800
Revenue	23	7,688,959	18,668,585
Cost of sales		–	–
Gross profit		7,688,959	18,668,585
Other income		–	444
Administrative expenses		(1,016,013)	(932,157)
Impairment loss on receivables		(4,355,169)	–
Other expenses		(4,219,821)	(8,159,144)
Operating (loss)/profit		(1,902,044)	9,577,728
Finance costs	26	(91,620)	(402,387)
(Loss)/Profit before tax	27	(1,993,664)	9,175,341
Income tax expense	28	(1,581,856)	(1,520,225)
(Loss)/Profit for the financial year		(3,575,520)	7,655,116
Other comprehensive income, net of tax		–	–
Total comprehensive (loss)/income for the financial year		(3,575,520)	7,655,116

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Share capital RM	Treasury shares RM	Retained earnings RM	Total equity RM
At 1 January 2019		181,190,804	(6,478,293)	30,918,864	205,631,375
Total comprehensive income for the financial year		–	–	7,655,116	7,655,116
Transactions with owners:					
Dividends on ordinary shares	30	–	–	(7,510,894)	(7,510,894)
Purchase of treasury shares	20	–	(6,522,867)	–	(6,522,867)
Total transactions with owners		–	(6,522,867)	(7,510,894)	(14,033,761)
At 31 December 2019		181,190,804	(13,001,160)	31,063,086	199,252,730
Total comprehensive loss for the financial year		–	–	(3,575,520)	(3,575,520)
Transactions with owners:					
Dividends on ordinary shares	30	–	–	(5,673,764)	(5,673,764)
Purchase of treasury shares	20	–	(659,627)	–	(659,627)
Total transactions with owners		–	(659,627)	(5,673,764)	(6,333,391)
At 31 December 2020		181,190,804	(13,660,787)	21,813,802	189,343,819

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

STATEMENT OF **CASH FLOWS**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	2020 RM	2019 RM
Cash flows from operating activities		
(Loss)/Profit before tax	(1,993,664)	9,175,341
Adjustments for:		
Compensation to a subsidiary company for loss on investment	–	5,100,000
Dividend income	–	(9,500,000)
Effect of revision of estimated receipt of amount due from subsidiary companies	586,725	1,946,459
Impairment losses on:		
- amount due from a subsidiary company	4,355,169	–
- investment in subsidiary companies	3,633,096	–
Income from short term investments	(827,433)	(2,165,800)
Interest expense	91,620	402,387
Interest income from banks	(104,932)	(49,707)
Interest income from subsidiary companies	(6,756,594)	(6,953,078)
Waiver of debt on amount due from a subsidiary company	–	1,112,685
Operating loss before changes in working capital	(1,016,013)	(931,713)
Changes in working capital:		
Deposit and prepayments	(1,830)	8,052
Other payables and accruals	(45,497)	(139,241)
Cash used in operations	(1,063,340)	(1,062,902)
Dividends received	–	9,500,000
Income tax paid	(1,454,191)	(1,504,428)
Interest received	6,861,526	7,002,785
Net cash from operating activities	4,343,995	13,935,455
Cash flows from investing activities		
Proceeds from disposal of short term investments	49,000,000	32,500,000
Placement of short term investments	–	(64,700,000)
(Advances to)/Repayment from subsidiary companies	(18,500,472)	3,163,960
Fixed deposits pledged	(67,891)	–
Net cash from/(used in) investing activities	30,431,637	(29,036,040)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd)

	Note	2020 RM	2019 RM
Cash flows from financing activities	**(a)**		
Dividends paid	30	(5,673,764)	(7,510,894)
Interest paid		(91,620)	(402,387)
Repayment of term loan		-	(8,065,791)
Purchase of treasury shares		(659,627)	(6,522,867)
(Repayment to)/Advances from subsidiary companies		(26,159,528)	33,332,887
Net cash (used in)/from financing activities		(32,584,539)	10,830,948
Net increase/(decrease) in cash and cash equivalents		2,191,093	(4,269,637)
Cash and cash equivalents at the beginning of the financial year		(4,472,536)	(202,899)
Cash and cash equivalents at the end of the financial year		(2,281,443)	(4,472,536)
Analysis of cash and cash equivalents			
Fixed deposits placed with licensed banks	17	3,148,484	3,080,593
Cash and bank balances	18	115,012	115,012
		3,263,496	3,195,605
Less:			
Bank overdrafts	21	(2,396,455)	(4,587,548)
Fixed deposits pledged with licensed banks	17	(3,148,484)	(3,080,593)
		(2,281,443)	(4,472,536)

(a) Reconciliation of liabilities arising from financing activities

Changes in liabilities arising from financing activities are changes arising from cash flows.

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Crest Builder Holdings 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 of the Company is located at 62-2, Jalan 2A/27A, Section 1, Wangsa Maju, 53300 Kuala Lumpur.

The principal place of business of the Company is located at Penthouse, The Crest, 3 Two Square, No. 2, Jalan 19/1, 46300 Petaling Jaya, Selangor Darul Ehsan.

The Company is principally engaged as an investment holding company. The principal activities of its subsidiary companies are disclosed in Note 7 to the financial statements.

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 15 April 2021.

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 the Malaysian Financial Reporting Standards ("MFRSs"), the International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

2.2 Adoption of amendments/improvements to MFRSs

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

Amendments/Improvements to MFRSs	
MFRS 3	Business Combinations
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 16	Leases*
MFRS 101	Presentation of Financial Statements
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 139	Financial Instruments: Recognition and Measurement

* Early adopted the amendment to MFRS 16 *Leases* issued by the Malaysian Accounting Standards Board on 5 June 2020.

The adoption of the above amendments/improvements to MFRSs 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.

NOTES TO THE **FINANCIAL STATEMENTS**
(cont'd)

2. BASIS OF PREPARATION (CONTINUED)

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

(a) 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 2022/ 1 January 2023#
MFRS 4	Insurance Contracts	1 January 2021/ 1 January 2023
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2021/ 1 January 2023#
MFRS 9	Financial Instruments	1 January 2021/ 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 January 2021/ 1 April 2021
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#
MFRS 107	Statements of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
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 2021
MFRS 140	Investment Property	1 January 2023#
MFRS 141	Agriculture	1 January 2022^

^ *The Annual Improvements to MFRS Standards 2018-2020*

Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

NOTES TO THE **FINANCIAL STATEMENTS**
(cont'd)

2. BASIS OF PREPARATION (CONTINUED)

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

(b) 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 relevant to the Group and the Company are summarised below.

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.

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.

(c) The Group and the Company are currently assessing the impact of initial application of the above applicable amendments/improvements to MFRSs. Nevertheless, the Group and the Company expect that the initial application is unlikely to have material financial impacts to the current period and prior period financial statements of the Group and of the Company.

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 on the historical cost basis, except as otherwise disclosed in Note 3 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. 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 subsidiary companies. The financial statements of the subsidiary companies 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.

(a) Subsidiary companies and business combination

Subsidiary companies 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 subsidiary companies 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 3.6 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(a) Subsidiary companies and business combination (Continued)

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.

Upon the loss of control of a subsidiary company, the Group derecognises the assets and liabilities of the former subsidiary company, any non-controlling interests and the other components of equity related to the former subsidiary company 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 company, 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 company 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 subsidiary companies not attributable, directly or indirectly, to owners of the Company 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) 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.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiary companies is 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 3.12(b) to the financial statements.

Contributions to subsidiary companies 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 subsidiary companies.

NOTES TO THE **FINANCIAL STATEMENTS**
(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b) to the financial statements.

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.16 to the financial statements.

The building-in-progress of the Group relates to properties under construction.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as a separate item of property, plant and equipment.

Subsequent to initial recognition, property, plant and equipment, except for freehold land and building-in-progress, are stated at cost less accumulated depreciation and any accumulated impairment losses. Freehold land is stated at cost less any accumulated impairment losses.

(b) Subsequent costs

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

(c) Depreciation

Freehold land has an indefinite useful life and therefore is not depreciated. Building-in-progress is stated at cost unless in the opinion of the directors, there is a permanent diminution in value. Depreciation on building-in-progress commences when the asset is ready for its intended use.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives. The depreciable amount is determined after deducting the residual value. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:

Buildings	2 – 20%
Equipment, furniture and fittings	10 – 20%
Light equipment	20%
Motor vehicles	20%
Plant and machineries	20 – 33%

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Property, plant and equipment (Continued)

(c) Depreciation (Continued)

The residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, 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.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

(d) Derecognition

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

3.4 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or for both.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in fair values of investment properties are recognised in profit or loss for the period in which they arise.

Cost includes purchase price and any directly attributable costs incurred to bring the properties to their present location and condition intended for use as investment properties. The cost of a self-constructed investment property includes the cost of material, direct labour and any other direct attributable costs. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.16 to the financial statements.

Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Alternatively, the fair value of the investment properties is performed by using discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

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

An investment property is derecognised on its disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Investment properties (Continued)

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, any difference arising on the date of change in use between the carrying amount of the item immediately prior to the transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment.

3.5 Leases

(a) Definition of lease

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.

(b) Lessee accounting

At the lease commencement date, the Group and the Company recognise 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 assets that do not meet the definition of investment property in Note 5 to the financial statements and lease liabilities in Note 21 to the financial statements.

<u>Right-of-use asset</u>

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 adjust 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 Group 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 3.12(b) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Leases (Continued)

(b) Lessee accounting (Continued)

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.

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.

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

The Group and the Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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 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.

(c) Lessor accounting

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.

If an entity in 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Leases (Continued)

(c) Lessor accounting (Continued)

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 and the Company apply MFRS 15 to allocate the consideration under the contract to each component.

3.6 Goodwill

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 initial 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 3.12(b) to the financial statements.

3.7 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

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial instruments (Continued)

(a) Subsequent measurement (Continued)

(i) Financial assets (Continued)

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.

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 two 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 3.12(a) to the financial statements. Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

- **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. 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 fair value through other comprehensive income, 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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial instruments (Continued)

(a) Subsequent measurement (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 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 if, and only if, the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability 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 effective interest method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and 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.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial instruments (Continued)

(c) 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.

(d) 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.

NOTES TO THE **FINANCIAL STATEMENTS**
(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Operating financial asset

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 may include infrastructure used in public-to-private service concession arrangement for its entire concession period. Under the concession arrangement, the grantor controls the significant residual interest in the infrastructure at the end of the concession period.

The Group accounts for its service concession arrangement under the financial asset model. The financial asset model is used when the Group has an unconditional contractual right to receive cash or other 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 recognised at fair value. It is subsequently measured at amortised cost. The amount initially recognised plus the cumulative interest income on that amount is calculated using the effective interest method.

Any asset carried under concession arrangement using financial asset model is derecognised when the contractual rights to the financial asset expire.

3.9 Contract assets/(liabilities)

Contract asset is the right to consideration in exchange 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 future performance). The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(a) to the financial statements.

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

3.10 Inventories

Inventories comprising properties held for sale are valued at the lower of cost and net realisable value.

<u>Completed properties</u>

Cost of unsold completed properties comprises costs associated with the acquisition of land, direct development costs and appropriate proportions of common costs.

<u>Land held for development</u>

Land 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.

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

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Inventories (Continued)

Property under development

Cost includes:

- freehold and leasehold rights for land
- amounts paid to contractors for construction
- 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.

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.

3.11 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 (other than deposits pledged with licensed banks). Cash and cash equivalents are presented net of bank overdrafts and exclude deposits pledged to secure banking facilities.

3.12 Impairment of assets

(a) Impairment of financial assets and contract assets

Financial assets measured at amortised cost, lease receivables, contract assets 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 losses are 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 as follows:

(i) General 3-stage approach for other receivables, fixed deposits and bank balances

At each reporting date, the Group and the Company measure loss allowance at an amount equal to credit losses that result from default events that are possible within the next 12-months ("12-month ECL") if credit risk on a financial instrument has not increased significantly since initial recognition.

For other financial instruments, a loss allowance at an amount equal to credit losses over the remaining life of the exposure ("lifetime ECL") is required.

(ii) Simplified approach 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 ECL at each reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets (Continued)

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

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 counterparty is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or

- the contractual payment of 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.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost 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 may include observable data about the following events:

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

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets (Continued)

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

The amount of expected credit losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss.

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, deferred tax assets and investment properties measured at fair value) 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 that has an indefinite useful life, 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.

Where the carrying amount of an asset exceeds 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets (Continued)

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

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.

3.13 Share capital

(a) Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(b) 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.

3.14 Revenue and other income

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

Revenue recognition of the Group is 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 applies revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics in the property development business if the Group reasonably expects 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 measures revenue from sale of goods or services at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties 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.

NOTES TO THE **FINANCIAL STATEMENTS**
(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Revenue and other income (Continued)

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 estimates 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 goods or services 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 has 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.

Financing components

The Group has applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components if the Group expects 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 develops and sells 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 approach.

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 performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue 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).

Revenue from sale of completed properties is recognised at a point in time when the control of the properties has been transferred to the customers.

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 recognises a contract liability for the difference.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Revenue and other income (Continued)

(a) Property development (Continued)

Consistent with market practice, the Group collects deposit from customers for sale of properties. A contract liability is recognised for the customer deposits as the Group has 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 customary business practice, the customers' legal fees are borne by the Group. Revenue is recognised based on the transaction price agreed in the contracts, net of the customers' legal fees.

For residential properties, as part of the statutory requirements, the Group'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, if determined to be significant.

(b) Construction contracts

The Group constructs commercial, residential 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, residential and industrial properties is transferred over time as the Group creates or enhances 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 days, which is consistent with market practice, therefore, no element of financing is deemed present. The Group becomes entitled to invoice customers for construction of commercial, residential and industrial properties based on achieving a series of performance-related milestones.

The Group 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 recognises a contract liability for the difference.

Defect liability period are usually 24 months from the date of Certificate of Practical Completion as provided in the contracts with customers.

(c) Maintenance income

Revenue is recognised over time using time elapsed (output method) to measure progress towards complete satisfaction of the service because the customer simultaneously receives and consumes the benefits provided by the Group.

Sales are made with a credit term of 30 days.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Revenue and other income (Continued)

(d) Rental income

Rental income from investment properties 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) Finance income from concession contract

Finance income from concession contract is recognised as it accrues using the effective interest method in profit or loss. The notional interest income resulting from the accretion of its financial asset using effective interest method is recognised in the profit or loss.

(f) Dividend income

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

(g) Interest income

Interest income is recognised using the effective interest method.

(h) Income from short term investments

Income from short term investments is recognised when the right to receive payment is established.

3.15 Employee benefits

(a) Short-term employee 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.

3.16 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Borrowing costs (Continued)

The Group begins capitalising borrowing costs when the Group has 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.

3.17 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, unabsorbed capital allowances and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unutilised tax losses, unabsorbed capital allowances 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 subsidiary companies, 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.

NOTES TO THE **FINANCIAL STATEMENTS**
(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Income tax (Continued)

(b) Deferred tax (Continued)

Where investment properties are carried at fair value in accordance with the accounting policy as disclosed in Note 3.4 to the financial statements, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within the business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

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.

(c) Sales and services tax

Revenue, expenses and assets are recognised net of the amount of sales and services tax, except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales and services tax included.

The net amount of sales and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

3.18 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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which is the Chairperson of Group Executive Committee, to make strategic decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.20 Fair value measurements

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

For 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.

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 the 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 within 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.

3.21 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.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.22 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:

(a) the costs relate directly to a contract or to an anticipated contract that can be specifically identified;

(b) 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

(c) 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) Impairment

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

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

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

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 *Inventories*, MFRS 116 *Property, Plant and Equipment* or MFRS 138 *Intangible Assets*. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.22 Contract costs (Continued)

(c) Impairment (Continued)

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 Group otherwise would have recognised is one year or less.

3.23 Provisions

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

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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 revenue and expenses during the financial year. It also requires the 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 that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

4.1 Fair value of investment properties (Note 6)

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. Significant judgement is required in estimating the fair value which may be derived based on different valuation methods determined to be appropriate and the use of key assumptions. In making the judgement, the Group engaged an external independent valuer to determine the fair value as at end of the reporting period.

The valuation methods adopted by the valuer include comparison method, being comparison of transacted prices in an active market for similar properties in close proximity and where necessary, adjusting for location, accessibility, time, size, tenure, market uncertainty and other differences. Judgement is made in determining the key assumptions used in the valuations including market uncertainty caused by the disruption to market arising from COVID-19 pandemic in the valuation as at 31 December 2020. The COVID-19 pandemic might have resulted in less frequent comparable transactions or market prices become less readily available which would increase uncertainty in the measurement of fair value. Any changes in these assumptions will have an impact on the carrying amounts of the investment properties.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

4.2 Impairment of investment in subsidiary companies (Note 7)

The Company assesses its investment in subsidiary companies at the end of the reporting period for any objective evidence that the investment may be impaired. For the purpose of assessing impairment, the Group determines its share of the present value of the estimated future cash flows expected to be generated by the subsidiary companies. In estimating the present value of the estimated cash flows, the Group applies a suitable discount rate and make assumptions underlying the cash flow projections which include near-term impact of COVID-19 pandemic, future revenue, gross profit margin and operating expenses.

4.3 Impairment of goodwill (Note 10)

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value-in-use of the cash-generating units to which goodwill is allocated. When value-in-use calculations are undertaken, the Group uses its judgement to decide the discount rate to be applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including near-term impact of COVID-19 pandemic, future revenue, gross profit margin and operating expenses. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected.

4.4 Impairment of receivables and contract assets (Notes 13 and 15)

The impairment provisions for receivables and contract assets are based on assumptions about risk of default and expected loss rate. The Group uses judgement in making these assumptions and selecting inputs to the expected credit losses ("ECL") calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

The assessment of the correlation between historical observed default rates, forward-looking estimates and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions over the expected lives of the receivables and contract assets. The Group's assessment of the indicators, historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

4.5 Construction revenue (Note 23)

The Group recognised construction revenue 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 potential exposure to liquidated and ascertained damages. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

5. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Buildings RM	Equipment, furniture and fittings RM	Light equipment RM	Motor vehicles RM	Plant and machineries RM	Building-in-progress RM	Right-of-use assets RM	Total RM
2020									
Cost									
At 1 January	3,044,094	21,792,539	8,051,300	2,767,810	1,579,321	7,653,294	1,657,760	16,039,500	62,585,618
Additions	–	2,011	27,372	–	–	409,500	557,900	1,350,000	2,346,783
Reclassifications	–	–	–	–	1,264,807	1,296,000	–	(2,560,807)	–
Disposals	–	–	–	–	–	(1,801,200)	–	–	(1,801,200)
At 31 December	3,044,094	21,794,550	8,078,672	2,767,810	2,844,128	7,557,594	2,215,660	14,828,693	63,131,201
Accumulated depreciation									
At 1 January	–	3,812,610	6,490,650	2,462,381	1,440,823	7,588,558	–	6,999,288	28,794,310
Depreciation for the financial year	–	1,229,744	445,180	70,220	73,683	44,708	–	3,207,900	5,071,435
Reclassifications	–	–	–	–	726,276	856,800	–	(1,583,076)	–
Disposals	–	–	–	–	–	(1,801,200)	–	–	(1,801,200)
At 31 December	–	5,042,354	6,935,830	2,532,601	2,240,782	6,688,866	–	8,624,112	32,064,545
Carrying amount at 31 December 2020	3,044,094	16,752,196	1,142,842	235,209	603,346	868,728	2,215,660	6,204,581	31,066,656

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM	Buildings RM	Equipment, furniture and fittings RM	Light equipment RM	Motor vehicles RM	Plant and machineries RM	Building-in-progress RM	Right-of-use assets RM	Total RM
2019									
Cost									
At 1 January	3,044,094	21,720,428	7,430,203	2,767,810	1,535,015	9,809,758	541,960	15,054,586	61,903,854
Additions	–	72,111	626,127	–	8,060	–	1,115,800	1,272,000	3,094,098
Reclassifications	–	–	–	–	287,086	–	–	(287,086)	–
Disposals	–	–	(5,030)	–	(250,840)	–	–	–	(255,870)
Written off	–	–	–	–	–	(2,156,464)	–	–	(2,156,464)
At 31 December	3,044,094	21,792,539	8,051,300	2,767,810	1,579,321	7,653,294	1,657,760	16,039,500	62,585,618
Accumulated depreciation									
At 1 January	–	2,652,407	5,918,553	2,391,325	1,350,036	9,707,139	–	3,990,082	26,009,542
Depreciation for the financial year	–	1,160,203	572,684	71,056	124,014	37,883	–	3,193,184	5,159,024
Reclassifications	–	–	–	–	183,978	–	–	(183,978)	–
Disposals	–	–	(587)	–	(217,205)	–	–	–	(217,792)
Written off	–	–	–	–	–	(2,156,464)	–	–	(2,156,464)
At 31 December	–	3,812,610	6,490,650	2,462,381	1,440,823	7,588,558	–	6,999,288	28,794,310
Carrying amount at 31 December 2019	3,044,094	17,979,929	1,560,650	305,429	138,498	64,736	1,657,760	9,040,212	33,791,308

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Equipment, furniture and fittings RM
2020	
Cost	
At 1 January/31 December	14,465
Accumulated depreciation	
At 1 January/31 December	14,465
Carrying amount at 31 December 2020	–
2019	
Cost	
At 1 January/31 December	14,465
Accumulated depreciation	
At 1 January/31 December	14,465
Carrying amount at 31 December 2019	–

(a) Assets pledged as security

Included in buildings are office units with a total carrying amount of RM15,813,492 (2019: RM16,142,940) pledged for credit facilities granted to the Company as disclosed in Note 21 to the financial statements.

The right-of-use assets are pledged as security for the related lease liabilities as disclosed in Note 21 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Right-of-use assets

Information about leases for which the Group is a lessee is presented below:

Group	Motor vehicles RM	Plant and machineries RM	Total RM
Carrying amount			
At 1 January 2019	1,649,702	9,414,802	11,064,504
Additions	–	1,272,000	1,272,000
Depreciation	(428,057)	(2,765,127)	(3,193,184)
Reclassifications	(103,108)	–	(103,108)
At 31 December 2019	1,118,537	7,921,675	9,040,212
At 1 January 2020	1,118,537	7,921,675	9,040,212
Additions	–	1,350,000	1,350,000
Depreciation	(370,640)	(2,837,260)	(3,207,900)
Reclassifications	(538,531)	(439,200)	(977,731)
At 31 December 2020	209,366	5,995,215	6,204,581

The Group leases motor vehicles and machineries under hire purchase agreement with lease terms of 3 to 5 years and options to purchase at the end of the lease term.

6. INVESTMENT PROPERTIES

	Group 2020 RM	Group 2019 RM
At fair value:		
At 1 January	301,327,612	299,327,612
Net (loss)/gain arising from fair value adjustment	(25,000,000)	2,000,000
At 31 December	276,327,612	301,327,612

(a) Included in the investment properties are:

	Group 2020 RM	Group 2019 RM
At fair value:		
Buildings on freehold land	176,800,000	194,800,000
Buildings on leasehold land	99,527,612	106,527,612
At 31 December	276,327,612	301,327,612

(b) The following are recognised in profit or loss in respect of income generating investment properties:

	Group 2020 RM	Group 2019 RM
Rental income	6,878,172	11,127,692
Direct operating expenses	(5,812,511)	(6,525,881)

(c) Investment properties of the Group with a total fair value of RM251,127,612 (2019: RM276,127,612) are pledged for credit facilities granted to the Group as disclosed in Note 21 to the financial statements.

(d) The investment properties, which comprise commercial properties including office, retails, shoplots, and car parks, are stated at fair value. Valuations are performed by an independent accredited valuer as at 31 December 2020 and 31 December 2019. The fair value of the investment properties has been determined using the comparison method.

6. INVESTMENT PROPERTIES (CONTINUED)

(e) Fair value of investment properties is categorised as follows:

Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2020				
Office, retails, shoplots and car parks	–	–	276,327,612	276,327,612
2019				
Office, retails, shoplots and car parks	–	301,327,612	–	301,327,612

Level 2 and Level 3 fair values

Level 2 fair value of properties have been derived using the comparison method that reflects recent transaction prices for similar properties in close proximity and where necessary, adjusted for location, accessibility, time, size, tenure, market uncertainty and other differences. The most significant input into this valuation approach is price per square foot.

Adjustments to Level 2 inputs, using less frequent transactions and/or significant unobservable inputs, that are significant to the entire measurement resulted in fair value measurement categorised within Level 3 of the fair value hierarchy during the financial year.

Level 3 fair value

The following table shows a reconciliation of Level 3 fair values:

	Group 2020 RM	2019 RM
At 1 January	–	–
Transfer into Level 3	301,327,612	–
Unrealised losses recognised in profit or loss (Note 27)	(25,000,000)	–
At 31 December	276,327,612	–

During the financial year, the unrealised losses is recognised within other expenses line in profit or loss of the Group.

The following table shows the valuation technique used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Property type	Valuation technique	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Buildings Carparks	Comparison method	RM292-RM996 per sq foot RM23,000-RM33,600 per bay	The higher/lower the price per sq foot/ bay, the higher/lower the fair value

6. INVESTMENT PROPERTIES (CONTINUED)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Transfer between Level 1 and Level 2

There is no transfer between Level 1 and Level 2 fair values during the financial year ended 31 December 2020 and 31 December 2019.

Valuation processes applied by the Group

The fair value of investment properties is determined by external independent property valuers, with appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The valuation company provides the fair value of the Group's investment properties portfolio every twelve months. Changes in Level 3 fair values are analysed by the Group every twelve months after obtaining the valuation report from the valuation company. There has been no change to the valuation technique during the financial year.

The outbreak of the COVID-19 pandemic has impacted market activities in the property sector. As the impact of COVID-19 is fluid and evolving, significant market uncertainty exists. Consequently, the valuations of certain investment properties are subject to material valuation uncertainty. The carrying amounts of the investment properties were current as at 31 December 2020 only. Their values may change more rapidly and significantly than during normal market conditions. In relying on the valuation reports, management has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions.

Highest and best use

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

7. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2020	**2019**
	RM	**RM**
Unquoted shares, at cost		
At 1 January	106,365,270	106,365,270
Allowance for impairment loss (Note 27)	(3,633,096)	–
At 31 December	102,732,174	106,365,270

NOTES TO THE **FINANCIAL STATEMENTS**
(cont'd)

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

The movement in the allowance for impairment of investment in subsidiary companies is as follows:

	Company	
	2020 RM	**2019 RM**
At 1 January	–	–
Allowance for impairment loss (Note 27)	3,633,096	–
At 31 December	3,633,096	–

The impairment of investment in certain subsidiary companies has been recognised during the financial year to write down the carrying amount to the recoverable amount of the subsidiary companies in view of their financial performance. The impairment loss is recognised within other expenses line in profit or loss of the Company. The recoverable amount was determined based on value-in-use applying pre-tax discount rate of 15% (2019: Nil).

The details of the subsidiary companies, all of which are incorporated in Malaysia are as follows:

Name of company	**Effective ownership interest and voting interest 2020 %**	**2019 %**	**Principal activities**
Direct subsidiary companies			
3 Two Square Sdn. Bhd.	100	100	Property investment and property development
CB Land Sdn. Bhd.	100	100	Property investment and property development
CBTech (M) Sdn. Bhd.	100	100	Mechanical and electrical engineering services
Crest Builder International Sdn. Bhd.	100	100	Investment holding
Crest Builder Sdn. Bhd.	100	100	Construction
CB Infrastructure Sdn. Bhd.	100	100	Construction
Damansara One Sdn. Bhd.	100	100	Property investment and property development
Nepfield Sdn. Bhd.	100	100	Property investment and property development
Vertical Success Sdn. Bhd.	100	100	Property investment and property development
Jalur Elit Sdn. Bhd.	100	100	Property investment and property development

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

The details of the subsidiary companies, all of which are incorporated in Malaysia are as follows (Continued):

Name of company	Effective ownership interest and voting interest 2020 %	2019 %	Principal activities
Held through Crest Builder Sdn. Bhd.			
Crestland Development Sdn. Bhd.	100	100	Property investment and property development
Landasan Bayu Sdn. Bhd.	51	51	Property investment and property development
Held through Crest Builder International Sdn. Bhd.			
Unitapah Sdn. Bhd.	51	51	Concession holder
Intan Sekitar Sdn. Bhd.	51	51	Property investment and property development
K L Waterfront Development Sdn. Bhd.	51	51	Property investment and property development

Non-controlling interests in subsidiary companies

The financial information of the Group's subsidiary companies that have non-controlling interests ("NCI") are as follows:

	2020 Unitapah Sdn. Bhd. RM	Intan Sekitar Sdn. Bhd. RM	Other immaterial subsidiary companies RM	Total RM
NCI percentage of ownership interest and voting interest	49%	49%	49%	
Carrying amount of NCI	20,185,831	(2,689,564)	213,104	17,709,371
Profit/(Loss) allocated to NCI	2,865,129	(539,498)	(40,540)	2,285,091

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

Non-controlling interests in subsidiary companies (Continued)

The financial information of the Group's subsidiary companies that have non-controlling interests ("NCI") are as follows (Continued):

Summarised financial information before intra-group elimination:

	Unitapah Sdn. Bhd. RM	Intan Sekitar Sdn. Bhd. RM
Summarised statement of financial position as at 31 December 2020		
Non-current assets	400,249,881	1,303,814
Current assets	79,636,792	292,424,553
Non-current liabilities	(396,000,218)	(18,546,442)
Current liabilities	(38,690,881)	(280,670,832)
Net assets/(liabilities)	45,195,574	(5,488,907)
Summarised statement of comprehensive income for the financial year ended 31 December 2020		
Revenue	45,750,501	–
Profit/(Loss) for the financial year	5,847,203	(1,101,016)
Total comprehensive income/(loss)	5,847,203	(1,101,016)
Summarised cash flows information for the financial year ended 31 December 2020		
Cash from/(used in) operating activities	42,158,479	(5,573,489)
Cash from investing activities	403,761	5
Cash (used in)/from financing activities	(47,970,456)	5,573,640
Net (decrease)/increase in cash and cash equivalents	(5,408,216)	156
Dividends paid to NCI	–	–

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

Non-controlling interests in subsidiary companies (Continued)

The financial information of the Group's subsidiary companies that have non-controlling interests ("NCI") are as follows (Continued):

			2019		
	Unitapah Sdn. Bhd. RM	**Landasan Bayu Sdn. Bhd. RM**	**Intan Sekitar Sdn. Bhd. RM**	**Other immaterial subsidiary companies RM**	**Total RM**
NCI percentage of ownership interest and voting interest	49%	49%	49%	49%	
Carrying amount of NCI	17,320,702	24,495	(2,150,066)	229,149	15,424,280
Profit/(Loss) allocated to NCI	2,885,969	(4,563,980)	(650,962)	(3,336)	(2,332,309)

Summarised financial information before intra-group elimination:

	Unitapah Sdn. Bhd. RM	**Landasan Bayu Sdn. Bhd. RM**	**Intan Sekitar Sdn. Bhd. RM**
Summarised statement of financial position as at 31 December 2019			
Non-current assets	410,519,416	–	2,213,876
Current assets	82,861,683	50,529	287,087,862
Non-current liabilities	(415,846,487)	–	(19,360,106)
Current liabilities	(38,186,241)	(540)	(274,329,522)
Net assets/(liabilities)	39,348,371	49,989	(4,387,890)
Summarised statement of comprehensive income for the financial year ended 31 December 2019			
Revenue	45,199,028	–	–
Profit/(Loss) for the financial year	5,889,732	(9,314,244)	(1,328,494)
Total comprehensive income/(loss)	5,889,732	(9,314,244)	(1,328,494)

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

Non-controlling interests in subsidiary companies (Continued)

The financial information of the Group's subsidiary companies that have non-controlling interests ("NCI") are as follows (Continued):

	Unitapah Sdn. Bhd. RM	Landasan Bayu Sdn. Bhd. RM	Intan Sekitar Sdn. Bhd. RM
Summarised cash flows information for the financial year ended 31 December 2019			
Cash from/(used in) operating activities	45,107,487	21,740,179	(15,383,902)
Cash from investing activities	1,588,677	–	28
Cash (used in)/from financing activities	(49,324,467)	(21,840,230)	15,384,122
Net (decrease)/increase in cash and cash equivalents	(2,628,303)	(100,051)	248
Dividends paid to NCI	–	–	–

8. GOLF CLUB MEMBERSHIP

	Group 2020 RM	Group 2019 RM
At cost		
At 1 January/31 December	54,000	54,000

9. INVENTORIES

	Group 2020 RM	Group 2019 RM
Non-current:		
Land held for development		
- Freehold land	55,000,000	–
- Development costs	23,993,019	18,301,531
	78,993,019	18,301,531

9. INVENTORIES (CONTINUED)

	Group 2020 RM	2019 RM
Current:		
Property under development		
- Leasehold land	217,807,293	217,807,293
- Development costs	52,636,163	62,069,266
Completed properties	21,044,297	22,998,071
	291,487,753	302,874,630
	370,480,772	321,176,161

(a) The Group's cost of inventories recognised as an expense in cost of sales during the financial year amounted to RM955,438 (2019: RM25,322,196).

(b) In the previous financial year, the cost of inventories of the Group recognised as an expense in other expenses in respect of write-off of development costs for property under development was RM6,049,422, as a result of the mutual termination of the Joint Development Agreement for the development of a land.

(c) Freehold land included in land held for development of RM55,000,000 (2019: RM Nil) is pledged as security to secure term loan granted to the Group as disclosed in Note 21 to the financial statements.

(d) Completed properties of RM13,159,864 (2019: RM13,159,864) are pledged to financial institutions for credit facilities as disclosed in Note 21 to the financial statements.

(e) Included in inventories are borrowing costs capitalised in land held for development during the financial year amounted to RM1,443,692 (2019: RM Nil).

10. GOODWILL

	Group 2020 RM	2019 RM
At 1 January	33,608,137	33,608,137
Impairment loss (Note 27)	(9,948,357)	–
At 31 December	23,659,780	33,608,137

(a) Allocation of goodwill to cash-generating units ("CGUs")

Goodwill arising from business combination is allocated to the following Group's CGUs, representing the lowest level within the Group at which the goodwill is monitored for internal management purpose.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

10. GOODWILL (CONTINUED)

(a) Allocation of goodwill to cash-generating units ("CGUs") (Continued)

The carrying amount of goodwill allocated to the CGU is as follows:

	Construction RM	Investment holding RM	Property development RM	Total RM
2020	23,613,409	32,988	13,383	23,659,780
2019	33,561,766	32,988	13,383	33,608,137

(b) Impairment test of goodwill

The goodwill allocated to investment holding and property development segments are not significant in comparison with the Group's total carrying amount of goodwill.

The recoverable amount of the Construction CGU has been determined based on value-in-use calculation using cash flow projections based on financial forecasts approved by the directors for the next five years (2019: next five years). Cash flows beyond 5-year period are extrapolated with no assumed growth rate.

The values assigned to key assumptions represent the Group's assessment of future trends of the industry and are based on both external and internal sources of information. The following describes each key assumption which the directors have used in the cash flows projections for the purposes of impairment testing of goodwill:

(i) Discount rate – based on the industry weighted average cost of capital of the CGU. The discount rate of 15% (2019: 15%) applied to the cash flow projections is pre-tax and reflects estimate of the risk specific to the CGU at the date of assessment.

(ii) Revenue – based on management's estimation taking into consideration secured contracts and anticipated future projects/contracts.

(iii) Gross margin – based on past experience, industry trend and projected gross margin.

As at 31 December 2020, the Group estimated that the carrying amount of the Construction CGU was higher than its recoverable amount as the projected cash flows have been updated to reflect lower revenue, gross margin and market disruption caused by COVID-19 pandemic. Accordingly, an impairment loss of RM9,948,357 (2019: RM Nil) was recognised which was fully allocated to goodwill and is recorded within other expenses line in profit or loss of the Group. Following the impairment loss for this CGU, the recoverable amount is equal to the carrying amount. Therefore, any adverse change in any key assumption may result in a further impairment loss. In the previous financial year, with regard to the assessment of value-in-use of the CGU, the directors believe that there was no reasonably possible change in key assumptions that would cause the carrying amount of the CGU to exceed its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS
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11. OPERATING FINANCIAL ASSET

	Group	
	2020 RM	**2019 RM**
Non-current	280,784,865	290,607,950
Current	9,821,534	8,727,493
	290,606,399	299,335,443

The Group had entered into a concession agreement with the Government of Malaysia and Universiti Teknologi MARA ("UiTM") on 4 May 2010 to design, develop, construct the Facilities and Infrastructure and to perform the maintenance works for a period of 23 years comprising 3 years of construction works and 20 years of maintenance works ("Maintenance Period"). Upon expiry of the concession period, the Group is required to handover the Facilities and Infrastructure at no cost to UiTM, except for fair wear and tear, in a well-maintained condition.

UiTM will pay the Group throughout the Maintenance Period concession charges which comprise availability charges for the availability of the facilities and infrastructure and maintenance charges for the provision of maintenance works in accordance with the provisions of the concession agreement. The Group and UiTM may make request in writing for the review of the maintenance charges at the interval of every five years after the maintenance commencement date, subject to the Government's approval.

The operating financial asset represents the fair value of the consideration receivable for the construction services delivered during the stage of construction. It carries an imputed interest rate of 11.85% (2019: 11.85%) per annum and is repayable in the form of availability charges upon fulfilment of the terms and conditions in the concession agreement.

12. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets/(liabilities) relates to the following:

Group	**At 1 January 2019 RM**	**Recognised in profit or loss RM**	**At 31 December 2019 RM**	**Recognised in profit or loss RM**	**At 31 December 2020 RM**
Deferred tax assets					
Property development	4,949,921	(1,306,586)	3,643,335	3,948,152	7,591,487
Unabsorbed capital allowances	18,635,540	(4,613,032)	14,022,508	546,888	14,569,396
Unutilised tax losses	1,849,217	3,354,224	5,203,441	9,570,042	14,773,483
Provisions	–	978,409	978,409	(907,291)	71,118
Deferred rental income	–	34,897	34,897	(4,834)	30,063
	25,434,678	(1,552,088)	23,882,590	13,152,957	37,035,547

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

12. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Deferred tax assets/(liabilities) relates to the following (Continued):

Group	At 1 January 2019 RM	Recognised in profit or loss RM	At 31 December 2019 RM	Recognised in profit or loss RM	At 31 December 2020 RM
Deferred tax liabilities					
Property, plant and equipment	(137,839)	26,883	(110,956)	35,974	(74,982)
Investment properties	(11,647,289)	(200,000)	(11,847,289)	2,500,000	(9,347,289)
Operating financial asset	(28,051,354)	(2,599,151)	(30,650,505)	(2,366,452)	(33,016,957)
	(39,836,482)	(2,772,268)	(42,608,750)	169,522	(42,439,228)
	(14,401,804)	(4,324,356)	(18,726,160)	13,322,479	(5,403,681)

	Group 2020 RM	Group 2019 RM
Presented after appropriate offsetting as follows:		
Deferred tax assets	22,522,311	8,846,072
Deferred tax liabilities	(27,925,992)	(27,572,232)
	(5,403,681)	(18,726,160)

The deferred tax assets are recognised based on projected future taxable profits of the subsidiary companies from construction and property development projects to the extent that it is probable that the profit will be available against which the temporary differences can be utilised.

The availability of unutilised tax losses for offsetting against future taxable profits of the respective subsidiary company in Malaysia is subject to requirements under the Income Tax Act 1967 and guidelines issued by the tax authority.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group 2020 RM	Group 2019 RM
Deductible temporary differences	22,960,825	19,994,038
Unabsorbed tax losses	7,463,649	2,060,521
	30,424,474	22,054,559

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

12. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Unrecognised deferred tax assets (Continued)

The unutilised tax losses are available for offset against future taxable profits of subsidiary companies up to the following financial years:

	Group	
	2020 RM	**2019 RM**
2026	2,060,521	2,060,521
2027	5,403,128	–
	7,463,649	2,060,521

13. TRADE AND OTHER RECEIVABLES

		Group	
	Note	**2020 RM**	**2019 RM**
Trade	(a)		
Trade receivables from contract with customers		85,486,685	92,812,942
Retention sums from contract with customers		62,184,464	60,468,080
		147,671,149	153,281,022
Less: Allowance for impairment losses		(22,487,939)	(20,243,451)
		125,183,210	133,037,571
Non-trade	(b)		
Other receivables		72,803,338	56,474,439
Less: Allowance for impairment losses		(19,123,173)	(7,515,844)
		53,680,165	48,958,595
GST refundable		824,688	1,407,902
Advances made to suppliers and sub-contractors		2,385,396	3,236,032
Deposits		4,867,075	10,563,950
Prepayments		1,764,060	1,676,588
		63,521,384	65,843,067
Total trade and other receivables		188,704,594	198,880,638

(a) Trade

Trade receivables are non-interest bearing and normal credit terms offered by the Group ranging from 7 to 90 days (2019: 7 to 90 days) from the date of invoices. Other credit terms are assessed and approved on a case by case basis.

Retention sum is receivable upon the expiry of defect liability period as provided in the contracts with customers.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade (Continued)

Included in the trade receivables and retention sums of the Group are amounts of RM14,749,849 (2019: RM14,749,849) due from a customer with contract under dispute. The dispute involves a subsidiary company of the Company, Crest Builder Sdn. Bhd. ("CBSB") which was employed by the customer as the main contractor to complete a project. Due to, amongst others, the failure by the customer to make timely payment to CBSB, CBSB contended that the customer had repudiated the contract and thereby, terminating the contract by accepting the repudiation in September 2011. Subsequently, the customer issued a Notice of Reference of Arbitration on 8 May 2012 to refer the dispute to arbitration.

The customer is claiming against CBSB the total sum of RM94,685,625 including liquidated damages of RM6,580,000. However, CBSB contested all of the customer's claims and in turn counterclaims against the customer for the sum of RM31,084,049 and interest thereon and costs. The hearings for the arbitration are ongoing.

No allowance for impairment or provision for liabilities has been made in the financial statements of the Group as the directors have been advised by their solicitor that CBSB has a reasonable prospect of success in this claim and in resisting the customer's claim.

(b) Non-trade

Included in other receivables of the Group are amounts of RM44,222,500 (2019: RM44,222,500) due from certain non-controlling shareholder of subsidiary companies which are non-trade in nature and interest free.

Included in deposits is an amount of RM2,000,000 (2019: RM2,000,000) placed with Prasarana Malaysia Berhad for the development project prior to the fulfilment of condition precedents as stated in the agreement. Once the condition precedents are fulfilled, the amount will be recognised as land cost in inventories.

14. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES

	Company	
	2020	**2019**
	RM	**RM**
Non-current:		
Amount due from subsidiary companies	153,069,857	136,121,345
Less: Allowance for impairment loss	(4,177,926)	–
Total amount due from subsidiary companies (non-current)	148,891,931	136,121,345
Current:		
Amount due from subsidiary companies	8,386,809	7,421,574
Less: Allowance for impairment loss	(177,243)	–
Total amount due from subsidiary companies (current)	8,209,566	7,421,574
Total amount due from subsidiary companies (non-current and current)	157,101,497	143,542,919
Amount due to subsidiary companies	(80,696,941)	(106,856,469)

The amount due from subsidiary companies is non-trade in nature, unsecured, interest free, repayable on demand and is expected to be settled in cash, except for an amount of RM92,391,934 (2019: RM82,284,304) which bears an effective interest rates ranging from 7.14% to 8.39% (2019: 8.39% to 8.64%) per annum.

The non-current amount due from subsidiary companies is not expected to be settled within the next twelve months and includes an amount of RM60,677,923 (2019: RM53,837,041) measured at amortised cost at imputed rate of 8.20% to 8.54% (2019: 8.20% to 8.54%) per annum.

The amount due to subsidiary companies are non-trade in nature, unsecured, interest free, repayable on demand and is expected to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

15. CONTRACT ASSETS/(LIABILITIES)

	Group 2020 RM	Group 2019 RM
Contract assets relating to construction service contracts	76,650,831	71,613,322
Contract liabilities relating to advances received from purchasers of properties	551,000	–
Contract liabilities relating to concession contract	14,483,139	13,776,585
Contract liabilities relating to construction service contracts	1,054,032	1,399,830
Total contract liabilities	16,088,171	15,176,415

Included in contract assets of the Group is an amount of RM16,334,200 (2019: RM16,334,200) relating to a contract under dispute with a customer as disclosed in Note 13(a) to the financial statements.

Contract liabilities relating to concession contract represent fund contributed by a customer for the purpose of periodic major repairs or capital replacements for the Facilities and Infrastructure of UiTM Campus which will be incurred in the following financial years.

Significant changes in contract balances

	2020		2019	
Group	Contract assets Increase/ (Decrease) RM	Contract liabilities Increase/ (Decrease) RM	Contract assets Increase/ (Decrease) RM	Contract liabilities Increase/ (Decrease) RM
Revenue recognised that was included in contract liabilities at the beginning of the financial year	–	(3,375,441)	–	(7,432,450)
Increase due to progress billings and cash received, but revenue not recognised	–	4,287,197	–	9,402,511
Increase due to unbilled revenue recognised during the year	46,492,600	–	70,094,719	–
Transfers from contract assets recognised at the beginning of the year to receivables	(40,774,511)	–	(128,400,299)	–
Impairment loss of contract assets	(680,580)	–	–	–

16. SHORT TERM INVESTMENTS

The short term investments are in respect of investment in quoted unit trust funds placed with fund management companies and are redeemable with one day notice.

17. FIXED DEPOSITS PLACED WITH LICENSED BANKS

(a) The fixed deposits placed with licensed banks of the Group and of the Company earn interest at rate ranging from 0.87% to 3.25% (2019: 1.58% to 3.40%) and 0.87% to 1.58% (2019: 1.58% to 1.74%) per annum respectively.

(b) Included in fixed deposits of the Group are:

(i) an amount of RM30,819 (2019: RM29,849), which is pledged for the purpose as a guarantee for performance bonds issued in favour of third parties in respect of projects undertaken by a subsidiary company; and

(ii) an amount of RM49,155,349 (2019: RM53,976,309), which is part of security arrangements of Sukuk Murabahah, and therefore restricted from general use of the Group.

(iii) an amount of RM1,630,000 (2019: RM Nil), which is pledged for the purpose for term loan facility granted to a subsidiary company as disclosed in Note 21 to the financial statements.

(c) Included in fixed deposits of the Group and of the Company are deposits amounting to RM3,148,484 and RM3,148,484 (2019: RM3,080,593 and RM3,080,593) respectively, which are pledged for the purpose as a debt services reserve for term loan of the Group and of the Company as disclosed in Note 21 to the financial statements.

18. CASH AND BANK BALANCES

Included in cash and bank balances of the Group are:

(i) an amount of RM3,911,771 (2019: RM3,652,754), which is part of security arrangements of Sukuk Murabahah, and therefore restricted from general use of the Group;

(ii) an amount of RM460,074 (2019: RM454,577), which is held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 in Malaysia and therefore restricted from general use of the Group; and

(iii) an amount of RM102 (2019: RM169,313), which is maintained in an escrow account.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

19. SHARE CAPITAL

	Group and Company			
	2020		2019	
	Number of ordinary shares Unit	RM	Number of ordinary shares Unit	RM
Issued and fully paid up:				
At 1 January/31 December	176,921,657	181,190,804	176,921,657	181,190,804

Effective from 31 January 2017, the Companies Act 2016 abolished the concept of authorised share capital and par value of share capital.

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

20. TREASURY SHARES

As at 31 December 2020, the Group and the Company held 14,814,100 (2019: 14,041,100) treasury shares out of its 176,921,657 issued and paid-up ordinary shares.

The directors of the Company are committed to enhance the value of the Company and its shareholders and believe that the share repurchase plan can be executed in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 773,000 (2019: 7,028,900) of its issued ordinary shares from the open market on Bursa Malaysia Securities Berhad. The average price paid for the shares repurchased was approximately RM0.86 (2019: RM0.93) per share including transaction costs.

The share repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016 in Malaysia. There was no resale, cancellation or distribution of treasury shares during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

21. LOANS AND BORROWINGS

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Non-current:					
Term loans	(a)	38,500,000	–	–	–
Sukuk Murabahah	(b)	334,093,538	356,484,770	–	–
Lease liabilities	(c)	3,031,091	6,048,078	–	–
		375,624,629	362,532,848	–	–
Current:					
Term loans	(a)	–	6,977,497	–	–
Sukuk Murabahah	(b)	22,391,232	22,184,917	–	–
Lease liabilities	(c)	4,232,017	4,668,830	–	–
Bankers' acceptances	(d)	36,562,107	22,590,000	–	–
Revolving credits	(d)	70,570,481	62,683,657	–	–
Bank overdrafts	(d)	29,482,165	27,078,884	2,396,455	4,587,548
		163,238,002	146,183,785	2,396,455	4,587,548
Total loans and borrowings:					
Term loans	(a)	38,500,000	6,977,497	–	–
Sukuk Murabahah	(b)	356,484,770	378,669,687	–	–
Lease liabilities	(c)	7,263,108	10,716,908	–	–
Bankers' acceptances	(d)	36,562,107	22,590,000	–	–
Revolving credits	(d)	70,570,481	62,683,657	–	–
Bank overdrafts	(d)	29,482,165	27,078,884	2,396,455	4,587,548
		538,862,631	508,716,633	2,396,455	4,587,548

(a) Term loans

	Group 2020 RM	Group 2019 RM
Current		
- not later than one year	–	6,977,497
Non-current		
- Later than two years but not later than five years	38,500,000	–
	38,500,000	–
	38,500,000	6,977,497

NOTES TO THE **FINANCIAL STATEMENTS**
(cont'd)

21. LOANS AND BORROWINGS (CONTINUED)

(a) Term loans (Continued)

The term loans of the Group are denominated in Ringgit Malaysia.

Term loan 1 of a subsidiary company of RM Nil (2019: RM6,977,497) bears interest of Nil (2019: 6.28%) per annum and is repayable by monthly instalments of RM630,952 over seven years commencing from the day of first drawdown and is secured as follows:

(i) First party legal charge over investment property as disclosed in Note 6 to the financial statements;

(ii) Assignment by way of charge over all the interest, titles, rights and benefits to all insurance on the investment property;

(iii) Assignment by way of charge over all rents and other monies payables and all the subsidiary company's rights, remedies and benefits under the tenancies executed and/or to be executed in respect of the investment property;

(iv) A limited debenture by way of fixed and floating charge over the investment property;

(v) A first legal charge over the rental/car park proceeds account to be opened and maintained by the subsidiary company; and

(vi) Corporate guarantee by the Company.

Term loan 2 of a subsidiary company of RM38,500,000 (2019: RM Nil) bears interest of 3.66% (2019: Nil) per annum and is repayable by monthly instalments of RM1,600,000 over two years commencing from the first day of 37th month from the day of first drawdown and is secured as follows:

(i) First party legal charge over land held for development as disclosed in Note 9 to the financial statements;

(ii) Legal charge and assignment over the designated accounts;

(iii) Assignment of all relevant insurance/takaful policies to be taken for a project undertaken by a subsidiary company;

(iv) Assignment of a subsidiary company's right and benefits arising from the construction contracts and contractor's performance bond in favour of the subsidiary company in respect of a project undertaken by the subsidiary company;

(v) Charge over the monies in the fixed deposits as disclosed in Note 17 to the financial statements; and

(vi) Corporate guarantee by the Company.

(b) Sukuk Murabahah

On 12 December 2014, Unitapah Sdn. Bhd. issued a sukuk facility based on the Shariah principles of Murabahah via a Tawarruq arrangement ("Sukuk Murabahah") of RM510 million in nominal value. The remaining tenure of the sukuk ranges from 0.5 to 13.5 years (2019: 0.5 to 14.5 years) with profit rate ranging from 6.23% to 7.65% (2019: 6.12% to 7.65%) per annum over nominal value.

21. LOANS AND BORROWINGS (CONTINUED)

(b) Sukuk Murabahah (Continued)

	Group 2020 RM	Group 2019 RM
Current		
- not later than one year	22,391,232	22,184,917
Non-current		
- later than one year but not later than two years	22,571,747	22,391,232
- later than two years but not later than five years	68,902,279	68,311,743
- more than five years	242,619,512	265,781,795
	334,093,538	356,484,770
	356,484,770	378,669,687

The Sukuk Murabahah is secured by the following:

(i) Debenture evidencing a fixed and floating charge over a subsidiary company's present and future assets;

(ii) First ranking charge and assignment of the designated accounts and the credit balances therein; and

(iii) First ranking assignment of takaful policies, if any, in relation to the concession agreement with the security trustee designated as loss payee/mortgagee.

(c) Lease liabilities

Lease liabilities bear implicit interest rates ranging from 2.90% to 4.98% (2019: 2.92% to 5.13%) per annum.

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

	Group 2020 RM	Group 2019 RM
Minimum lease payments:		
- not later than one year	4,530,602	5,136,013
- later than one year but not later than five years	3,209,571	6,355,073
	7,740,173	11,491,086
Less:		
Future finance charges	(477,065)	(774,178)
Present value of minimum lease payments	7,263,108	10,716,908

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

21. LOANS AND BORROWINGS (CONTINUED)

(c) Lease liabilities (Continued)

	Group 2020 RM	Group 2019 RM
Represented by:		
Current		
- not later than one year	4,232,017	4,668,830
Non-current		
- later than one year but not later than five years	3,031,091	6,048,078
	7,263,108	10,716,908

The lease liabilities of the Group are secured by the property, plant and equipment as disclosed in Note 5 to the financial statements.

(d) Bankers' acceptances, revolving credits and bank overdrafts

The other bank borrowings of the Group and of the Company are denominated in Ringgit Malaysia and bear interest at rate ranging from 2.55% to 8.64% (2019: 4.52% to 8.70%) and 7.14% to 8.39% (2019: 8.39% to 8.64%) per annum respectively.

Other bank borrowings of the Group and of the Company are secured by:

(i) Facility agreement together with interest, commission and all other charges thereon;

(ii) Second ranking legal charge to certain retail units as disclosed in Note 9 to the financial statements;

(iii) First party second fixed charge over certain investment properties as disclosed in Note 6 to the financial statements;

(iv) Supplement agreement to extend the assignment of rental proceeds from certain investment properties executed between borrower and bank;

(v) Charge over the monies in the debt services reserve account as disclosed in Note 17 to the financial statements.

(vi) Second legal charge over a designated escrow account; and

(vii) Corporate guarantee by the Company.

NOTES TO THE **FINANCIAL STATEMENTS**
(cont'd)

22. TRADE AND OTHER PAYABLES

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Non-current:					
Non-trade					
Landowner's entitlement	(a)	10,552,722	10,552,722	–	–
Current:					
Trade					
Trade payables	(b)	105,214,814	70,172,321	–	–
Accruals	(c)	107,960	6,624,364	–	–
Retention sums		35,798,550	50,543,559	–	–
		141,121,324	127,340,244	–	–
Non-trade					
Other payables		3,467,774	3,245,864	87,396	103,157
Landowner's entitlement	(a)	200,737,615	200,737,615	–	–
GST payable		10,958	10,958	–	–
Deposits received		2,422,801	2,443,525	–	–
Accruals		2,753,306	8,659,616	186,400	216,136
Deferred rental income		125,265	145,406	–	–
		350,639,043	342,583,228	273,796	319,293
Total trade and other payables		361,191,765	353,135,950	273,796	319,293

(a) Landowner's entitlement

Landowner's entitlement represents cost payable for land development right pursuant to the Joint Land Development Agreement entered into with the landowner. Included in landowner's entitlement is an amount of RM14,017,337 (2019: RM14,017,337) to be settled in cash and is measured at amortised cost at imputed rate of 8.54% (2019: 8.54%) per annum.

(b) Trade payables

The Group's normal trade credit terms granted ranging from 30 to 60 days (2019: 30 to 60 days).

(c) Trade accruals

The trade accruals of the Group relate to the development costs of completed development projects.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

23. REVENUE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Revenue from contract with customers:				
Construction contracts	234,964,081	347,789,267	–	–
Property development	-	41,635,025	–	–
Sales of completed properties	1,509,286	20,887,210	–	–
Maintenance income	10,742,627	9,220,186	–	–
	247,215,994	419,531,688	–	–
Revenue from other sources:				
Rental income from investment properties	6,800,187	7,834,107	–	–
Interest income from banks	104,932	49,707	104,932	49,707
Interest income from subsidiary companies	–	–	6,756,594	6,953,078
Income from short term investments	827,433	2,165,800	827,433	2,165,800
Dividend income from subsidiary companies	–	–	–	9,500,000
Finance income from concession contract	35,007,875	35,978,842	–	–
	42,740,427	46,028,456	7,688,959	18,668,585
	289,956,421	465,560,144	7,688,959	18,668,585

(a) Disaggregation of revenue

The Group reports the following segments: construction, concession arrangement, investment holding and property development in accordance with MFRS 8 *Operating Segments*. For the purpose of disclosure of disaggregation of revenue from contract with customers, it disaggregates revenue into major goods or services and timing of revenue recognition (i.e. goods transferred at a point in time or services transferred over time).

Group - 2020	Construction RM	Concession arrangement RM	Property development RM	Total RM
Major goods or services				
Construction services	227,233,568	–	–	227,233,568
Mechanical and engineering services	7,730,513	–	–	7,730,513
Sales of commercial properties	–	–	310,000	310,000
Sales of residential properties	–	–	1,199,286	1,199,286
Maintenance income	–	10,742,627	–	10,742,627
	234,964,081	10,742,627	1,509,286	247,215,994

23. REVENUE (CONTINUED)

(a) Disaggregation of revenue (Continued)

The Group reports the following segments: construction, concession arrangement, investment holding and property development in accordance with MFRS 8 *Operating Segments*. For the purpose of disclosure of disaggregation of revenue from contract with customers, it disaggregates revenue into major goods or services and timing of revenue recognition (i.e. goods transferred at a point in time or services transferred over time) (Continued).

Group - 2020	**Construction RM**	**Concession arrangement RM**	**Property development RM**	**Total RM**
Timing of revenue recognition:				
At a point in time	–	–	1,509,286	1,509,286
Over time	234,964,081	10,742,627	–	245,706,708
	234,964,081	10,742,627	1,509,286	247,215,994
Group - 2019				
Major goods or services				
Construction services	341,239,187	–	–	341,239,187
Mechanical and engineering services	6,550,080	–	–	6,550,080
Sales of commercial properties	–	–	943,467	943,467
Sales of residential properties	–	–	19,943,743	19,943,743
Property under development	–	–	41,635,025	41,635,025
Maintenance income	–	9,220,186	–	9,220,186
	347,789,267	9,220,186	62,522,235	419,531,688
Timing of revenue recognition:				
At a point in time	–	–	20,887,210	20,887,210
Over time	347,789,267	9,220,186	41,635,025	398,644,478
	347,789,267	9,220,186	62,522,235	419,531,688

(b) Transaction price allocated to the remaining performance obligation

As of 31 December 2020, the aggregate amounts of the transaction price allocated to the remaining performance obligation are:

(i) RM321.2 million (2019: RM447.0 million) and the Group will recognise this revenue as the properties or construction are completed, which is expected to occur over the next 3 years (2019: 3 years); and

(ii) RM122.0 million (2019: RM131.4 million) and the Group will recognise this revenue as the maintenance services are performed, which is over the next 13 years (2019: 14 years).

The Group applies the practical expedient in paragraph 121(a) of MFRS 15 not to disclose information about remaining performance obligations that have original expected durations of one year or less.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

24. COST OF SALES

	Group 2020 RM	Group 2019 RM
Costs of construction contracts	258,610,843	341,466,335
Costs of property development	–	9,897,728
Costs of sales of completed properties	955,438	15,424,468
Costs of maintenance of investment properties	5,798,021	6,525,881
Costs of maintenance of facilities and infrastructure	9,920,929	8,727,589
	275,285,231	382,042,001

25. FINANCE INCOME

	Group 2020 RM	Group 2019 RM
Income from short term investments	53,020	335,609
Interest income from banks	1,336,170	2,251,970
	1,389,190	2,587,579

26. FINANCE COSTS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Interest expense on:				
- bank overdrafts	1,344,803	948,538	91,620	64,159
- bankers' acceptances	941,975	1,795,737	–	–
- lease liabilities	467,214	711,889	–	–
- revolving credits	3,920,538	4,620,141	–	–
- Sukuk Murabahah	23,177,646	24,259,720	–	–
- term loans	242,328	1,015,628	–	338,228
Amortisation of discount on Sukuk Murabahah	2,815,083	3,028,000	–	–
	32,909,587	36,379,653	91,620	402,387

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

27. (LOSS)/PROFIT BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) to arrive at (loss)/profit before tax:

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Auditors' remuneration				
- statutory audit:				
- current year	260,000	250,700	53,000	52,000
- under provision in prior years	9,300	38,700	1,000	22,500
- non-audit services	9,000	9,500	4,500	4,500
Compensation to a subsidiary company for loss on investment	–	–	–	5,100,000
Depreciation of property, plant and equipment (Note 5)	5,071,435	5,159,024	–	–
Effect of revision of estimated receipt of amount due from subsidiary companies	–	–	586,725	1,946,459
Employee benefits expenses (Note 31)	13,005,078	17,730,423	198,000	198,000
Expenses related to short term leases - machineries	1,708,277	1,547,723	–	–
Gain on disposal of property, plant and equipment	(30,000)	(45,452)	–	–
Impairment losses on:				
- amount due from a subsidiary company	–	–	4,355,169	–
- contract assets	680,580	–	–	–
- goodwill	9,948,357	–	–	–
- investment in subsidiary companies	–	–	3,633,096	–
- trade receivables	6,900,627	4,778,174	–	–
- other receivables	11,872,294	6,694	–	–
Net fair value loss/(gain) on investment properties (Note 6)	25,000,000	(2,000,000)	–	–
Reversal of impairment losses on:				
- trade receivables	(1,866,139)	(4,800,281)	–	–
- other receivables	–	(9,178,174)	–	–
Waiver of debt on amount due from a subsidiary company	–	–	–	1,112,685
Write-off of inventories - property under development	–	6,049,422	–	–

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

28. INCOME TAX (CREDIT)/EXPENSE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Current income tax				
- current year	2,032,301	2,559,060	1,553,326	1,535,453
- (over)/under provision in prior years	(4,981)	(1,540,707)	28,530	(15,228)
	2,027,320	1,018,353	1,581,856	1,520,225
Deferred tax				
- current year	(13,318,255)	3,650,971	–	–
- (over)/under provision in prior years	(4,224)	673,385	–	–
	(13,322,479)	4,324,356	–	–
	(11,295,159)	5,342,709	1,581,856	1,520,225

Income tax is calculated at the Malaysian statutory income tax rate of 24% (2019: 24%) of the estimated assessable (loss)/profit for the financial year.

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax (credit)/expense are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
(Loss)/Profit before tax	(86,120,986)	22,217,379	(1,993,664)	9,175,341
Tax at Malaysian statutory income tax rate of 24% (2019: 24%)	(20,669,037)	5,332,171	(478,479)	2,202,082
Tax effects arising from:				
- non-taxable income	(931,423)	(5,034,766)	(198,584)	(2,280,000)
- non-deductible expenses	4,805,726	5,965,909	2,230,389	1,613,371
- utilisation of deferred tax assets not recognised previously	(1,117,473)	(1,657,799)	–	–
- deferred tax assets not recognised on tax losses and temporary differences	3,126,253	1,604,516	–	–
- deferrred tax recognised at RPGT rate	3,500,000	–	–	–
- (over)/under provision of current and deferred tax in prior years	(9,205)	(867,322)	28,530	(15,228)
Income tax (credit)/expense	(11,295,159)	5,342,709	1,581,856	1,520,225

29. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year, adjusted for treasury shares held.

	Group	
	2020	**2019**
	RM	**RM**
(Loss)/Profit attributable to owners of the Company (RM)	(77,110,918)	19,206,979
Number of shares in issue as of 1 January	162,880,557	169,909,457
Effect of purchase of treasury shares	(643,482)	(3,565,521)
Weighted average number of ordinary shares in issue	162,237,075	166,343,936
Basic (loss)/earnings per share (sen)	(47.53)	11.55

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the authorisation of these financial statements.

(b) Diluted (loss)/earnings per share

The Group has no dilutive potential ordinary shares. At such, there is no dilutive effect on the (loss)/earnings per share of the Group.

30. DIVIDENDS ON ORDINARY SHARES

	Group and Company	
	2020	**2019**
	RM	**RM**
First and final 3.5 sen single tier dividend in respect of financial year ended 31 December 2019	5,673,764	–
First and final 4.5 sen single tier dividend in respect of financial year ended 31 December 2018	–	7,510,894
	5,673,764	7,510,894

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

31. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Salaries, bonus, overtime and allowances	11,416,932	15,565,572	198,000	198,000
Defined contribution plan ("EPF")	1,241,918	1,703,805	–	–
Other staff related expenses	346,228	461,046	–	–
	13,005,078	17,730,423	198,000	198,000

Included in employee benefits expenses are directors' remuneration as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Executive Directors (including Alternate Director) of the Company				
- Salaries and other emoluments (included estimated benefits-in-kind)	1,392,184	2,198,878	–	–
Non-Executive Directors of the Company				
- Fees	198,000	198,000	198,000	198,000
Total directors' remuneration	1,590,184	2,396,878	198,000	198,000

32. OPERATING LEASES

The Group as lessor

The Group leases several of its investment properties which have remaining lease term between one to three years.

The maturity analysis of the Group's lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

	2020 RM	2019 RM
- Not later than one year	3,313,395	3,325,142
- One to two years	195,302	3,189,662
- Two to three years	94,754	–
	3,603,451	6,514,804

Certain operating lease arrangements contain an option for the lessee to extend the original lease term by one to three years.

33. RELATED PARTIES

(a) Identification 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 operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group and the Company include:

(i) Subsidiary companies;
(ii) Company in which a director has substantial financial interest;
(iii) Corporate shareholders of subsidiary companies; and
(iv) Key management personnel comprise persons (including the directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

33. RELATED PARTIES (CONTINUED)

(b) Significant related party transactions and balances

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Transactions with:				
Subsidiary companies				
Dividends received/ receivable	–	–	–	9,500,000
Interest income received/receivable	–	–	6,756,594	6,953,078
Company in which a director has substantial financial interest				
Rental received/ receivable	24,000	24,000	–	–
Reversal of impairment losses on trade receivables	1,753,600	4,800,000	–	–

Significant outstanding balances with related parties at the end of the reporting period are as disclosed in Notes 13 and 14 to the financial statements.

(c) Key management personnel remuneration

The remuneration of the key management personnel (including directors) during the financial year is as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Directors' fees	198,000	198,000	198,000	198,000
Short-term employment benefits (included estimated benefits-in-kind)	2,559,338	3,895,228	–	–
Defined contribution plan ("EPF")	247,905	390,726	–	–
	3,005,243	4,483,954	198,000	198,000

34. SEGMENT REPORTING

The information reported to the Chairperson of Group Executive Committee, as the Group's chief operating decision maker, in making decisions to allocate resources to segments and to assess their performance is based on the nature of the industry (business segments) of the Group.

Measurement of reportable segments

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

Segment statements of comprehensive income are profit earned or loss incurred by each segment with allocation of central administrative costs, non-operating investment revenue, finance costs, tax expense and other non-cash expenses. There are no significant changes from previous financial year in the measurement methods used to determine reported segment statements of comprehensive income.

There are varying levels of integration among Investment holding segment with Construction segment and Property development segment. This integration includes rental of properties, corporate support and provision of construction, mechanical and electrical engineering services. Inter-segment pricing is determined on a negotiated basis.

All the Group's assets are allocated to reportable segments.

All the Group's liabilities are allocated to reportable segments.

Business segments

For management purposes, the Group is organised into business units based on their products and services provided. The Group is organised into four main business segments as follows:

(a) Construction – general construction, mechanical and electrical engineering services;

(b) Concession arrangement – construction and maintenance of facilities and infrastructure;

(c) Investment holding – investment in shares, properties and other investment activities; and

(d) Property development – development of residential and commercial properties.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

Geographical segments

No information is prepared on the geographical segment as the Group principally operates within Malaysia.

34. SEGMENT REPORTING (CONTINUED)

2020	Construction RM	Concession arrangement RM	Investment holding RM	Property development RM	Adjustments and eliminations RM	Note	Group RM
Revenue							
Revenue from external customers	234,964,081	45,750,502	7,732,552	1,509,286	–		289,956,421
Inter-segment revenue	26,304,634	–	8,020,213	–	(34,324,847)	(a)	–
Total revenue	261,268,715	45,750,502	15,752,765	1,509,286	(34,324,847)		289,956,421
Results							
Segment results	(31,075,034)	34,742,516	410,331	164,961	(1,266,209)	(b)	2,976,565
Depreciation of property, plant and equipment	(3,649,944)	–	(125,602)	(1,082,119)	(213,770)	(b)	(5,071,435)
Finance costs	(3,834,197)	(27,342,729)	(2,546,302)	(955,737)	1,769,378	(b)	(32,909,587)
Gain on disposal of property, plant and equipment	30,000	–	–	–	–		30,000
Impairment losses on:							
- contract assets	(680,580)	–	–	–	-		(680,580)
- goodwill	–	–	–	–	(9,948,357)	(b)	(9,948,357)
- trade receivables	(6,900,627)	–	–	–	–		(6,900,627)
- other receivables	-	–	–	(11,872,294)	–		(11,872,294)
Income from short term investments	51,165	–	1,855	-	–		53,020
Interest income from banks	7	1,305,761	973	29,429	–		1,336,170
Net fair value loss on investment properties	–	–	(25,000,000)	–	–		(25,000,000)
Reversal of impairment losses on trade receivables	1,866,139	–	–	–	–		1,866,139
Income tax credit/(expense)	9,311,026	(2,858,345)	594,405	299,921	3,948,152	(b)	11,295,159
Consolidated loss for the financial year							(74,825,827)

34. SEGMENT REPORTING (CONTINUED)

2020	Construction RM	Concession arrangement RM	Investment holding RM	Property development RM	Adjustments and eliminations RM	Note	Group RM
Assets							
Segment assets	353,716,850	479,831,658	660,945,142	464,818,586	(639,172,878)	(c)	1,320,139,358
Golf club membership	54,000	–	–	–	–		54,000
Goodwill	–	–	–	–	23,659,780	(c)	23,659,780
Deferred tax assets	9,923,567	–	–	5,383,726	7,215,018	(c)	22,522,311
Current tax assets	3,606,135	55,015	272,064	1,000,000	–		4,933,214
Total assets	367,300,552	479,886,673	661,217,206	471,202,312	(608,298,080)		1,371,308,663
Liabilities							
Segment liabilities	192,006,678	16,299,651	283,240,560	343,727,485	(457,994,438)	(d)	377,279,936
Loans and borrowings	84,293,979	401,484,770	41,497,141	56,586,741	(45,000,000)	(d)	538,862,631
Deferred tax liabilities	164	16,906,679	11,019,149	–	–		27,925,992
Current tax liabilities	–	–	535,688	2	–		535,690
Total liabilities	276,300,821	434,691,100	336,292,538	400,314,228	(502,994,438)		944,604,249

34. SEGMENT REPORTING (CONTINUED)

2019	Construction RM	Concession arrangement RM	Investment holding RM	Property development RM	Adjustments and eliminations RM	Note	Group RM
Revenue							
Revenue from external customers	347,789,267	45,199,028	10,049,614	62,522,235	–		465,560,144
Inter-segment revenue	66,205,557	–	17,621,127	–	(83,826,684)	(a)	–
Total revenue	413,994,824	45,199,028	27,670,741	62,522,235	(83,826,684)		465,560,144
Results							
Segment results	7,033,505	35,515,726	13,824,718	3,898,159	(4,293,248)	(b)	55,978,860
Depreciation of property, plant and equipment	(3,707,425)	–	(127,263)	(1,180,108)	(144,228)	(b)	(5,159,024)
Finance costs	(4,367,620)	(28,702,468)	(3,676,398)	(1,260,623)	1,627,456	(b)	(36,379,653)
Gain on disposal of property, plant and equipment	44,865	–	–	587	–		45,452
Impairment losses on:							
- trade receivables	(4,778,174)	–	–	–	–		(4,778,174)
- other receivables	–	–	–	(6,694)	–		(6,694)
Income from short term investments	333,143	–	2,466	–	–		335,609
Interest income from banks	242	2,006,677	947	244,104			2,251,970
Net fair value gain on investment properties	–	–	–	2,000,000	–		2,000,000
Reversal of impairment losses on:							
- trade receivables	4,800,000	–	281	–	–		4,800,281
- other receivables	–	–	–	9,178,174	–		9,178,174
Write-off of inventories - property under development	–	–	–	(6,049,422)	–		(6,049,422)
Income tax (expense)/credit	(971,497)	(2,930,203)	(1,799,408)	1,746,690	(1,388,291)	(b)	(5,342,709)
Consolidated profit for the financial year							16,874,670

34. SEGMENT REPORTING (CONTINUED)

2019	Construction RM	Concession arrangement RM	Investment holding RM	Property development RM	Adjustments and eliminations RM	Note	Group RM
Assets							
Segment assets	377,074,854	493,352,702	724,281,807	429,699,113	(658,976,708)	(c)	1,365,431,768
Golf club membership	54,000	–	–	–	–		54,000
Goodwill	–	–	–	–	33,608,137	(c)	33,608,137
Deferred tax assets	495,427	–	–	5,083,777	3,266,868	(c)	8,846,072
Current tax assets	3,217,256	28,397	192,100	1,496,335	–		4,934,088
Total assets	380,841,537	493,381,099	724,473,907	436,279,225	(622,101,703)		1,412,874,065
Liabilities							
Segment liabilities	181,101,559	16,001,325	302,015,181	341,946,129	(472,751,829)	(d)	368,312,365
Loans and borrowings	69,195,272	423,669,687	50,822,501	10,029,173	(45,000,000)	(d)	508,716,633
Deferred tax liabilities	1,467	14,361,717	13,209,048	–	–		27,572,232
Current tax liabilities	–	–	409,203	–	–		409,203
Total liabilities	250,298,298	454,032,729	366,455,933	351,975,302	(517,751,829)		905,010,433

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

34. SEGMENT REPORTING (CONTINUED)

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:

(a) Inter-segment revenue are eliminated on consolidation;

(b) Inter-segment transactions are eliminated and/or impairment of goodwill on consolidation;

(c) Inter-segment assets are eliminated and/or goodwill on consolidation; and

(d) Inter-segment liabilities are eliminated on consolidation.

Information about major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

	Revenue		Segment
	2020 RM	**2019 RM**	
Customer A	–	68,590,194	Construction
Customer B	78,675,994	136,836,191	Construction
Customer C	32,134,954	67,091,723	Construction
Customer D	50,250,973	–	Construction
Customer E	40,985,762	–	Construction
Customer F	45,750,502	–	Concession arrangement

35. 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

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

35. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (Continued)

	Carrying amount RM	Amortised cost RM	FVPL RM
At 31 December 2020			
Financial assets			
Group			
Operating financial asset	290,606,399	290,606,399	–
Trade and other receivables *	181,730,450	181,730,450	–
Short term investments	12,567,247	–	12,567,247
Fixed deposits placed with licensed banks	53,964,653	53,964,653	–
Cash and bank balances	19,770,594	19,770,594	–
	558,639,343	546,072,096	12,567,247
Financial liabilities			
Trade and other payables #	163,782,542	163,782,542	–
Lease liabilities	7,263,108	7,263,108	–
Bankers' acceptances	36,562,107	36,562,107	–
Term loans	38,500,000	38,500,000	–
Revolving credits	70,570,481	70,570,481	–
Bank overdrafts	29,482,165	29,482,165	–
Sukuk Murabahah	356,484,770	356,484,770	–
	702,645,173	702,645,173	–
At 31 December 2019			
Financial assets			
Group			
Operating financial asset	299,335,443	299,335,443	–
Trade and other receivables *	190,560,116	190,560,116	–
Short term investments	61,686,794	–	61,686,794
Fixed deposits placed with licensed banks	57,086,752	57,086,752	–
Cash and bank balances	20,533,738	20,533,738	–
	629,202,843	567,516,049	61,686,794
Financial liabilities			
Trade and other payables #	155,706,586	155,706,586	–
Lease liabilities	10,716,908	10,716,908	–
Bankers' acceptances	22,590,000	22,590,000	–
Term loans	6,977,497	6,977,497	–
Revolving credits	62,683,657	62,683,657	–
Bank overdrafts	27,078,884	27,078,884	–
Sukuk Murabahah	378,669,687	378,669,687	–
	664,423,219	664,423,219	–

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

35. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (Continued)

	Carrying amount RM	Amortised cost RM	FVPL RM
At 31 December 2020			
Financial assets			
Company			
Amount due from subsidiary companies	157,101,497	157,101,497	–
Deposit	7,500	7,500	–
Short term investments	10,133,535	–	10,133,535
Fixed deposits placed with licensed banks	3,148,484	3,148,484	–
Cash and bank balances	115,012	115,012	–
	170,506,028	160,372,493	10,133,535
Financial liabilities			
Amount due to subsidiary companies	80,696,941	80,696,941	–
Other payables and accruals	273,796	273,796	–
Bank overdraft	2,396,455	2,396,455	–
	83,367,192	83,367,192	–
At 31 December 2019			
Financial assets			
Company			
Amount due from subsidiary companies	143,542,919	143,542,919	–
Short term investments	58,306,102	–	58,306,102
Fixed deposits placed with licensed banks	3,080,593	3,080,593	–
Cash and bank balances	115,012	115,012	–
	205,044,626	146,738,524	58,306,102
Financial liabilities			
Amount due to subsidiary companies	106,856,469	106,856,469	–
Other payables and accruals	319,293	319,293	–
Bank overdraft	4,587,548	4,587,548	–
	111,763,310	111,763,310	–

* *exclude advances made to suppliers and sub-contractors, deposits for development projects, prepayments and GST refundable*

\# *exclude deferred rental income, GST payable and landowner's entitlement*

35. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management

The Group and the Company seek to manage effectively the various risks namely credit risk, liquidity risk and interest rate risk, to which the Group and the Company are exposed to in their operations. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders.

The Group's and the Company's exposure to the financial risks and the objectives, policies and processes put in place to manage these risks are discussed below:

(i) 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 operating financial asset, trade receivables and contract assets while the Company's exposure to credit risk primarily arises from amount due from subsidiary companies. The maximum risk associated with recognised financial assets are the carrying amounts as presented in the statements of financial position.

Credit risk of the Group is controlled by the application of credit approvals, limits and monitoring procedures. Credit risk is minimised and monitored strictly by limiting the Group's association to business partners with high creditworthiness. If necessary, the Group may obtain collaterals from counterparties as a mean of mitigating losses in the event of default.

Operating financial asset, trade receivables and contract assets

Other than the trade receivables and contract assets arising from the sale of development properties, the carrying amount of operating financial asset, trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements. In respect of trade receivables and contract assets arising from the sale of development properties, the Group mitigates its credit risk by withholding the transfer of registered ownership of the development properties until full settlement by the purchaser of the self-financed portion of the purchase consideration or upon undertaking of end-financier by the purchaser's end- financier. In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a mean of mitigating the risk of financial loss from defaults.

In managing credit risk, the Group periodically reviews the Group's credit risk exposure in respect of its trade receivables and takes appropriate actions to recover long overdue balances. At each reporting date, the Group assesses whether any of the trade receivables are credit impaired. A financial asset is credit-impaired when one or more events have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

35. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Operating financial asset, trade receivables and contract assets (Continued)

Credit risk concentration profile

The Group determines the credit risk concentration of its operating financial asset, trade receivables and contract assets by industry sector profile on an ongoing basis. The credit risk concentration profile of the Group's operating financial asset, trade receivables and contract assets at the reporting date are as follows:

Operating financial asset:

	Group			
	2020		2019	
	RM	%	RM	%
Concession arrangement	290,606,399	100%	299,335,443	100%

Trade receivables:

	Group			
	2020		2019	
	RM	%	RM	%
Construction	113,052,125	90%	121,948,873	92%
Property development	10,079,954	8%	9,953,439	7%
Others	2,051,131	2%	1,135,259	1%
	125,183,210	100%	133,037,571	100%

Contract assets:

	Group			
	2020		2019	
	RM	%	RM	%
Construction	76,650,831	100%	71,613,322	100%

35. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Operating financial asset, trade receivables and contract assets (Continued)

Credit risk concentration profile (Continued)

The Group applies the simplified approach to provide for impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected credit loss ("ECL") allowance for all operating financial asset, trade receivables and contract assets. To measure the impairment losses, trade receivables may be grouped based on shared credit risk characteristics and the days past due. 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 believes that changes in economic conditions over these periods would not materially impact the impairment calculation of the receivables.

For concession and construction contracts, as there are only a few customers, the Group assesses 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 determines the ECL rate for the group of customers based on actual credit loss experience over the past three years.

The information about the credit risk exposure on the Group's contract assets, operating financial asset and trade receivables as at 31 December 2020 and 31 December 2019 are as follows:

Group	Gross carrying amount RM	ECL allowance RM	Net balance RM
At 31 December 2020			
Contract assets			
Current (not past due)	60,316,631	–	60,316,631
> 90 days past due *	16,334,200	–	16,334,200
Credit impaired:			
- Individually assessed	680,580	(680,580)	–
Operating financial asset			
Current (not past due)	290,606,399	–	290,606,399
Trade receivables			
Current (not past due)	90,543,424	–	90,543,424
1 - 30 days past due	12,818,224	–	12,818,224
31 - 60 days past due	2,949,909	–	2,949,909
61 - 90 days past due	388,859	–	388,859
> 90 days past due *	18,482,794	–	18,482,794
Credit impaired:			
- Individually assessed	22,487,939	(22,487,939)	–
	515,608,959	(23,168,519)	492,440,440

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

35. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Operating financial asset, trade receivables and contract assets (Continued)

Credit risk concentration profile (Continued)

The information about the credit risk exposure on the Group's contract assets, operating financial asset and trade receivables as at 31 December 2020 and 31 December 2019 are as follows (Continued):

Group	Gross carrying amount RM	ECL allowance RM	Net balance RM
At 31 December 2019			
Contract assets			
Current (not past due)	55,279,122	–	55,279,122
> 90 days past due *	16,334,200	–	16,334,200
Operating financial asset			
Current (not past due)	299,335,443	–	299,335,443
Trade receivables			
Current (not past due)	92,262,348	–	92,262,348
1 - 30 days past due	12,592,721	–	12,592,721
31 - 60 days past due	4,233,748	–	4,233,748
61 - 90 days past due	190,278	–	190,278
> 90 days past due *			
Credit impaired:	23,758,476	–	23,758,476
- Individually assessed	20,243,451	(20,243,451)	–
	524,229,787	(20,243,451)	503,986,336

* *Included in contract assets and trade receivables are amounts of RM16,334,200 (2019: RM16,334,200) and RM14,749,849 (2019: RM14,749,849) respectively, due from a customer with contract under dispute as disclosed in Notes 13 and 15 to the financial statements.*

35. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Operating financial asset, trade receivables and contract assets (Continued)

Trade receivables that are impaired

The movement in the allowance for impairment losses of trade receivables is as follows:

	Group	
	2020 RM	**2019 RM**
At beginning of the year	20,243,451	20,265,558
Charge for the impairment losses (Note 27)		
- individually assessed	6,900,627	4,778,174
Reversal of impairment losses	(1,866,139)	(4,800,281)
Written off	(2,790,000)	–
At end of the year	22,487,939	20,243,451

Included in allowance for impairment losses for trade receivables of the Group is an amount of RM6,691,651 (2019: RM8,445,251) due from a company in which a director has interest.

Contract assets that are impaired

The movement in the allowance for impairment losses of contract assets is as follows:

	Group	
	2020 RM	**2019 RM**
At beginning of the year	–	–
Charge for the impairment losses (Note 27)		
- individually assessed	680,580	–
At end of the year	680,580	–

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

35. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Other receivables and other financial assets

For other receivables and other financial assets (including fixed deposits placed with licensed banks, cash and bank balances and related company balances), 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 carrying amount of the other receivables and other financial assets are not secured by any collateral or supported by any other credit enhancement except for a receivable of RM44,222,500 (2019: RM44,222,500) due from a non-controlling shareholder which is supported by the shares in a subsidiary company owned by the shareholder as credit enhancement.

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 taking into consideration 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. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days when they fall due.

The Company provides advances to subsidiary companies. The Company monitors the results of the subsidiary companies in determining the recoverability of intercompany balances. The advances to subsidiary companies 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 companies do not have sufficient liquid assets when the loan is demanded, the Company will consider the expected manner of recovery and recovery period of the advances.

Refer to Note 3.12(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

35. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Other receivables and other financial assets (Continued)

The information about credit risk exposure on the Group's and the Company's other receivables and other financial assets as at 31 December 2020 and 31 December 2019 are as follows:

	Gross carrying amount RM	ECL allowance RM	Net balance RM
At 31 December 2020			
Group			
Low credit risk	142,849,734	–	142,849,734
Significant increase in credit risk	–	–	–
Credit impaired	19,123,173	(19,123,173)	–
	161,972,907	(19,123,173)	142,849,734
Company			
Low credit risk	170,506,028	–	170,506,028
Credit impaired	4,355,169	(4,355,169)	–
	174,861,197	(4,355,169)	170,506,028
At 31 December 2019			
Group			
Low credit risk	196,829,829	–	196,829,829
Significant increase in credit risk	–	–	–
Credit impaired	7,515,844	(7,515,844)	–
	204,345,673	(7,515,844)	196,829,829
Company			
Low credit risk	205,044,626	–	205,044,626

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

35. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Other receivables and other financial assets (Continued)

Other receivables that are impaired

The movement in the allowance for impairment losses of other receivables is as follows:

	Group	
	2020 RM	2019 RM
At beginning of the year	7,515,844	17,208,804
Charge for the impairment losses (Note 27)		
- individually assessed	11,872,294	6,694
Reversal of impairment losses	–	(9,178,174)
Written off	(264,965)	(521,480)
At end of the year	19,123,173	7,515,844

Included in allowance for impairment losses for other receivables of the Group is an amount of RM2,018,625 (2019: RM2,018,625) due from a company in which a director has interest.

Amount due from subsidiary companies that are impaired

The movement in the allowance for impairment losses of amount due from subsidiary companies is as follows:

	Company	
	2020 RM	2019 RM
At beginning of the year	–	–
Charge for the impairment loss (Note 27)		
- individually assessed	4,355,169	–
At end of the year	4,355,169	–

35. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Financial guarantees

The Company provides secured corporate guarantees to banks in respect of banking facilities provided to subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiary companies. The Company monitors the results of the subsidiary companies and their repayment on an ongoing basis. The maximum exposure to credit risk amounting to RM208,260,607 (2019: RM194,017,245) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 35(b)(ii) to the financial statements. Generally, the Company considers the financial guarantees have low credit risk. As at the reporting date, there was no loss allowance for expected credit losses as determined by the Company for the financial guarantees.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the guarantees are provided as credit enhancements to the subsidiary companies' secured borrowings.

(ii) 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 arises primarily from mismatches of the maturities of financial assets and financial liabilities. The Group's and the Company's exposure to liquidity risk arises principally from trade and other payables and loans and borrowings.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through use of stand-by facilities. The Group and the Company manage their operating cash flows by maintaining sufficient level of cash to meet their working capital requirements and availability of funding through an adequate amount of credit facilities.

NOTES TO THE **FINANCIAL STATEMENTS**
(cont'd)

35. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(ii) Liquidity risk (Continued)

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 as follows:

Group		← **Contractual cash flows**			→
At 31 December 2020	**Carrying amount RM**	**On demand or within one year RM**	**Between one and five years RM**	**More than five years RM**	**Total RM**
Trade and other payables #	163,782,542	154,009,183	11,847,102	–	165,856,285
Lease liabilities	7,263,108	4,530,602	3,209,571	–	7,740,173
Bankers' acceptances	36,562,107	36,562,107	–	–	36,562,107
Term loans	38,500,000	1,409,100	41,615,270	–	43,024,370
Revolving credits	70,570,481	70,570,481	–	–	70,570,481
Bank overdrafts	29,482,165	29,482,165	–	–	29,482,165
Sukuk Murabahah	356,484,770	46,701,750	173,873,000	320,820,500	541,395,250
	702,645,173	343,265,388	230,544,943	320,820,500	894,630,831
At 31 December 2019					
Trade and other payables #	155,706,586	145,933,227	11,847,102	–	157,780,329
Lease liabilities	10,716,908	5,136,013	6,355,073	–	11,491,086
Bankers' acceptances	22,590,000	22,590,000	–	–	22,590,000
Term loans	6,977,497	7,158,933	–	–	7,158,933
Revolving credits	62,683,657	62,683,657	–	–	62,683,657
Bank overdrafts	27,078,884	27,078,884	–	–	27,078,884
Sukuk Murabahah	378,669,687	47,995,000	179,177,750	362,217,500	589,390,250
	664,423,219	318,575,714	197,379,925	362,217,500	878,173,139

35. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(ii) Liquidity risk (Continued)

Maturity analysis (Continued)

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 as follows (Continued):

Company		**Contractual cash flows**	
At 31 December 2020	**Carrying amount RM**	**On demand or within one year RM**	**Total RM**
Other payables and accruals	273,796	273,796	273,796
Bank overdraft	2,396,455	2,396,455	2,396,455
Amount due to subsidiary companies	80,696,941	80,696,941	80,696,941
Financial guarantee contracts	–	208,260,607	208,260,607
	83,367,192	291,627,799	291,627,799
At 31 December 2019			
Other payables and accruals	319,293	319,293	319,293
Bank overdraft	4,587,548	4,587,548	4,587,548
Amount due to subsidiary companies	106,856,469	106,856,469	106,856,469
Financial guarantee contracts	–	194,017,245	194,017,245
	111,763,310	305,780,555	305,780,555

exclude deferred rental income, GST payable and landowner's entitlement

NOTES TO THE **FINANCIAL STATEMENTS**
(cont'd)

35. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(iii) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's and of the Company's financial instruments as a result of changes in market interest rates.

The Group's and the Company's primary interest rate risk relates to floating interest-bearing financial instruments which include loans and borrowings. The investments in financial assets are mainly short-term in nature and have been mostly placed in unit trust funds and fixed deposits which yield better returns than cash at bank.

The Group and the Company actively review their debt portfolio, taking into account the investment holding period and nature of their assets.

This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes. As at 31 December 2020 and 31 December 2019, the Group and the Company have not entered into any hedging instruments arrangement to minimise their exposure to interest rate volatility.

Sensitivity analysis for interest rate risk

If the interest rate had been 50 (2019: 50) basis point higher/lower and all other variables held constant, the Group's and the Company's loss (2019: profit) for the financial year ended 31 December 2020 would increase/decrease by RM2,020,078 (2019: decrease/increase by RM1,892,399) and RM9,107 (2019: decrease/increase by RM17,433) respectively as a result of exposure to floating rate loans and borrowings.

(c) Fair value measurement

The carrying amounts of current financial assets and financial liabilities are reasonable approximation to their fair values, either due to their short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date. Other long term financial assets and liabilities are reasonable approximation of fair value (Level 3) because they are floating rate instruments which are re-priced to market interest rates or based on discounting of future cash flows using current lending rates for similar types of arrangements.

There have been no transfer between Level 1 and Level 2 fair values during the financial year (2019: no transfer in either directions).

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

35. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement (Continued)

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments carried at fair value:

Group	Carrying amount Total RM	Fair value Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2020					
Financial assets					
Short term investments	12,567,247	12,567,247	–	–	12,567,247
2019					
Financial assets					
Short term investments	61,686,794	61,686,794	–	–	61,686,794
Company					
2020					
Financial assets					
Short term investments	10,133,535	10,133,535	–	–	10,133,535
2019					
Financial assets					
Short term investments	58,306,102	58,306,102	–	–	58,306,102

36. CAPITAL COMMITMENT

	Group 2020 RM	2019 RM
Contracted but not provided for:		
- contractual commitment for acquisition of a land development right ^	246,000,000	246,000,000
- inventories - land held for development	–	49,500,000
	246,000,000	295,500,000

^ *The gross contractual commitment for the acquisition of a land development right is RM248,000,000 (2019: RM248,000,000). After taking into consideration the deposit paid of RM2,000,000 (2019: RM2,000,000), the net contractual commitment is RM246,000,000 (2019: RM246,000,000).*

NOTES TO THE **FINANCIAL STATEMENTS**
(cont'd)

37. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a healthy capital ratio in order to support their business and maximise shareholder value. The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust their capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 31 December 2020 and 31 December 2019.

The Group and the Company monitor capital using a gearing ratio, which is net debts divided by total capital plus net debts. Net debts comprise loans and borrowings less cash and bank balances whilst total capital is the total equity of the Group and of the Company.

The gearing ratio for the Group and for the Company as at 31 December 2020 and 31 December 2019 are as follows:

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Loans and borrowings	538,862,631	508,716,633	2,396,455	4,587,548
Less:				
Short term investments	(12,567,247)	(61,686,794)	(10,133,535)	(58,306,102)
Fixed deposits placed with licensed banks	(53,964,653)	(57,086,752)	(3,148,484)	(3,080,593)
Cash and bank balances	(19,770,594)	(20,533,738)	(115,012)	(115,012)
Net debts	452,560,137	369,409,349	(11,000,576)	(56,914,159)
Equity	426,704,414	507,863,632	189,343,819	199,252,730
Total equity plus net debts	879,264,551	877,272,981	178,343,243	142,338,571
Gearing ratio	0.51	0.42	not meaningful	not meaningful

The Group and certain subsidiary companies are required to comply with certain debt to equity ratio, interest coverage ratio and finance service cover ratio in respect of the term loans, revolving credits and Sukuk Murabahah facilities.

NOTES TO THE **FINANCIAL STATEMENTS**
(cont'd)

38. SIGNIFICANT EVENT DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

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 18 March 2020, the Malaysian Government imposed the Movement Control Order ("MCO") to curb the spread of COVID-19 outbreak in Malaysia. When the number of daily new infections began to fall, the MCO was lifted on 12 May 2020 and was replaced with less restrictive forms of MCO. On 13 January 2021, following the start of a third wave of infections in Malaysia, the Government re-imposed the MCO in certain states until 5 March 2021, followed by Conditional MCO thereafter. The COVID-19 outbreak also resulted in travel restriction, lockdown, social distancing and other precautionary measures imposed in various countries.

The Group and the Company have accounted for the possible impacts of COVID-19 pandemic in their application of significant judgements and estimates in determining the amounts recognised in the financial statements for the financial year ended 31 December 2020 as disclosed in Note 4 to the financial statements.

Given the fluidity of the situation, the Group and the Company are unable to reasonably estimate the complete financial impacts of COVID-19 pandemic subsequent to the end of the financial year to be disclosed in the financial statements as of the date of authorisation of these financial statements. The Group and the Company will continuously monitor any material changes to future economic conditions that will affect the Group and the Company.

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

We, **TENGKU DATO' SULAIMAN SHAH BIN TENGKU ABDUL JALIL SHAH** and **YONG SHANG MING**, being two of the directors of **CREST BUILDER HOLDINGS BERHAD**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 67 to 165 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

TENGKU DATO' SULAIMAN SHAH BIN TENGKU ABDUL JALIL SHAH
Director

YONG SHANG MING
Director

Petaling Jaya

Date: 15 April 2021

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

I, **CHONG SUN CHOI**, being the officer primarily responsible for the financial management of **CREST BUILDER HOLDINGS BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 67 to 165 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.

CHONG SUN CHOI
Officer
MIA Membership No.: CA 30642

Subscribed and solemnly declared by the abovenamed at Petaling Jaya, Selangor Darul Ehsan on 15 April 2021.

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CREST BUILDER HOLDINGS BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Crest Builder Holdings Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including significant accounting policies, as set out on pages 67 to 165.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and 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 judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Group and Company

Investment properties (Notes 4.1 and 6 to the financial statements)

Risk:

The Group's investment properties are measured at fair value subsequent to their initial recognition. The directors estimated the fair value of the investment properties based on the market valuation performed by an external independent valuer. We focused on this area because the valuation requires significant judgement in determining the appropriate valuation methods and the key assumptions used in the valuations.

Our response:

Our audit procedures included, among others:
- evaluating the competence, capabilities and objectivity of the external valuer which included consideration of their qualifications and experience;
- understanding the scope and purpose of the valuation by assessing whether any matters that might have affected their objectivity or limited the scope of their work;
- reading the valuation reports for all significant properties and discussing with external valuer on their valuation approach and the significant judgements they made, including the selection of comparable properties and adjustments for differences in key attributes made to the transacted value of comparable properties; and
- assessing the valuation approach used and appropriateness of the key assumptions based on our knowledge of the property industry.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CREST BUILDER HOLDINGS BERHAD
(cont'd)

Key Audit Matters (Continued)

Group and Company (Continued)

Investment in subsidiary companies (Notes 4.2 and 7 to the financial statements)
Goodwill (Notes 4.3 and 10 to the financial statements)

Risk:

The Company has significant balance of goodwill, mainly arising from the acquisition of Crest Builder Sdn. Bhd., and investment in subsidiary companies. The goodwill is tested for impairment annually. At the end of the financial year, the Company determined whether there is any indication of impairment in investment in subsidiary companies. Where indication exists, the Company is required to perform an impairment assessment on such investment.

We focused on this area because the Group's and the Company's assessment of the recoverable amount involved significant judgement. The recoverable amount of cash generating unit to which the goodwill was allocated and investment in subsidiary companies were determined based on value-in-use. The value-in-use calculation involves the discount rate applied and the assumptions supporting the underlying cash flow projections which include future revenue, gross profit margin and operating expenses.

Our response:

Our audit procedures focus on evaluating the cash flow projections which included, among others:
- assessing the appropriateness of the valuation methodology adopted by the Company in accordance with the requirements of MFRS 136 *Impairment of Assets*;
- comparing the actual results with previous budget to assess the performance of the business;
- comparing the Company's assumptions to our assessments in relation to key assumptions to assess the reasonableness of the projections; and
- testing the mathematical accuracy of the impairment assessment.

Trade receivables and contract assets (Notes 4.4, 13 and 15 to the financial statements)

Risk:

The Group has significant trade receivables and contract assets as at 31 December 2020 which include certain amounts which are long outstanding and/or in legal disputes. We focused on this area because the directors made significant judgements on assumptions about outcome of legal dispute, risk of default and expected loss rate. In making the assumptions, the directors selected inputs to the impairment calculation, based on the Group's past history, financial capability of the receivables, existing market conditions as well as forward-looking estimates at the end of the reporting period.

Our response:

Our audit procedures included, among others:
- an understanding of significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports prepared by management;
- obtaining confirmation of balances from selected receivables;
- where necessary, reading legal opinion obtained for receivable under dispute;
- reviewing subsequent receipts, customer correspondence, and considering level of activity with the customer and management explanation on recoverability with significantly past due balances; and
- assessing the calculation of expected credit loss as at the end of the reporting period.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CREST BUILDER HOLDINGS BERHAD
(cont'd)

Key Audit Matters (Continued)

Group and Company (Continued)

Revenue recognition for construction activities (Notes 4.5 and 23 to the financial statements)

Risk:

The amount of revenue of the Group's construction activities is 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 costs incurred for works performed to date bear to the estimated total costs for each project (input method). We focused on this area because significant directors' judgement is required, in particular with regards to determining the progress towards complete satisfaction of performance obligation, the extent of the construction costs incurred, the estimated total construction contracts revenue and costs, as well as any potential exposure to liquidated and ascertained damages. The estimated total revenue and costs are affected by a variety of uncertainties that depend on the outcome of future events.

Our response:

Our audit procedures included, among others:
- reading the terms and conditions of agreements with customers;
- understanding the Group's process in recording project budget and the calculation of the progress towards complete satisfaction of performance obligation;
- comparing the Group's major assumptions to contractual terms and our understanding gathered from the analysis of changes in the assumptions from previous financial year and discussing with project manager;
- assessing the computed progress towards complete satisfaction of performance obligation for identified projects against consultant certificate; and
- checking the mathematical computation of recognised revenue for the projects during the financial year.

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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CREST BUILDER HOLDINGS BERHAD
(cont'd)

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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CREST BUILDER HOLDINGS BERHAD
(cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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.

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
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Lee Kong Weng
No: 02967/07/2021 J
Chartered Accountant

Kuala Lumpur

Date: 15 April 2021

LIST OF **PROPERTIES**

Location	Tenure	Approx. Area / Built-up	Description	Year of Expiry	Carrying Amount @ 31.12.2020 (RM)	Approx. Age of Building (years)	Date of Valuation / Acquisition
Lot 60, Seksyen 45, Bandar and Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	Leasehold	11,008 sq metres	Land use right for development of a single 44-storey integrated mixed development tower	2113	217,807,293	–	2017
Tierra Crest, Jalan SS6/3, 47301 Petaling Jaya, Selangor Darul Ehsan	Freehold	280,549 sq ft	A commercial complex - 2 blocks of office building & parking bays	–	140,000,000	8	2020
The Crest, 3 Two Square, No. 2, Jalan 19/1, 46300 Petaling Jaya, Selangor Darul Ehsan	Leasehold	120,514 sq ft	16-storey office block, shops & parking bays	2106	98,527,612	14	2020
		29,838 sq ft			15,813,492		2018
Geran 338084, Lot 186033 (formerly known as GRN 155575 Lot 118324), Mukim Klang, Daerah Klang, Negeri Selangor	Freehold	2.65 hectares	Residential land	–	55,000,000	–	2019
Avenue Crest, No. 2A, Jalan Jubli Perak 22/1, Seksyen 22, 40150 Shah Alam, Selangor Darul Ehsan	Freehold	29,210 sq ft	Retail lots & car parks	–	33,000,000	7	2020
H.S. (D) 46981, Lot No. 11073, Mukim Sg. Buloh, Daerah Petaling, Negeri Selangor	Freehold	9,612 sq ft	3-storey shop office/office	–	3,800,000	20	2020
No. 28 & 30, Jalan SS 24/13, Taman Megah, 47301 Petaling Jaya, Selangor Darul Ehsan	Freehold	12,939 sq ft	2 units of 3-storey shop office/office	–	3,283,145	24	2002
P.N. 19970 (Old title H.S. (D) 44166) P.T. No. 16311, Mukim Setapak, Daerah Wilayah Persekutuan, Negeri Wilayah Persekutuan	Leasehold	4,200 sq ft	3-storey shop office/office	2075	1,000,000	35	2020

ANALYSIS OF SHAREHOLDINGS
AS AT 15 APRIL 2021

Issued and paid-up share capital	:	176,921,657
Adjusted issued and paid-up share capital	:	162,107,557 (excluding 14,814,100 treasury shares)
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 15 APRIL 2021

Size of Holdings	No. of Shareholders	%	No. of Shares	%
Less than 100	2,135	32.89	103,823	0.06
100 to 1,000	1,838	28.32	698,040	0.43
1,001 to 10,000	1,676	25.82	8,538,797	5.27
10,001 to 100,000	728	11.22	23,306,576	14.38
100,001 to less than 5% of issued shares	112	1.73	69,312,321	42.76
5% and above of issued shares	1	0.02	60,148,000	37.10
Total	**6,490**	**100.00**	**162,107,557**	**100.00**

SUBSTANTIAL SHAREHOLDERS AS AT 15 APRIL 2021
(In accordance with the Register maintained pursuant to Section 144(1) of the Companies Act 2016)

	Direct Interest		Indirect Interest	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**
SC Yong Holdings Sdn. Bhd.	68,148,000	42.04%	–	–
Koh Hua Lan	–	–	68,148,000	42.04
Yong Shang Ming	–	–	68,148,000	42.04
Yong Tiok Chin	–	–	68,148,000	42.04
Yong Tiok Keng	–	–	68,148,000	42.04
Yong Tiok Nee	–	–	68,148,000	42.04

THIRTY LARGEST SHAREHOLDERS AS AT 15 APRIL 2021
(Without aggregating securities from different securities accounts belonging to the same person)

No.	Name of Shareholders	No. of Shares	%
1	SC Yong Holdings Sdn. Bhd.	60,148,000	37.10
2	Kenanga Nominees (Tempatan) Sdn. Bhd. SC Yong Holdings Sdn. Bhd.	8,000,000	4.93
3	Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Siow Wong Yen @ Siow Kwang Hwa	5,341,000	3.29
4	Lembaga Tabung Amanah Warisan Negeri Terengganu	4,561,300	2.81
5	CIMB Group Nominees (Asing) Sdn. Bhd. Exempt An for DBS Bank Ltd.	4,559,200	2.81
6	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Sri Rahayu binti Tajuddin	3,290,000	2.03

ANALYSIS OF SHAREHOLDINGS
AS AT 15 APRIL 2021
(cont'd)

THIRTY LARGEST SHAREHOLDERS AS AT 15 APRIL 2021 (CONTINUED)
(Without aggregating securities from different securities accounts belonging to the same person)

No.	Name of Shareholders	No. of Shares	%
7	Citigroup Nominees (Tempatan) Sdn. Bhd. Great Eastern Life Assurance (Malaysia) Berhad	3,091,400	1.91
8	Mercsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Siow Wong Yen @ Siow Kwang Hwa	3,010,000	1.86
9	Mercsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Len Min Sin	3,000,000	1.85
10	Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Lim Han Weng	2,124,900	1.31
11	Lim Khuan Eng	2,000,000	1.23
12	Tekad Maju Sdn. Bhd.	1,635,000	1.01
13	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Loh Yong Huat	1,236,000	0.76
14	Kenanga Nominees (Tempatan) Sdn. Bhd. Rakuten Trade Sdn. Bhd. for Lim Chee Beng	1,208,000	0.75
15	Malacca Equity Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ng Aik Wei	1,190,000	0.73
16	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chee Che Ting	1,090,600	0.67
17	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Khoo Ter Kern @ Stanley Khoo	1,010,000	0.62
18	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chong Han Peng	1,000,000	0.62
19	Lim Jit Hai	735,000	0.45
20	Wong Shak On	709,300	0.44
21	Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB Bank for General Technology Sdn. Bhd.	632,000	0.39
22	Yong Koon Wooi	620,600	0.38
23	Wong Yu @ Wong Wing Yu	535,000	0.33
24	Chai Min Hing	532,000	0.33
25	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Obata-Ambak Holdings Sdn. Bhd.	500,000	0.31
26	Teh Bee Loon	500,000	0.31
27	Vignesh Naidu A/L Kuppusamy Naidu	500,000	0.31
28	Segamat Holdings Sdn. Bhd.	465,000	0.29
29	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Heng Ah Moi	460,900	0.28
30	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ng Aik Sern	450,000	0.28
		114,135,200	**70.41**

ANALYSIS OF SHAREHOLDINGS
AS AT 15 APRIL 2021
(cont'd)

DIRECTORS' SHAREHOLDINGS
(In accordance with the Register maintained pursuant to Section 59 of the Companies Act 2016)

Name	Direct Interest No. of Shares	%	Indirect Interest No. of Shares	%
Tengku Dato' Sulaiman Shah bin Tengku Abdul Jalil Shah	–	–	–	–
Yong Shang Ming	–	–	68,148,000	42.04
Koh Hua Lan	–	–	68,148,000	42.04
Mohd Khasan bin Ahmad	–	–	–	–
Kam Yong Kan	–	–	–	–
Lim Boon Teng	–	–	–	–
Yong Tiok Keng	–	–	68,148,000	42.04

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CREST BUILDER HOLDINGS BERHAD
200201005719 (573382-P)

PROXY FORM

No. of Ordinary Shares Held	

I/We ....

NRIC No. .... /Passport No. ....

of ....

being a member/members of the abovenamed Company hereby appoint ....

.... [holding shares] ....

of ....

NRIC/Passport No. .... /Email and Contact No. ....
And/or failing him/her

.... [holding shares] ....

of ....

NRIC/Passport No. .... /Email and Contact No. ....

as *my/our proxy to vote for *me/us and on *my/our behalf at the 19th Annual General Meeting of the Company, which will be conducted entirely through live streaming from the broadcast venue at Boardroom, Penthouse, The Crest, 3 Two Square, No. 2, Jalan 19/1, 46300 Petaling Jaya, Selangor Darul Ehsan ("the Broadcast Venue") on 9 June 2021 at 10:30 a.m. or at any adjournment thereof.

Ordinary business		**For**	**Against**
1.	To receive and adopt the reports of the directors, auditors and the audited financial statements for the financial year ended 31 December 2020.		
2.	To re-elect the Non-Executive Chairman, Tengku Dato' Sulaiman Shah bin Tengku Abdul Jalil Shah.		
3.	To re-elect the Independent Non-Executive Director, Encik Mohd Khasan bin Ahmad.		
4.	To appoint Messrs Baker Tilly Monteiro Heng PLT, Chartered Accountants, as auditors for the ensuing financial year ending 31 December 2021 and authorise the fixing of their remuneration by directors.		
Special business		**For**	**Against**
5.	To approve payment of directors' fees for the financial year ending 31 December 2021 in accordance with Article 88 of the Company's Constitution.		
6.	To empower the directors to issue shares pursuant to Section 76 of the Companies Act 2016 and in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad.		
7.	To approve the mandate for Share Buy-Back.		
8.	To re-elect Encik Mohd Khasan bin Ahmad as Independent Non-Executive Director.		
9.	To re-elect Mr. Kam Yong Kan as Independent Non-Executive Director.		

Please indicate with a cross [x] in the box provided, how you wish to cast your votes. If no specific instruction as to voting is given, the proxy may vote or abstain at his discretion.

....
Signature of member/Common Seal of corporate member

Dated:

Director *Director/Secretary*

....

Notes:

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint anyone to attend and vote in his stead as his proxy without limitation and the provisions of Section 334 of the Companies Act 2016 shall apply.*
2. *If a corporation is a member of the Company, the corporation may by resolution of its Board or other governing body authorise a person or persons to act as its representative or representatives at any meeting of members of the Company. A certificate of authorisation by a corporate member shall be prima facie evidence of the appointment or the revocation of the appointment, as the case may be, of a representative pursuant to Section 333 of the Companies Act 2016.*
3. *Shareholders' attention is hereby drawn to the Listing Requirements of the Bursa Malaysia Securities Berhad, which allows a member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, to appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities.*
4. *A member may appoint more than one (1) proxy provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy.*
5. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Share Registrar's office at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.*
6. *In respect to the deposited securities, only members whose name appear in the Record of Depositors on 2 June 2021 shall be eligible to attend the meeting or to appoint proxy to attend and/or vote on his behalf.*

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AFFIX
STAMP

THE SHARE REGISTRAR
CREST BUILDER HOLDINGS BERHAD
200201005719 (573382-P)

SHAREWORKS SDN. BHD.
NO. 2-1, JALAN SRI HARTAMAS 8
SRI HARTAMAS
50480 KUALA LUMPUR

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ANNUAL
REPORT
2020

CREST BUILDER HOLDINGS BERHAD 200201005719 (573382-P)

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