

**ANNUAL
REPORT
2020**



IREKA



...IN TRUSTED HANDS

VISION

TO BE A PROGRESSIVE AND GLOBALLY-FOCUSED
CORPORATION WHICH PRIDES ITSELF ON
PROVEN TRACK RECORD IN PERFORMANCE, RELIABILITY,
EXCELLENCE IN QUALITY AND CREATIVITY IN ALL
PRODUCTS AND SERVICES OFFERED.

ABOUT IREKA

Founded in 1967, Ireka Corporation Berhad has rapidly evolved into a progressive and integrated entity. Ireka's success story lies in its different business portfolios which co-exist to form a corporation that is synergised with complementary capabilities and multi-industry expertise.

This provides a solid foundation for the Group to deliver fresh perspectives and innovative solutions, as well as creating value for all its stakeholders.

Today, Ireka Group is actively involved in four core businesses:
Construction, Real Estate, Technologies and Urban Transportation.

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44th ANNUAL GENERAL MEETING

DATE:
29 September 2020
Tuesday

TIME:
2.30 p.m.

VENUE:
Dewan Berjaya,
Bukit Kiara Equestrian
& Country Resort,
Jalan Bukit Kiara,
Off Jalan Damansara,
60000 Kuala Lumpur.

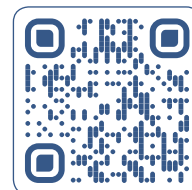
The online version of Ireka Corporation Berhad Annual Report 2020 is available on our website. Go to <https://ireka.com.my/> or scan the QR code with your smartphone.

ANNUAL REPORT

This year's cover showcases Ireka's portfolio within its four core sectors: Construction, Real Estate, Technologies and Urban Transportation. The existing projects seamlessly blend within the 2020 numerals, representing the Company's efforts to consolidate its business in today's market environment, to garner renewed strength and to build prosperity for tomorrow.

ONLINE VERSION

Please scan the QR code to read our Annual Report 2020.



Corporate Information

BOARD OF DIRECTORS

Datuk Lai Siew Wah
Executive Chairman

Datuk Lai Voon Hon
Managing Director

Lai Voon Huey, Monica
Deputy Managing Director

Tan Thiam Chai
Executive Director

Chan Chee Kian
Executive Director

Dato' Azmi bin Abdullah
Senior Independent Non-executive Director

Datuk Lai Jaat Kong @ Lai Foot Kong
Non-independent Non-executive Director

Hoe Kah Soon
Independent Non-executive Director

Lau Mun Cheong
Independent Non-executive Director

AUDIT COMMITTEE

Hoe Kah Soon (Chairman)
Dato' Azmi bin Abdullah
Lau Mun Cheong

NOMINATION & REMUNERATION COMMITTEE

Dato' Azmi bin Abdullah (Chairman)
Hoe Kah Soon
Lau Mun Cheong

COMPANY SECRETARY

Wong Yim Cheng
(MAICSA 7008092)
(SSM PC No.: 202008002578)

COUNTRY OF DOMICILE & INCORPORATION

Malaysia

REGISTERED OFFICE/PRINCIPAL PLACE OF BUSINESS

Level 18, Wisma Mont' Kiara
No. 1, Jalan Kiara, Mont' Kiara
50480 Kuala Lumpur
Tel : +603 - 6411 6388
Fax : +603 - 6411 6383
Email : enquiry@ireka.com.my
Website : www.ireka.com.my

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Tel : +603 - 7890 4700
Fax : +603 - 7890 4670

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad
Stock Name: IREKA
Stock Code: 8834

AUDITORS

RSL PLT
Chartered Accountants
29A, Jalan SS22/19
Damansara Jaya
47400 Petaling Jaya
Selangor Darul Ehsan

PRINCIPAL BANKERS

AmBank (M) Berhad
CIMB Bank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
RHB Bank Berhad
Sabah Development Bank Berhad
United Overseas Bank (M) Berhad

Chairman's Statement

In 2019, global growth expanded by 2.9% compared to 3.6% in 2018 as on-going trade tensions between China and the United States, geopolitical tensions, weather-related disasters and the oil price war between Russia and Saudi Arabia took a toll on global economic activity. In Malaysia, the economy recorded moderate growth of 4.3% in 2019 compared to 4.7% in 2018, supported by resilient private sector spending.

In December 2019, the spread of the Coronavirus disease ("COVID-19") across the world presented an unprecedented economic and social upheaval globally. COVID-19 was subsequently declared as a pandemic in March 2020 and prompted many countries, including Malaysia, to close its borders, ramp up health screening and introduce people movement control to curb the spread of the virus. As the COVID-19 pandemic worsened, the Malaysian Government implemented the Movement Control Order ("MCO") on 18 March 2020 and subsequent Conditional MCO ("CMCO"). During the two MCO periods, the operations of Ireka Corporation Berhad's ("Ireka" or "the Group") core businesses were severely restricted as construction and property development related activities came to a halt. The further relaxation of the CMCO under the "Recovery" phases in June 2020 allowed the recommencement of Ireka's business activities. As the MCO only affected 13 days of the year under review, the financial impact of COVID-19 and MCO for FY2020 was not significant. However, the COVID-19 and resulting various MCOs are expected to have adverse impact on the Group's financial performance in the coming financial year.

On the back of the challenging economic environment, Ireka's revenue decreased from RM200.1 million in financial year ended 31 March 2019 ("FY2019") to RM157.1 million in financial year ended 31 March 2020 ("FY2020"), largely due to a decrease in the volume of work completed by the Construction Division. The Group recorded an operating profit of RM5.3 million in FY2020 compared to an operating loss of RM19.9 million in FY2019. However, the share of loss of associates increased to RM32.2 million in FY2020, from RM2.6 million in previous year. RM29.7 million was attributable to losses recorded by Aseana Properties Limited ("Aseana"), a 23.07% associate of Ireka, which was predominantly

due to impairment loss on its Sandakan assets coupled with operating losses and finance cost of its four operating assets, namely The RuMa Hotel and Residences, Four Points by Sheraton Sandakan Hotel, Harbour Mall Sandakan and City International Hospital in Vietnam. It is important to note that the impairment loss of Aseana's Sandakan assets are non-cash in nature and will therefore have no impact to the Group's operation and cashflow position in the near to medium term. As a result, the loss for the year in FY2020 is RM39.9 million, compared to RM29.1 million in FY2019.

In 2019, the construction industry sector saw a slowdown in public infrastructure spending as the Government underwent a review of its fiscal position. The market sentiment improved in the second half of the year with the revival of several key infrastructure projects such as the East Coast Rail Link ("ECRL") and Bandar Malaysia projects. These have spread positive sentiment in the market.

Amidst volatile and challenging economic condition, Ireka continued to focus on the execution of its existing projects. The Group's construction order book stood at RM508.3 million as at 30 June 2020, of which RM338.1 million remain outstanding. Leveraging on the Group's synergy with its property development arm, Ireka Engineering & Construction Sdn Bhd ("IECSB") has planned for six internal projects with the Group's Property Development Division with a total construction value of about RM543.4 million that the Group hopes to implement over the next 5 years. Given the current economic and market conditions, the Group will continue to seek opportunities, both in the public and private sectors, to replenish its order book, albeit on a cautious basis to minimise the risks of an uncertain economy in the short to medium term.



Chairman's Statement (cont'd)

In line with Malaysia's advanced nation aspirations, the Government has launched the National Transport Policy ("NTP") 2019 – 2030, aimed to strengthen the national transport infrastructure and provide a sustainable transport system that accelerates economic growth and supports the well-being of the nation. In tandem with this, Ireka ventured into the Urban Transportation business through the formation of Mobilus Sdn Bhd ("Mobilus"). Mobilus is a joint venture between Ireka and CRRC Urban Traffic Co Ltd ("CRRC UT") and will focus on the provision of urban traffic solutions through the deployment of innovative and leading edge green-technology including electric buses ("E-Buses") as well as the Automated Rapid Transit ("ART") vehicles. In 2019, Mobilus successfully gained positive tractions and feedback from various stakeholders including local authorities and State governments. Of particular note is a recent agreement for Mobilus to import the first unit of the ART vehicle to Malaysia for a pilot project in Iskandar Malaysia, in conjunction with the launch of the Iskandar Malaysia Bus Rapid Transit ("IMBRT") project. Upon successfully showcasing the viability of the ART through the pilot project, Ireka is confident that the Group will secure projects related to E-Buses and ART in the short to medium term. The pilot project is expected to take place towards the end of 2020.

Meanwhile, Malaysia's property market remained lacklustre with marginal improvements for the year under review. The improved market sentiment principally driven by various Government-led initiatives such as the Home Ownership Campaign ("HOC") as it continues to focus on affordability and property overhang issues. This is evidenced by a marginal improvement in terms of property transaction volumes and values by 4.8% and 0.8% respectively, compared to 2018 as disclosed by The National Property Information Centre ("NAPIC"). Volumes and values of unsold residential properties also reduced by 5.1% and 5.2% respectively in 2019 compared to the previous year. The reduction of the Overnight Policy Rate ("OPR") by 25 basis point to 3.0% in May 2019 and a further reduction to 2.0% in May 2020 have also made properties more affordable and within the reach of a wider group of potential buyers.

On the property development front, Ireka launched the 382-unit apartment project, Dwi@Rimbun Kasia ("Dwi") in December 2018 through Meadowfield Sdn Bhd, a joint-venture company with Japan's Hankyu Hanshin Properties Corporation ("Hankyu Hanshin"). This medium-end project was in response to the Government's efforts to encourage developers to build affordable housing and increase home ownership among Malaysian citizens. Dwi is part of the Rimbun Kasia project in Nilai which has an overall Gross Development Value ("GDV") of over RM1.3 billion. Construction work is currently underway at Dwi. The Rimbun Kasia development encompasses a commercial and five residential projects on a 30.56-acre piece of land. Separately, KaMi Mont' Kiara Residences ("KaMi"), a 168-unit serviced apartment project located in upscale Mont' Kiara and has successfully achieved a commendable take up rate of 95% to-date. The project is slated for completion by the first half of 2021.

Looking forward, the Group is working on launching TeMu@Rimbun Kasia ("TeMu") – a 233-unit town villas and garden homes project with GDV of RM131.5 million. In addition, the Group is also looking to launch Serika Residences, a project featuring 623 units of high-rise apartment under its mid-market brand, zenZ, in the thriving area of Kajang.

Despite the property market's cautious outlook, the Group is optimistic that its current and upcoming projects will progress well. These will be supported by the economic stimulus package announced in June 2020 to help boost the property market post the MCO period. They include the re-introduction of the HOC Scheme and lifting of the margin of financing for any third property valued at over RM600,000. The Government has also exempted the Real Property Gains Tax for disposal of the residential properties for the period from 1 June 2020 to 31 December 2021.

The Group's Information Technology businesses, both i-Tech Network Solutions Sdn Bhd ("i-Tech") and iTech ELV Solutions Sdn Bhd ("iTech ELV") are also not spared from the challenging business environment and the impact from COVID-19 pandemic. Nonetheless, market demand on cloud-based services continue to grow as businesses are forced to accelerate their digital transformation world-

wide against the COVID-19 backdrop. This has justified the strategy of refocusing the i-Tech business model to the Cloud, Datacenter and Managed Services since 2018. In addition, i-Tech has been promoted to become a Sophos Gold Partner which improves its ability to provide cutting-edge cybersecurity protection to its customer in the ever evolving cyberworld.

On 15 July 2020, Ireka signed definitive agreements with its 23.07%-owned associated company, Aseana, to undertake a demerger exercise which involves separating the interests of both parties from each other. The exercise will see Aseana buying back Ireka's shares in Aseana, in exchange for certain assets owned by Aseana, mainly The RuMa Hotel and Residences in Kuala Lumpur, and a parcel of land in Kota Kinabalu, Sabah. Following the exercise there would be a complete separation of interests of Ireka from Aseana. The demerger exercise provides Ireka with an opportunity to realise its investment in ASPL and take control of a smaller portfolio of assets which may be more marketable and accessible to potential buyers. It is also part of Ireka's corporate strategy of re-focusing its management efforts on its four core businesses - construction, property development, urban transportation and IT.

Looking ahead, 2020 will remain challenging largely resulting from economic uncertainties arising from the unprecedented COVID-19 pandemic. Nonetheless, with the relaxation of the MCO and businesses slowly returning to normalcy, Ireka is hopeful that business conditions will improve in 2021 on the back of a series of economic stimulus packages announced by the Government to provide relief to businesses and households.

In closing, I would like to thank my Board colleagues, the management team and all Ireka employees for their dedication and contributions to Ireka. I also wish to extend my heartfelt gratitude to all stakeholders comprising shareholders, customers, business partners, financiers and Government authorities for their unwavering support, trust and confidence in Ireka.

DATUK LAI SIEW WAH
Executive Chairman
27 August 2020

Management Discussion & Analysis

GROUP PERFORMANCE REVIEW

For FY2020, Ireka Corporation Berhad (“Ireka” or “the Group”) registered a total revenue of RM157.1 million, a drop of 21.5% compared to FY2019. The weaker performance in FY2020 was mainly attributable to lower contribution from Construction Division due to smaller order book as fewer new contracts were secured. This was partly compensated by higher revenue from the Property Development Division, Investment and Trading & Services Divisions, with the Property Development Division contributing to approximately 52.6% of the Group’s total revenue. The Construction Division accounted for approximately 43.3% of the Group’s total revenue.

The Group recorded pre-tax losses of RM36.2 million in FY2020 compared to pre-tax losses of RM28.7 million in FY2019, largely due to decline in revenue from Construction Division while its overhead and operating costs remained high during the year; as well as the significant increase in the share of loss of associates. During the financial year under review, the four operating assets of Aseana have been severely impacted by the COVID-19 pandemic which led to the regional and global lockdown of business activities and imposition of movement restriction in Malaysia and Vietnam. As a result of movement control imposition to curb the spread of the virus, tourism industry in Malaysia is badly impacted since the end of 2019. This has subsequently lead to permanent closure of Four Points by Sheraton Sandakan Hotel with effect from 31 May 2020.

The Group’s total assets increased by RM22.5 million to RM507.7 million in FY2020, which is 4.6% higher than in previous financial year. Total liabilities of the Group increased by 16.0% to RM394.8 million in FY2020 compared to RM340.4 million in FY2019, translating to a lower net assets per share of RM0.62 (FY2019: RM0.80).

The Company’s shareholders’ equity on a consolidated basis has reduced from RM117.6 million in FY2019 to RM77.4 million in FY2020, due to losses recorded during the year. This is less than 50% of its share capital of the Company. However, the Company will not be classified as PN17 and will not be required to comply with the obligations, in line with the PN17 relief measures implemented by Bursa from 17 April 2020 to 30 June 2021.



KAMI MONT' KIARA RESIDENCES

Going forward, the Group will continue to develop its four core businesses of Construction, Property Development, Technologies and Urban Transportation on a more cautious and prudence approach as the macro and micro business environment remain challenging ahead.

INFRASTRUCTURE DIVISION PERFORMANCE REVIEW

In view of the rising global and local economic headwinds, the Malaysian construction sector registered a mere 0.6% year-on-year growth in 2019 (2018: 5.1%) with the value of work done amounting to RM146.4 billion compared to RM145.5 billion registered in the previous year. The total value of construction work done in the last quarter of 2019 grew by 1.3% year-on-year accumulating up to RM37.0 billion, primarily supported by on-going civil engineering activities, specifically the investment in infrastructure-related projects, the residential sub-sector, special trade sub-sectors such as solar plant and petrochemical plant construction. The residential and non-residential sub-sectors are expected to remain subdued, mainly due to the elevating property overhang and supply-demand mismatch.

Amid the volatile and uncertain economic conditions, the revenue from the Group’s construction arm, Ireka Engineering & Construction Sdn Bhd (“IECSB”) decreased to RM68.1 million from RM151.9 million,

representing a decrease of 55.2% in the year under review, mainly as a result of lower contribution from on-going projects coupled with deferment in commencing internal projects. The outbreak of the COVID-19 pandemic and the subsequent MCO imposed by the Malaysian Government on 18 March 2020 to curb the spread of the disease disrupted and impacted the Group’s business activities, and affected its performance and results. For instance, the construction work sites had to cease operations during the MCO period, followed by the shortage of foreign labour and other negative impact on project execution. Nonetheless, IECSB successfully completed and fitted-out the remaining 9 floors of The RuMa Hotel progressively during FY2020. The existing projects such as Asta Enterprise Park (Phase 1 & Phase 2), KaMi Mont’ Kiara, Dwi@Rimbun Kasia and Pantai Hospital Ayer Keroh are in its various stages of completion.

IECSB’s order book currently consists of building projects ranging from residential and industrial developments, and a private hospital. The Group’s total construction order book as at 30 June 2020 stood at RM506.8 million, of which RM168.7 million has been completed, leaving outstanding work worth RM338.1 million. The Group is anticipating the commencement of six planned internal projects over the next five financial years, with a total construction value of RM543.4 million.

Management Discussion & Analysis (cont'd)

On a positive note, IECSB successfully secured a new contract recently worth RM163.9 million to build a 10-storey hospital extension block at Bandar Baru Seri Alam, Johor Bahru. The 18-month contract was awarded by Regency Specialist Hospital Sdn Bhd and work commenced in July 2020. The construction works will include car parks, medical facilities, the main lobby, hospital facilities, hospital wards and medical suites.

Moving forward, the Group will focus on project implementation and execution to ensure quality works are delivered on time. The division is also actively seeking opportunities to grow its order book to ensure sustainable earnings in the coming years. After several successful hospital building projects such as City International Hospital in Ho Chi Minh City, Vietnam, as well as Pantai Hospital Kuala Lumpur and Ayer Keroh, Ireka's targeted potential projects will include commercial and Government health care buildings such as private and public hospitals, and civil engineering works from the various infrastructure projects being implemented across Malaysia.



REGENCY SPECIALIST HOSPITAL, JOHOR

REAL ESTATE DIVISION PERFORMANCE REVIEW

The Malaysian property market has shown slight improvement in 2019 with an increase in the number of residential transactions and marginal decline in the number of unsold residential units.

Figures from the National Property Information Centre ("NAPIC") show a total of 328,647 transactions worth RM141.4 billion were recorded. This is an increase of 4.8% in volume and 0.8% in value compared to 2018. In tandem with the improved market sentiment, the number of unsold residential units reduced by 5.1% in volume and 5.2% in value to 30,664 units which is worth RM18.8 billion. This has marked the first decline in a 5-year period. The relatively improved property market condition was partly attributable to several Government-driven initiatives including the Home Ownership Campaign ("HOC"), Affordable Homes Scheme ("MyHome"), Rent-To-Own ("RTO") financing scheme and the lowering of minimum selling price threshold for foreign buyers.

Nonetheless, despite this marginal improvement, the property market continued to be affected by unfavourable economic factors amid a lacklustre economy, supply chain disruption, rising unemployment rate and stringent financing imposed by banks on mortgage loans. The overall housing loan approval rate stood at 72.9% as at end March 2020 compared to 73.2% as at end December 2019. The property market is dampened further by uncertainty arising from the COVID-19 pandemic outbreak, which was evidenced by the decline in property transaction volume by 13.6% in the first quarter of 2020 compared to the same quarter a year earlier.

The weaker market sentiment was principally due to concerns over the impact of the COVID-19 pandemic. The property market and general business environment were further impacted by the implementation of MCO on 18 March 2020, which has since been extended and replaced with the Conditional MCO until 9 June 2020 followed by the Recovery MCO due to end on 31 August 2020. In the effort to cushion the impact of the slowdown in economic activity and to aid

households and individuals in these trying times, the Government introduced a RM250.0 billion Prihatin Rakyat Economic Stimulus Package ("PRIHATIN"). The Government also introduced several measures to help boost the property sector post MCO period and these include the reintroduction of the HOC Scheme where Stamp Duty is waived for properties priced under RM2.5 million as well as lifting the financing margin for any third property valued at over RM600,000. The Government also exempted the Real Property Gains Tax for the disposal of residential properties for the period from 1 June 2020 to 31 December 2021.

The revenue contributed by Ireka's Real Estate Division increased significantly to RM82.7 million compared to RM38.1 million in the previous year. The increase in the real estate revenue was mainly attributable to the revenue from KaMi Mont' Kiara, which represented 42.6% of total real estate revenue. The construction of KaMi Mont' Kiara, the Group's eighth "i-Zen" branded development, is progressing well. KaMi Mont' Kiara is a low-density development located in the heart of Mont' Kiara, which features a total of 168 units and designed

Management Discussion & Analysis (cont'd)

as Japanese-inspired residences by award-winning chief designer, Masaki Morinobu. The project is targeted for completion by the second half of 2021. KaMi Mont' Kiara has an estimated Gross Development Value ("GDV") of RM218.8 million with a take-up rate of 95% to-date.

The on-going development of the Asta Enterprise Park, a 31.5-acre freehold industrial development located at Bukit Angkat, Kajang, has an estimated GDV of RM277.3 million. The project consists of industrial lots, semi-detached and detached light industrial factories in a guarded development. Phase 1 of the development featuring 18 units of semi-detached factories is fully sold and is targeted to deliver its vacant possession by the end of 2020. Meanwhile, overall earthworks and platform preparation for Phase 2 of the project are in progress and slated for completion in 2023.

Over in the State of Negeri Sembilan, Nilai district has been confirmed as one of the East Coast Rail Link ("ECRL") stations. The ECRL development will encourage economic growth and promote population increase in the Nilai district, and further improve the confidence of homebuyers and investors in the surrounding areas. The Rimbun Kasia project is an integrated development with green-living concept located in the town of Nilai, covering five phases of residential projects

and one commercial project phase on a 30.56-acre piece of land. Ireka and Hankyu Hanshin Properties Corporation ("Hankyu Hanshin"), the property arm of Japanese conglomerate Hankyu Hanshin Holdings Inc., are jointly developing the first two phases of Rimbun Kasia's residential projects with an estimated GDV of RM400.0 million. Dwi@Rimbun Kasia, being the first phase of residential project, comprises 382 units of medium-rise courtyard apartments with built-up sizes of between 650 square feet to 980 square feet, designed with a dual-key feature and is spread over two blocks of 9-storey East and West Wing. The structure works of Dwi@Rimbun Kasia are currently underway and targeted to complete by end of 2021. Meanwhile, another parcel of residential land, Temu@Rimbun Kasia, featuring 223 residential units of Town Villas and Garden Homes, with an estimated GDV of RM131.5 million is currently at its development planning stage with targeted sales launch in the first half of 2022.

In the forthcoming years, the Group will focus on the development planning for Serika Residences, a project with an estimated GDV of RM250.0 million which consists of 37-storey residential tower block comprises 623 units of serviced apartments. Serika Residences will be developed under the Group's "zenZ" brand, a concept development for the growing mid-market segment located in the thriving area

of Kajang. The project is at its development planning stage and to be launched in 2021.

The Group expects the property market to remain subdued in view of the uncertain economic environment and will continue to focus on the completion of its construction projects and cautiously plan any future property launches. Concurrently, with the MCO restrictions in place, the Group will place more emphasis on its marketing strategies which involve exploiting social media marketing tools and participating in various digital events and roadshows to increase the visibility and awareness of its projects, hence generating new leads and boosting sales.

TECHNOLOGIES DIVISION PERFORMANCE REVIEW

i-Tech Network Solutions Sdn Bhd ("i-Tech") had a challenging year in FY2020. The spread of COVID-19 at the beginning of 2020 leading to the move to impose the MCO by the Government, had an adverse, but not devastating effect, on i-Tech's business.

The Company's sales revenue dropped by 5.1% in FY2020 compared to the previous year. The change of business direction implemented in 2018 from selling hardware to a more sustainable recurring income business model focusing on the Cloud, Datacenter and Managed Services justified our business strategy. Current market demands seemingly are trending in these services.

No doubt the COVID-19 pandemic and subsequent nationwide lockdown affected our business revenue towards the last quarter of FY2020. This COVID-19 pandemic had become an ultimate test of technological robustness for many organisations. While it caught most businesses off-guard, there was minimal disruption to our day-to-day operations, as the sales team continued to fulfil orders and requests for quotations that were received. However, the lockdown halted many deliveries and supplies from overseas and organisations began the painful task of furloughs and cost cutting.



DWI@RIMBUN KASIA, NILAI

Management Discussion & Analysis (cont'd)

Our commitment of sending our engineers, sales staff, and technicians to improve their skills and knowledge of the latest trends and innovations had proven to be fruitful, as we are fortunate to be promoted to become a Sophos Gold Partner. This proves that our technical team and sales consultants have demonstrated a high-level of competence with in-depth product knowledge. As our partnership with Sophos grows, so will our ability to provide cutting-edge cybersecurity protection to our customers.

iTech ELV Solutions Sdn Bhd's ("iTech ELV") sales revenue decreased by 67.7% in FY2020 compared to FY2019. This is primarily due to the completion of The RuMa Hotel and Residences and the slowdown of work from on-going projects due to the MCO. In addition, the Company is unable to secure new projects amid difficult market conditions and its strategy of being extra cautious in project procurement.

We believe that the demand for cloud-based services will remain strong especially as the COVID-19 pandemic continues without an end in sight in the foreseeable future. The unprecedented outbreak of COVID-19 has significantly accelerated digital transformation amongst companies globally and domestically. However, the uncertainty and volatility that the COVID-19 pandemic has brought upon companies have also created opportunities in the business segment of cloud computing solutions.

URBAN TRANSPORTATION BUSINESS

Since Ireka's debut in the urban transportation sector, the Group has been actively seeking opportunities to introduce urban transportation projects to various State Governments and local companies. During FY2020, Mobilus Sdn Bhd ("Mobilus"), a 51:49 joint venture company between Ireka and CRRC Urban Traffic (Europe) Co. Ltd. ("CRRC UT") was established to pursue urban transportation business opportunities in Malaysia and the ASEAN region. These urban transportation projects will feature green-energy transportation vehicles such as electric buses ("E-Buses"), and the leading-edge electric tram technology, the Automated Rapid Transit ("ART").



AUTOMATED RAPID TRANSIT ("ART")

In January 2020, Mobilus signed a purchase agreement with CRRC MRT Urban Traffic Co. to import the first unit of ART system for a pilot project in Iskandar Malaysia under the Iskandar Malaysia Bus Rapid Transit ("IMBRT") project, which covers an alignment of 51km. This marked a significant milestone for Mobilus to kick start the first pilot project hosted by Iskandar Regional Development Authority ("IRDA") to showcase the ART system in Malaysia and subsequently in other countries in ASEAN. Upon successful implementation of the ART pilot project, Malaysia will be the first country outside China to potentially implement this technology.

Another noteworthy achievement for Mobilus will be the inclusion of the ART system in Sarawak's 5-year Transformation Master Plan to transform Kuching City. This is in line with the Sarawak Government's initiative to make Kuching a metropolis and smart city by redeveloping identified commercial centres and public transport facilities.

With several State Governments incorporating ART into their respective transport masterplans, Ireka is confident that the Group will secure new projects for ART and E-busses in the very near future.

RISK AND MANAGEMENT

Risk management forms an important part of the integral process of achieving the Group's business vision. Key risks for the Group and the Group's risk management approach is provided in more detail in the Statement of Risk Management and Internal Control on pages 29 to 30 of this Annual Report.

PROSPECT

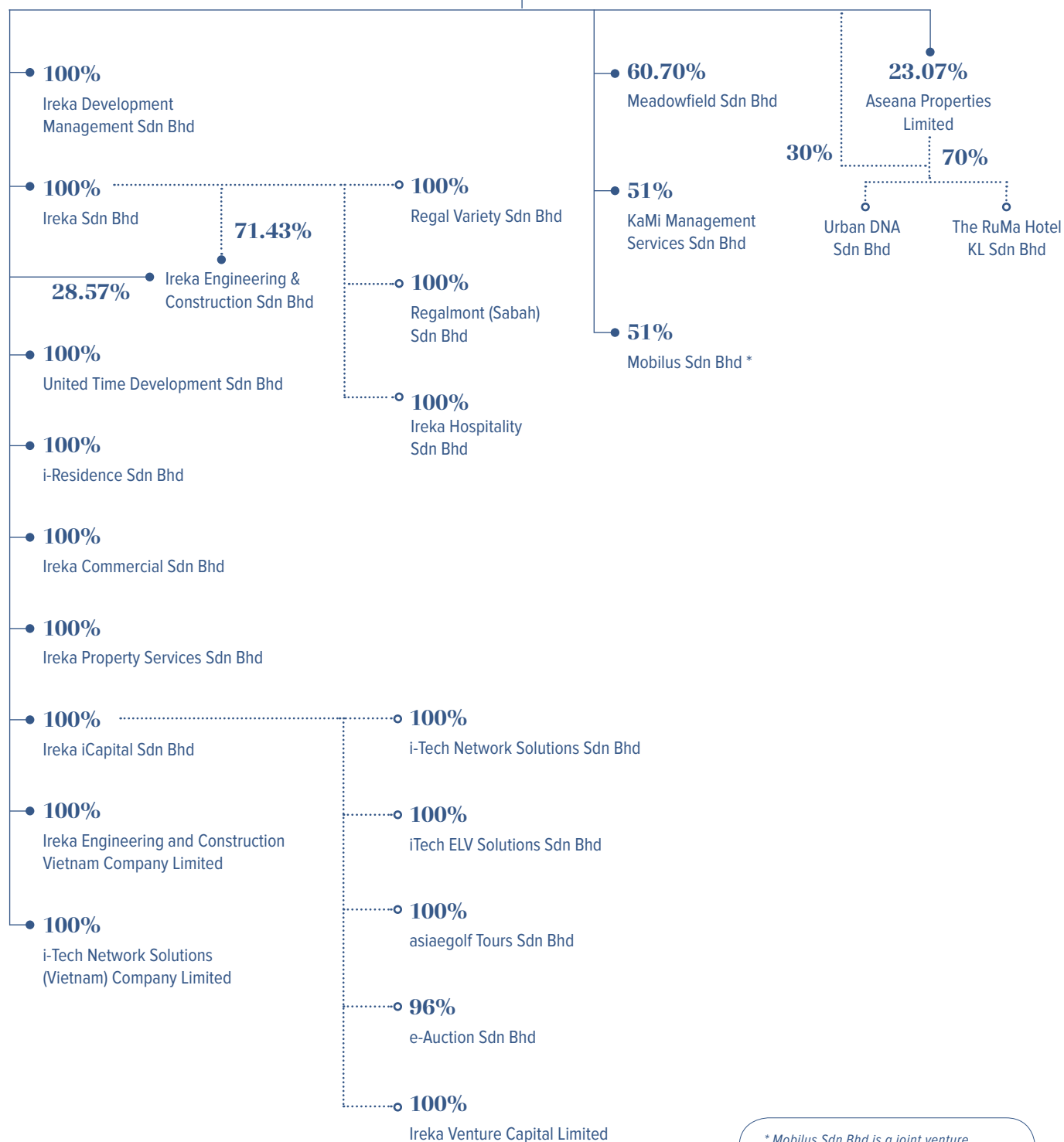
2020 is an exceptionally challenging year for the global and domestic economy. Nonetheless, Ireka is optimistic about the Group's ability to weather the challenges. Ireka will continue to remain committed and focused to perform resiliently in the current financial year against the prevailing market uncertainties and continue to build on its core businesses to seek growth opportunities.

DATUK LAI VOON HON

Group Managing Director

27 August 2020

Corporate Structure



* Mobilus Sdn Bhd is a joint venture between Ireka Corporation Berhad and CRRC Urban Traffic (Europe) Co. Ltd.

5-Year Financial Highlights

GROUP	12 MONTHS to 31.03.16	12 MONTHS to 31.03.17	12 MONTHS to 31.03.18	12 MONTHS to 31.03.19	12 MONTHS to 31.03.20
IN RM'000					
Revenue	263,122	331,759	268,767	200,134	157,054
Profit/(Loss) before taxation	(39,048)	3,946	(15,790)	(28,671)	(36,163)
Profit/(Loss) after taxation and non-controlling interest	(39,556)	4,195	(15,991)	(29,084)	(39,940)
Issued share capital	170,872	170,872	180,049	181,288	181,288
Shareholders' funds	140,336	157,541	147,421	144,797	112,940
Total assets	483,649	512,263	498,259	485,210	507,713
IN SEN					
Gross dividend per share	–	2.0	2.0	–	–
Net earnings per share – Basic	(23.15)	2.46	(9.11) [#]	(15.26) [#]	(21.62)[#]
Net tangible assets per share	82.1	92.2	81.9	79.9	62.3
IN PERCENTAGE					
Return on shareholders' fund	(28.2)	2.7	(10.8)	(20.1)	(35.4)
Gearing	102	80	66	68	121
Gearing (net of cash)	83	72	49	45	97

Note:

(i)# Net earning per share is calculated by dividing net profit for the year attributable to shareholders of the Company by the weighted average number of shares outstanding during the year

Profile of Directors



DATUK LAI SIEW WAH

拿督赖昭华

Executive Chairman

Aged 80, Male, Malaysian

Date of appointment: 31 December 1975

Datuk Lai Siew Wah is the founder of Ireka. He was appointed as the Managing Director of Ireka on 5 April 1993 and redesignated as Executive Chairman on 1 April 2015. He is also a Director of several subsidiaries within Ireka Group. He has been active in the construction industry since 1967 and are well recognised in Malaysia by the industry and his peers. He was awarded the CEO of the year by Construction Industry Development Board of Malaysia (CIDB) in 2010 and the "Lifetime Property Achievement Award 2019" by The Edge Malaysia in 2019.

He is a major shareholder of Ireka, through his interest in Ideal Land Holdings Sdn Bhd.



DATUK LAI VOON HON

拿督赖文翰

Managing Director

Aged 56, Male, Malaysian

Date of appointment: 18 March 1996

Datuk Lai Voon Hon joined Ireka in 1994 as the Group General Manager and was appointed as the Group Managing Director of Ireka on 1 April 2015. He is also a Director of several subsidiaries within Ireka Group and an independent director of a public listed company in Vietnam, Nam Long Investment Corporation.

Graduated from University College London and Ashridge Management College with a Bachelor of Science (Hons) Degree in Architecture in 1987 and Post-graduate Diploma in Architecture (Dip-Arch) in 1989; and a Master in Business Administration ("MBA") (Distinction) degree in 1993 respectively, he has practiced in London, Hong Kong and Malaysia prior to joining Ireka. He is a registered Professional Architect with the Board of Architects, Malaysia.

He is currently the Chapter Chair of the YPO Gold Malaysia, Member of the Board of Trustees for the Malaysian AIDS Foundation; as well as a National Committee Member for the International Federation of Real Estate (FIABCI) Malaysia.

He was the Past Council Member of the Master Builder Malaysia, Industrialised Building System Steering Committee Member of the Construction Industry Development Board (CIDB); as well as past President of the Entrepreneurs' Organisation Malaysia.

He is a major shareholder of Ireka, through his interest in Ideal Land Holdings Sdn Bhd. He is the son of Datuk Lai Siew Wah.



LAI VOON HUEY, MONICA

赖玟妃

Deputy Managing Director

Aged 54, Female, Malaysian

Date of appointment: 30 June 1999

Lai Voon Huey, Monica joined Ireka as the Group Financial Controller in 1993 and was appointed as the Group Deputy Managing Director on 1 April 2015. She is also a Director of several subsidiaries within Ireka Group. She graduated from City University, London, with a Bachelor of Science (Hons) Degree in Accountancy and Economics. She has worked for two international accounting firms in England and Hong Kong prior to joining Ireka. She is a fellow member of several institutes that include the Institute of Chartered Accountants, England and Wales; Chartered Accountants, Malaysia; and the Malaysian Institute of Taxation.

She is a major shareholder of Ireka, through her interest in Ideal Land Holdings Sdn Bhd. She is the daughter of Datuk Lai Siew Wah.

Profile of Directors (cont'd)



CHAN CHEE KIAN
陈子健
Executive Director

Aged 43, Male, Malaysian

Date of appointment: 1 April 2018

Chan Chee Kian joined Ireka Corporation Berhad as Manager, Strategy & Corporate Development in 2006 and subsequently promoted to Director, Strategy & Corporate Development in 2009. He was appointed as a Director of Ireka Corporation Berhad on 1 April 2018. He is also the Chief Executive Officer of Mobilus Sdn Bhd, a joint venture company between Ireka and CRRC Urban Traffic (Europe) Co. Ltd. and a Director of several subsidiaries within Ireka Group. He graduated from University of Bristol, United Kingdom with a Master of Engineering in Civil Engineering (First Class Honours).

He was previously a management and strategy consultant with Accenture in Kuala Lumpur and worked across Asia Pacific, including Singapore, Bangkok, Brisbane and New Delhi, advising a broad range of clients including large multi-national companies, Government linked agencies and local enterprises on strategic and operational issues.

He is the son of Chan Soo Har @ Chan Kay Chong and Lai Man Moi, both are major shareholders of the Company. He is also the nephew of Datuk Lai Siew Wah.



TAN THIAM CHAI
陈添财
Executive Director

Aged 61, Male, Malaysian

Date of appointment: 1 April 2015

Tan Thiam Chai joined Ireka Engineering & Construction Sdn Bhd, Ireka's construction arm, in 1989 and has been the Chief Executive Officer since 2003. He is also the Director of Ireka Engineering & Construction Sdn Bhd. He was appointed as a Director of Ireka Corporation Berhad on 1 April 2015. He graduated from University of Bristol, United Kingdom, with a Bachelor of Science (Hons) Degree in Civil Engineering. He has worked for Ireka for 30 years and brings with him a wealth of expertise and know-how, having led many of the company's major civil engineering and building projects over the years.



DATUK LAI JAAT KONG @ LAI FOOT KONG
拿督赖佛光
Non-independent Non-executive Director

Aged 77, Male, Malaysian

Date of appointment: 13 August 1977

Datuk Lai Jaat Kong @ Lai Foot Kong was appointed as the Deputy Managing Director on 8 May 1993 and redesignated as Executive Director on 1 April 2015 and subsequently redesignated as Non-independent Non-executive Director of Ireka on 31 March 2017.

He has over 40 years of experience in the construction industry and is actively involved in activities of related trade organisation locally and regionally. Currently, he is the Honorary Life President of Master Builders Association Malaysia. He was the Past President/Honorary Advisor of the Master Builders Association Malaysia and had also served as Board Member/Secretary-General/Rapporteur of International Federation of Asia & Western Pacific Contractors' Association (IFAWPCA) and Council Member of ASEAN Constructors Federation (ACF), as Board Member of Construction Industry Development Board Malaysia (CIDB) and National Institute of Occupational Safety and Health (NIOSH). He is currently the Honorary Lifetime Member of IFAWPCA.

He is the brother of Datuk Lai Siew Wah.

Profile of Directors (cont'd)



HOE KAH SOON
何嘉顺

Independent Non-executive Director

Aged 61, Male, Malaysian

Date of appointment: 1 April 2015

Board Committee Membership:

- Chairman of Audit Committee
- Member of Nomination & Remuneration Committee

Hoe Kah Soon graduated from University of Malaya in 1982 with a Bachelor of Accounting (First Class Honours) and in the same year successfully completed the MICPA examinations. He is a management consultant by profession and comes to Ireka with vast experience in helping global and local organisations successfully implement their strategic change programmes. While at Accenture, previously known as Andersen Consulting (1982 to 2006), he assumed numerous country, regional and global leadership roles. He sits on the board of several other limited companies.



DATO' AZMI BIN ABDULLAH

Senior Independent Non-executive Director

Aged 69, Male, Malaysian

Date of appointment:

– 26 June 2015

(Independent Non-executive Director)

– 27 February 2020

(Senior Independent Non-executive Director)

Board Committee Membership:

- Chairman of Nomination & Remuneration Committee
- Member of Audit Committee

Dato' Azmi bin Abdullah graduated from Universiti Kebangsaan Malaysia (UKM) with a B.A. (Hons) Degree in Economics in 1974. He has extensive banking experience as he was formerly the First Managing Director/Chief Executive Officer of SME Bank and the Managing Director/Chief Executive Officer of Bumiputera-Commerce Bank Berhad, where he served for more than 26 years in various departments. He was also an Independent Non-executive Director of Bank Muamalat Malaysia Berhad from 2009 to 2018.

He is currently a Director of Kumpulan Wang Amanah Pencen (KWAP) and a member of Board Risk Committee of Yayasan Pembangunan Ekonomi Islam Malaysia (YaPEIM). He also sits on the board of several other private limited companies.



LAU MUN CHEONG
刘文昌

Independent Non-executive Director

Aged 70, Male, Malaysian

Date of appointment: 27 February 2020

Board Committee Membership:

- Member of Audit Committee
- Member of Nomination & Remuneration Committee

Lau Mun Cheong graduated from the University of Malaya with a Bachelor Degree in Civil Engineering (Honours Class II Upper Division) in 1975. He was a Past President of the Master Builders Association (MBAM) and also served as a Board member of the Lembaga Pembangunan Industri Pembinaan Malaysia (CIDB) for the term 2003/2004. He was elected a Fellow of the Institution of Engineers, Malaysia in 1996. He has vast experience in the building industry from his career as a builder for more than forty years where he was responsible for tendering, procurement and implementation of various building and civil engineering projects.

Notes:

Save as disclosed, all other Directors have no directorships in public companies or listed issuers and any family relationship with any Directors and/or Major Shareholders of the Company.

None of the Directors have:-

1. any conflict of interests with the Company;
2. any convictions for offences within the past five years (other than traffic offences, if any); and
3. any public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year.

Key Senior Management and Company Secretary

The key senior management comprising the five (5) Executive Directors including the Executive Chairman namely Datuk Lai Siew Wah, Datuk Lai Voon Hon, Lai Voon Huey, Monica, Chan Chee Kian and Tan Thiam Chai. The other senior management are as disclosed below:

LEONARD YEE YUKE DIEN

余易庭

Group General Manager of
Ireka Corporation Berhad

Aged 56, Male, Malaysian

Leonard Yee joined Ireka as Chief Executive Officer of Ireka iCapital Sdn Bhd in May 2000 and was appointed as the Group General Manager on 1 November 2005. He is also the President of i-Tech Network Solutions Sdn Bhd and a Director of several subsidiaries within the Ireka Group. He graduated from University of Kingston, Kingston-Upon-Thames, England with a Bachelor of Arts (Honors) Degree in Social Sciences. He worked as a Surety and Financial Lines Underwriter with American International Group, Inc in London and New York before returning to Malaysia. He was previously an Executive Director of a local construction company and a Managing Director of an equities research firm before joining Ireka.

Leonard Yee is the spouse of Lai Voon Huey, Monica.

NG YAU SIONG

黄耀祥

Deputy Chief Executive Officer of
Ireka Engineering & Construction Sdn Bhd

Aged 56, Male, Malaysian

Ng Yau Siong joined Ireka in 1991 and was promoted to the Deputy Chief Executive Officer of Ireka Engineering & Construction Sdn Bhd on 1 December 2012. He is an engineer by profession and he holds a Bachelor of Engineering (Hons) Degree in Civil Engineering from the University of Canterbury, New Zealand. In the span of 29 years in Ireka Engineering & Construction Sdn Bhd, he has held various management positions and successfully completed numerous multi-million civil engineering and building projects.

KHOO BOO TEE

邱武池

Chief Operating Officer of
Ireka Development Management Sdn Bhd

Aged 58, Male, Malaysian

Khoo Boo Tee joined Ireka as Chief Operating Officer of Ireka Development Management Sdn Bhd ("IDM") on 2 January 2020. He is a Chartered Accountant (MIA) and a Fellow Member of the Chartered Association of Certified Accountants. After spending nine years in professional accounting practices, he joined a listed property company in 1995 and has since been in the construction and property development businesses for past 25 years. Before joining Ireka, he was instrumental in the founding and growth of a privately owned property company.

YAP KET BIN

叶国彬

Chief Executive Officer of
i-Tech Network Solutions Sdn Bhd

Aged 42, Male, Malaysian

Yap Ket Bin joined Ireka on 4 August 2008 as Chief Operating Officer of i-Tech Network Solutions Sdn Bhd ("i-Tech"), one of Ireka's core businesses and was appointed as the Chief Executive Officer of i-Tech on 1 April 2018. He graduated from Iowa State University, Ames, USA with a Bachelor of Science Degree, majoring in Computer Science. He has over 17 years of experience in the Information Technology industry. Over the past 12 years in Ireka, he has expanded i-Tech's business to Vietnam and established a new business unit – iTech ELV Solutions Sdn Bhd. He has also been appointed as Ireka's Information Technology advisor to improve the Group's operational efficiency using technology.

WONG YIM CHENG

黄艳贞

Group Company Secretary of
Ireka Corporation Berhad

Aged 56, Female, Malaysian

Wong Yim Cheng joined Ireka as Group Company Secretary on 1 July 2000. She is currently overseeing the corporate services and corporate communication divisions. She is an Associate of the Malaysian Association of the Institute of Chartered Secretaries and Administrators ("MAICSA") and has over 30 years of working experience in company secretarial practice and corporate work.

Notes:

Save as disclosed, all other senior management and company secretary have no directorships in public companies or listed issuers and any family relationship with any Directors and/or Major Shareholders of the Company.

None of the senior management and company secretary have:-

1. any conflict of interests with the Company;
2. any convictions for offences within the past five years (other than traffic offences, if any); and
3. any public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year.

Corporate Calendar

2019

APRIL

- Ireka's flagship Corporate Social Responsibility (CSR) programme, IREKA CARES, organised a craft workshop for underprivileged children from Open Hands Children's Home in Kajang. The event marked the finale of Ireka Cares' three-year collaboration with Open Hands.



MAY

- Ireka announced its quarterly report on consolidated unaudited results for the financial period ended 31 March 2019.

JUNE

- Ireka supported The Hot & Cold Charity Run 2019 co-organised by Malaysia AIDS Foundation and the Faculty of Medicine, University of Malaya. Proceeds raised from the Run were channelled to support HIV education and prevention activities for young people under the MAF Red Ribbon Youth Club. Part of the proceeds were dedicated to the UMFOM Development Fund.



JULY

- Ireka entered into a joint venture and signed a shareholders' agreement ("Agreement") with CRRC Urban Traffic (Europe) Co. Ltd ("CRRC UT Europe") to establish a 51:49 joint venture company ("JVCo"), Mobilus Sdn Bhd (Mobilus) to pursue urban transportation business opportunities in Malaysia and ASEAN region.

AUGUST

- IREKA CARES adopted Home of Peace, KL for its new term (2019 – 2020).
- Ireka announced its quarterly report on consolidated unaudited results for the financial period ended 30 June 2019.
- Ireka held its 43rd Annual General Meeting at Bukit Kiara Equestrian & Country Resort, Kuala Lumpur. All the resolutions tabled were approved by the shareholders.

OCTOBER

- Mobilus Sdn Bhd participated in The International Greentech & Eco Products Exhibition & Conference Malaysia (IGEM 2019).



NOVEMBER

- IREKA CARES volunteers organised a fun trip for children from Home of Peace to Taman Tugu.
- Ireka supported the "Nilai Old Town Beautification Project: Mural Painting" initiated by the Nilai Town Council (Majlis Perbandaran Nilai).
- Mobilus and Liannex Corporation Sdn. Bhd. ("Liannex") entered into a collaboration agreement to promote the use of electric buses as a sustainable mode of transportation in Malaysia. The collaboration will see Mobilus and Liannex forming a 50:50 joint venture company ("JVC") in the near term to build and assemble electric buses.
- Ireka announced its quarterly report on consolidated unaudited results for the financial period ended 30 September 2019.

DECEMBER

- Ireka took part in the Danajamin Mighty Run 2019 organised by Danajamin Nasional Berhad. It was a charity run with the objective to raise awareness of autism. Parts of the proceeds raised were contributed to The National Autism Society of Malaysia (NASOM).

2020

JANUARY

- Ireka ushered in the Lunar New Year with a lion dance performance at its Head Office and its Mont' Kiara Property Gallery.



FEBRUARY

- Ireka announced its quarterly report on consolidated unaudited results for the financial period ended 31 December 2019.

MARCH

- IREKA CARES helps Home of Peace to transform its rooftop area into a lovely garden by initiating a gardening project at the Home.



Sustainability Statement

OUR APPROACH

By recognising the ever-increasing relevance of sustainability in our business value, the environment and wider society, Ireka aims to develop a strategic approach to address sustainability challenges and opportunities. As a Company with roots going back over 50 years, Ireka has a successful track record of building and construction, so our ultimate aim is to build a proud and sustainable legacy.

OUR SUSTAINABILITY FRAMEWORK

Ireka's sustainability framework sets out our priorities and reflects the importance we place on delivering great homes, work and hospitality spaces, hospitals and communities for our buyers and business partners; while operating responsibly and investing in the future. This sustainability statement, which covers the scope of our reporting, contains policies and programmes that we have organised towards achieving positive outcomes in the following four key pillars:

- 1 Environmental: Developing "Green" and sustainable projects, while minimising our potential impact on the environment as far as practicable.
- 2 People: Ensuring the welfare of our employees as paramount and enabling them to be able to work in a safe and healthy environment.
- 3 Economic: Reviewing our marketplace regularly in order to ensure that we remain relevant and up-to-date in the current business environment.
- 4 Community: Doing our best to be part of the community where we have our business operations through making a difference to the most vulnerable in society.

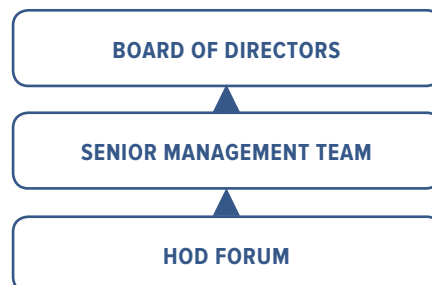
Ireka has continued its commitment towards achieving these objectives and incorporating sustainability into all 4 of its core businesses: Construction, Real Estate, Technologies and Urban Transportation. The Group will continue to critically evaluate its progress to improve the way the Company's businesses are conducted.

ROLES AND RESPONSIBILITIES

Ireka's Group Managing Director, Datuk Lai Voon Hon is the most senior company executive with ultimate responsibility for management of the sustainability strategies. Together with the Group Deputy Managing Director, the senior management team also provides oversight of corporate sustainability performance at their regular meetings such as the Heads of Departments (HoD) Forum and ultimately to the Board of Directors (BoD).

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is an essential element of business sustainability. Ireka is committed to fostering a strong relationship with its key stakeholder groups through regular engagements and meetings. Through the Group's stakeholder engagements, there are three key themes of sustainability practices in which the Group is positioned to add value i.e. sustainable business growth, environmental protection, and social responsibility with an emphasis on the compliance of the corporate code of ethics and conduct.



WORKPLACE

Ireka is a 53 year old organisation with currently 468 staff, with the ratio of 75% men and 25% women working for them. The average age of Ireka's staff is around 44 years old and the average length of service works out at around 8.5 years. 100% of staff completed their performance reviews last year.

STAFF TOTAL	WOMEN	MEN
468	25%	75%

With so many changes in the world around us, Ireka takes pride in the way that it works hard to focus on the needs of its employees. Ireka's Board and Senior Management team are well aware that the employees are their most valuable asset, contributing their expertise,

skills and knowledge for the organisation's growth every day they are at work. Therefore, it is a top-most priority to ensure their welfare, benefits, work conditions, training and development are managed well. Ireka's HR department, which comes under the purview of the General Manager, has a robust people strategy that is regularly reviewed by the senior management team.

Staff Induction – Induction is an essential part of familiarising new recruits with the company and getting the process right can help them to foster a positive attitude for their new job and has been shown to play a big part in improving long-term staff retention. The HR department takes the lead on the induction of new employees, briefing them on the Company's values and policies. The Corporate Communications team is responsible for inducting new employees on the Group's branding and identity quite early on into their career at Ireka so they understand our mission, values and objectives. The induction programme does not only include explaining the business and introducing key people and their roles, but also explains the Company's extra-curricular activities – namely, the Toastmasters Club, the Ireka Sports and Recreation Club (ISRC) and the flagship CSR project, IREKA CARES. The Company places importance on these clubs and are keen to encourage staff to participate if they are interested to do so. These are parts of the human capital efforts initiated by Ireka through providing various programmes that enable self-enhancement, team working and community learning among employees.

EXTRA-CURRICULAR ACTIVITIES

Toastmasters Club	Ireka Sports & Recreation Club (ISRC)	IREKA CARES
Since 2009	Since 1996	Since 2010

Internships – Ireka has a structured internship programme because it recognises the benefits interns bring to the business. Students are provided with a small stipend, supervision, training and mentoring. The benefits work both ways where the students would learn new organisational skills at first-hand and for the Company, interns bring fresh perspectives to the role, as well as being an extra pair of hands. There were 13 interns recruited in 2019 and of this, 15% were hired to work full-time in Ireka.

Sustainability Statement (cont'd)

Improving Performance – The world of performance management is evolving rapidly, but the way we manage our people isn't always as fast to catch up. Ireka's performance management system has been in operation for a few years. Led by the Group HR Director, Rosalind Wee, Ireka has a strategy to review its performance management system, the appraisal form and equip managers to conduct the most important conversations between managers and employees to happen more than once a year. Two performance management consultants were engaged – one to train senior managers to give effective performance reviews and the other to improve on Ireka's performance management systems.

Employee Engagement – Ireka has a long standing tradition of hosting Town Hall events that are attended by staff across the organisation to hear from the CEO, Datuk Lai Voon Hon and senior managers on the Company's plans and strategic direction. Ample opportunity is always given to staff to ask questions of the top management and to raise issues of concern. In order to encourage as many staff as possible to speak out, the Corporate Communications team invites all staff to pose their questions in advance to be answered by the senior managers at the Town Hall event. The event is always recorded and the responses to staff's questions are posted on Ireka's intranet soon after the Town Hall. The Corporate Communications team also conducts a survey immediately after the Town Hall to evaluate how Irekians found the event, and for the senior management to study lessons learnt for future meetings. The COVID-19 pandemic caused Ireka to shut down site operations from March 18th when the Government introduced its nationwide lockdown until May 12th when there was a partial lifting of the lockdown. Staff had to work from home and during this time the senior management team held an online Town Hall to check-in with staff on their well-being and also to inform them of the Standard Operating Procedures for returning to work in order to

continue maintaining physical distancing and inform them of the regular office hygiene regime to stop the spread of the virus.

iPulse, the Company's quarterly magazine produced with Ireka staff in mind, is another mechanism for staff to keep informed of what is happening in the Company and to share important information about colleagues with each other. Staff are also encouraged to use technology, such as the television at the Level 18 reception area to share information about key events in their lives such as family weddings or memorable weekend activities.

During the nationwide lockdown imposed to curb the spread of the COVID-19 virus, the Corporate Communications team engaged employees in a Company-wide survey on how they found working from home and to elicit the types of support required. The objective of the survey was to ascertain how Ireka's employees found this new way of working and what lessons could be learnt for the future. The results of this study were shared with everyone via email and the HR team wanted to use the information to inform future policy on working from home. Staff were promised that a follow-up survey would be conducted to compare their responses.

Cultivating Talent – Ireka's technology arm, i-Tech, attracts the millennial generation to work there and most tech companies today attract young talent by creating a fun, friendly and collaborative company culture. They provide a learning culture for staff, where they are encouraged to be curious and to learn about the latest developments in the cloud scene. Feedback is regularly provided to each other, while allowing employees to explore new solutions for themselves from various cloud vendors and among each other. i-Tech believes that a learning-oriented culture is crucial in breeding innovation and leadership. At i-Tech, they try to be as accommodating as possible to staff so that they feel comfortable working in the Division through more team

working and engendering bonding activities among employees. The team's values of open communication and learning would have played a significant part in i-Tech being awarded the Integrity Value Added Partner for the Year Award on April 9th, 2019.

Health & Safety – Ireka's Head of Security, Jamz Jamsari and Health & Safety Manager, Balakrishnan A/L Karuppiyah organised a series of training sessions for HQ, project and site staff throughout the year to ensure everyone is up-to-date with their knowledge of the latest health & safety requirements.

As part of its risk management approaches, the Emergency Response Team (ERT), set up about 10 years ago and consists of members from the Senior Management and employees from across the Company, organised a series of training for all staff. For instance, the Chief Bomba Officer from Hartamas Fire Department, Tuan Rodzlan gave a talk about fire safety, survival and rescue issues in September 2019, with learning enhanced through a fire-fighting demonstration. To put the learning into practice, ERT members organised a fire drill the following month and updated the fire escape guidelines and practices.

Another important role is to ensure that all Ireka's construction sites conduct monthly Health & Safety Committee meetings that are held so that respective site officers observe and comply with the industry's requirements in this area. Led by Mr Balakrishnan, a series of training for site staff was organised to raise awareness and to reinforce the message that for Ireka, safety issues are paramount. For example, to prevent the breeding of mosquitoes and dengue outbreak, a series of "Health, Safety, Security & Environment" inspections were conducted at all of Ireka's construction sites on a weekly basis since May 2019. To enhance the security protection control at the sales galleries and sites, a Security Turnstile System with finger print recognition was installed at the KaMi and Dwi Sales Galleries.

Health & Safety and Security Training

Project Sites	Harbour Mall Sandakan/ Four Points by Sheraton	RuMa Hotel, KL	Ireka HQ
Health & Safety Committee Meetings	Emergency Drill Training	Handling Fire Fighting Equipment Training	Fire drill training
Health, Safety & Environmental Training	Handling Fire Fighting Equipment Training	–	Fire & Security Awareness Training
Falsework requirement & Compliance Training	–	–	Regular Emergency Response Team Training

Sustainability Statement (cont'd)

Healthy Living – This is a key part of Ireka's values and the senior management team recognises that one of the positive ways of reducing workplace stress is to exercise. ISRC organises weekly Zumba dance classes, badminton and yoga classes for members and these are all well attended.

When Ireka sponsors charity runs like the Hot & Cold Run, 2019, philanthropic though this is, the company also uses this opportunity to encourage staff and their family to join in the run as part of healthy living. Last year, 45 participants joined in the run organised by the Malaysian AIDS Foundation, 42 Irekians and 3 family members. These runs have proved popular with staff and in 2019, two other runs in the Klang Valley area were supported.

To further promote healthy living among staff, Ireka also teamed up with Singapore-based Cura Maker Pte Ltd to run a health awareness programme. The aim was to encourage staff to be more conscientious on their lifestyle choices and how these choices may impact our overall health being. Cura Maker was instrumental in helping us raise the awareness and understanding about health issues among our staff over a relatively short period of six months. Up to 90 participants went through 3 phases of health screenings, and a majority of the participants adopted a change of lifestyle for healthy living.

In early March 2020, Ireka invited renowned international Sleep Health expert, Dr. Christopher Barnes, Professor at the University of Washington's Foster School of Business to give a talk to staff about the dangers of sleep deprivation, a subject which has been Dr. Barnes' life's work. Staff found this a very interesting subject which ended up being a very interactive discussion with many questions asked.

Bringing Staff Together – There is a lot of research to show that bringing staff together socially is one way to challenge silo working and improves employee morale. The ISRC was established over 16 years ago and aside from weekly sports activities, it also organised a Ramadan Buffet for staff at the Subak Restaurant in May 2019, followed by a Durian Party in July in the same year, and a Halloween Movie Night in October. All of these events were well attended. The company also organises a yearly Loh Sang party during the Chinese New Year period, where the Senior Managers donate their gift hampers for the staff lucky draw held at the Loh Sang party.

Toastmasters Club – The Ireka Toastmasters Club is in its eleventh year and works hard to encourage communication and leadership skills for staff. Members pay a nominal fee with the bulk subsidised by the Company, to encourage self-development. The challenge remains to recruit more new members to the club and to dispel the myth that this is a public speaking forum. The Toastmasters Club organises training sessions for members at least once a year and these are open for all Irekians to attend. The Club also encourages members to visit other clubs in the Klang Valley area to further their learning.

MARKETPLACE

Having been in the construction and property development industry for over 50 years, Ireka is confident of what its shareholders, investors, buyers, owners, suppliers and business associates require. An effective communications and marketing programme allows all our stakeholders to gain a greater understanding of our business, governance, financial performance and prospects.

The Ireka website, which is regularly updated, is used to promote and facilitate communication with our shareholders and to provide them with useful information about the Company and its Governance. Seeing the shift in how the general population is consuming media online, Ireka will continue to leverage and expand on available online channels to communicate more effectively.

Ireka maintains good communication processes with owners and buyers through its customer relationship team and marketing division under the guidance of its Investor Relations Policy. The Company's quarterly lifestyle magazine, CITI-ZEN which has been produced since 2008 also provides stakeholders with progress information on Ireka's various developments as well as articles on lifestyle interest issues. Readers are encouraged to provide feedback on the magazine. CITI-ZEN is also produced as a blog to ensure reading accessible to as many people as possible.

Going forward, Ireka will continue working to better understand the expectations of its stakeholders and to address the challenges and opportunities identified through the feedback received.

COMMUNITY

Ireka firmly believes that community development is the way forward to strengthening society and this it tries to do through its flagship CSR programme, IREKA CARES. This programme is all about children and is the Company's third extra-curricular activity. The principle behind IREKA CARES (which began in 2010) is about empowerment of local communities and working to strengthen the capacity of the children whom they have chosen to work with, through spending time with them rather than just through grant giving. The community programme has always been led by a member of the senior management team in order to show this programme's importance to the wider Company and to attract senior management involvement.

The IREKA CARES programme is an integral part of the organisation and the volunteers are employees who willingly give up their Saturdays bi-monthly to work with children's homes in the Klang Valley area. IREKA CARES adopted a new children's home, Home of Peace, based in the Old Klang Road, for the 2019-2020 term.

In the last year, the volunteers organised a fund-raising event for the children and managed to collect a RM4053 donation from employees across the organisation. The funds were all used to buy groceries and necessities for the children at the Home of Peace. The Home had an empty rooftop area and the children had always wanted to have a garden there where everyone could relax in. IREKA CARES volunteers helped transform Home's rooftop area into a beautiful and green garden for the children, through their gardening project in March 2020. This project was an extension of IREKA CARES' previous trip to Taman Tugu, Kuala Lumpur with the children in November 2019 where they learnt about environmental sustainability from the experts there.

IREKA CARES' objective is to help the children experience different things, to share learning with them and above all, to have fun. Ireka's volunteers come from across the organisation, led by an active Action Committee. There is still much work to be done in encouraging more senior managers to participate in the organised events which the Action Committee works on continuously by regularly inviting them to spend time with the children.

Although the IREKA CARES volunteers were not able to spend time with the children during the lockdown period, they continued to keep in touch by sending food and clothes to the Home.

Sustainability Statement (cont'd)

As well as the dedicated in-house community development programme that promotes environmental sustainability, Ireka also provides one-off Corporate Social Responsibility (CSR) donations to a range of organisations.

For instance, in line with the United Nation's Sustainable Development Goal (SDG) to promote environment sustainability by addressing the issue of food waste, Ireka supported the "Clean Our Plate" Project initiated by AIESEC, Universiti Malaya (AIESEC UM). AIESEC is the world's largest youth-run organisation, present in 126 countries and territories and with over 86,000 members, and AIESEC UM is one of its most active branches in Malaysia endorsing efforts toward the SDG as set by the UN. Malaysians waste up to 15,000 tons of food daily which is enough to feed 7.5 million people a day. In the meantime, food waste is the second largest source of solid waste and a primary driver of greenhouse gasses. Started in January 2016, "Clean Our Plate" (C.O.P.) is a project established by AIESEC in Malaysia to address the high food wastage issue in Malaysia. By actively engaging with organisations like AIESEC UM, Ireka aims to contribute its efforts toward environmental protection of the country's sustainable future.

Ireka's CSR donation contributions included the following:

- 1 Kwong Ngai Lion Dance Troupe
- 2 "Clean Our Plate" Project on Addressing Food Wastage organised by AIESEC of Universiti Malaya
- 3 Malaysian Association For The Blind
- 4 Hot & Cold Charity Run, 2019 organised by the Malaysian AIDS Foundation
- 5 Electrolux Run 2019 organised by Expedivo Events Sdn Bhd & Electrolux Home Appliances Sdn Bhd
- 6 Danajamin Mighty Run, 2019 organised by Danajamin National Berhad
- 7 "Wall Street Art" mural painting project organised by Nilai Municipal Council
- 8 Mitsui Outlet Park Fun Run 2019

ENVIRONMENT

At Ireka, we are conscious that the construction industry accounts for high energy consumption, solid waste generation and environmental damage which is why it continues to work hard to ensure that their developments have "Green" features to deliver sustainable building throughout the design and construction process. Ireka is also committed to establishing a harmonious relationship between development and environment. It adopts sustainability practices not only in its daily operations but also follows a grounded theory approach to promoting sustainability in the Company's developments.

Ireka's KaMi Mont' Kiara development has environmentally friendly features which include:

- 1 Rainwater harvesting system to recycle rainwater for irrigation of plants and trees promotes using water resource sustainably.
- 2 Low-E glazing (Low emissivity glazing) used for West facing windows to reduce solar heat gain to achieve a more energy efficient residential unit.

The lockdown has made us consider additional enhancements to the KaMi development in terms of being prepared for similar situations in the future. Additional power points to the main entrance will be added for the convenience of installing portable temperature taking machines or other similar equipment in the future requiring power supply.

At Ireka's DWI project in Nilai, Negeri Sembilan, the environmentally friendly features include:

- 1 Bicycle Irrigation System – designed specifically to promote rainwater harvesting and fitness to generate energy with the desire/aim of introducing sustainable living in a socially engaging and holistic approach/way.
- 2 Natural Lighting and Ventilation – every apartment with its single loaded corridor and courtyard configuration is architecturally designed to leverage on natural lighting and ventilation to reduce energy usage.

At one of Ireka's core businesses, i-Tech, its goal is to help companies save money and energy using cloud computing technology. The cloud allows us to utilise virtual public cloud services to keep IT expenses low, drive down energy resources, and provide our clients with more efficient management.

In alignment with Ireka's strategy to promote sustainability by reducing carbon footprint, i-Tech has helped to digitally transform Ireka's operation by moving their on-premise IT system to a cloud-based system. This reduces the maintenance of cold temperatures and humidity levels within the facility to ensure the hardware can operate smoothly, and it results in less carbon dioxide emission as data is no longer being hosted onsite. In other words, cloud based applications have reduced deforestation significantly. Storing your information online is just as secure as keeping it in-house, but it reduces your company's carbon footprint and electricity bill, and it also helps in lessening e-waste around the world.

As for i-Tech's customers, our technical engineers can provide timely IT support remotely via email, telephone, or remote connection software, thereby reducing the consumption of fossil fuels and the harmful pollution that results from vehicle emissions travelling to clients' premises.

Ireka's newest core business, urban transportation, Mobilus, which is a 51:49 joint venture company established between Ireka Corporation Berhad and CRRC Urban Traffic (Europe) Co. Ltd. (CRRC UT, a member of Beijing based CRRC Group) to pursue urban transportation business opportunities in Malaysia and the ASEAN region, is about green technology introducing the Automated Rapid Transit (ART) system. ART is a transit system for urban passenger transport using leading edge technology developed by CRRC Group. ART allows for high passenger capacity at a lower cost of implementation and operates on clean sources of energy like electricity or hydrogen. The multi-carriages are equipped with sensors that read the dimensions of a road, enabling it to automatically navigate its own route, travelling up to 70 kilometers per hour and carrying as many as 300 passengers with 3 carriages; and 500 passengers with maximum capacity of 5 carriages. A key focus will be on green energy and smart transportation solutions.

Corporate Governance Overview Statement

The Board of Ireka Corporation Berhad ('Ireka' or 'the Company') is pleased to present this Corporate Governance Overview Statement ('Statement') to provide investor with an overview of the extent of compliance with the 3 Principles as set out in the Malaysian Code on Corporate Governance 2017 ('the Code') by the Company throughout the financial year ended 31 March 2020. This Statement also serves as a compliance with Paragraph 15.25 of the Main Market Listing Requirements ('Listing Requirements') of Bursa Malaysia Securities Berhad ('Bursa Malaysia'). The Corporate Governance Report is available on the website of Bursa Malaysia together with the Annual Report 2020 and is also posted on the Company's website at www.ireka.com.my.

The Board of Directors remains committed to ensuring that good corporate governance principles continue to be developed and implemented throughout the Group with the ultimate objective of enhancing shareholders' value, whilst taking into account the interests of other stakeholders as well as to generate long term sustainability and growth.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

The Group is led by an effective Board which plays an important role in protecting and enhancing the interests of its shareholders and stakeholders. The Board is ultimately responsible in determining the direction of Ireka Group, thereby ensuring the long term success of the Group and the delivery of sustainable value to its stakeholders. The Board provides leadership and advice on the long term corporate strategies, advocates good governance and ethical practices, and ensures the effective implementation of the corporate strategies. The principal responsibilities include the following:-

- reviewing and adopting strategic plans for the Group;
- overseeing the conduct of the Group's businesses to evaluate whether the businesses are being properly managed;
- identifying principal risks and ensuring the implementation of appropriate internal control and mitigation measures;
- succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing senior management;
- overseeing the development and implementation of a shareholder and stakeholder communications policy for the Group; and
- reviewing the adequacy and integrity of the Group's internal control systems and management information systems; including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

Beyond the matters reserved for the Board's decision, the Board delegates the authority to implement the Group's strategies and managing the operations of the Group to the Group Managing Director, Group Deputy Managing Director and the Executive Directors who are supported by a capable Management team. The Board has oversight on matters delegated to the Management whereby updates are reported at least on a quarterly basis or as and when required. Non-executive Directors play key supporting roles, contributing knowledge and experience towards the formulation of policies and in the decision-making process. They could provide the

relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied.

Where appropriate, the Board delegates matters to the Board Committees, namely the Audit Committee ('AC') and Nomination & Remuneration Committee ('NRC') to examine specific matters within their respective terms of reference as approved by the Board. Although specific powers are delegated to the Board Committees, the Board keeps itself updated of the key issues and decisions made by each Board Committee through the reports by the Chairmen of the Board Committees at Board meetings. The ultimate responsibility for decision-making lies with the Board.

Apart from formulating corporate strategies to enhance the shareholders' value, the Board puts its effort to drive and promote sustainable business practices covering economic, environmental and social aspects with a view to support the long term viability of the Group, the details of which are disclosed in the Sustainability Statement of this Annual Report.

The Board Charter which sets out the functions, roles and responsibilities of the Board as well as the various internal processes and principles governing the Board has been adopted to guide the Board to discharge its roles and responsibilities effectively. The Board Charter also serves as a source of reference and primary induction literature, providing insights to new Board members.

The Board reviews the Board Charter periodically to keep it up-to-date with changes in regulations and best practices to ensure its effectiveness and relevance to the Board's objectives. The Board Charter was reviewed and revised on 30 June 2020, following the implementation of new corporate liability provision under Section 17A of the Malaysian Anti-Corruption Commission Act 2009. The Board Charter is available for reference at the Company's website at www.ireka.com.my.

The Chairman and the Managing Director

There is a clear division of responsibilities between the Chairman and the Group Managing Director to ensure that there is a balance of power and authority. The Executive Chairman is responsible for looking after the best interest of all shareholders by instilling good corporate governance practices, leadership and effectiveness of the board, whilst the Group Managing Director, with the assistance of the Group Deputy Managing Director, has the overall responsibilities for the execution of the Group's strategies in line with the Board's direction, oversees the business operations and drives the Group's businesses and performance towards achieving the Group's vision and goals.

Company Secretary

The Board is supported by a qualified Company Secretary who is experienced, competent and knowledgeable on the laws and regulations issued by the regulatory authorities. The Company Secretary plays an important role in ensuring that all governance matters and Board procedures are adhered to and that applicable laws and regulations are complied with.

Corporate Governance Overview Statement (cont'd)

The Board is regularly updated and advised by the Company Secretary on new statutory and regulatory requirements, and the implications on the Group and the Directors in relation to their duties and responsibilities.

Board Meetings and Supply of Information

An annual corporate meeting calendar is prepared in advance and circulated to all Board members before the beginning of every year which provides the scheduled meetings dates for the Board, Board Committees and the Annual General Meeting to be organised by the Company to facilitate the planning of Directors' time. The Board is satisfied with the amount of time committed by the Directors in discharging their duties and roles as Directors of the Company. All the Directors of the Company complied with the Listing Requirements on the number of directorships held in the public listed companies, which are not more than five (5) directorships.

The Board meets at least five (5) times a year, with additional meetings being held as and when necessary. In the interval between board meetings, Board decisions for urgent matters are obtained via circular resolutions, to which are attached sufficient information required for an informed decision. During the year ended 31 March 2020, the Board met for a total of nine (9) times and their respective attendance are as follows:

Directors	No. of Meetings Attended
Datuk Lai Siew Wah	9/9
Datuk Lai Voon Hon	9/9
Lai Voon Huey, Monica	9/9
Chan Chee Kian	9/9
Tan Thiam Chai	9/9
Datuk Lai Jaat Kong @ Lai Foot Kong	8/9
Hoe Kah Soon	9/9
Dato' Azmi bin Abdullah	9/9
Lau Mun Cheong (appointed on 27 February 2020)	1/1
Haji Mohd. Sharif bin Haji Yusof (retired on 29 August 2019)	4/4

All the Directors have complied with the minimum requirement of at least 50% on attendance of Board meetings during the financial year as stipulated in the Listing Requirements of Bursa Malaysia.

All Board members are provided with agenda and board papers containing relevant documents and information around seven (7) days in advance of the board meetings to ensure the Board members have reasonable time to review and consider the issues before participating in discussions and deliberations in Board meetings. The Board papers include minutes of the previous meetings, updates on financial, operational and corporate developments of the Group. All Directors have the right and duty to make further enquiries where they consider necessary. Members of the senior management team are invited to provide insight and to furnish clarification on issues

that may be raised by the Board. At the quarterly board meetings, the Board reviews and discusses the business performance of the Group. All proceedings of the Board meetings covering the deliberations of issues and the conclusions are recorded in the minutes and later confirmed by the Board. Where a potential conflict of interest may arise, it is mandatory practice for the Director concerned to declare his interest and abstain from the decision-making process.

The Board, whether as a full Board or in their individual capacity, has access to all information pertaining to the Group's business affairs and right to seek independent professional advice, if necessary, at the Group's expense, in furtherance their duties. Any request for independent professional advice from external consultants shall be raised for the consideration and consent of the Chairman. Upon his consent of the request, the Chairman shall authorise a Director or the Board to source for the advice of a suitable external consultant, based on the requirements of the Board.

In addition, all Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that the Board meeting procedures, applicable rules and regulations are adhered to. The Directors may also seek advice from the management on issues under their respective purview.

Code of Conduct and Ethics

The Board observes the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia ('Code of Ethics'). The Code of Ethics sets out the standard of conduct and ethical behaviour for the Board, based on the principles of sincerity, integrity, responsibility and corporate social responsibility. To inculcate good ethical conduct, the Group has established a Code of Conduct for employees which is encapsulated in the Group's Human Resource Policies. All Directors and employees are expected to behave ethically and professionally at all times and thereby protect and promote the reputation and performance of the Company. The Group communicates its Code of Conduct to all Directors and employees upon their appointment/employment and is deemed to be part of the Terms and Conditions of Service.

Anti-Bribery and Anti-Corruption Policy

In line with the implementation of new corporate liability provision under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 effective 1 June 2020, the Board had on 28 May 2020 reviewed, approved and adopted the Anti-Bribery and Anti-Corruption Policy ('ABAC Policy'). The ABAC Policy serves to provide guidance on how to prevent, deal with and combat bribery and corrupt activities and issues that may arise in the course of business. The ABAC Policy is applicable to all employees, directors and any person who performs services for and on behalf of the Group, which includes contractors, sub-contractors, consultants, suppliers, agents, intermediaries and representatives of the Group. The ABAC Policy is available on the Company's website (www.ireka.com.my).

Corporate Governance Overview Statement (cont'd)

Whistleblowing Policy

The Company adopted the Whistleblowing Policy on 28 May 2020, which provides an avenue and mechanism for any individual to report concerns they may have on any suspected and/or known improper conducts, wrongdoings, corruption, fraud and/or abuse in accordance with the procedures as provided under the said policy. The Whistleblowing Policy is available on the Company's website (www.ireka.com.my), for reference and for ease of access for reporting by employees and associates of the Group.

II. BOARD COMPOSITION

During the financial year under review, the Board has nine (9) members comprising the Executive Chairman, three (3) Independent Non-executive Directors ('INED'), four (4) Executive Directors and the Non-independent Non-executive Director. The current composition complies with the Listing Requirements which requires at least one-third (1/3) of the Board members to be independent directors.

The Board comprises members of calibre from a diverse blend of professional backgrounds ranging from business, engineering, management, economic, finance and accounting experience. The Board views its current composition encompasses right mix of skills and strength in qualities which are relevant and enable the Board to discharge its responsibilities in an effective and competent manner. The profiles of these Directors are provided on pages 11 to 13 of the Annual Report.

The Board takes cognisance that the Code recommends that at least half of the board are independent directors. Whilst the Board currently comprising one-third (1/3) independent directors, the Board is satisfied that the current number of independent directors is sufficient to ensure balance of power and authority on the Board.

Datuk Lai Siew Wah is the Executive Chairman and a substantial shareholder of the Company. His strategic leadership and entrepreneurial vision are important for the continued growth of the Company. He has vast experience and knowledge in managing the Group's operations and business activities that enable him to provide the Board with a diverse set of expertise and skills. He has shown great commitment and played an integral role in stewardship apart from ensuring board effectiveness. During his tenure as the Executive Chairman of the Company, he has acted in the best interest of the Company and the Board is satisfied that there is no undue influence involved in all related party transactions. All related party transactions and the shareholders' mandate on the recurrent related party transactions were independently assessed by the AC to ensure compliance with the Listing Requirements of Bursa Malaysia. The Executive Chairman encourages open discussion and free expression of opinions and suggestions at board meetings. Every resolution tables will be deliberated and all views from the directors are considered before a decision is made by the Board.

During the financial year under review, the Board and the NRC had assessed the independence of the independent directors and satisfied with the level of independence demonstrated by the independent directors in which they could continue to bring objective and independent judgement in board decision making.

The Board is aware of the importance of boardroom diversity to facilitate good decision-making as this enables different insights and perspectives to be harnessed. This diversity criteria includes gender, ethnicity and age. However, the Board is of the view that the selection criteria of a Director, based on the candidates' competency, skills, character, knowledge and experience should remain a priority. Nevertheless, the Board is actively exploring avenues to improve board diversity including gender, ethnicity and age. When given the opportunity of meeting the suitable female candidates, the Board through its NRC will consider gender diversity as part of its future selection process. Presently, Lai Voon Huey, Monica is the only female Director in the Board of nine (9) Directors.

In exercising objectivity in the selection process of directors, the NRC plans to have access to a wide selection of candidates such as referrals from Directors, business associates and management as well as utilising sources from industry, professional associates, independent search firms and registry of directors.

The Group has no immediate plan to implement a diversity policy for its workforce in terms of gender, ethnicity and age as it is of the view that employment is dependent on each candidate's skills, experience, core competencies and other qualities, regardless of gender, ethnicity and age. However, the Group is committed to diversify and apply equal employment opportunity approach in promoting diversity in the Group.

Tenure of Independent Directors

Independent directors are tasked to ensure that there is a proper check and balance on the Board as they are able to provide unbiased and independent views in Board deliberations and decision-making of the Board, taking into account the interests of the Group and the minority shareholders.

The Board noted the recommendation of the Code on the tenure of independent directors should not exceed a cumulative term limit of nine (9) years. If the Board intends to retain an independent director beyond nine (9) years, it should justify and seek annual shareholders' approval. If the Board continues to retain the independent director after the twelfth (12th) year, the Board should seek annual shareholders' approval through a two-tier voting process. Tuan Haji Mohd. Sharif bin Haji Yusof, who has served as an INED of the Company for a cumulative term of more than twelve (12) years, did not seek re-election at the Company's AGM held on 29 August 2019. To fill the casual vacancy, Mr. Lau Mun Cheong was appointed on 27 February 2020 arising from retirement of Tuan Haji Mohd. Sharif.

Corporate Governance

Overview Statement (cont'd)

Independent directors do not participate in the day-to-day management of the Company and they remain free of material business or relationship with the Company which could reasonably be perceived to materially interfere with their exercise of independent judgment. The suitability and ability of an independent director to carry out his roles and responsibilities effectively are very much a function of his calibre, qualifications, experience and personal qualities.

Appointments to the Board

All Board appointments are approved by the Board, upon recommendation of the NRC. The NRC is made up exclusively of independent directors as follows:-

1. Dato' Azmi bin Abdullah (*Chairman*)
2. Hoe Kah Soon
3. Lau Mun Cheong

The Chairman of the NRC is a Senior INED. The NRC has written terms of reference dealing with its authority, duties and responsibilities and are available on the Company's website at www.ireka.com.my.

The NRC is responsible for identifying, recommending and recruiting candidates for directorships and also to fill the seats of Board Committees. For new appointments to the Board, the NRC shall meet with the shortlisted candidates to assess their suitability before formally considering and recommending them for appointment to the Board. In assessing the suitability of the candidates, the NRC shall consider the candidates' character, experiences, competencies, integrity, time commitment and other qualities which the candidates would contribute to the overall desired composition of the Board. Based on the recommendation of the NRC, the Board will evaluate and decide on the appointment of the proposed candidates.

In addition, an assessment mechanism is in place to assess on an annual basis, the effectiveness of the Board as a whole and the Board Committees, and also the contribution of each Director. The Board, through the NRC, reviews periodically the succession plans of the Board, its required mix of skills, experience and other qualities, including core competencies, which Non-executive Directors should bring to the Board, and make recommendations to the Board with regard to any changes. The assessment for the financial year ended 31 March 2020 indicated that there was a good balance in the composition of the Board and the members of the Board possessed the sufficient skills and experience in discharging their duties and responsibilities and the level of independence demonstrated by the INEDs was satisfactory with the ability to act in the best interest of the Company. All Directors retiring pursuant to the Company's Constitution and standing for election and re-election are assessed by the NRC before they are recommended for election and re-election by shareholders at the AGM. All assessments and evaluations carried out by the NRC in the discharge of all its functions are properly documented.

Election and Re-election of Directors

In accordance with the Company's Constitution, an election of Directors shall take place each year and one-third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest one-third (1/3), shall retire from office provided always that all Directors shall retire from office at least once in every three years, but shall be eligible for re-election. In addition, all Directors who are appointed by the Board either to fill a casual vacancy or as an addition to the existing Directors shall hold office only until the next following annual general meeting and shall be eligible for election. This provides an opportunity for the shareholders to renew their mandates for the said Directors to continue to serve on the Board.

The election and re-election of each director will be voted on separately. The Directors who are seeking election and re-election at the forthcoming AGM are stated in the notice of the 44th AGM. The Board was satisfied with the performance of these Directors and recommended their proposed re-election to be tabled for shareholders' approval at the forthcoming AGM. To assist the shareholders in their decision, information on their personal profiles are provided on pages 11 to 13 of the Annual Report.

Directors' Training

All the Directors, apart from attending the Mandatory Accreditation Programme ("MAP") as prescribed by Bursa Malaysia, have also attended other training programmes and seminars organised by the relevant regulatory authorities and professional bodies to broaden their knowledge and to keep abreast with recent developments of the business environment, relevant changes in laws and regulations. The Directors are mindful that they should continue to update their skills and knowledge to sustain their active participation in board deliberations and maximise their effectiveness during their tenure. In addition, the Company Secretary updated the Directors of the changes to the Listing Requirements and key corporate governance developments from time to time.

Newly appointed Directors received induction on joining the Board which include briefings by the Board members with the necessary information to assist them in understanding the operations of the Company, current issues and corporate strategies, as well as the structure and management of the Company. Mr. Lau Mun Cheong was appointed to the Board on 27 February 2020, had attended the MAP in April 2020 to facilitate himself with comprehensive understanding of the roles and responsibilities as director, key obligations of listed companies and director under Listing Requirements of Bursa Malaysia as well as the importance of corporate governance.

Corporate Governance Overview Statement (cont'd)

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

Directors	Title of Course
Datuk Lai Siew Wah	<ul style="list-style-type: none"> Key Disclosure Obligations of a Listed Company - Financial Reporting (In-house seminar by CKM Advisory Sdn Bhd)
Datuk Lai Voon Hon	<ul style="list-style-type: none"> PAM Public Design Lecture Series: Reminisce of An Architect : Dato' Lai Lok Kun Architecture in the Era of the Fourth Industry Revolution (PAM) Key Disclosure Obligations of a Listed Company - Financial Reporting (In-house seminar by CKM Advisory Sdn Bhd) KLAF 2019 DATUM (PAM) OAK Journal Workshop (YPO) Speak to Influence (YPO)
Lai Voon Huey, Monica	<ul style="list-style-type: none"> Own your worth (UBS AG) Key Disclosure Obligations of a Listed Company - Financial Reporting (In-house seminar by CKM Advisory Sdn Bhd) Mid-Year Outlook 2019: The Path Ahead (Bank of Singapore) Thematic Workshop - Workshop on Corporate Liability Provision (Section 17A) of the MACC Act 2009 (Bursa Malaysia) Year Ahead 2020 – The Decade of Transformation (UBS AG)
Chan Chee Kian	<ul style="list-style-type: none"> Key Disclosure Obligations of a Listed Company - Financial Reporting (In-house seminar by CKM Advisory Sdn Bhd) JLW Annual Quarterly Subscribers' Forum and Luncheon 2019 (Jones Lang Wootton Malaysia)
Tan Thiam Chai	<ul style="list-style-type: none"> Key Disclosure Obligations of a Listed Company - Financial Reporting (In-house seminar by CKM Advisory Sdn Bhd)
Datuk Lai Jaat Kong @ Lai Foot Kong	<ul style="list-style-type: none"> Key Disclosure Obligations of a Listed Company - Financial Reporting (In-house seminar by CKM Advisory Sdn Bhd) Malaysia-China Investment Promotion 2019 (Master Builder Association Malaysia)
Hoe Kah Soon	<ul style="list-style-type: none"> Case Study Workshop for Independent Directors (Bursa Malaysia) Key Disclosure Obligations of a Listed Company - Financial Reporting (In-house seminar by CKM Advisory Sdn Bhd) Good Governance Seminar (Higher Institution) Sustainability-Inspired Innovations: Enablers of the 21st Century (Bursa Malaysia)
Dato' Azmi bin Abdullah	<ul style="list-style-type: none"> FIDE Forum - Risk for Directors Kuala Lumpur Islamic Finance Forum (KLIFF) Key Disclosure Obligations of a Listed Company - Financial Reporting (In-house seminar by CKM Advisory Sdn Bhd) Sustainability-Inspired Innovations: Enablers of the 21st Century (Bursa Malaysia) Audit Oversight Board Conversation with Audit Committees (Securities Commission Malaysia) KWAP Training - Board Risk Fraud
Haji Mohd. Sharif bin Haji Yusof (retired on 29 August 2019)	<ul style="list-style-type: none"> Key Disclosure Obligations of a Listed Company - Financial Reporting (In-house seminar by CKM Advisory Sdn Bhd) Sustainability Reporting Guide & The 6 Sustainability Reporting Toolkits under Bursa's Listing Requirements - The Intricacies of Sustainability Reporting & Developing a Sustainability Framework (MAICSA) ACI Breakfast Roundtable 2019 (KPMG)
Lau Mun Cheong (appointed on 27 February 2020)	Nil

III. REMUNERATION

The Board has put in place a remuneration policy for Directors so as to ensure it is sufficient to attract, retain and motivate the Directors needed to manage the Group successfully. In the case of Executive Directors, in addition to directors' fee, their remuneration packages are structured so as to link rewards to corporate and individual performance and to commensurate with their experience, skills and responsibilities arising from their respective executive/management positions in the Group as well as benchmarking against industry standards. In the case of Non-executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular Non-executive Directors concerned. Non-executive Directors will be paid directors' fee and board committees' fees based on their responsibilities in Board committees. In addition, all Directors are indemnified under a Directors' and Officers' Liability Insurance against any liability incurred by them in the discharge of their duties.

Corporate Governance Overview Statement (cont'd)

The NRC consists exclusively of independent directors as follows:-

1. Dato' Azmi bin Abdullah (*Chairman*)
2. Hoe Kah Soon
3. Lau Mun Cheong

The NRC is responsible for recommending the remuneration packages of the Directors for consideration and approval by the Board. The Directors play no part in decision on their own remuneration. The Company reimburses reasonable expenses incurred by these Directors in the course of their duties as Directors. The directors' fees and benefits payable to the Directors are recommended by the Board and approved by the shareholders at the AGM.

The NRC reviewed the remuneration of the executive board before recommending the same for the Board's approval. The Directors concerned were abstained from deliberation and voting on their own remuneration.

The Company has policy to determine the remuneration of the senior management which shall commensurate with their experience, skills and education as well as benchmarking against industry standards. The top five (5) senior management comprises the five (5) Executive Directors including the Executive Chairman and the details of their respective remuneration were as disclosed below.

The details of the remuneration of the Directors during the financial year ended 31 March 2020 (received from the Company and on a group basis) are as follows:

Name of Directors	Salaries (RM)	Fees (RM)	Bonuses & Incentives (RM)	Defined Contribution Plan (RM)	Benefits In-Kind (RM)	Total (RM)
Executive Directors						
Datuk Lai Siew Wah	946,080	50,000	–	–	22,700	1,018,780
Datuk Lai Voon Hon	889,200	40,000	–	106,704	22,700	1,058,604
Lai Voon Huey, Monica	798,000	40,000	–	95,760	24,600	958,360
Chan Chee Kian	504,000	40,000	–	60,480	24,600	629,080
Tan Thiam Chai	–	40,000	–	–	–	40,000
Non-executive Directors						
Datuk Lai Jaat Kong @ Lai Foot Kong	–	40,000	–	–	–	40,000
Hoe Kah Soon ^(a)	–	48,186	–	–	–	48,186
Dato' Azmi bin Abdullah	–	48,000	–	–	–	48,000
Lau Mun Cheong ^(b)	–	4,471	–	–	–	4,471
Haji Mohd. Sharif bin Haji Yusof ^(c)	–	20,685	–	–	–	20,685
Received from the Company	3,137,280	371,342	–	262,944	94,600	3,866,166
Executive Director						
Tan Thiam Chai	581,160	–	–	82,368	24,600	688,128
Received from a subsidiary	581,160	–	–	82,368	24,600	688,128
Total Group	3,718,440	371,342	–	345,312	119,200	4,554,294

(a) Hoe Kah Soon was redesignated as Chairman of AC on 27 February 2020.

(b) Lau Mun Cheong was appointed as Director and member of AC on 27 February 2020.

(c) Haji Mohd. Sharif bin Haji Yusof retired on 29 August 2019.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

The Board aims to present a balanced, clear and meaningful assessment of the Group's position and prospect in all their reports to the shareholders, investors and regulatory authorities. This assessment is primarily provided in the Annual Report through the Chairman's Statement, Management Discussion & Analysis, annual financial statements and quarterly announcement of results through Bursa LINK. The AC assists the Board in overseeing the financial reporting of the Group by reviewing the quarterly financial results and annual audited financial statements to ensure that they are drawn up in accordance with the applicable financial reporting standards and the requirements of the Companies Act 2016 prior to recommending them for approval by the Board and subsequent issuance to the shareholders.

The AC comprises three (3) INEDs. It is chaired by Hoe Kah Soon and he is not the Chairman of the Board. All the AC members have sound knowledge on financial and accounting matters and also with the knowledge gained through extensive service on the boards of other companies, have enabled them to discharge their duties and responsibilities efficiently. By attending the continuous professional development programmes has enabled them to keep abreast with relevant developments in accounting and auditing standards, practices and rules.

The NRC assessed the performance of the AC and its members through an annual evaluation. Based on the outcome of the evaluation for the financial year under review, both the NRC and the Board were satisfied with the AC's performance. The information on the composition, attendance record and summary of activities of the AC is presented in the Audit Committee Report of this Annual Report.

Assessment of Suitability and Independence of External Auditors

A transparent and professional relationship with the external auditors to enable them to independently report to shareholders in accordance with the statutory and professional requirement is established through the AC. The role of the AC members in relation to the external auditors is stated in the Audit Committee Report of this Annual Report.

The AC assesses the performance, competency and professionalism demonstrated by the external auditors during the year. Prior to making a recommendation on the continuance of the incumbent external auditors, the AC performs an annual assessment on the objectivity, qualifications, expertise, resources and effectiveness of the external auditors. Any provision of non-audit services by the external auditors or its affiliate companies will be reviewed to ascertain whether such provision of services would impair the auditor's independence or objectivity. The AC also obtained written confirmation from the external auditors that they are and have been, independent throughout the conduct of the audit engagement in accordance with the terms and the relevant professional and regulatory requirements.

Having considered all of the above criteria, the AC recommended to the Board for RSL PLT to be re-appointed by shareholders as external auditors of the Company for the financial year ending 31 March 2021 at the forthcoming AGM, subject to their fulfillment of all regulatory requirements.

II. Risk Management and Internal Control Framework

The Board acknowledges its overall responsibility for the Group's system of risk management and internal control, which includes the establishment of an appropriate control environment and framework, reviewing the integrity, effectiveness and adequacy of these systems to ensure that the Group's assets and the shareholders' interests are safeguarded.

The Company has in place an ongoing process for identifying, evaluating and managing significant risks that may affect the achievement of the business objectives of the Group. The AC is delegated with the oversight responsibility of risk management. The Board, through its AC, reviews the key risks identified to ensure proper management and mitigation of risks within its control.

The Group's Internal Audit function, which is outsourced to a professional service firm, is an integral part of the assurance mechanism in ensuring that the Group's system of internal control is adequate and effective. The Internal Audit function reports directly to the AC.

The Statement on Risk Management and Internal Control which provides an overview of the state of internal control within the Group is set out in the Company's Annual Report 2020.

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

I. Communication with Stakeholders

The Board values regular communications with shareholders and investors. These include various announcements made during the year, the timely release of annual reports, circulars to shareholders, press releases, announcements of quarterly and annual financial results, which provide shareholders with an overview of the Group's business and financial performances. The Executive Directors hold press conference with journalists immediately after general meetings. The Executive Directors together with the Management may also hold meetings and interviews with investors and journalists to present and update on the Group's strategy, performance, major developments and launches of property developments.

In addition, the Group has a website, www.ireka.com.my that shareholders and investors can access for up-to-date information. To maintain a high level of transparency and to effectively address any issues or concerns, the Group has a dedicated electronic mail, i.e. enquiry@ireka.com.my to which stakeholders can direct their queries or concerns.

Corporate Governance Overview Statement (cont'd)

The Board has identified Dato' Azmi bin Abdullah as the Senior Independent Non-executive Director to whom concerns relating to the Company may be conveyed by shareholders and stakeholders.

II. Conduct of General Meetings

The Board recognises the AGM as a principal forum for dialogue and interaction with shareholders. Hence, venue of the meeting is set at a place which is easily accessible to shareholders and notice of AGM of at least 28 days prior to the date of the meeting is given to the shareholders to allow sufficient time for the shareholders to consider the resolutions that will be discussed and decided at the AGM. Besides releasing announcement through the website of Bursa Malaysia Securities Berhad and dispatching notices to the shareholders, the notice of the AGM is also published in a nationally circulated newspaper and posted on the Company's website.

The notice of AGM, which sets out the businesses to be transacted at the AGM, is accompanied by full explanation of the purposes and effects of a proposed resolution where applicable so as to enable shareholders to make informed decisions in exercising their voting rights.

At the AGM, the Board presents an overview of the performance of businesses in the Group to keep the shareholders informed and updated on current developments of the Group. All shareholders are encouraged to participate in the question and answer sessions. Every opportunity is given to the shareholders to ask questions and seek clarification on the business and affairs of the Company and the Group. All Directors will attend general meetings unless unforeseen circumstances preclude them from attending the meetings. All Directors of the Company attended the previous AGM held on 29 August 2019. The Chairman of the Board Committees was present to facilitate discussion on matters such as audit, nomination, remuneration and risk management. Members of the Senior Management and representatives of the external auditors were also present to respond to any queries by the shareholders.

All the resolutions set out in the notice of general meeting shall be voted by poll. Votes of any shareholders who are absent from the general meeting are cast via the proxies. An independent scrutineer shall be appointed to verify the results of the poll. The outcome of all resolutions proposed at the general meeting is announced via Bursa LINK showing the number of votes cast for and against each resolution at the end of the meeting day. The extract of minutes of general meeting are also made available to shareholders and public for reference at www.ireka.com.my.

KEY FOCUS AREAS AND FUTURE PRIORITIES

Moving forward, the Board will continue to improve the Company's corporate governance practices by taking steps to address the current departures from the practices stipulated in the Code and instill a risk and governance awareness culture and mindset throughout the Group in the best interests of all stakeholders. The Board has identified the following forward-looking action items that will help it to achieve its corporate governance objectives:-

Boardroom Diversity

The Board recognises the importance of having a diverse Board in terms of experience, skills, competence, ethnicity, gender, cultural and age. The Board is fully endorsed that female candidates should be included in the evaluation process for appointment of new directors to the Board.

Continuous Regulatory and Compliance Monitoring

The Board will continue to oversee and monitor regulatory compliance and ensure that proper policies and procedures are maintained, with a focus on anti-bribery and corruption compliance.

Remote Shareholders' Participation at General Meetings

With the outbreak of Covid-19 pandemic, the Company will explore feasible way of conducting general meetings remotely and voting in absentia at a reasonable cost to enable shareholders' participation while observing the directives, safety and precautionary requirements as prescribed by the Government to curb the spread of pandemic.

This Corporate Governance Overview Statement and the Corporate Governance Report have been approved by the Board of Directors at the Board meeting held on 27 August 2020.

Additional Compliance Information

1. Utilisation of Proceeds Raised from Corporate Proposal

The Company entered into a subscription agreement with CRRC Urban Traffic (Europe) Co. Ltd. ('CRRC Europe') on 4 December 2017 for the subscription by CRRC Europe of 15,836,000 ordinary shares of the Company representing approximately 9.27% of the total issued shares in Ireka for a total subscription price of RM9,176,962.

As at 31 July 2020, the status of the utilisation of proceeds raised from the share subscription is as follows:

	Estimated timeframe for utilisation	Proposed utilisation (RM)	Actual utilisation (RM)	Balance (RM)
Working Capital	Within 12 months from receipt of funds	9,026,962	8,750,264	276,698

2. Audit and Non-Audit Fees

The amount of audit and non-audit fees paid or payable for the services rendered to the Company and/or the Group by its external auditors, RSL PLT or their affiliated companies for the financial year ended 31 March 2020 are as follows:

	Group (RM)	Company (RM)
Audit fees	356,873	90,000
Non-audit fees*	113,420	113,420

* The non-audit fees paid or payable for the services rendered to the Company and/or the Group by RSL PLT consist of limited review of quarterly results and review of the Statement on Risk Management and Internal Control.

3. Material Contracts

There were no material contracts entered into by the Company and its subsidiaries (not being contracts entered into in the ordinary course of business) which involved the interests of Directors and/or major shareholders, either still subsisting at the end of the financial year ended 31 March 2020 or entered into since the end of the previous financial year.

4. Recurrent Related Party Transactions ('RRPT')

The Company had at the 43rd Annual General Meeting ('AGM') of the Company held on 29 August 2019 obtained shareholders' mandate for the Group to enter into RRPT, which are necessary for its day-to-day operations and are in the ordinary course of business with the related parties. The shareholders' mandate shall lapse at the conclusion of the Company's forthcoming AGM. The Company intends to seek a renewal of the shareholders' mandate for the RRPT at the Company's forthcoming AGM.

The details of the renewal of the shareholders' mandate to be sought are set out in the Circular to Shareholders dated 28 August 2020 which is dispatched together with this Annual Report.

The details of the RRPTs transacted during the financial year ended 31 March 2020 are disclosed in Note 35 to the financial statements contained in this Annual Report.

Statement on Risk Management and Internal Control

Pursuant to paragraph 15.26(b) of the Bursa Malaysia Securities Berhad's ("Bursa Malaysia") Main Market Listing Requirements, the Board of Directors of Ireka Corporation Berhad ("the Group") is pleased to present the Statement on Risk Management and Internal Controls of the Group for the financial year ended 31 March 2020. This Statement has been prepared in accordance with the above requirements and as guided by the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers.

BOARD RESPONSIBILITY

The Board recognises the importance of a sound system of internal control and risk management framework to good corporate governance. The Board acknowledges its responsibility in maintaining a sound and effective risk management control system to safeguard shareholders' interest and the Group's assets. This includes the establishment of an appropriate control environment and framework, reviewing the integrity, effectiveness and adequacy of these systems to manage the key risks identified.

In view of the limitations that are inherent in the systems of risk management and internal controls, the Board recognises that the systems is designed to manage risks that may impede the achievement of the Group's business objectives rather than to eliminate these risks. The system can only provide reasonable but not absolute assurance against material misstatement, loss or fraud.

The Group's risk management process and internal control systems do not apply to associate companies and jointly controlled entities where the Group does not have full management control. The Group's interests in these jointly controlled entities are closely monitored through periodic receipt of their management accounts and Board's representation in these companies.

The Board is of the view that the system of risk management and internal controls in place for the year under review and up to the date of issuance of this Statement, is appropriate to business operations and that risks taken are at a reasonable level within the operations of the Group. The Board has received assurance from the Group Managing Director and Chief Financial Officer that the Group's system of risk management and internal controls is operating adequately and effectively, in all material aspects.

RISK MANAGEMENT

The Board recognises that an effective risk management practices is essential for the Group in pursuit of its corporate objectives, in today's challenging business environment. The Chief Executive Officer ('CEO') of subsidiary companies, key management staff and divisional heads are delegated with the responsibilities for identification and management of risks in their day-to-day operations within defined parameters and standards. They are accountable for all risks and internal controls assumed under their respective areas of responsibility; and responsible for creating a risk-awareness culture to ensure risk management and internal control principles are embedded in operational processes, project evaluation and monitoring. The deliberation of risks and related mitigating responses are carried out at the divisional operation meetings and duly recorded in the risk sheets for control and monitoring by the respective CEO.

The risk identification process involves reviewing and identifying the possible risk exposure arising from changes in both external business environment and internal operating conditions. The risk measurement guidelines comprised quantitative and qualitative measures of risk consequences based on the risk likelihood rating and risk impact rating. Risk Profile consists of principal business risks which are identified and documented in the Risks Register. The Risks Register includes the description of risk, consequence if risk were to crystallise, the likelihood and impact of the risk to the Group. The Group Risk Management Reports were tabled to the Audit Committee on 26 November 2019 and 30 June 2020 for their review. The Audit Committee also reviewed and approved the Risk Management Framework and Policy & Procedure on 28 February 2020.

The Executive Directors and CEO of the respective business unit ensure all key risks affecting the business operation and achievement of their objectives are considered and incorporated into their FY 2020 business plan and 5-year corporate strategy. The Board is of the view that it is an ongoing process for identifying, evaluating, monitoring and managing the key risks in their daily operation activities for the year under review and up to the date of issuance of this Statement.

The Group has identified, evaluated and put in place measures to mitigate the principal risks faced by the business operations.

KEY RISKS	DESCRIPTION	MITIGATION STRATEGY
Competitive Market	Due to sluggish market condition, the Group faces intense competition across its business units.	<ul style="list-style-type: none">For construction, to participate and tender for projects which the Group has established and proven experience and expertise, as well as competitive edge.Construction Division to support the Urban Transportation Division in its initiatives/projects which the Group now venturing into.To revise sales and pricing strategies for property projects to cater for changing market requirements and to offer innovative products.To establish and continue to strengthen relationship with suppliers and customers.

Statement on Risk Management and Internal Control (cont'd)

KEY RISKS	DESCRIPTION	MITIGATION STRATEGY
Economic impact of COVID-19 Pandemic	Economic outlook in Malaysia is expected to be poor, due to unprecedented COVID-19 Pandemic. The resulting Movement Control Orders ("MCO") caused disruption to business and operation of many companies, such as the Group. Consumers are cautious amid uncertain times and concern over job security.	<ul style="list-style-type: none"> The Executive Board and Top Management are aware of the challenges faced by the Group and have implemented and will continue to implement various measures/strategies to minimise the impact of COVID-19 Pandemic and MCOs on the Group. These include the right sizing of the work force, and putting on hold expansionary plans. <p>Nonetheless, with the relaxation of the MCOs and with businesses slowly returning to normalcy, the Group is hopeful that business conditions will improve on the back of a series of economic stimulus packages announced by the Government to provide relief to businesses and households, is optimistic with the Group's ability to weather the challenges.</p>
Delay in project completion	<p>The Group understands the financial and reputational implications of delay in completing construction projects and handing over of units to customers. Delays may lead to exposure of Liquidated and Ascertained Damages ("LAD") claims from buyers.</p> <p>Movement Control Orders ("MCO") arising from the COVID-19 Pandemic have caused disruption to business operations. Project delays will have negative impact on cashflow and profitability of the Group.</p>	<ul style="list-style-type: none"> Implementation of technology to improve efficiencies and productivity and to use industrialised building system and formworks for construction. Have in place project management plan/tool and quality management system. Established policy and procedures in selection of consultants to ensure only qualified and competent contractors and consultants are selected. Close monitoring of work progress on site and of contractor performance. To implement "catch-up" construction work programme to reduce days of delay caused by MCOs.

INTERNAL AUDIT FUNCTION

The Group's Internal Audit Function assists the Board and Audit Committee ('AC') by providing an independent assessment of the adequacy and effectiveness of the Group's risk management and internal control systems. Further details of the Internal Audit Function are set out in the Audit Committee Report on pages 31 to 32 of this Annual Report.

Other Key Elements of Internal Control

The other key elements of the Group's internal control systems are described as follows:

- clearly defined delegation of responsibilities to committees of the Board and to Management of operating units, including authorisation levels for all respects of the business which are set out in the authority matrix;
- clearly documented internal procedures in respect of operational and financial processes as set out in the ISO 9001:2008 and ISO 9001:2015 Quality Management System Documents and the Financial Processes Manual;
- regular and comprehensive information provided to the Board and AC covering financial performance and key business indicators;
- a detailed budgeting process where operating units prepare budgets for coming year and approved by the Executive Management;
- monitoring of results against budget, with major variances being followed up and management actions taken, where necessary during respective Key Performance Index project meetings, management meetings and Board meetings; and

- regular visits to operating units by Executive Directors, CEOs and Senior Management; compliance with the Group's rules and regulations and employee conduct as set out in the Group's Human Resource Policies.

Review of Statement

The external auditors have reviewed this Statement for inclusion in the Annual Report 2020 and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of risk management and internal controls.

Conclusion

There have been no significant weaknesses noted during the year which have resulted in any material losses. The Board is of the view that the Group's system of risk management and internal controls is adequate and effective to safeguard shareholders' investments and the Group's assets. However, the Board is also cognizant of the fact that the Group's system of risk management and internal controls practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board shall continue to take appropriate and necessary measures and implement the recommendations of the internal auditors to further enhance the existing system of risk management and internal controls.

This Statement on Risk Management and Internal Control has been approved by the Board of Directors at the Board meeting held on 27 August 2020.

Audit Committee Report

MEMBERS OF THE AUDIT COMMITTEE

During the financial year under review, the Audit Committee ("AC") comprises the following members:

- 1) Hoe Kah Soon
Chairman/Independent Non-executive Director
- 2) Dato' Azmi bin Abdullah
Member/Senior Independent Non-executive Director
- 3) Lau Mun Cheong
Member/Independent Non-executive Director
(appointed on 27 February 2020)
- 4) Haji Mohd. Sharif bin Haji Yusof
Chairman/Senior Independent Non-executive Director
(retired on 29 August 2019)

The members of the AC consist solely of Independent Non-executive Directors. All members are financially literate and the Chairman of the AC graduated with a Bachelor of Accounting (First Class Honours) and in the same year successfully completed the MICPA examinations.

ATTENDANCE OF MEETINGS

During the financial year ended 31 March 2020, a total of six (6) AC meetings were held and the details of the attendance of the members are as follows:

Name	No. of Meetings Attended
Hoe Kah Soon	6/6
Dato' Azmi bin Abdullah	6/6
Lau Mun Cheong (appointed on 27 February 2020)	—
Haji Mohd. Sharif bin Haji Yusof (retired on 29 August 2019)	4/4

The Executive Director who is primarily responsible for the accounting records and financial management of the Group, head of the Risk Exco Committee, representatives of the outsourced internal audit function and the external auditors were invited to attend the AC meetings, when required, to explain and provide the AC with clarification on the activities involving their area of responsibilities.

The AC Chairman would brief the Board on the proceedings of each AC meeting. Minutes of each AC meeting were tabled for confirmation at the following AC meeting.

TERMS OF REFERENCE

The terms of reference of the AC was reviewed on 27 February 2020 and are available on the Company's website at www.ireka.com.my.

SUMMARY OF ACTIVITIES

The following activities were carried out by the AC for the financial year ended 31 March 2020 in discharging its functions:

- 1) Reviewed the quarterly unaudited financial results and year-end financial statements of the Group before recommending for the approval by the Board, focusing particularly on:
 - i) changes in or implementation of major accounting policies;
 - ii) significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters were addressed; and
 - iii) compliance with accounting standards and other legal requirements
- 2) Reviewed the external auditors' report on their audit plan, scope of works and the audit procedures to be adopted in the annual audit;
- 3) Reviewed and discussed with the external auditors on the key audit matters raised from the results of their annual audit, the management letter and the audit report;
- 4) Reviewed the annual audited financial statements of the Company and the Group, which have been prepared in compliance with the applicable Financial Reporting Standard and in accordance with the provision of the Companies Act 2016, together with the external auditors prior to submission to the Board for consideration and approval;
- 5) Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control and recommended to the Board for approval prior to the inclusion in the Company's Annual Report;
- 6) Considered the renewal of the proposed general mandate for recurrent related party transactions of a revenue or trading nature and the draft circular to shareholders before recommending to the Board for approval;
- 7) Invited the Executive Director who is primarily responsible for the accounting records and financial management of the Group, to all the AC meetings to facilitate direct communication and to provide clarification on issues relating to the financial results of the Group, significant financial reporting issues and judgments made on the accounting matters;
- 8) Reviewed and deliberated on internal audit reports tabled during the year, the audit recommendations made and Management's response to these recommendations. The AC briefed the Board on audit findings, sought clarifications from the Executive Directors on internal control matters and provided its views and recommendations on areas where improvements could be made;
- 9) Reviewed the results of follow-up audits conducted by the internal auditors on the Management's implementation of audit recommendations to ensure that corrective actions have been implemented in a timely manner;

Audit Committee Report (cont'd)

- 10) Reviewed all related party transactions entered into by the Company and the Group to ensure that such transactions were undertaken at arm's length and on normal commercial terms prior to submission for the Board's approval;
- 11) Reviewed the actual values of recurrent related party transactions entered into by the Company and the Group against the approved estimated values mandated by shareholders on a quarterly basis;
- 12) Reviewed the key risks identified by the Chief Executive Officers of the Group's core businesses as contained in the Group Risk Management Reports before recommending the same for the Board's consideration; and
- 13) Reviewed, assessed and monitored the performance, competency and professionalism demonstrated by the external auditors. The AC noted the audit independence of the external auditors and recommended to the Board for their re-appointment to be tabled for approval at the forthcoming Annual General Meeting, subject to their fulfillment of all regulatory requirements.

INTERNAL AUDIT FUNCTION AND SUMMARY OF ACTIVITIES

The Group's internal audit function, which reports directly to the AC, is outsourced to Tricor Axcelasia Sdn Bhd (formerly known as Axcelasia Columbus Sdn Bhd). The main role of the internal audit function is to undertake regular reviews of the Group's systems of controls, procedures and operations so as to provide independent and objective assurance to the AC regarding the adequacy and effectiveness of internal control, risk management and governance systems. The Engagement Executive Director is Mr Mah Siew Hoong who has diverse professional experience in internal audit, risk management and corporate governance advisory. He is a Chartered Member of the Institute of Internal Auditors Malaysia, a member of the Malaysian Institute of Accountants and a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom. Mr Mah is a Certified Internal Auditor (USA) and has a Certification in Risk Management Assurance (USA).

The number of staff deployed for the internal audit reviews is ranging from 4 to 5 staff per visit including the Engagement Executive Director. The staff involved in the internal audit reviews possesses professional qualifications and/or a university degree. Certain staff are members of the Institute of Internal Auditors Malaysia. The internal audit staff on the engagement are free from any relationships or conflict of interest, which could impair their objectivity and independence, and the internal audit reviews were conducted using a risk based approach and were guided by the International Professional Practice Framework.

During the financial year ended 31 March 2020, the outsourced internal audit function carried out audits in accordance with the risk-based internal audit plan approved by the AC. The entities and business processes reviewed were as follows:

Entity	Business Processes
Ireka Corporation Berhad	• Human resource management
Ireka Engineering & Construction Sdn Bhd	• Procurement of materials and services
Ireka Development Management Sdn Bhd	• Sales and marketing

The Internal Auditors also presented the follow-up status report on previously reported audit findings in respect of the following entities and business processes:

Entity	Business Processes
Ireka Corporation Berhad	• Human resource management
Ireka Engineering & Construction Sdn Bhd	• Project operation risk management • Construction • Materials management at site
Ireka Development Management Sdn Bhd	• Project closure • Pre development

The results of the audit reviews were discussed with the Senior Management and subsequently, the audit findings including the recommendations for improvement were presented to the AC at scheduled meetings. In addition, the internal audit function carried out follow up reviews to ensure that corrective actions have been implemented in a timely manner by Management and the results of such reviews are also periodically reported to the AC. Although a number of internal control weaknesses were identified, none of the weaknesses have resulted in any material losses that would require separate disclosure in this annual report.

The total costs incurred for the outsourcing of the Internal Audit function for the financial year ended 31 March 2020 was RM61,490.28.

Statement of Directors' Responsibility

for preparing the Financial Statements

(Pursuant to Paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

The Directors are responsible for the preparation of the financial statements of the Group in accordance with the Malaysian Financial Reporting Standards, the Companies Act 2016 ('Act') and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2020 and of the results and cash flows of the Company and of the Group for the financial year then ended.

In preparing the financial statements, the Directors have:

- applied suitable and approved accounting policies consistently;
- made reasonable, prudent judgments and estimates;
- ensured strict adherence of all applicable accounting standards, subject to any material departures disclosed and explained in the financial statements; and
- prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

The Directors have responsibility for ensuring that the Company and the Group keep accounting records which disclose with reasonable accuracy the financial position of the Company and of the Group and are kept in accordance with the Act.

The Directors have overall responsibilities to take such steps as reasonably available to them to safeguard the assets of the Group, to prevent and detect fraud and other irregularities.

This Statement has been approved by the Board of Directors at the Board meeting held on 27 August 2020.

Financial Statements

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Directors' Report

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

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services.

The principal activities of the subsidiaries within the Group are stated in Note 9 to the financial statements.

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

FINANCIAL RESULTS

	Group RM	Company RM
Loss before tax	(36,162,932)	(9,440,000)
Taxation	(3,776,813)	–
Loss for the year	(39,939,745)	(9,440,000)
Attributable to:		
Owners of the parent	(40,362,572)	(9,440,000)
Non-controlling interests	422,827	–
	(39,939,745)	(9,440,000)

In the opinion of the Directors, the results of the operations of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

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

DIRECTORS OF THE COMPANY

The Directors who held office during the year since the date of the last report and as at the date of this report are:

Datuk Lai Siew Wah
Datuk Lai Voon Hon
Lai Voon Huey
Datuk Lai Jaat Kong @ Lai Foot Kong
Haji Mohd. Sharif Bin Haji Yusof – Resigned w.e.f. 29.8.2019
Tan Thiam Chai
Hoe Kah Soon
Dato' Azmi Bin Abdullah
Chan Chee Kian
Lau Mun Cheong – Appointed w.e.f. 27.2.2020

The persons who are Directors of the subsidiary companies of Ireka Corporation Berhad during the year are disclosed in Note 9 to the financial statements.

Directors' Report (cont'd)

DIRECTORS' BENEFITS

During and at the end of the previous financial year no arrangements subsisted, to which the Company or its subsidiaries is a party, with the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

No Director has, since the end of the previous financial year, received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the financial statements or the fixed salary of a full-time employee of the Company) 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, except as disclosed in Note 35 to the financial statements.

DIRECTORS' REMUNERATION

Directors' remuneration paid or payable to the Directors of the Company during the financial year are disclosed in Note 31 to the financial statements.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in ordinary shares and warrants of the Company are as follows:

Interest in ordinary shares of the Company:

Number of ordinary shares

<i>Direct Holding</i>	At 1.4.2019	Addition	Disposal	At 31.3.2020
Datuk Lai Jaat Kong @ Lai Foot Kong	8,999,900	100	–	9,000,000
Datuk Lai Voon Hon	18,000	–	–	18,000
Lai Voon Huey	9,000	–	–	9,000
Tan Thiam Chai	29,250	–	–	29,250
<i>Indirect Holding</i>				
Datuk Lai Siew Wah ⁽ⁱ⁾	73,502,997	–	–	73,502,997
Datuk Lai Voon Hon ⁽ⁱ⁾	73,502,997	–	–	73,502,997
Lai Voon Huey ⁽ⁱ⁾	73,502,997	–	–	73,502,997

Interest in warrants of the Company:

Number of warrants 2014/2019

<i>Direct Holding</i>	At 1.4.2019	Addition	Lapsed	At 31.3.2020
Datuk Lai Jaat Kong @ Lai Foot Kong	2,924,050	–	(2,924,050)	–
Datuk Lai Voon Hon	6,000	–	(6,000)	–
Lai Voon Huey	3,000	–	(3,000)	–
Tan Thiam Chai	9,750	–	(9,750)	–
<i>Indirect Holding</i>				
Datuk Lai Siew Wah ⁽ⁱ⁾	24,500,999	–	(24,500,999)	–
Datuk Lai Voon Hon ⁽ⁱ⁾	24,500,999	–	(24,500,999)	–
Lai Voon Huey ⁽ⁱ⁾	24,500,999	–	(24,500,999)	–

(i) Deemed interest through Ideal Land Holdings Sdn Bhd

Directors' Report (cont'd)

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

There has been no change in the issued and paid-up capital of the Company during the financial year.

The Group and the Company have not issued any debentures during the financial year.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains Directors and officers' liability insurance for purpose of Section 289 of the Companies Act, 2016, throughout the year, which provides appropriate insurance cover for Directors and officers of the Company. The amount of insurance premium paid during the year amounted to RM10,610.

OTHER STATUTORY INFORMATION

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

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for impairment and satisfied themselves that all known bad debts had been written off and that adequate allowance for impairment had been made; and
- (b) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

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

- (a) the amount written off for bad debts or the amount of the allowance for impairment in the financial statements of the Group and of the Company inadequate to any substantial extent; and
- (b) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

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

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

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

- (a) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the Directors:

- (a) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
- (b) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made except as disclosed in Note 39 and 40 to the financial statements.

Directors' Report (cont'd)

AUDITORS AND AUDITORS' REMUNERATION

The auditors, RSL PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 31 to the financial statements.

SIGNED ON BEHALF OF THE BOARD IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS

DATUK LAI VOON HON
Director

LAI VOON HUEY
Director

Petaling Jaya – 27 August 2020

Statement by Directors

Pursuant to Section 251(2) of the Companies Act, 2016

We, **DATUK LAI VOON HON** and **LAI VOON HUEY**, being two of the Directors of **IREKA CORPORATION BERHAD**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 45 to 116 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2020 and of their financial performance and cash flows for the year then ended.

**SIGNED ON BEHALF OF THE BOARD
IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS**

DATUK LAI VOON HON
Director

LAI VOON HUEY
Director

Petaling Jaya – 27 August 2020

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act, 2016

I, **LAI VOON HUEY**, being the Director primarily responsible for the accounting records and financial management of **IREKA CORPORATION BERHAD**, do solemnly and sincerely declare that the financial statements as set out on pages 45 to 116 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
LAI VOON HUEY
NRIC No. 660508-10-6572
At PETALING JAYA
in the state of SELANGOR DARUL EHSAN
on 27 August 2020

LAI VOON HUEY

Before me,

Commissioner for Oaths

Independent Auditors' Report

to the Members of Ireka Corporation Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Ireka Corporation Berhad, which comprise the statements of financial position as at 31 March 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 45 to 116.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("ByLaws") 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.

Material Uncertainty Related to Going Concern

We draw attention to Statements of Profit or Loss and Other Comprehensive Income, which indicates that the Group incurred a total comprehensive loss of RM39,857,893 and negative net operating cash flows of RM26,387,289 for the financial year ended 31 March 2020. This indicates the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. As stated in Note 4(a), the financial statements were prepared on a going concern basis as the Group attributes RM26,970,292 of its total comprehensive loss to the share of loss of its associate, Aseana Properties Limited, mainly from impairment loss on its Sandakan assets, which the Directors believe has no impact on the Group's operation and cashflow in the short to medium term. The financial statements do not include the adjustments that would be necessary should the Group be unable to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. 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 Financial Statements

Key Audit Matters	How the matter was addressed in our audit
Investment Properties	
The Group's Investment properties are carried at fair value. The Executive Directors engaged independent external valuer to determine the fair value of the investment properties. On an annual basis, the Executive Directors performed internal valuation based on actual transactions of similar type of properties and location.	Our audit procedures include:
We have identified the valuation of investment properties as a key audit matter because valuation included significant assumptions which are judgmental.	<ul style="list-style-type: none">Assessed the valuation methodology applied by the external valuers and the Group to ensure that they are appropriate for financial reporting purpose;Considered the qualifications of competence of the external valuers and assessed the scope of work of the external valuers; andAssessed information used in internal valuation by the Group and discussed with Executive Directors on their relevance and appropriateness.
Refer to Note 4(k) – Significant Accounting Policies: Investment properties; Note 8 – Investment properties.	

Independent Auditors' Report

to the Members of Ireka Corporation Berhad (cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

Group Financial Statements (cont'd)

Key Audit Matters	How the matter was addressed in our audit
Investment in Associates	
<p>The Group has an associated company listed on the London Stock Exchange main board – Aseana Properties Limited (“ASPL”).</p> <p>We have identified the quoted investment of ASPL of RM90,477,082 as at 31 March 2020 as a key audit matter because of the significance of the amount and the valuation models used by the valuers of ASPL to determine its fair value and its significant assumptions which are judgmental.</p> <p>Refer to Note 4(g) – Significant Accounting Policies: Associates; Note 10 – Investment in associates.</p>	<p>Our audit procedures include:</p> <ul style="list-style-type: none"> Assessed publicly available information of ASPL including annual reports, interim reporting, quarterly investor updates and corporate presentations from independence adviser; Discussed with the Executive Directors on the reasonableness of valuation methodology applied by the external valuers’ of ASPL which were ‘in accordance with the International Valuation Standards (“IVS”) or in accordance with the Royal Institute of Chartered Surveyor Guidelines’ (“RICS”); and Assessed the reasonableness of ASPL’s cash flow model’s key assumptions.
Trade and other receivables	
<p>The Group and the Company have assessed the expected credit loss of financial assets incorporating expected loss rates, forward-looking information and probability-weighted estimates. We focused on this area because management’s assessment of ECL requires significant judgement over the expected loss rates, forward-looking information and probability-weighted estimates.</p> <p>Refer to Note 4(n)(viii) – Significant Accounting Policies: Impairment; Note 14 – Trade and other receivables.</p>	<p>Our audit procedures performed in this area included:</p> <ul style="list-style-type: none"> Assess the adequacy of ECL provided by management; Test the retention balances by corroborating the retention sum amount to customer correspondence and the original contracts. For retentions that are overdue, review the status of the projects and assess the recoverability of such balances; and Assessed the appropriateness of the disclosures.
Revenue and cost recognition of construction contract	
<p>A significant proportion of the Group’s revenues and profits are derived from long term construction contracts which span over more than one accounting period.</p> <p>Revenue is recognised progressively over time based on stage of completion.</p> <p>The stage of completion is determined by the proportion that contract costs incurred for work performed to date against the estimated total construction costs.</p> <p>Refer to Note 4(m) and 4(u)(i) – Significant Accounting Policies: Construction contracts; Note 5(b)(ii) Significant Accounting Estimates And Judgments; Note 15 – Contract assets and liabilities; Note 27 – Revenue; Note 28 – Cost of sales.</p>	<p>Our audit procedures performed in this area included:</p> <ul style="list-style-type: none"> Tested the Group’s controls by checking for evidence of reviews and approvals over contract cost, setting budgets and recognised and recording of actual costs incurred; Checked the architect certificate against stage of completion of certain contracts to ascertain the reasonableness of the stage of completion recognised in the profit or loss; Assessed the assumptions in deriving at the estimates contract cost; Agreed a sample of costs incurred to date to invoice and/or progress claim, checked that they were allocated to the appropriate contract, and met the definition of contract costs; and Assessed the adequacy and reasonableness of the disclosures in the financial statements.

Independent Auditors' Report

to the Members of Ireka Corporation Berhad (cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

Company Financial Statements

Key Audit Matters	How the matter was addressed in our audit
Recoverability of Investment in subsidiaries and recoverability of amounts due from subsidiaries	
Investment in Subsidiaries RM104,786,840	Our audit procedures included:
Amounts due from subsidiaries RM56,113,544	Test of details:
Refer to Note 4(f) – Significant Accounting Policies: Subsidiaries; Note 9 – Investment in Subsidiaries Note 16 – Amounts due from subsidiaries	<ul style="list-style-type: none">We compared the carrying amount of all the investments with the relevant subsidiaries' financial statements to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and assessing whether those subsidiaries have historical been profit-making; andWe assessed all the intercompany debtors balances to identify, with reference to the relevant debtors' financial statements, whether they have a positive net asset value and therefore coverage of the debt owed.
	Subsidiary audit: We assessed the work performed by the subsidiary audit teams and considered the results of that work on subsidiaries' financial statements.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

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.

Independent Auditors' Report

to the Members of Ireka Corporation Berhad (cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in note 9 to the financial statements.

Other Matters

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

RSL PLT
LLP0020047-LCA & AF-0071
Chartered Accountants

LIM LIP CHIN
01931/02/2021 J
Chartered Accountant

Petaling Jaya – 27 August 2020

Statements of Financial Position

as at 31 March 2020

	Note	Group 2020 RM	2019 RM
ASSETS			
Non-current assets			
Property, plant and equipment	6	25,011,554	26,515,396
Right-of-use-assets	7	2,538,340	–
Investment properties	8	17,039,532	17,419,700
Investment in associates	10	82,331,320	114,646,659
Investment in joint venture	11	7,543,074	–
Other investments	12	33,500	33,500
Inventories	13	14,133,544	13,070,808
Deferred tax assets	25	180,413	27,676
Total non-current assets		148,811,277	171,713,739
Current assets			
Inventories	13	174,205,473	130,305,854
Trade and other receivables	14	113,449,882	131,457,830
Contract assets	15	43,642,968	3,635,788
Amounts due from associates	17	737	14,889,492
Cash and cash equivalents	18	27,602,575	33,207,492
Total current assets		358,901,635	313,496,456
TOTAL ASSETS		507,712,912	485,210,195
EQUITY AND LIABILITIES			
Equity			
Share capital	19	181,288,393	181,288,393
Warrant reserves	20	–	5,695,735
Other reserves	21	–	(5,695,735)
Foreign currency translation reserve	22	(1,870,107)	(1,951,959)
Accumulated losses		(102,065,104)	(61,702,532)
Equity attributable to owners of the parent		77,353,182	117,633,902
Non-controlling interests		35,586,399	27,163,569
Total equity		112,939,581	144,797,471
Non-current liabilities			
Borrowings	23	35,783,246	29,081,186
Lease liabilities	24	708,287	–
Deferred tax liabilities	25	3,580,960	3,222,000
Total non-current liabilities		40,072,493	32,303,186
Current liabilities			
Trade and other payables	26	194,334,390	231,676,779
Contract liabilities	15	58,125,429	6,278,090
Borrowings	23	97,682,308	69,785,911
Lease liabilities	24	2,876,894	–
Tax payable		1,681,817	368,758
Total current liabilities		354,700,838	308,109,538
Total liabilities		394,773,331	340,412,724
TOTAL EQUITY AND LIABILITIES		507,712,912	485,210,195

The accompanying notes form an integral part of the financial statements

Statements of Financial Position

as at 31 March 2020 (cont'd)

	Note	Company 2020 RM	2019 RM
ASSETS			
Non-current assets			
Property, plant and equipment	6	2,326,087	3,433,491
Right-of-use-assets	7	1,219,840	–
Investment in subsidiaries	9	104,786,840	104,786,840
Investment in associates	10	158,544,392	158,544,392
Investment in joint venture	11	7,650,000	–
Other investments	12	33,500	33,500
Total non-current assets		274,560,659	266,798,223
Current assets			
Trade and other receivables	14	2,598,544	973,782
Amounts due from subsidiaries	16	56,113,544	52,164,753
Amounts due from associates	17	737	14,889,492
Cash and cash equivalents	18	6,694,107	12,682,973
Total current assets		65,406,932	80,711,000
TOTAL ASSETS		339,967,591	347,509,223
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	19	181,288,393	181,288,393
Warrant reserves	20	–	5,695,735
Other reserves	21	–	(5,695,735)
Retained earnings		77,684,809	87,124,809
Total equity		258,973,202	268,413,202
Non-current liabilities			
Borrowings	23	–	687,365
Lease liabilities	24	524,562	–
Deferred tax liabilities	25	610,000	610,000
Total non-current liabilities		1,134,562	1,297,365
Current liabilities			
Trade and other payables	26	13,975,757	9,214,671
Amounts due to subsidiaries	16	62,195,864	66,444,215
Borrowings	23	2,007,504	2,139,770
Lease liabilities	24	1,680,702	–
Total current liabilities		79,859,827	77,798,656
Total liabilities		80,994,389	79,096,021
TOTAL EQUITY AND LIABILITIES		339,967,591	347,509,223

The accompanying notes form an integral part of the financial statements

Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 March 2020

	Note	Group 2020 RM	2019 RM	Company 2020 RM	2019 RM
Continuing operations					
Revenue	27	157,053,906	200,134,465	12,407,160	13,487,680
Cost of sales	28	(124,239,405)	(184,253,848)	–	–
Gross profit		32,814,501	15,880,617	12,407,160	13,487,680
Other income	29	3,873,699	4,652,320	405,312	4,279,476
Administration expenses		(20,721,026)	(21,917,231)	(12,182,972)	(11,668,787)
Other expenses		(10,709,218)	(18,559,193)	(9,021,392)	(8,848,301)
Operating profit/(loss)		5,257,956	(19,943,487)	(8,391,892)	(2,749,932)
Finance costs	30	(9,076,889)	(6,141,903)	(1,048,108)	(160,790)
Share of loss of associates		(32,237,073)	(2,585,632)	–	–
Share of loss of joint venture		(106,926)	–	–	–
Loss before tax	31	(36,162,932)	(28,671,022)	(9,440,000)	(2,910,722)
Income tax	32	(3,776,813)	(413,109)	–	–
Loss for the financial year		(39,939,745)	(29,084,131)	(9,440,000)	(2,910,722)
Other comprehensive income/(loss):					
Currency translation differences		81,852	(805,214)	–	–
Other comprehensive income/(loss): for financial year, net of tax		81,852	(805,214)	–	–
Total comprehensive loss for the financial year		(39,857,893)	(29,889,345)	(9,440,000)	(2,910,722)
Total profit/(loss) attributable to					
owners of the parent		(40,362,572)	(28,489,189)	(9,440,000)	(2,910,722)
non-controlling interests		422,827	(594,942)	–	–
		(39,939,745)	(29,084,131)	(9,440,000)	(2,910,722)
Total comprehensive income/(loss) attributable to					
owners of the parent		(40,280,720)	(29,294,403)	(9,440,000)	(2,910,722)
non-controlling interests		422,827	(594,942)	–	–
		(39,857,893)	(29,889,345)	(9,440,000)	(2,910,722)
Loss per share attributable to owners of the parent (sen)					
Basic and diluted	33	(21.62)	(15.26)		

The accompanying notes form an integral part of the financial statements

Consolidated Statement of Changes in Equity

for the year ended 31 March 2020

	Attributable to Owners of the Parent				Distributable			Total equity RM
	Non-distributable		Foreign currency translation reserve		Accumulated losses		Non-controlling interests RM	
	Share capital RM	Share premium RM	Warrant reserve RM	Other reserve RM	RM	RM	RM	RM
As at 1 April 2018	180,049,012	1,239,381	5,695,735	(5,695,735)	(1,146,745)	(32,720,570)	–	147,421,078
Incorporation of new subsidiary	–	–	–	–	–	–	49	49
Dilution of equity interest	–	–	–	–	–	–	25,000,274	25,000,274
Partial disposal of a subsidiary	–	–	–	–	–	3,241,812	2,758,188	6,000,000
Dividend paid	–	–	–	–	–	(3,734,585)	–	(3,734,585)
Transition to no-par value regime	1,239,381	(1,239,381)	–	–	–	–	–	–
Total comprehensive loss for the year	–	–	–	–	(805,214)	(28,489,189)	(594,942)	(29,889,345)
As at 31 March 2019	181,288,393	–	5,695,735	(5,695,735)	(1,951,959)	(61,702,532)	27,163,569	144,797,471
Warrant expired and delisted	–	–	(5,695,735)	5,695,735	–	–	–	–
Dilution of equity interest	–	–	–	–	–	–	8,000,003	8,000,003
Total comprehensive loss for the year	–	–	–	–	81,852	(40,362,572)	422,827	(39,857,893)
As at 31 March 2020	181,288,393	–	–	–	(1,870,107)	(102,065,104)	35,586,399	112,939,581

The accompanying notes form an integral part of the financial statements

Company Statement of Changes in Equity

for the year ended 31 March 2020

	Attributable to Owners of the Company					Total equity RM
	Share capital RM	Share premium RM	Warrant reserve RM	Other reserve RM	Distributable Retained earnings RM	
As at 1 April 2018	180,049,012	1,239,381	5,695,735	(5,695,735)	93,770,116	275,058,509
Transition to no-par value regime	1,239,381	(1,239,381)	–	–	–	–
Dividend paid	–	–	–	–	(3,734,585)	(3,734,585)
Total comprehensive loss for the year	–	–	–	–	(2,910,722)	(2,910,722)
As at 31 March 2019	181,288,393	–	5,695,735	(5,695,735)	87,124,809	268,413,202
Warrant expired and delisted	–	–	(5,695,735)	5,695,735	–	–
Total comprehensive loss for the year	–	–	–	–	(9,440,000)	(9,440,000)
As at 31 March 2020	181,288,393	–	–	–	77,684,809	258,973,202

The accompanying notes form an integral part of the financial statements

Consolidated Statement of Cash Flows

for the year ended 31 March 2020

	Note	2020 RM	2019 RM
Cash flow from operating activities			
Loss before tax from –			
Continuing operations		(36,162,932)	(28,671,022)
Adjustments for:			
Bad debt written off		–	3,768,015
Dividend income		(32)	(36)
Impairment allowances made for trade receivables		–	256,501
Interest expense		10,464,719	8,731,021
Interest income		(1,268,768)	(959,331)
Investment properties – Loss/(Gain) on fair value changes		380,168	(1,784,873)
Other investments – Loss on disposal		–	2,000
Property, plant and equipment – Depreciation		3,019,747	3,242,754
– Gain on disposal		(34,586)	(735,911)
– Loss on disposal		67,848	145,520
– Written-off		122,075	48,982
Right-of-use-assets – Depreciation		2,361,347	–
Share of loss from associates		32,237,073	2,585,632
Share of loss of joint venture		106,926	–
Stock value written down		2,920	2,926
Gain on foreign exchange – Unrealised		(1,603)	(994)
Loss on foreign exchange – Unrealised		7,022	–
Operating profit/(loss) before working capital changes		11,301,924	(13,368,816)
Amounts due from associates		14,888,755	5,641
Contract assets/(liabilities)		11,840,159	(895,142)
Inventories		2,271,026	3,984,851
Property development costs		(46,173,565)	(29,427,308)
Receivables		16,813,083	16,147,829
Payables		(36,338,852)	(2,094,179)
Cash used in operations		(25,397,470)	(25,647,124)
Income tax refunded		134,905	65,281
Income tax paid		(1,124,724)	(376,593)
Net cash flow used in operating activities		(26,387,289)	(25,958,436)
Cash flow from investing activities			
Dividend received		32	36
Interest received		1,268,768	959,331
Investment in joint venture		(7,650,000)	–
Land held for property development		(1,062,736)	14,133,967
Other investments - Proceeds from disposal		–	6,000
Property, plant and equipment – Additions		(2,994,592)	(1,062,748)
– Proceeds from disposal		203,120	1,767,038
Net cash flow (used in)/generated from investing activities		(10,235,408)	15,803,624

The accompanying notes form an integral part of the financial statements

Consolidated Statement of Cash Flows

for the year ended 31 March 2020 (cont'd)

	Note	2020 RM	2019 RM
Cash flow from financing activities			
Dividends paid to shareholders		–	(3,734,585)
Hire purchase principal repayments		–	(3,097,367)
Interest paid		(10,464,719)	(8,731,021)
Proceeds from decrease in stake in a subsidiary		8,000,003	31,000,323
Drawdown of bank borrowings		89,507,765	84,301,705
Repayment of lease liabilities		(2,742,696)	–
Repayment of bank borrowings		(61,109,357)	(77,626,926)
Net cash flow generated from financing activities		23,190,996	22,112,129
Net (decrease)/increase in cash and cash equivalents		(13,431,701)	11,957,317
Effect of changes in exchange rates		81,660	(810,250)
Cash and cash equivalents			
– at start of financial year		24,846,560	13,699,493
– at end of financial year	18	11,496,519	24,846,560

Reconciliation of liabilities arising from financing activities:

	As at 1.4.2019 RM	The Group Cash flows RM	Non-cash Acquisition RM	As at 31.3.2020 RM
Revolving credits	24,631,420	(1,515,647)	–	23,115,773
Trade finance	23,944,000	(896,000)	–	23,048,000
Term loans	40,385,670	30,810,055	–	71,195,725
Hire purchase and finance lease liabilities	1,545,075	(1,545,075)	–	–
Lease liabilities	–	(2,742,696)	6,327,877	3,585,181
	90,506,165	24,110,637	6,327,877	120,944,679

Note 24

	As at 1.4.2019 RM	The Company Cash flows RM	Non-cash Acquisition RM	As at 31.3.2020 RM
Revolving credits	1,015,715	(368)	–	1,015,347
Hire purchase and finance lease liabilities	843,297	(843,297)	–	–
Lease liabilities	–	(827,265)	3,032,529	2,205,264

Note 24

The accompanying notes form an integral part of the financial statements

Company Statement of Cash Flows

for the year ended 31 March 2020

	Note	2020 RM	2019 RM
Cash flow from operating activities			
Loss before tax		(9,440,000)	(2,910,722)
Adjustments for:			
Right-of-use assets – Depreciation		847,704	–
Dividend income		(32)	(36)
Interest expenses		1,048,108	160,790
Interest income		(331,616)	(527,148)
Amounts due from subsidiaries – Impairment loss		5,800,709	–
– Written-off		19,793	3,867,669
Investment in subsidiaries – Gain on partial disposal		–	(2,332,979)
Other investment – Loss on disposal		–	2,000
Property, plant and equipment – Depreciation		240,559	430,091
– Gain on disposal		–	(4,511)
– Loss on disposal		98	7,958
– Written-off		56,939	222
Gain on foreign exchange – Unrealised		(742)	(254)
Loss on foreign exchange – Unrealised		39	699
Operating loss before working capital changes		(1,758,441)	(1,306,221)
Amounts due from associates		14,888,755	5,641
Amounts due to subsidiaries		(14,017,644)	(505,173)
Receivables		(1,624,762)	806,331
Payables		5,764,623	418,896
Cash generated from/(used in) operations		3,252,531	(580,526)
Income tax paid		–	(451,781)
Net cash flow generated from/(used in) operating activities		3,252,531	(1,032,307)
Cash flow from investing activities			
Dividend received		32	36
Interest received		331,616	527,148
Investment in subsidiaries – Additions		–	(51)
– Proceeds from disposal		–	4,640,342
Other investment – Proceeds from disposal		–	6,000
Investment in joint venture – Additions		(7,650,000)	–
Property, plant and equipment – Additions		(72,050)	(113,627)
– Proceeds from disposal		9	104,554
Net cash flow (used in)/generated from investing activities		(7,390,393)	5,164,402
Cash flow from financing activities			
Dividends paid to shareholders		–	(3,734,585)
Hire purchase principal repayments		–	(84,703)
Lease liabilities principal repayments		(827,265)	–
Interest paid		(1,048,108)	(160,790)
(Repayment)/Drawdown of bank borrowing		(368)	759
Net cash flow used in financing activities		(1,875,741)	(3,979,319)
Net (decrease)/increase in cash and cash equivalents		(6,013,603)	152,776
Effect of changes in exchange rates		703	(445)
Cash and cash equivalents – at start of financial year		11,714,850	11,562,519
– at end of financial year	18	5,701,950	11,714,850

The accompanying notes form an integral part of the financial statements

Notes to the Financial Statements

for the year ended 31 March 2020

1. GENERAL INFORMATION

The principal activities of the Company are investment holding and provision of management services.

The principal activities of the subsidiaries within the Group are stated in Note 9 to the financial statements.

2. DATE OF AUTHORISATION OF ISSUE

The financial statements were authorised for issue by the Board of Directors on 27 August 2020.

3. REVENUE AND SEGMENTAL INFORMATION

For management purpose, the Group is organised into five reportable business operating segments as follows:

- Construction
- Property development
- Trading and services
- Property investment
- Investment holding

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 which is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared under the historical basis unless otherwise indicated in the accounting policies below and in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements are presented in Ringgit Malaysia ("RM").

The financial statements are also prepared on the going concern basis. However, during the financial year ended 31 March 2020, the Group incurred a loss after tax of RM39,939,745, a total comprehensive loss of RM39,857,893 and negative net operating cash flows of RM26,387,289. The Directors would like to highlight that RM26,970,292 was attributable to the share of loss of its associate, Aseana Properties Limited, which was substantially due to impairment loss on its Sandakan assets, which the Directors believe has no impact on the Group's operation and cashflow in the short and medium term.

On 15 July 2020, the Group embarked on a demerger transaction by entering into a conditional Share Buyback Agreement with Aseana Properties Limited ("ASPL"). In accordance with the Share Buy-Back Agreement, the Group agrees to sell and ASPL agrees to purchase all the 45,837,504 ordinary shares of ASPL held by the Group in consideration for an equivalent number of ordinary shares in NewCo, which will hold mainly The RuMa Hotel and Residences ("The RuMa") in Kuala Lumpur and a parcel of land in Kota Kinabalu, both located in Malaysia.

The Group has also agreed with ASPL that adjustments should be made, where appropriate, to reflect the settlement of potential claims that ASPL may have against the Group in connection with the Group's projects, including the settlement of amounts owing by the Group to the ASPL relating to the development and construction of The RuMa.

This demerger transaction is conditional upon the approval of various parties, including the shareholders of the Group at an Extraordinary General Meeting ("EGM"), expected to be held at in October. The approval of shareholders of ASPL was obtained at an EGM held on 18 August 2020.

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of preparation (cont'd)

Upon completion of the demerger transaction, ASPL will cease to be an associate of ICB, and ICB shall own 46.32% interest in the NewCo. Any shares re-acquired by ASPL would be cancelled.

The demerger transaction provides Ireka with an opportunity to realise its investment in ASPL and result in a better control of the assets via its shareholding in the NewCo. The Company will also benefit from managing a smaller and more focused portfolio of assets held through NewCo, hence resulting in the assets being more marketable and accessible to potential buyers.

Upon completion of the demerger transaction, the Group will initiate a re-capitalisation plan to increase the capital base of the Company, so that its shareholder equity will be above 50% of the issued and paid up share capital of the Company.

After considering the risks and factors, the Directors are of the view with reasonable certainty that the demerger transaction will be completed as planned and the Group can carry out its plan to increase its share capital base within the next 12 months.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, the Group continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The ability of the Group to continue as a going concern and meet its obligations is therefore dependent on the achievement of future profitable operations which indicates the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and in such an event, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

(b) Changes in accounting policies

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 16 Leases	1 January 2019
Amendments to MFRS 9 Financial Instruments	1 January 2019
Amendments to MFRS 119 Employee Benefits	1 January 2019
Annual Improvements to MFRS Standards 2015–2017 Cycle	1 January 2019
Amendments to MFRS 128 Investments in Associates and Joint Ventures	1 January 2019
IC Interpretation 23 IC Int 23 Uncertainty over Income Tax Treatments	1 January 2019

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group except as follows -

MFRS 16 Leases

The Group and the Company adopted MFRS 16 Leases using the modified retrospective method of adoption with the date of initial application of 1 April 2019. In accordance with the transition requirements under Appendix C, paragraph 7(c) of this Standard, comparatives are not restated.

As a result of adoption of MFRS 16 Leases, the existing requirements for a lessee to distinguish between finance leases and operating leases under MFRS 117 Leases are no longer required. This Standard introduces a single accounting model, requiring the lessee to recognise the right-of-use of the underlying lease asset and the future lease payments liabilities in the statements of financial position. For a lessor, MFRS 16 Leases continues to allow the lessor to classify leases as either operating leases or finance lease and to account for these two types of leases differently.

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Changes in accounting policies (cont'd)

MFRS 16 Leases (cont'd)

The following table presents the impact of changes to the statement of financial position of the Company resulting from the adoption of MFRS 16 Leases as at 1 April 2019:

Group	As at 1 April 2019 RM	Changes RM	As at 1 April 2019 (Adjusted) RM
<i>Non-Current Assets</i>			
Property, plant & equipment	70,816,410	(5,723,842)	65,092,568
Right-Of-Use Assets	–	9,488,038	9,488,038
<i>Lease Liabilities</i>			
Current Liabilities	–	2,733,908	2,733,908
Lease Liabilities	–	3,578,900	3,578,900
Total Lease Liabilities	–	6,312,808	6,312,808

Company	As at 1 April 2019 RM	Changes RM	As at 1 April 2019 (Adjusted) RM
<i>Non-Current Assets</i>			
Property, plant & equipment	9,065,887	1,030,709	8,035,178
Right-Of-Use Assets	–	2,216,404	2,216,404
<i>Non-Current Liabilities</i>			
Lease Liabilities	–	2,205,263	2,205,263
<i>Current Liabilities</i>			
Lease Liabilities	–	827,266	827,266
Total Lease Liabilities	–	3,032,529	3,032,529

Standards issued but not yet effective

The Group and the Company have not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective for the current financial year:

MFRSs and/or IC interpretations (including the consequential amendments)	Effective date
MFRS 17 insurance contracts	1 January 2020
Amendments to MFRS 3: definition of a business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: interest rate benchmark reform	1 January 2020
Amendments to MFRS 10 and MFRS 128: sale or contribution of assets between an investor and its associate or joint venture	Deferred
Amendments to references to the conceptual framework in MFRS standards	1 January 2020
Amendments to MFRS 101 and MFRS 108: definition of material	1 January 2020

The Directors expect that the adoption of the above accounting standards and interpretations (including the consequential amendments, if any) will have no material impact on the financial statements in the period of initial application.

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2020.

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

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

- Power over the investee (such as existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its investment with the investee; and
- The ability to use its power over the investee to affect its returns.

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

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full. Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

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

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

(d) Business combination

Acquisition of subsidiaries is accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Business combination (cont'd)

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note (i).

(e) Transaction with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

(f) Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

(g) Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

When the Group's share of losses in the associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

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

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

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Joint ventures

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

Investments in joint ventures are stated at cost in the separate financial statements. Where an indication of impairment exists, the carrying value of the investment is assessed and written down immediately to its recoverable amount.

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

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

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

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

(i) Intangible assets

Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

(j) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment and furniture fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Freehold land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the freehold land and buildings at the reporting date.

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Property, plant and equipment and depreciation (cont'd)

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on reducing balance basis over the estimated useful lives of the assets as follows:

	%
Buildings	2
Plant and machinery	10-20
Motor vehicle	20
Office equipment	10-25
Furniture and fittings	10
Computers	25
Office renovation	10-25
Data centre	6.7

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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

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

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

(k) Investment properties

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

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

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

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

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(I) Inventories

Inventories are stated at lower of cost and net realisable value.

(i) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

The policy for the recognition and measurement of impairment losses is in accordance with Note 4(n)(ix).

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(ii) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable to be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

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

The excess of revenue recognised in the income statement over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within trade payables.

(iii) Others

Cost is determined using the weighted average basis. The cost of raw materials comprises costs of purchase. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportion of manufacturing overheads based on normal operating capacity. The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common 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.

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Construction contracts

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

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

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

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

When the total of costs incurred on construction contracts plus, recognised profits (less recognised losses) exceeds progress billings, the balance is classified as contract assets. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balances is classified as contract liabilities.

(n) Financial instruments

(i) Financial assets

For the purpose of subsequent measurement, the Group and the Company classify financial assets into three measurement categories, namely: (i) financial assets at amortised cost ("AC"); (ii) financial assets at fair value through other comprehensive income ("FVOCI") and (iii) financial assets at fair value through profit or loss ("FVPL"). The classification is based on the Group's and the Company's business model objective for managing the financial assets and the contractual cash flow characteristics of the financial instruments.

After initial recognition, the Group and the Company measure financial assets as follow:

(a) Financial assets at AC

A financial asset is measured at AC if: (a) it is held within the Group's and the Company's business objective to hold the asset only to collect contractual cash flows, and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest in principal outstanding. Typically, trade and other receivables (excluding prepayments) and cash and cash equivalents are classified as financial assets at AC.

(b) Financial assets at FVPL

A financial asset is measured at FVPL if it is an equity investment, held for trading (including derivative assets) or if it does not meet any of the condition specified for the AC or FVOCI model.

Other than financial assets measured at FVPL, all other financial assets are subject to review for impairment in accordance with Note (n)(ix).

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, trade and other receivables.

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Financial instruments (cont'd)

(iii) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank, deposits held at call and short term highly liquid investments that are subject to an insignificant risk of changes in value. Bank overdrafts are included within borrowings in the current liabilities section on the statement of financial position.

(iv) Held-to-maturity investment

Held-to-investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investment are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

(v) Financial liabilities

All financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when the contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

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

(vi) Share capital

Equity instruments are measured at the proceeds received net of direct issue costs.

Repurchase of share capital (treasury shares)

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

Where treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

Where treasury shares are reissued by re-sale in the open market, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

Where treasury shares are cancelled, the equivalent will be credited to capital redemption reserves.

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Financial instruments (cont'd)

(vii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity 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 or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(viii) Impairment

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The Group considers evidence of impairment for loans and receivables at a specific asset level. All individually significant receivables are assessed for specific impairment.

- **Trade and other receivables and other financial assets carried at amortised cost**

The Group applies the MFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

- **Unquoted equity securities carried at cost**

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

- **Non-derivative financial assets**

A financial asset not carried at FVPL is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economics conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Financial instruments (cont'd)

(ix) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, amount due from contract customers, deferred tax asset and investment property 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, then the asset's recoverable amount is estimated. 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 other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(x) Financial guarantee contracts

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

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

(xi) Warrant reserve

The warrant reserve assume the relative fair value method of the warrants, being the values determined and used to allocate the proceeds of the Right Issue With Warrants and after deducting issue expenses.

(o) Leases

The Group and the Company as Lessor

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

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Leases (cont'd)

The Group and the Company as Lessor (cont'd)

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

The Group and the Company as lessee

Recognition and measurement for the financial year ended 31 March 2020

The Group and the Company recognise and measure their leases in accordance with MFRS 16 Leases effective from 1 April 2019.

The Group and Company recognise right-of-use assets and lease liabilities at the lease commencement date.

Right-of-use assets

The right-of-use assets are initially measured at cost and comprised of the following:-

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date of the lease, less any lease incentives received;
- Any initial direct costs incurred; and
- Any decommissioning or restoration cost.

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

Amortisation is calculated on a straight-line basis over the estimated useful lives of the right-of-use assets. The amortisation period used is as follows:-

Office premises – 2 years

Motor vehicles – 5 years

Plant and machinery – 5 years

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the Group and the Company's weighted average incremental borrowing rates.

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

- Fixed Payments;
- Any variable lease payments;
- The amount expected to be payable under a residual value guarantee; and
- The exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

Subsequent to the initial recognition, lease liabilities are measured at amortised cost using the effective interest method. Lease liabilities are re-measured when:-

- There is a change in future lease payments arising from a change in an index or rate;
- There is a change in the Group and the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- The Group and Company change their assessment of whether they will exercise a purchase, extension or termination option.

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Leases (cont'd)

Short-term leases and low-value assets

The Group and Company have elected not to recognise right-of-use assets and lease liabilities for the following leases:-

- short-term leases that have a lease term of 12 months or less; and
- leases of low-value assets.

Lease payments with short-term leases and low-value assets are recognised as rental expenses in the profit or loss on a straight-line basis over the lease terms.

Recognition and measurement for the financial year ended 31 March 2019

Operating lease payments are recognised as expenses in profit or loss on a straight-line basis over the lease terms. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expenses over the lease terms on a straight-line basis.

(p) Borrowing costs

Finance costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised to the cost of those assets. 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. Any unsold unit is not a qualifying asset because the asset is ready for its intended sale in its current condition.

The unsold unit fails to meet the definition of qualifying asset under MFRS 123 and accordingly, no capitalisation of borrowing costs. All sold units are not a qualifying asset to the developer as the control of the asset has been transferred to customers over time. No capitalisation borrowing costs relating to assets that it no longer controls and recognises.

All other finance costs are recognised in profit or loss in the period in which they are incurred using the effective interest method.

(q) Income tax

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

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(r) Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulated compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory pension schemes.

(iii) Termination benefit

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

(t) Foreign currencies

(i) Functional and presentation currency

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

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date.

Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

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

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

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(t) Foreign currencies (cont'd)

(iii) Foreign operations

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

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

The principal exchange rates used for every unit of foreign currency ruling at the reporting date are as follows:

	2020 RM	2019 RM
United States Dollars	4.3130	4.082
Vietnamese Dong	0.000180	0.000176

(u) Revenue recognition

The Group and the Company recognise revenue from contracts with customers based on five-step model as set below:

- (i) identify the contracts with a customer;
- (ii) identify the performance obligation in the contract;
- (iii) determine the transaction price;
- (iv) allocate the transaction price to the performance obligations in the contract;
- (v) recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue is measured at fair value of the consideration received or receivable net recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Construction contracts

The contracts for construction comprise of multiple deliverables which include significant turnkey service and are therefore recognised as a single performance obligation. Revenue is recognised progressively over time based on stage of completion by using the cost-to-cost method ("input method"), based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The Directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under MFRS 15. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. There is no significant financing component in construction contracts with customers as the period between the recognition of revenue under the stage of completion and the milestone payment is generally less than one year.

(ii) Property development

Property development contracts with customers may include multiple promises to customers and are accounted for as separate performance obligations. Transaction price will be allocated to each performance obligation based on the stage-alone selling price. When these are not directly observable, they are estimated based on expected cost-plus margin.

Revenue from property development is recognised as and when the control of the assets is transferred to the customer. Depending of the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance complete to-date.

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(u) Revenue recognition (cont'd)

(ii) Property development (cont'd)

If control of the asset transfers over time, revenue is recognised over the period of the contract by using an input method which is based on cost incurred to-date relative to the total expected costs to the satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group recognised sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers.

(iii) Sale of goods

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs of the possible return of goods.

(iv) Revenue from services rendered

Sale of services are recognised upon render of services to customers.

(v) Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on straight-line basis.

(vi) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(vii) Dividend income

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

(viii) Management fees

Management fees are recognised when services are rendered.

(v) Non-current assets (or disposal Groups) held for sale and discontinued operation

Non-current asset (or disposal Groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal Group) is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets (or all the assets and liabilities in a disposal Group) is brought up-to-date in accordance with applicable MFRSs. Then, on initial classification as held for sale, non-current assets or disposal groups (other than investment properties, deferred tax assets, employee benefits assets, financial assets and inventories) are measured in accordance with MFRS 5 that is at the lower of carrying amount and fair values less costs to sell. Any differences are included in profit or loss.

A component of the Group is classified as discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of single co-ordinated major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(w) Commitments and contingencies

Commitments and contingent liabilities are disclosed in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

(a) Critical judgements made in applying accounting policies

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(i) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or lease out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(ii) Operating lease commitments – The Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

(b) Key sources of estimation uncertainty

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

(i) Estimated useful lives and residual values of property, plant and equipment

Property, plant and equipment are depreciated on a reducing balance basis over the term of their useful service lives taking into account residual values where appropriate. The estimated useful lives of these assets should be reflective of factors such as service life experience on the facilities and their maintenance programmes. The useful lives and residual values of assets are reviewed, and adjusted if appropriate, at each reporting date.

(ii) Construction contracts

Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total revenue and contract costs, as well as the recoverability of the construction contracts activities. Total revenue also includes an estimation of the recoverable variation works that are recoverable from the customers. In making the judgement, the Company relied on past experience and work of specialists.

(iii) Income taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (cont'd)

(b) Key sources of estimation uncertainty (cont'd)

(iv) Impairment of assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

(v) Claims payable for late completion and late delivery

Claims payable in respect of project completion was delayed resulting in late delivery to its clients. Significant judgement is therefore used in determining the amounts of damages for the delayed completion and claims payable for late delivery to the affected parties.

The Directors have carefully assessed the terms of the contracts, advice from the qualified external party, the amount of damages and the estimated claims payable for late delivery. Based on the Directors' assessment, the Group estimated with reasonable certainty the amounts of claims that are expected to be payable for the project and these amounts have been recognised accordingly as at 31 March 2020. In view of the ongoing negotiations on the claims, any further disclosure may be prejudicial to the Group's negotiating position.

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

6. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Buildings RM	Plant and machinery RM	Motor vehicles RM	Office equipment RM	Furniture and fittings RM	Computers RM	Office renovation RM	Data centre RM	Total RM
2020										
Cost										
As at 1.4.2019	444,922	10,368,469	37,637,597	5,175,017	4,737,336	2,485,338	1,346,881	338,113	8,282,737	70,816,410
Adjustment upon adoption of MFRS 16	-	-	(4,302,897)	(1,420,945)	-	-	-	-	-	(5,723,842)
As at 1.4.2019	444,922	10,368,469	33,334,700	3,754,072	4,737,336	2,485,338	1,346,881	338,113	8,282,737	65,092,568
Additions	-	-	2,788,200	7,395	140,655	-	24,975	33,367	-	2,994,592
Disposals	-	-	(942,971)	-	(81,569)	(29,140)	(3,535)	-	-	(1,057,215)
Written-off	-	-	-	-	(916,528)	(161,933)	(203,139)	(133,894)	-	(1,415,494)
Transferred from right-of-use assets	-	-	4,302,897	81,736	-	-	-	-	-	4,384,633
Exchange adjustments	-	-	-	-	-	-	1,088	-	-	1,088
As at 31.3.2020	444,922	10,368,469	39,482,826	3,843,203	3,879,894	2,294,265	1,166,270	237,586	8,282,737	70,000,172
Accumulated depreciation										
As at 1.4.2019	-	1,901,034	29,644,334	3,537,549	3,556,216	1,469,599	991,240	185,165	3,015,877	44,301,014
Adjustment upon adoption of MFRS 16	-	-	(2,659,866)	(229,685)	-	-	-	-	-	(2,889,551)
As at 1.4.2019	-	1,901,034	26,984,468	3,307,864	3,556,216	1,469,599	991,240	185,165	3,015,877	41,411,463
Depreciation charge for the year	-	160,021	2,001,595	103,656	227,949	100,119	54,841	16,685	354,881	3,019,747
Disposals	-	-	(740,705)	-	(60,429)	(16,165)	(3,534)	-	-	(820,833)
Written-off	-	-	-	-	(873,340)	(147,610)	(194,663)	(77,806)	-	(1,293,419)
Transferred from right-of-use assets	-	-	2,659,866	10,898	-	-	-	-	-	2,670,764
Exchange adjustments	-	-	-	-	-	-	896	-	-	896
As at 31.3.2020	-	2,061,055	30,905,224	3,422,418	2,850,396	1,405,943	848,780	124,044	3,370,758	44,988,618
Net carrying amount										
As at 31.3.2020	444,922	8,307,414	8,577,602	420,785	1,029,498	888,322	317,490	113,542	4,911,979	25,011,554

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

6. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Freehold land RM	Buildings RM	Plant and machinery RM	Motor vehicles RM	Office equipment RM	Furniture and fittings RM	Computers RM	Office renovation RM	Data centre RM	Total RM
2019										
Cost										
As at 1.4.2018	444,922	10,368,469	43,692,070	7,160,628	4,777,587	2,471,160	1,304,178	338,113	8,282,737	78,839,864
Additions	–	–	740,900	1,125,583	89,306	60,680	54,279	–	–	2,070,748
Disposals	–	–	(6,565,283)	(3,111,194)	(95,095)	–	(12,675)	–	–	(9,784,247)
Written-off	–	–	(230,090)	–	(34,462)	(46,502)	–	–	–	(311,054)
Exchange adjustments	–	–	–	–	–	–	1,099	–	–	1,099
As at 31.3.2019	444,922	10,368,469	37,637,597	5,175,017	4,737,336	2,485,338	1,346,881	338,113	8,282,737	70,816,410
Accumulated depreciation										
As at 1.4.2018	–	1,737,748	33,458,212	6,174,203	3,414,977	1,403,666	945,336	168,171	2,624,932	49,927,245
Depreciation charge for the year	–	163,286	1,912,190	340,183	251,733	109,531	57,892	16,994	390,945	3,242,754
Disposals	–	–	(5,535,850)	(2,976,837)	(82,238)	–	(12,674)	–	–	(8,607,599)
Written-off	–	–	(190,218)	–	(28,256)	(43,598)	–	–	–	(262,072)
Exchange adjustments	–	–	–	–	–	–	686	–	–	686
As at 31.3.2019	–	1,901,034	29,644,334	3,537,549	3,556,216	1,469,599	991,240	185,165	3,015,877	44,301,014
Net carrying amount										
As at 31.3.2019	444,922	8,467,435	7,993,263	1,637,468	1,181,120	1,015,739	355,641	152,948	5,266,860	26,515,396

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

6. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Freehold land RM	Buildings RM	Motor vehicles RM	Office equipment RM	Furniture and fittings RM	Total RM
2020						
Cost						
As at 1.4.2019	453,493	498,800	3,595,896	2,651,364	1,866,334	9,065,887
Adjustment upon adoption of MFRS 16	–	–	(1,030,709)	–	–	(1,030,709)
As at 1.4.2019	453,493	498,800	2,565,187	2,651,364	1,866,334	8,035,178
Additions	–	–	–	72,050	–	72,050
Disposal	–	–	–	(2,580)	–	(2,580)
Written-off	–	–	–	(915,956)	(161,933)	(1,077,889)
As at 31.3.2020	453,493	498,800	2,565,187	1,804,878	1,704,401	7,026,759
Accumulated depreciation						
As at 1.4.2019	–	16,836	2,472,333	2,064,084	1,079,143	5,632,396
Adjustment upon adoption of MFRS 16	–	–	(148,860)	–	–	(148,860)
As at 1.4.2019	–	16,836	2,323,473	2,064,084	1,079,143	5,483,536
Depreciation charge for the year	–	483	48,343	113,525	78,208	240,559
Disposal	–	–	–	(2,473)	–	(2,473)
Written-off	–	–	–	(873,340)	(147,610)	(1,020,950)
As at 31.3.2020	–	17,319	2,371,816	1,301,796	1,009,741	4,700,672
Net carrying amount						
As at 31.3.2020	453,493	481,481	193,371	503,082	694,660	2,326,087
2019						
Cost						
As at 1.4.2018	453,493	498,800	5,164,422	2,650,386	1,866,334	10,633,435
Additions	–	–	1,030,709	10,918	–	1,041,627
Disposal	–	–	(2,599,235)	(5,160)	–	(2,604,395)
Written-off	–	–	–	(4,780)	–	(4,780)
As at 31.3.2019	453,493	498,800	3,595,896	2,651,364	1,866,334	9,065,887
Accumulated depreciation						
As at 1.4.2018	–	16,344	4,748,174	1,947,062	991,677	7,703,257
Depreciation charge for the year	–	492	215,660	126,473	87,466	430,091
Disposal	–	–	(2,491,501)	(4,893)	–	(2,496,394)
Written-off	–	–	–	(4,558)	–	(4,558)
As at 31.3.2019	–	16,836	2,472,333	2,064,084	1,079,143	5,632,396
Net carrying amount						
As at 31.3.2019	453,493	481,964	1,123,563	587,280	787,191	3,433,491

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

6. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(a) Purchase of property, plant and equipment

	Group 2020 RM	2019 RM	Company 2020 RM	2019 RM
Aggregate costs of property, plant and equipment acquired	2,994,592	2,070,748	72,050	1,041,627
Amount financed through hire purchase and finance lease	–	(1,008,000)	–	(928,000)
Cash disbursed for purchase of property, plant and equipment	2,994,592	1,062,748	72,050	113,627

(b) Details of assets under lease liabilities

Net carrying amounts of property, plant and equipment held under hire purchase and finance lease are as follows:

	Group 2020 RM	2019 RM	Company 2020 RM	2019 RM
Net carrying amounts				
Plant and machinery	–	1,643,031	–	–
Motor vehicles	–	1,191,260	–	881,849
	–	2,834,291	–	881,849

Following the adoption of MFRS 16 on 1 January 2019, the Group and the Company had reclassified the carrying amount of leased assets to ROU assets (Note 7).

(c) The net carrying amounts of property, plant and equipment pledged as securities for borrowings (Note 23) are as follows:

	Group 2020 RM	2019 RM
Buildings	685,140	699,122

7. RIGHT-OF-USE-ASSETS

Group	Office premises RM	Plant and machinery RM	Motor vehicles RM	Total RM
Cost				
As at 1 April 2019	–	–	–	–
Effect of MFRS 16 Lease adoption	3,764,196	4,302,897	1,420,945	9,488,038
As at 1 April 2019 (adjusted)	3,764,196	4,302,897	1,420,945	9,488,038
Additions	15,069	–	–	15,069
Transfer to property, plant and equipment	–	(4,302,897)	(81,736)	(4,384,633)
As at 31 March 2020	3,779,265	–	1,339,209	5,118,474

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

7. RIGHT-OF-USE-ASSETS (cont'd)

Group	Office premises RM	Plant and machinery RM	Motor vehicles RM	Total RM
Depreciation				
As at 1 April 2019	–	–	–	–
Effect of MFRS 16 Lease adoption	–	2,659,866	229,685	2,889,551
As at 1 April 2019 (adjusted)	–	2,659,866	229,685	2,889,551
Addition	2,137,262	–	224,085	2,361,347
Transfer to property, plant and equipment	–	(2,659,866)	(10,898)	(2,670,764)
As at 31 March 2020	2,137,262	–	442,872	2,580,134
Net carrying amount				
As at 31.3.2020	1,642,003	–	896,337	2,538,340
Company				
Cost				
As at 1 April 2019	–	–	–	–
Effect of MFRS 16 Lease adoption	1,185,695	–	1,030,709	2,216,404
As at 1 April 2019 (adjusted)	1,185,695	–	1,030,709	2,216,404
Additions	–	–	–	–
As at 31 March 2020	1,185,695	–	1,030,709	2,216,404
Depreciation				
As at 1 April 2019	–	–	–	–
Effect of MFRS 16 Lease adoption	–	–	148,860	148,860
As at 1 April 2019 (adjusted)	–	–	148,860	148,860
Addition	671,334	–	176,370	847,704
	671,334	–	325,230	996,564
Net carrying amount				
As at 31.3.2020	514,361	–	705,479	1,219,840

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

8. INVESTMENT PROPERTIES

	Group 2020 RM	2019 RM
Level 3 fair value		
As at 1 April	17,419,700	6,351,904
Additions	–	5,361,800
Change in fair value - Unrealised (loss)/gain	(380,168)	1,784,873
Sales revocation	–	3,921,123
As at 31 March	17,039,532	17,419,700

Investment properties comprise a number of commercial properties leased to third parties as disclosed in Note 34 to the financial statements.

Direct operating expenses (including repair and maintenance) arising from income generating investment properties amounting to RM380,307 (2019 - RM362,791).

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

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Comparison approach which seeks to determine the value of the property being valued by comparing and adopting as a yardstick recent transactions and sale evidences involving other similar properties in the vicinity. Where dissimilarities exist, adjustments are made.	Price per square foot (RM437 - RM1,735).	The estimated fair value would increase/(decrease) if the price per square foot is higher/(lower).

Valuation processes applied by the Group for Level 3 fair value

The registered independent valuers provides the fair value of the Group's investment property portfolio. Changes in level 3 fair values are analysed by the management after obtaining valuation report from the valuation company.

9. INVESTMENT IN SUBSIDIARIES

	Company 2020 RM	2019 RM
Unquoted shares at cost	106,766,504	106,766,504
Less: Impairment losses	(1,979,664)	(1,979,664)
	104,786,840	104,786,840

As at the reporting date, the carrying value of investments in certain subsidiaries exceeded their combined net assets by approximately RM19,775,414 (2019 - RM21,249,733). The cost of investment carried by the Company is assessed for impairment, if any, based on the present value of the future cash flows expected to be derived from the cash generating units of the investments. The Directors believe that there is no permanent impairment in value of these investments.

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

9. INVESTMENT IN SUBSIDIARIES (cont'd)

The particulars of the subsidiaries within the Group are as follows:

	Country of incorporation	Principal activities	Holding in equity	
			2020 %	2019 %
Subsidiaries –				
Ireka Sdn Bhd	Malaysia	Investment holding	100	100
Ireka iCapital Sdn Bhd ⁽ⁱ⁾⁽ⁱⁱⁱ⁾	Malaysia	Investment holding	100	100
Ireka Development Management Sdn Bhd ⁽ⁱⁱⁱ⁾	Malaysia	Property development management, provision of other related professional services and consultancy	100	100
Ireka Property Services Sdn Bhd ⁽ⁱⁱⁱ⁾	Malaysia	Property services	100	100
Ireka Commercial Sdn Bhd	Malaysia	Property investment and renting of property	100	100
KaMi Management Services Sdn Bhd ⁽ⁱⁱⁱ⁾	Malaysia	Dormant	51	51
i-Residence Sdn Bhd ⁽ⁱⁱⁱ⁾	Malaysia	Property investment and renting of property	100	100
Ireka Engineering And Construction Vietnam Company Limited ⁽ⁱ⁾⁽ⁱⁱⁱ⁾	Vietnam	Civil, structural and building construction	100	100
Meadowfield Sdn Bhd	Malaysia	Property development	63.80	68.92
i-Tech Network Solutions (Vietnam) Company Limited ⁽ⁱ⁾	Vietnam	Import and distribution of computer hardware, computer programming, consultancy and computer system management	100	100
United Time Development Sdn Bhd	Malaysia	Property development	100	100
Subsidiary companies of Ireka Sdn Bhd –				
Ireka Engineering & Construction Sdn Bhd ⁽ⁱⁱ⁾	Malaysia	Earthworks, civil, structural and building construction and renting of construction plant and machinery	71.43	71.43
Regalmont (Sabah) Sdn Bhd ⁽ⁱⁱⁱ⁾	Malaysia	Property development	100	100
Regal Variety Sdn Bhd ⁽ⁱⁱⁱ⁾	Malaysia	Property development	100	100
Ireka Hospitality Sdn Bhd ⁽ⁱⁱⁱ⁾	Malaysia	Property management, provision of other related professional services and consultancy	100	100
Subsidiary companies of Ireka iCapital Sdn Bhd –				
e-Auction Sdn Bhd ⁽ⁱ⁾⁽ⁱⁱⁱ⁾	Malaysia	Dormant	96	96
Ireka Venture Capital Ltd ⁽ⁱ⁾	British Virgin Islands	Investment holding and provision of venture capital fund to internet, e-commerce and related technology based companies	100	100
asiaegolf Tours Sdn Bhd ⁽ⁱ⁾⁽ⁱⁱⁱ⁾	Malaysia	Dormant	100	100
i-Tech Network Solutions Sdn Bhd ⁽ⁱ⁾⁽ⁱⁱⁱ⁾	Malaysia	System integration, software solutions and trading in computer hardware	100	100
iTech ELV Solutions Sdn Bhd ⁽ⁱ⁾	Malaysia	Provide, supply and install high voltage power system and low voltage power system, and structured cabling system and extra low voltage system	100	100

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

9. INVESTMENT IN SUBSIDIARIES (cont'd)

- (i) The financial statements of these companies are not audited by RSL PLT.
- (ii) 28.57% of the shareholding held directly by Ireka Corporation Berhad.
- (iii) The auditors' reports in financial statements of these subsidiaries contain a modification in respect of the appropriateness of going concern assumption.
- (iv) The persons who are directors of the subsidiary companies of Ireka Corporation Berhad during the year are:
 - Datuk Lai Siew Wah
 - Datuk Lai Voon Hon
 - Lai Voon Huey
 - Tan Thiam Chai
 - Leonard Yee Yuke Dien
 - Chan Huan Khim
 - Ng Yau Siong
 - Chan Chee Kian

Non-controlling interests in subsidiaries

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

	Meadowfield Sdn Bhd RM	KaMi Management Services Sdn Bhd RM	Total RM
2020			
NCI percentage of ownership interest and voting interest	36.20%	49.00%	
Carrying amount of NCI	35,589,098	(2,699)	35,586,399
Profit/(Loss) allocated to NCI	424,954	(2,127)	422,827

Summarised financial information before intra-group elimination

As at 31 March 2020	RM	RM
Non-current assets	88,417	–
Current assets	81,528,170	100
Non-current liabilities	(10,853,246)	–
Current liabilities	(17,632,639)	(5,608)
Net assets/(liabilities)	53,130,702	(5,508)
Year ended 31 March 2020	RM	RM
Revenue	14,732,025	–
Profit/(Loss) for the year	1,225,378	(5,608)
Total comprehensive income/(loss)	1,225,378	(5,608)
	RM	RM
Cash flows used in operating activities	(18,334,083)	–
Cash flows generated from investing activities	132,585	–
Cash flows generated from financing activities	18,259,609	100
Net increase in cash and cash equivalents	58,111	100

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

9. INVESTMENT IN SUBSIDIARIES (cont'd)

Non-controlling interests in subsidiaries

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

	Meadowfield Sdn Bhd RM	KaMi Management Services Sdn Bhd RM	Total RM
2019			
NCI percentage of ownership interest and voting interest	31.08%	49.00%	
Carrying amount of NCI	27,164,141	(572)	27,163,569
Loss allocated to NCI	(594,321)	(621)	(594,942)

Summarised financial information before intra-group elimination

As at 31 March 2019	RM	RM
Non-current assets	10,185	—
Current assets	57,255,274	100
Non-current liabilities	—	—
Current liabilities	(13,360,136)	(1,267)
Net assets/(liabilities)	43,905,323	(1,167)

Year ended 31 March 2019	RM	RM
Revenue	227,462	—
Loss for the year	(2,158,478)	(1,267)
Total comprehensive loss	(2,158,478)	(1,267)

	RM	RM
Cash flows used in operating activities	(17,677,051)	—
Cash flows used in investing activities	(7,336)	—
Cash flows from financing activities	27,496,948	—
Net increase in cash and cash equivalents	9,812,561	—

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

10. INVESTMENT IN ASSOCIATES

	Group 2020 RM	2019 RM	Company 2020 RM	2019 RM
Quoted shares outside Malaysia, at cost	158,139,389	158,139,389	158,139,389	158,139,389
Unquoted shares in Malaysia	405,003	405,003	405,003	405,003
Share of post-acquisition accumulated losses	158,544,392 (76,213,072)	158,544,392 (43,897,733)	158,544,392 –	158,544,392 –
	82,331,320	114,646,659	158,544,392	158,544,392
Market value of quoted shares	67,204,627	101,038,693	67,204,627	101,038,693

Details of the associates are as follows:

Name of associates	Country of incorporation	Principal activities	Holding in equity	
			2020 %	2019 %
Aseana Properties Limited ("ASPL") ^{(i) (ii) (iii)}	Jersey, Channel Islands	Development of upscale residential and hospitality projects, projects, sale of development land and operation of hotel, mall and hospital in Malaysia and Vietnam	23.07	23.07
Urban DNA Sdn Bhd ("URBAN") ^{(i) (ii) (iii)}	Malaysia	Property development	30.00	30.00
The RuMa Hotel KL Sdn Bhd ("RUMA") ^{(i) (ii) (iii)}	Malaysia	Investment holding	30.00	30.00

(i) The financial year end is 31 December 2019.

(ii) The financial statements of these companies are not audited by RSL PLT.

(iii) There are no contingencies and commitments relating to the Group's interest in the associates.

The summarised financial information of the associates are as follows:

	ASPL RM	URBAN RM	RUMA RM	TOTAL RM
2020				
Assets and liabilities				
Current assets	1,104,192,120	421,922,426	3,472,300	1,529,586,846
Non-current assets	22,080,554	20,737,095	1,997,523	44,815,172
Total assets	1,126,272,674	442,659,521	5,469,823	1,574,402,018
Current liabilities	471,469,128	251,485,979	43,214,873	766,169,980
Non-current liabilities	233,543,462	160,100,673	142,255	393,786,390
Total liabilities	705,012,590	411,586,652	43,357,128	1,159,956,370

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

10. INVESTMENT IN ASSOCIATES (cont'd)

	ASPL RM	URBAN RM	RUMA RM	TOTAL RM
2020 (cont'd)				
Results				
Revenue	31,452,138	10,243,451	18,188,510	59,884,099
Loss for the financial year/Total comprehensive loss for the financial year	(116,906,338)	(2,796,365)	(14,759,572)	(134,462,275)
Group's share:				
Net assets/(liabilities)	90,477,082	1,845,402	(9,991,164)	82,331,320
Loss for the financial year/Total comprehensive loss for the financial year	(26,970,292)	(838,909)	(4,427,872)	(32,237,073)
Dividends received by the Group	–	–	–	–
2019				
Assets and liabilities				
Current assets	1,230,426,861	440,603,786	2,595,208	1,673,625,855
Non-current assets	19,957,887	19,624,681	457,152	40,039,720
Total assets	1,250,384,748	460,228,467	3,052,360	1,713,665,575
Current liabilities	500,108,598	267,539,449	21,564,653	789,212,700
Non-current liabilities	190,144,855	157,052,173	–	347,197,028
Total liabilities	690,253,453	424,591,622	21,564,653	1,136,409,728
Results				
Revenue	133,768,195	111,628,223	439,216	245,835,634
(Loss)/Profit for the financial year/Total comprehensive (loss)/profit for the financial year	(25,451,017)	27,903,686	(16,950,625)	(14,497,956)
Group's share:				
Net assets/(liabilities)	117,453,420	2,756,531	(5,563,292)	114,646,659
(Loss)/Profit for the financial year/Total comprehensive (loss)/profit for the financial year	(5,871,550)	8,371,106	(5,085,188)	(2,585,632)
Dividends received by the Group	–	–	–	–

On 15 July 2020, the Group entered into a conditional share buyback agreement with ASPL and the Group agrees to sell and ASPL agrees to purchase all the 45,837,504 ordinary shares of ASPL held by the Group in consideration for an equivalent number of ordinary shares in Newco. Upon completion of the agreement, the Group will hold 45,837,504 NewCo shares by undertaking a demerger of certain assets held by ASPL in exchange for buy-back and cancellation of shares held by the Group.

11. INVESTMENT IN JOINT VENTURE

	Group 2020 RM	Company 2020 RM
Unquoted shares in Malaysia	7,650,000	7,650,000
Share of post-acquisition accumulated losses	(106,926)	–
	7,543,074	7,650,000

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

11. INVESTMENT IN JOINT VENTURE (cont'd)

Details of the joint venture are as follows:

Name of joint venture	Country of incorporation	Principal activities	Holding in equity	
			2020 %	2019 %
Mobilus Sdn. Bhd.	Malaysia	Sale of industrial, commercial vehicles and wholesale of other machinery and other service activities incidental to land transportation, rail, urban traffic solution, tourism and infrastructure.	51.00	–

- (i) The financial period end is 31 March 2020.
- (ii) The financial statements of the company is not audited by RSL PLT.
- (iii) There are no contingencies and commitments relating to the Group's interest in the joint venture.

The summarised financial information of the joint venture are as follows:

As at 31 March 2020	RM
Non-current assets	–
Current assets	7,488,499
Non-current liabilities	–
Current liabilities	(52,348)
Net assets	7,436,151
Period ended 31 March 2020	
Revenue	2,160
Loss for the period	(213,850)
Total comprehensive loss	(213,850)
Cash flows used in operating activities	(2,264,736)
Cash flows from investing activities	31,234
Cash flows from financing activities	7,650,001
Net increase in cash and cash equivalents	5,416,499

12. OTHER INVESTMENTS

	Group and Company	
	2020 RM	2019 RM
At cost:		
Financial assets at FVOCI		
Investments in club membership	171,278	171,278
Less: Accumulated impairment loss	(137,778)	(137,778)
	33,500	33,500

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

13. INVENTORIES

	2020 RM	Group 2019 RM
Non-current		
Land held for property development (i)	14,133,544	13,070,808
Current		
Property development cost (ii)	167,117,663	120,944,098
Others ⁽ⁱⁱⁱ⁾	7,087,810	9,361,756
	174,205,473	130,305,854
	188,339,017	143,376,662

(i) Land held for property development

	2020 RM	Group 2019 RM
Freehold land, at cost		
As at 1 April	2,097,653	12,898,253
Transfer to property development cost (ii)	–	(10,800,600)
As at 31 March	2,097,653	2,097,653
Development costs		
As at 1 April	10,973,155	14,306,522
Additions	1,062,736	2,215,700
Transfer to property development cost (ii)	–	(5,549,067)
As at 31 March	12,035,891	10,973,155
Carrying amount as at 31 March	14,133,544	13,070,808

The borrowing costs capitalised on the land held for property development during the financial year is RM929,096 (2019 - RM899,846).

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

13. INVENTORIES (cont'd)

(ii) Property Development costs

	Freehold land RM	Development costs RM	Borrowing costs capitalised RM	Total RM
Group				
Cumulative property development costs				
2020				
As at 1.4.2019	68,680,955	169,137,517	13,067,965	250,886,437
Transfer	–	(2,878,852)	2,878,852	–
Costs incurred during the year	–	105,274,639	458,734	105,733,373
As at 31.3.2020	68,680,955	271,533,304	16,405,551	356,619,810
Cumulative costs recognised in statement of profit or loss and other comprehensive income				
As at 1.4.2019				(129,942,339)
Recognised during the year				(59,559,808)
As at 31.3.2020				(189,502,147)
Property development costs as at 31.3.2020				167,117,663
Group				
Cumulative property development costs				
2019				
As at 1.4.2018	57,880,355	122,922,255	11,378,693	192,181,303
Transfer from land held for property development	10,800,600	5,549,067	–	16,349,667
Costs incurred during the year	–	40,666,195	1,689,272	42,355,467
As at 31.3.2019	68,680,955	169,137,517	13,067,965	250,886,437
Cumulative costs recognised in statement of profit or loss and other comprehensive income				
As at 1.4.2018				(100,664,515)
Recognised during the year				(29,277,824)
As at 31.3.2019				(129,942,339)
Property development costs as at 31.3.2019				120,944,098

Freehold land are pledged as securities for borrowings as disclosed in Note 23 to the financial statements amounting to RM62,489,605 (2019 - RM43,680,925).

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

13. INVENTORIES (cont'd)

(iii) Others

	Group 2020 RM	2019 RM
At cost		
Construction materials	5,977,283	7,341,844
Finished goods	132,537	63,931
Property held for sales	977,990	1,955,981
	7,087,810	9,361,756
Recognised in profit or loss:		
Stock value written down	2,920	2,926
Inventories recognised as cost of sales	53,308,515	139,039,299

14. TRADE AND OTHER RECEIVABLES

	Group 2020 RM	2019 RM	Company 2020 RM	2019 RM
Trade receivables (i)(ii)(iii)				
Trade	58,719,856	68,696,028	—	—
Retention amount	34,152,219	35,765,905	—	—
	92,872,075	104,461,933	—	—
Other receivables				
Deposits	3,765,657	2,545,871	730,164	629,081
Prepayments	1,309,470	4,171,908	861,881	344,701
Other receivables	14,676,824	18,189,634	1,006,499	—
Tax refundable (iv)	825,856	2,088,484	—	—
	20,577,807	26,995,897	2,598,544	973,782
	113,449,882	131,457,830	2,598,544	973,782
Total trade and other receivables	113,449,882	131,457,830	2,598,544	973,782
Add: Deposits, cash and bank balances	27,602,575	33,207,492	6,694,107	12,682,973
Total loans and receivables	141,052,457	164,665,322	9,292,651	13,656,755

- (i) The Group's normal trade credit terms range from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

14. TRADE AND OTHER RECEIVABLES (cont'd)

(ii) The ageing analysis of trade receivables past due and loss allowance was determined as follows:

	Trade receivables RM	Group Loss allowance RM	Total RM
2020			
Within credit terms	17,060,049	–	17,060,049
Past due			
91 to 120 days	1,442,441	–	1,442,441
More than 120 days	74,369,585	–	74,369,585
	92,872,075	–	92,872,075
2019			
Within credit terms	12,323,876	–	12,323,876
Past due but not impaired			
91 to 120 days	4,237,528	–	4,237,528
More than 120 days	88,157,030	(256,501)	87,900,529
	104,718,434	(256,501)	104,461,933

At the end of the reporting period, trade receivables that are individually impaired were those insignificant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables and collection.

(iii) Included in the Group's is an amount of RM21,037,824 (2019 - RM21,037,824) which is currently engaged in an arbitration process to recover the said amounts from UEM Land Berhad. The recoverability of the said amounts is dependent on the outcome of the arbitration process which, based on the advice of the Group's solicitors, the Directors are of the opinion that the outcome of the mediation amount is sufficient to recover the amount due from contract customer. The status of the arbitration is disclosed in Note 39 to the financial statements.

(iv) Tax refundable is subject to confirmation by the Inland Revenue Board.

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

15. CONTRACT ASSETS AND LIABILITIES

	Group 2020 RM	2019 RM
Contract assets		
Contract assets from property development (i)	29,612,583	2,520,810
Contract assets from construction contracts (ii)	14,030,385	1,114,978
	43,642,968	3,635,788
Contract liabilities		
Contract liabilities from property development (i)	34,135,047	68,184
Contract liabilities from construction contracts (ii)	23,990,382	6,209,906
	58,125,429	6,278,090

(i) Contract assets and contract liabilities from property development

	Group 2020 RM	2019 RM
Contract assets	29,612,583	2,520,810
Contract liabilities	(34,135,047)	(68,184)
	(4,522,464)	2,452,626

(ii) Contract assets and contract liabilities from construction contracts

	Group 2020 RM	2019 RM
Contract assets	14,030,385	1,114,978
Contract liabilities	(23,990,382)	(6,209,906)
	(9,959,997)	(5,094,928)

(iii) Contract assets are initially recognised for revenue earned from property under development and construction rendered but yet to be billed to customers. Upon billing of invoice, the amounts recognised as contract assets are reclassified to trade receivables.

(iv) Contract liabilities include billing made in advance which represent amounts where customers have been invoiced ahead of the satisfaction of the performance obligation by the Group.

(v) Unsatisfied performance obligation

The unsatisfied performance obligations at the end of each reporting period are estimated to be recognised in the following periods:

	Group 2020 RM	2019 RM
Within 1 year	150,553,129	68,065,971
Between 1 to 3 years	63,011,720	134,906,772
	213,564,849	202,972,743

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

16. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

The amounts due from/(to) subsidiaries are unsecured, repayable on demand and non-interest bearing except for a total amount of RM3,149,575 (2019 - RM2,985,379) from a subsidiary which bear interest of 5.5% (2019 - 5.5%) per annum and a total of RM6,000,000 (2019 - RM Nil) due to a subsidiary which bear interest 13.50% per annum.

17. AMOUNTS DUE FROM ASSOCIATES

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

18. CASH AND CASH EQUIVALENTS

	Group 2020 RM	2019 RM	Company 2020 RM	2019 RM
Cash on hand and at banks (i) (ii)	15,162,880	9,773,670	2,888,984	271,376
Deposits with licensed banks (iii)	12,439,695	23,433,822	3,805,123	12,411,597
Cash and bank balances	27,602,575	33,207,492	6,694,107	12,682,973
Bank overdrafts	(16,106,056)	(8,360,932)	(992,157)	(968,123)
Total cash and cash equivalents	11,496,519	24,846,560	5,701,950	11,714,850

- (i) Included in cash at banks of the Group are amounts of RM7,558,570 (2019 - RM4,966,059) held pursuant to Section 8A of the Housing (Control and Licensing of Developers) Enactment, 1978 and Section 7A of the Housing Development (Control Licensing) Act, 1966 which restricted from use in the other operations.
- (ii) Cash at bank earns interest at floating rates based on daily bank deposit rates.
- (iii) Deposits of the Group amounting to RM6,596,687 (2019 - RM6,456,489) are held on lien by bank pursuant to banking facilities agreements and restricted from use in the other operations.
- (iv) The interest rate as at the reporting date and the remaining maturities of the Group and the Company deposits placed with licensed banks are as follows:-

	Group 2020	2019	Company 2020	2019
Interest rate (%) (per annum)	2.80 - 2.95	3.05 - 3.71	2.95	3.28 - 3.71
Average maturity (days)	30 - 90	30 - 90	30	30 - 90

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

19. SHARE CAPITAL

	Share capital (Issued and fully paid) Units	Share capital (Issued and fully paid) RM
As at 31.3.2019/2020	186,708,050	181,288,393

The holders of ordinary 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.

The Company did not purchase or re-sell any of its own shares during the financial year ended 31 March 2020.

20. WARRANT RESERVES

This represents the fair values of the warrants issued and is non-distributable. When the warrants are exercised or expire, the warrant reserve will be transferred to another reserve account within equity.

The warrants may be exercised at any time during the tenure of five (5) years including and commencing from the issue date of warrants. The rights attached to the warrants which are not exercised during the exercise period will thereafter lapse.

The new ordinary shares allotted and issued upon exercise of the Warrants shall rank pari passu in all respects with the then existing ordinary shares of the Company, except that such new shares shall not be entitled to any dividends, rights, allotments, and/or other distributions on or prior to the date of allotment of the new ordinary shares arising from exercise of the Warrants.

The warrants were expired on 25 June 2019 and delisted on 26 June 2019.

21. OTHER RESERVES

Other reserves were set off against the warrant reserves as warrants had lapsed.

22. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operation whose functional currencies are different from that of the Group's presentation currency.

23. BORROWINGS

	Group 2020 RM	2019 RM	Company 2020 RM	2019 RM
Short-term borrowings				
Secured:				
Term loans	35,412,479	12,227,351	—	—
Hire purchase and finance lease liabilities	—	622,208	—	155,932
Bank overdrafts	16,106,056	8,360,932	992,157	968,123
Revolving credits	23,115,773	24,631,420	1,015,347	1,015,715
Trade finance	23,048,000	23,944,000	—	—
	97,682,308	69,785,911	2,007,504	2,139,770

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

23. BORROWINGS (cont'd)

	Group 2020 RM	2019 RM	Company 2020 RM	2019 RM
Long-term borrowings				
Secured:				
Term loans	35,783,246	28,158,319	–	–
Hire purchase and finance lease liabilities	–	922,867	–	687,365
	35,783,246	29,081,186	–	687,365
Total borrowings				
Revolving credits	23,115,773	24,631,420	1,015,347	1,015,715
Trade finance	23,048,000	23,944,000	–	–
Term loans	71,195,725	40,385,670	–	–
Bank overdrafts	16,106,056	8,360,932	992,157	968,123
Hire purchase and finance lease liabilities	–	1,545,075	–	843,297
	133,465,554	98,867,097	2,007,504	2,827,135

The term loans are secured by the following:

- (a) First legal charge over the respective freehold land and buildings of certain subsidiaries as disclosed in Note 6(c) and Note 13.
- (b) Corporate guarantees granted by the Company.

The secured bridging loans, bank overdrafts, revolving credits and trade finance are secured by assignment of contract proceeds and corporate guarantees of the Company.

Other information on financial risks of borrowings are disclosed in Note 37.

Hire purchase and finance lease liabilities

	As previously stated under MFRS 117	
	Group 2019 RM	Company 2019 RM
Future minimum lease payments		
Not later than 1 year	745,693	187,416
Later than 1 year and not later than 2 years	267,840	187,416
Later than 2 years and not later than 5 years	732,073	560,317
Total future minimum lease payments	1,745,606	935,149
Less: Future finance charges	(200,531)	(91,852)
Present value of finance lease liabilities	1,545,075	843,297

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

23. BORROWINGS (cont'd)

	As previously stated under MFRS 117	
	Group 2019 RM	Company 2019 RM
Analysis of present value of finance lease liabilities		
Not later than 1 year	622,208	155,932
Later than 1 year and not later than 2 years	234,581	162,803
Later than 2 years and not later than 5 years	613,402	449,678
More than 5 years	74,884	74,884
	1,545,075	843,297
Less: Amount due within 12 months	(622,208)	(155,932)
Amount due after 12 months	922,867	687,365

Other information on financial risks of hire purchase and finance lease liabilities are disclosed in Note 37.

24. LEASE LIABILITIES

	Group RM	Company RM
Current	2,876,894	1,680,702
Non-current	708,287	524,562
	3,585,181	2,205,264
The movement of lease liabilities during the financial year are as follows:		
At 1 April 2019	—	—
Effect of MFRS 16 Lease adoption	6,312,808	3,032,529
At 1 April 2019 (adjusted)	6,312,808	3,032,529
Addition	15,069	—
	6,327,877	3,032,529
Interest expense on lease liabilities	289,073	140,602
Payment of:		
- Principle	(2,742,696)	(827,265)
- Interest	(289,073)	(140,602)
	(3,031,769)	(967,867)
	3,585,181	2,205,264

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

24. LEASE LIABILITIES (cont'd)

	Group RM	Company RM
Future minimum lease payments		
Not later than 1 year	3,168,959	1,874,314
Later than 1 year and not later than 2 years	270,030	187,416
Later than 2 years and not later than 5 years	438,482	347,150
More than 5 years	25,751	25,751
Total future minimum lease payments	3,903,222	2,434,631
Less: Future finance charges	(318,041)	(229,367)
Present value of finance lease liabilities	3,585,181	2,205,264
Analysis of present value of finance lease liabilities		
Not later than 1 year	2,876,894	1,680,702
Later than 1 year and not later than 2 years	264,609	169,674
Later than 2 years and not later than 5 years	418,227	329,437
More than 5 years	25,451	25,451
Less: Amount due within 12 months	3,585,181 (2,876,894)	2,205,264 (1,680,702)
Amount due after 12 months	708,287	524,562

25. DEFERRED TAX

	Group 2020 RM	2019 RM	Company 2020 RM	2019 RM
As at 1 April	3,194,324	3,222,000	610,000	610,000
Recognised in income statement	206,223	(27,676)	–	–
As at 31 March	3,400,547	3,194,324	610,000	610,000
Presented as follows:				
Deferred tax assets	(180,413)	(27,676)	–	–
Deferred tax liabilities	3,580,960	3,222,000	610,000	610,000
As at 31 March	3,400,547	3,194,324	610,000	610,000

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

25. DEFERRED TAX (cont'd)

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

Deferred tax liabilities:

	Group 2020 RM	2019 RM	Company 2020 RM	2019 RM
Property, plant and equipment	3,222,000	3,222,000	610,000	610,000
Investment properties	358,960	–	–	–
As at 31 March	3,580,960	3,222,000	610,000	610,000

Deferred tax assets:

Other deductible temporary differences

As at 1 April	(27,676)	–	–	–
Recognised in income statement	(152,737)	(27,676)	–	–
As at 31 March	(180,413)	(27,676)	–	–

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

	Group 2020 RM	2019 RM	Company 2020 RM	2019 RM
Unused tax losses	120,780,549	116,159,431	35,768,927	30,654,486
Unabsorbed capital allowances	14,324,588	21,825,478	2,716,005	2,598,300
Accelerated capital allowances	(5,460,754)	(5,628,175)	–	–
	129,644,383	132,356,734	38,484,932	33,252,786

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries are subject to no substantial changes in shareholdings of those subsidiaries under Income Tax Act, 1967 and guidelines issued by the tax authority.

Deferred tax assets have not been recognised where it is not probable that future taxable profits will be available against which the subsidiaries can utilise the benefits.

26. TRADE AND OTHER PAYABLES

	Group 2020 RM	2019 RM	Company 2020 RM	2019 RM
Current				
Trade payables (i)				
Trade	69,985,726	122,866,182	–	–
Retention amount	45,335,735	42,952,775	–	–
	115,321,461	165,818,957	–	–

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

26. TRADE AND OTHER PAYABLES (cont'd)

	Group 2020 RM	2019 RM	Company 2020 RM	2019 RM
Other payables				
Accruals	9,795,704	5,313,231	–	–
Other payables (ii)	62,380,644	53,983,750	13,225,757	9,214,671
Trade deposits	6,815,581	6,539,841	750,000	–
Provision	21,000	21,000	–	–
	79,012,929	65,857,822	13,975,757	9,214,671
Total trade and other payables	194,334,390	231,676,779	13,975,757	9,214,671
Add: Borrowings	133,465,554	98,867,097	2,007,504	2,827,135
Total financial liabilities at amortised cost	327,799,944	330,543,876	15,983,261	12,041,806

- (i) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days.
- (ii) Included in other payables of the Group is an amount of RM69,191 (2019: RM112,102) due to a director of a subsidiary company. The amount is non-trade in nature, unsecured, repayable on demand and non-interest bearing.

27. REVENUE

	Group 2020 RM	2019 RM	Company 2020 RM	2019 RM
Construction contracts	68,072,365	151,867,664	–	–
Management fees	–	–	12,407,160	13,487,680
Property development	82,650,841	38,115,400	–	–
Rental income	301,098	298,796	–	–
Trading and services	6,029,602	9,852,605	–	–
	157,053,906	200,134,465	12,407,160	13,487,680

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

27. REVENUE (cont'd)

The Group recognised its revenue from contracts with customers in the following manner:

	Group 2020 RM	2019 RM	Company 2020 RM	2019 RM
Over time				
Construction contracts	68,072,365	151,867,664	–	–
Property development	73,887,891	38,115,400	–	–
Management fees	–	–	12,407,160	13,487,680
	141,960,256	189,983,064	12,407,160	13,487,680
At a point in time				
Property development	8,762,950	–	–	–
Rental income	301,098	298,796	–	–
Trading and services	6,029,602	9,852,605	–	–
	15,093,650	10,151,401	–	–
	157,053,906	200,134,465	12,407,160	13,487,680

28. COST OF SALES

	Group 2020 RM	2019 RM	Company 2020 RM	2019 RM
Construction contracts costs	53,308,515	139,039,299	–	–
Property development costs	59,559,808	29,277,824	–	–
Cost of inventories sold	3,076,555	3,262,321	–	–
Cost of services rendered	8,294,527	12,674,404	–	–
	124,239,405	184,253,848	–	–

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

29. OTHER INCOME

	Group 2020 RM	2019 RM	Company 2020 RM	2019 RM
Dividend income	32	36	32	36
Interest income (i)	1,268,768	959,331	331,616	527,148
Gain on disposal of property, plant and equipment	34,586	735,911	–	4,511
Gain on fair value changes in investment properties	–	1,784,873	–	–
Gain on disposal of				
- Partial disposal of subsidiary	–	–	–	2,332,979
Gain on foreign exchange				
- Unrealised	1,603	994	742	254
Rental income	187,479	165,838	72,731	1,386,934
Upkeep of motor vehicle recoverable	–	27,200	–	27,200
Other	2,381,231	978,137	191	414
	3,873,699	4,652,320	405,312	4,279,476

(i) Included in interest income from loan and receivables of the Company is interest of RM164,196 (2019 - RM155,636) from a fellow subsidiary.

30. FINANCE COSTS

	Group 2020 RM	2019 RM	Company 2020 RM	2019 RM
Interest expense on:				
Bank borrowings	10,175,646	8,105,982	907,506	140,465
Lease liabilities	289,073	–	140,602	–
Hire purchase and finance lease liabilities	–	625,039	–	20,325
	10,464,719	8,731,021	1,048,108	160,790
Less: Interest expense capitalised in:				
Land held for property development – Note 13(i)	(929,096)	(899,846)	–	–
Property development cost – Note 13(ii)	(458,734)	(1,689,272)	–	–
Total interest expense	9,076,889	6,141,903	1,048,108	160,790

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

31. LOSS BEFORE TAX

The following amounts have been included in arriving at loss before tax:

	Group 2020 RM	2019 RM	Company 2020 RM	2019 RM
After charging:				
Amounts due from subsidiaries –				
Impairment loss	–	–	5,800,709	–
Written-off	–	–	19,793	3,867,669
Auditors' remuneration –				
Statutory audit –				
Current year	356,873	314,168	90,000	90,000
Under provision in prior year	8,076	2,100	5,400	–
Non-statutory audit				
Current year	113,420	32,000	113,420	32,000
Bad debt written off	–	3,768,015	–	–
Impairment loss on trade receivables	–	256,501	–	–
Directors' remuneration –				
Executive directors				
Benefits-in-kind	143,800	35,950	94,600	23,650
Bonus	–	19,015	–	–
Fee	250,000	260,011	250,000	250,000
Emoluments	4,241,340	4,242,311	3,137,280	3,100,508
Employees Provident Fund	408,068	397,276	262,944	257,976
Non-executive directors				
Fee	100,274	120,000	100,274	120,000
Audit committee fee	73,069	–	73,069	–
Other investment –				
Loss on disposal	–	2,000	–	2,000
Investment properties –				
Loss on fair value changes	380,168	–	–	–
Loss on foreign exchange –				
Unrealised	7,022	–	39	699

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

31. LOSS BEFORE TAX (cont'd)

The following amounts have been included in arriving at loss before tax:

	Group 2020 RM	2019 RM	Company 2020 RM	2019 RM
After charging:				
Property, plant and equipment –				
Depreciation	3,019,747	3,242,754	240,558	430,091
Loss on disposal	67,848	145,520	98	7,958
Written-off	122,075	48,982	56,939	222
Expense of low-value lease assets	9,114	–	–	–
Operating leases –				
Minimum lease payments of –				
Plant and machinery	–	2,310,383	–	–
Land and buildings	–	797,267	–	2,081,551
Office	–	202,074	–	–
Office equipment	–	11,695	–	–
Right-of-use-assets				
Depreciation	2,361,347	–	847,704	–
Short term lease	184,507	–	–	–
Stock value written down	2,920	2,926	–	–
Staff costs (i)	32,307,197	37,388,449	7,459,072	7,139,756
(i) Staff costs –				
Wages, salaries and other	29,397,483	34,021,467	6,797,229	6,461,539
Employees Provident Fund	2,909,714	3,366,982	661,843	678,217
	32,307,197	37,388,449	7,459,072	7,139,756

32. INCOME TAX

	Group 2020 RM	2019 RM
Continuing operations		
Current income tax		
Malaysian income tax	2,234,553	449,011
Under/(Over) provision in prior years Malaysian income tax	1,336,037	(8,226)
	3,570,590	440,785
Deferred tax		
Relating to origination and reversal of differences	206,223	(27,676)
Total income tax	3,776,813	413,109

Domestic current income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the financial year.

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

32. INCOME TAX (cont'd)

A reconciliation of income tax applicable to loss before tax at the statutory income tax rate to income tax at the effective income tax rate of the Group and of the Company is as follows:

	Group	
	2020 RM	2019 RM
Loss before tax from:		
Continuing operations	(36,162,932)	(28,671,022)
Taxation at Malaysian statutory tax rate of 24%	(8,679,104)	(6,881,045)
Income not subject to tax	(56,121)	(896,702)
Effect of share of loss of associates and joint venture	7,762,560	620,552
Expenses not deductible for tax purposes	3,011,985	1,783,012
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	3,689,201	6,348,002
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(3,287,745)	(552,484)
Under/(Over) provision of tax expenses in prior years	1,336,037	(8,226)
Income tax for the financial year	3,776,813	413,109

	Company	
	2020 RM	2019 RM
Loss for the year	(9,440,000)	(2,910,722)
Taxation at Malaysian statutory tax rate of 24%	(2,265,600)	(698,573)
Income not subject to tax	(683,882)	(561,068)
Expenses not deductible for tax purposes	1,693,767	1,189,328
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	1,255,715	70,313
Income tax for the financial year	–	–

Tax savings during the financial year arising from:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Utilisation of current year's tax losses	–	527,562	–	527,562
Utilisation of previously unrecognised tax losses	344,234	2,302,592	–	–

33. LOSS PER SHARE

Loss per share is calculated by dividing loss for the year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

	Group	
	2020 RM	2019 RM
Loss from continuing operations attributable to owners of the parent	(40,362,572)	(28,489,189)
Weighted average number of ordinary shares in issue	186,708,050	186,708,050
Loss per share attributable to owners of the parent (sen)		
Basic and diluted	(21.62)	(15.26)

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

33. LOSS PER SHARE (cont'd)

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

34. COMMITMENTS

(i) Short-term lease

The Group leases number of premises under leases for lease term of one year. The Group has applied the exemption for not to recognise right-of-use assets and lease liabilities for short-term leases.

	Group 2020 RM	2019 RM
Commitments for short-term lease	74,297	–

(ii) Leases as lessor

The Group has entered into operating lease agreements on its investment property portfolio. These leases have remaining lease terms of not later than 5 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions and certain contracts include contingent rental arrangements computed based on sales achieved by tenants.

The future minimum lease payments receivable under operating leases contracted for as at the reporting date but not recognised as receivable, are as follows:

	Group 2020 RM	2019 RM
Not later than 1 year	222,996	336,654
Later than 1 year but not later than 5 years	21,600	186,000
	244,596	522,654

Investment property rental income including contingent rent are recognised in profit or loss during the financial year as disclosed in Note 29 to the financial statements.

35. RELATED PARTY DISCLOSURES

Companies in which certain Directors are deemed to have interests:

	Group 2020 RM	2019 RM
Building materials and spare parts purchased from/(by)		
– Imuda Sdn Bhd	(574)	(426)
– Quality Parts Sdn Bhd	1,268,891	1,500,388

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

35. RELATED PARTY DISCLOSURES (cont'd)

Companies in which certain Directors are deemed to have interests: (cont'd)

	Group 2020 RM	2019 RM
Progress billings on contracts (to)/from		
– Binadas Sdn Bhd	–	(3,646,780)
– Imuda Sdn Bhd	1,457,483	1,457,483
– Urban DNA Sdn Bhd	(4,081,773)	(99,671,554)
Reimbursement of expenses from/(to)		
– Amair Resources Sdn Bhd	31,345	9,455
– Imuda Sdn Bhd	316,557	1,614,219
– Urban DNA Sdn Bhd	762,803	(450)

	Group and Company 2020 RM	2019 RM
Rental of land and buildings charged by		
– Ireka Land Sdn Bhd	2,122,357	2,081,551
Consultation fee charged by		
– Tukawan Enterprise Sdn Bhd	60,000	214,000

	Company 2020 RM	2019 RM
Subsidiary companies:		
Interest income	(164,196)	(155,636)
Management fees	(12,407,160)	(13,484,180)
Rental income	(72,731)	(1,386,934)
Interest expenses	760,626	–
Upkeep of motor vehicle	63,360	61,920

Outstanding balances arising from trade transactions during the financial year are as follows:

	Group 2020 RM	2019 RM
Included in trade and other receivables:		
Aseana Properties Limited	–	2,062,188
Amair Resources Sdn Bhd	–	70,106
City International Hospital Co Ltd	42,312	–
Ho Lam Shangri-La Healthcare Ltd Liability Co	56,453	–
Imuda Sdn Bhd	4,051,134	2,412,080
Inovtecs Sdn Bhd	1,337,688	1,487,688
Urban DNA Sdn Bhd	1,691,273	6,753,549
	7,178,860	12,785,611

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

35. RELATED PARTY DISCLOSURES (cont'd)

Companies in which certain Directors are deemed to have interests: (cont'd)

	Group 2020 RM	2019 RM
Included in trade and other payables:		
Amatir Resources Sdn Bhd	7,230,235	7,982,455
Imuda Sdn Bhd	1,960,000	2,344,284
Ireka Land Sdn Bhd	1,071,803	1,043,765
iTech ELV Solutions Sdn Bhd	41,910	–
Quality Parts Sdn Bhd	1,007,446	906,805
Texsol Sdn Bhd	–	190,000
Tukawan Enterprise Sdn Bhd	105,000	248,000
Urban DNA Sdn Bhd	1,727,005	23,375,024
	13,143,399	36,090,333

	Company 2020 RM	2019 RM
Included in other payables:		
Ireka Land Sdn Bhd	1,071,803	1,043,765
Tukawan Enterprise Sdn Bhd	105,000	248,000
	1,176,803	1,291,765

Transaction between the Group with Aseana Properties Limited (ASPL) and its group of companies are classified as related party transactions based on Ireka Corporation Berhad's 23.07 % shareholding in ASPL.

	Group 2020 RM	2019 RM
Accounting and financial reporting services, secretary and administrative services charged	912,156	406,288
Hosting and IT support services charged	284,658	310,232
Liquidated ascertained damages charged	13,391,160	–
Management fee charged	724,850	4,643,527
Marketing fee charged	182,701	767,156
Rental expenses paid	(2,122,357)	(2,081,551)

The Directors are in the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Included in the total key management personnel are:

	Group 2020 RM	2019 RM	Company 2020 RM	2019 RM
Directors' remuneration – Note 31	5,216,551	5,074,563	3,918,167	3,752,134

36. SEGMENTAL INFORMATION

Primary Reporting - Business segments

	Continuing operations							Total RM
	Construction RM	Property development RM	Trading and services RM	Property investment RM	Investment holding RM	Elimination RM		
2020								
Revenue								
External sales	68,072,365	82,650,841	6,029,602	301,098	–	–	157,053,906	
Inter-segment sales	31,072,783	–	5,743,529	222,120	12,407,160	(49,445,592)	–	
Total revenue	99,145,148	82,650,841	11,773,131	523,218	12,407,160	(49,445,592)	157,053,906	
Result								
Segment result	14,874,719	7,591,415	(9,998,439)	(278,381)	(8,784,007)	583,881	3,989,188	
Finance costs							(9,076,889)	
Interest income							1,268,768	
Share of loss of associates					(32,237,073)		(32,237,073)	
Share of loss of joint venture					(106,926)		(106,926)	
Loss before tax							(36,162,932)	
Income tax expense							(3,776,813)	
Loss for the year							(39,939,745)	

Information about a major customer

Revenue from major customer amounted to RM80,958,802 arising from revenue earned by the construction segment.

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

36. SEGMENTAL INFORMATION (cont'd)

Primary Reporting - Other information

	Continuing operations				Discontinued operation		Per consolidated financial statements
	Property development	Trading and services	Property investment	Investment holding	Elimination	Total	Total
	RM	RM	RM	RM	RM	RM	RM
2020							
Other information							
Segment assets	137,933,679	239,610,512	21,833,296	19,795,257	256,550,441	(168,010,273)	507,712,912
Segment liabilities	284,002,277	94,971,925	6,057,455	6,466,889	18,832,217	(15,557,432)	394,773,331
Additions to non-current assets:							
Property, plant and equipment	2,864,200	-	58,342	-	72,050	-	2,994,592
Right-of-use-assets	-	-	15,069	-	-	-	15,069
Inventories - Land held for property development	-	1,062,736	-	-	-	1,062,736	1,062,736
Depreciation	714,179	-	799,464	-	847,704	-	2,361,347
Right-of-use-assets	2,197,774	2,546	433,314	145,555	240,558	-	3,019,747
Property, plant and equipment							

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

36. SEGMENTAL INFORMATION (cont'd)

Primary Reporting - Business segments

	Continuing operations					
	Construction development RM	Property development RM	Trading and services RM	Property investment RM	Investment holding RM	Elimination RM
2019						
Revenue						Total RM
External sales	151,867,664	38,115,400	9,852,605	296,346	2,450	200,134,465
Inter-segment sales	20,164,975	–	10,442,712	474,376	13,485,230	–
Total revenue	172,032,639	38,115,400	20,295,317	770,722	13,487,680	200,134,465
Result						
Segment result	(5,781,374)	184,904	(4,419,109)	734,174	(548,650)	(20,902,818)
Finance costs						(6,141,903)
Interest income						959,331
Share of loss of associates					(2,585,632)	(2,585,632)
Loss before tax						(28,671,022)
Income tax expense						(413,109)
Loss for the year						(29,084,131)

Information about a major customer

Revenue from major customer amounted to RM135,937,536 arising from revenue earned by the construction segment.

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

36. SEGMENTAL INFORMATION (cont'd)

Primary Reporting - Other information

	Continuing operations				Discontinued operation		Per consolidated financial statements
	Construction development	Property investment	Trading and services	Investment holding	Elimination	Total	
	RM	RM	RM	RM	RM	RM	RM
2019							
Other information							
Segment assets	158,604,359	154,802,510	14,982,718	20,229,866	190,898,068	(54,307,326)	485,210,195
Segment liabilities	246,975,924	70,358,966	3,824,577	6,591,200	12,678,467	(16,410)	340,412,724
Additions to non-current assets:							
Property, plant and equipment	962,692	7,336	59,093	–	1,041,627	–	2,070,748
Investment properties	5,361,800	–	–	–	–	–	5,361,800
Inventories - Land held for property development	–	2,215,700	–	–	–	–	2,215,700
Depreciation	2,187,898	2,172	474,067	148,526	430,091	–	3,242,754

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

36. SEGMENTAL INFORMATION (cont'd)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue 2020 RM	2019 RM	Non-current assets 2020 RM	2019 RM
Malaysia	156,913,838	200,001,182	148,809,199	171,708,479
Vietnam	140,068	133,283	2,078	5,260
	157,053,906	200,134,465	148,811,277	171,713,739

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	Malaysia 2020 RM	Vietnam RM	Malaysia 2019 RM	Vietnam RM
Property, plant and equipment	25,009,476	2,078	26,510,136	5,260
Right-of-use-assets	2,538,340	–	–	–
Investment properties	17,039,532	–	17,419,700	–
Investment in associates	82,331,320	–	114,646,659	–
Investment in joint venture	7,543,074	–	–	–
Others investments	33,500	–	33,500	–
Inventories	14,133,544	–	13,070,808	–
Deferred tax assets	180,413	–	27,676	–
	148,809,199	2,078	171,708,479	5,260

37. FINANCIAL RISK MANAGEMENT

The main areas of financial risks faced by the Group are foreign currency risk, interest rate risk, credit risk, price risk, liquidity and cash flow risks. The Group's overall financial risk management objective is to ensure that the Group enhances shareholders' value. The Group establishes and operates within financial risk management policies approved by the Board of Directors to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing these risks. Financial risk management is carried out through risk reviews, internal control systems and adherence to the Group's financial risk management policies.

(a) Foreign currency risk

The Group has investments in United Kingdom and Vietnam and is exposed to United State Dollars and Vietnamese Dong. Foreign currency denominated assets and liabilities together with expected cash flows from anticipated transactions denominated in foreign currencies give rise to foreign exchange exposure.

The Group's policy is to minimise exposure on foreign currency by matching foreign currency receivables against foreign currency payable, and whenever possible, to borrow in the currency of the country in which the business is located.

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

37. FINANCIAL RISK MANAGEMENT (cont'd)

(a) Foreign currency risk (cont'd)

Currency profile of major financial assets and liabilities

	← Denominated in other than functional currencies →			Denominated in functional currencies	Total
	US Dollar	VND	GBP		
Group					
2020					
Trade and other receivables	–	572,766	–	112,877,116	113,449,882
Cash and bank balances	13,942	632,548	326	26,955,759	27,602,575
	13,942	1,205,314	326	139,832,875	141,052,457
2019					
Trade and other receivables	2,062,188	436,313	–	128,959,329	131,457,830
Cash and bank balances	95,115	707,355	327	32,404,695	33,207,492
	2,157,303	1,143,668	327	161,364,024	164,665,322
Company					
2020					
Cash and bank balances	12,895	30,047	–	6,651,165	6,694,107
2019					
Cash and bank balances	94,123	11,618	–	12,577,232	12,682,973

The group is exposed to currency translation risk arising from its net investments in foreign operations in Vietnam.

Sensitivity analysis for foreign currency risk

At 31 March 2020, if other investments, trade and other receivables and cash and bank balances denominated in a currency other than the functional currency of the Group and of the Company entity strengthened/(weakened) by 10% and all other variables were held constant, the effects on the Group's profit and loss and equity expressed in Ringgit Malaysia would have been RM1,219,582/(RM1,219,582) (2019 - RM330,130/(RM330,130)) and the Company's profit and loss and equity would have been RM4,294/(RM4,294) (2019 - RM10,574/(RM10,574)).

(b) Interest rate risk

The Group's primary interest rate risk relates to deposits and interest-bearing debts. The investments in financial assets are mainly short term in nature and mostly have been placed in fixed deposits and money market instruments. The Group manages its interest exposure on interest-bearing financial liabilities by maintaining a prudent mix of fixed and floating rate borrowings, whenever possible.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

37. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Interest rate risk (cont'd)

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed as follows:

Exposure to interest rate risk

	Group 2020 RM	2019 RM	Company 2020 RM	2019 RM
Fixed rate instruments:				
Financial assets	—	—	3,149,575	2,985,379
Financial liabilities	3,585,181	1,545,075	2,205,264	843,297
Floating rate instruments:				
Financial assets	27,602,575	33,207,492	6,694,107	12,682,973
Financial liabilities	133,465,554	97,322,022	2,007,504	1,983,838

Sensitivity analysis for interest rate risk

The interest rate risk sensitivity analysis on the fixed rate instrument is not disclosed as this financial instrument is measured at amortised cost.

At 31 March 2020, if interest rate had been 100 basis point higher/lower and all other variables were held constant, the effects on the Group's profit and loss and equity expressed in Ringgit Malaysia would have been RM804,559/(RM804,559) (2019 - RM487,270/(RM487,270)) and the Company's profit and loss and equity would have been RM35,618/(RM35,618) (2019 - RM81,313/(RM81,313)).

(c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investments securities, cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the Head of Credit Control.

The Group does not have any significant exposure to any individual customer nor counterparty, except Aseana Properties Limited and subsidiaries; nor does it have any major concentration of credit risk related to any financial assets, other than as disclosed in Note 35 to the financial statements.

(i) Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

37. FINANCIAL RISK MANAGEMENT (cont'd)

(c) Credit risk (cont'd)

(i) Financial guarantees (cont'd)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value of such financial guarantees is not expected to be material as the probability of the subsidiaries defaulting on the credit lines is remote.

(ii) Credit risk concentration profile

The Group's major concentration of credit risk relates to the amount owing by a major customer which constituted approximately 23% (2019 - 30%) of its trade receivables as at the end of the reporting period.

(d) Price risk

Equity price risk arises from the Group's investments in quoted shares which are available-for-sale and held by the Group at fair value at reporting date. Gains and losses arising from changes in the fair value of available-for-sale investments are recognised in Group's profit and loss and equity.

Sensitivity analysis for equity price risk

The Group has considered the sensitivity of these financial instruments to market risk and are of the view that their impact is insignificant.

(e) Liquidity and cash flow risks

The Group raises funds as required on the basis of budgeted expenditure and inflows for the next twelve months with the objective of ensuring adequate funds to meet commitments associated with its financial liabilities. When funds are sought, the Group balances the costs and benefits of equity and debt financing against the construction contracts to be undertaken. As at 31 March 2020, the Group's borrowings to fund the construction had tenure of less than five years.

Cash flows are monitored on an on-going basis. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long term and short term financial liabilities as well as cash out flows due in its day to day operations while ensuring sufficient headroom on its undrawn committed borrowing facilities at all times so that borrowing limits and covenants are not breached. Capital investments are committed only after confirming the source of funds, e.g. securing financial liabilities.

Management is of the opinion that most of the bank borrowings can be renewed or re-financed based on the strength of the Group's earnings, cash flow and asset base.

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

36. FINANCIAL RISK MANAGEMENT (cont'd)

(e) Liquidity and cash flow risks (cont'd)

The following tables set out the carrying amounts, the weighted average effective interest rates (WAEIR) as at the reporting date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk.

2020 Group	Note	Waeir %	Carrying amount RM	Contractual		On demand or within 1 year RM	1 to 2 years RM	2 to 3 years RM	3 to 4 years RM	4 to 5 years RM	More than 5 years RM	Total RM
				undiscounted cash flows RM								
Financial liabilities												
Fixed rate												
Lease liabilities	24	3.65	3,585,181	3,585,181	2,876,894	264,609	254,624	114,169	49,433	25,452	3,585,181	
Floating rate												
Bank overdrafts	23	6.59	16,106,056	16,106,056	16,106,056	-	-	-	-	-	16,106,056	
Revolving credits	23	6.42	23,115,773	23,115,773	23,115,773	-	-	-	-	-	23,115,773	
Trade finance	23	4.93	23,048,000	23,048,000	23,048,000	-	-	-	-	-	23,048,000	
Term loans	23	8.95	71,195,725	71,195,725	35,412,479	30,783,246	5,000,000	-	-	-	71,195,725	
Trade and other payables	26		194,334,390	194,334,390	194,334,390	-	-	-	-	-	194,334,390	
Total undiscounted financial liabilities			327,799,944	327,799,944	292,016,698	30,783,246	5,000,000	-	-	-	327,799,944	
Company												
Fixed rate												
Lease liabilities	24	3.77	2,205,264	2,205,264	1,680,702	169,674	176,546	103,457	49,433	25,452	2,205,264	
Floating rate												
Bank overdrafts	23	7.54	992,157	992,157	992,157	-	-	-	-	-	992,157	
Revolving credits	23	6.99	1,015,347	1,015,347	1,015,347	-	-	-	-	-	1,015,347	
Other payables	26		13,975,757	13,975,757	13,975,757	-	-	-	-	-	13,975,757	
Total undiscounted financial liabilities			15,983,261	15,983,261	15,983,261	-	-	-	-	-	15,983,261	
Financial guarantee contracts (i)			NIL	95,674,804	95,674,804	-	-	-	-	-	NIL	

(i) The disclosure represents the maximum liquidity risk exposure in the event of default by the subsidiaries.

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

36. FINANCIAL RISK MANAGEMENT (cont'd)

(e) Liquidity and cash flow risks (cont'd)

The following tables set out the carrying amounts, the weighted average effective interest rates (WAEIR) as at the reporting date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk.

	Note	WAEIR %	Carrying amount RM	Contractual undiscounted cash flows RM	On demand or within 1 year RM	1 to 2 years RM	2 to 3 years RM	3 to 4 years RM	4 to 5 years RM	More than 5 years RM	Total RM
2019											
Group											
Financial liabilities											
Fixed rate											
Hire purchase and finance lease liabilities	23	3.17	1,545,075	1,545,075	622,208	234,581	74,934	78,078	460,390	74,884	1,545,075
Floating rate											
Bank overdrafts	23	6.93	8,360,932	8,360,932	8,360,932	—	—	—	—	—	8,360,932
Revolving credits	23	6.65	24,631,420	24,631,420	24,631,420	—	—	—	—	—	24,631,420
Trade finance	23	5.25	23,944,000	23,944,000	23,944,000	—	—	—	—	—	23,944,000
Term loans	23	7.99	40,385,670	40,385,670	12,227,351	23,460,034	3,098,285	1,600,000	—	—	40,385,670
Trade and other payables	26		231,676,779	231,676,779	231,676,779	—	—	—	—	—	231,676,779
Total undiscounted financial liabilities			328,998,801	328,998,801	300,840,482	23,460,034	3,098,285	1,600,000	—	—	328,998,801
Company											
Fixed rate											
Hire purchase and finance lease liabilities	23	2.11	843,297	843,297	155,932	162,803	169,674	176,546	103,457	74,885	843,297
Floating rate											
Bank overdrafts	23	7.00	968,123	968,123	968,123	—	—	—	—	—	968,123
Revolving credits	23	7.16	1,015,715	1,015,715	1,015,715	—	—	—	—	—	1,015,715
Other payables	26		9,214,671	9,214,671	9,214,671	—	—	—	—	—	9,214,671
Total undiscounted financial liabilities			11,198,509	11,198,509	11,198,509	—	—	—	—	—	11,198,509
Financial guarantee contracts (i)			NIL	67,179,865	67,179,865	—	—	—	—	—	NIL

(i) The disclosure represents the maximum liquidity risk exposure in the event of default by the subsidiaries.

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

37. FINANCIAL RISK MANAGEMENT (cont'd)

(f) Fair values

The carrying amount of trade and other receivables, deposits, cash and cash equivalents, trade and other payables, accruals and current bank loans and borrowings approximate their fair values in the current and prior years due to relatively short term in nature of these financial instruments.

Non current bank loans earn interest at floating rates and the fair value in the current and prior years approximates to the carrying value.

The fair value of quoted shares is determined by reference to stock exchange quoted market bid prices at the close of the business on the financial position date. No disclosure is made in respect of unquoted investment as it is not practicable to determine their fair values because of the lack of quoted market price.

The table below analyses financial instruments carried at fair value at the end of the reporting date by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (such as prices) or indirectly (such as derived from prices).
- Level 3: Inputs for the assets or liability that are not based on observable market data (unobservable inputs).

There were no transfers between level 1, 2 and level 3 fair value measurements during the financial year ended 31 March 2020 and 31 March 2019.

The Directors do not anticipate the carrying amounts recorded in the financial position to be significantly different from the fair values of the non-trade amounts due to/from intergroup of companies within the Group.

It is not practicable to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, costs and eventual outcome.

The fair values of others financial assets and liabilities, together with the carrying amounts shown in the statements of financial position, are as follows:

	2020		2019	
	Carrying amount RM	Fair Value RM	Carrying amount RM	Fair Value RM
Group				
Hire purchase and finance lease liabilities	–	–	1,545,075	1,745,606
Lease liabilities	3,585,181	3,903,222	–	–
Company				
Hire purchase and finance lease liabilities	–	–	843,297	935,149
Lease liabilities	2,205,264	2,434,631	–	–

The following summarises the methods used in determining the fair value of financial instruments reflected in the above table.

Non-derivative financial liabilities

Fair value, which is determined for disclosures purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For finance leases the market rate of interest is determined by references to similar lease agreements.

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

37. FINANCIAL RISK MANAGEMENT (cont'd)

(f) Fair values (cont's)

Interest rate used to determine fair value

The interest rates used to discount estimated cash flows are as follows:

	2020 %	2019 %
Hire purchase and finance lease liabilities	–	1.88 - 3.50
Lease liabilities	1.88 - 6.13	–

38. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust for the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2020 and 31 March 2019.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

	Note	Group 2020 RM	2019 RM	Company 2020 RM	2019 RM
Bank borrowings	23	133,465,554	98,867,097	2,007,504	2,827,135
Lease liabilities	24	3,585,181	–	2,205,264	–
Less: Cash and cash equivalents	18	(27,602,575)	(33,207,492)	(6,694,107)	(12,682,973)
Net debt		109,448,160	65,659,605	(2,481,339)	(9,855,838)
Shareholders' equity		112,939,581	144,797,471	258,973,202	268,413,202
Capital and net debt		222,387,741	210,457,076	256,491,863	258,557,364
Gearing ratio (net cash)		0.97	0.45	–	–

39. SIGNIFICANT EVENT

One of the wholly-owned subsidiary of the Company (the "Claimant") has on 17 April 2019 served the notice of arbitration under the Asian International Arbitration Centre Rules 2018 against a subsidiary of a public listed company (the "Respondent") in respect of the disputes and differences arising from the contract for the construction of a mixed development project at Daerah Johor Bahru, Johor Darul Takzim (the "Contract").

The Claimant's claims against the Respondent are premised on the breach of contract and outstanding payment due in relation to the Contract. The Claimant seeks reliefs and/or remedies against the Respondent, which include but not limited to, inter alia, declarations of Final Account in the amount of over RM29 million; further extension of time or time at large, loss & expense awards, interest, costs and further relief or relieves of about RM20 million.

Notes to the Financial Statements

for the year ended 31 March 2020 (cont'd)

40. SUBSEQUENT EVENTS

Proposed ASPL demerger

On 7 May 2020, ASPL announced its plan to undertake a demerger of certain assets held by ASPL in exchange for buy-back and cancellation of shares held by the Company and certain participating shareholders. On even date, the Company announced its consideration in participating in the Proposed ASPL Demerger, which would be formalised through a definitive agreement to be entered into between both parties.

On 15 July 2020, the Group entered into a conditional Share Buyback Agreement with ASPL. In accordance to the Share Buyback Agreement, the Group agrees to sell and ASPL agrees to purchase all the 45,837,504 ordinary shares of ASPL held by the Group in consideration for an equivalent number of ordinary shares in NewCo, which will hold mainly The RuMa Hotel and Residences ("The RuMa") in Kuala Lumpur and a parcel of land in Kota Kinabalu, both located in Malaysia.

The Group has also agreed with ASPL that adjustments should be made, where appropriate, to reflect the settlement of potential claims that ASPL may have against the Group in connection with the Group's projects, including the settlement of amounts owing by the Group to the ASPL relating to the development and construction of The RuMa.

This demerger transaction is conditional upon the approval of various parties, including the approval of shareholders of the Company and ASPL, the latter of which was obtained on 18 August 2020.

Effect of outbreak of coronavirus pandemic

The outbreak of coronavirus disease 2019 ("COVID-19") in early 2020 and the implementation and subsequent extension of the Movement Control Order ("MCO") by the Malaysian Government has caused disruptions to business and operation across many industries, and dampened economic activities globally and domestically. The Government and Bank Negara Malaysia ("BNM") have introduced countercyclical measures, including two economic stimulus packages amounting to RM250 billion to provide immediate relief to affected household and businesses; complemented by two consecutive Overnight Policy Rate reduction. Public sector spending is underpinned by the continuation of large-scale infrastructure projects and the implementation of more small-scale projects worth RM4 billion by the Federal Government, which will support growth in 2020.

The Group has been closely monitoring events related to the COVID-19 pandemic and actively implementing measures to mitigate adverse impact on its business activities. It is expected that the financial performance of the Group after the reporting period will be affected, but it is not possible to put an accurate figure to the impact of COVID-19 in the value.

However the Board of Directors is confident on the successful recovery of the economy, given the actions taken by the Government and BNM. BNM expects the Malaysian economy to rebound in 2021, in line with the projected global recovery.

41. COMPARATIVE INFORMATION

The following significant items of comparative information have been restated arising from a review of disclosure requirements:-

	As restated RM	Group As previously reported RM
Consolidated statement of cash flows		
Net cash flow used in operating activities	(25,958,436)	(28,547,554)
Net cash flow generated from financing activities	22,112,129	24,701,247

Analysis of Shareholdings

as at 22 July 2020

Total number of issued shares : 186,708,050 Ordinary Shares
Voting rights : 1 vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

Size of holdings	No. of shareholders	% of shareholders	No. of shares	% of shareholdings
Less than 100	68	2.52	1,064	0.00
100 – 1,000	689	25.48	619,447	0.33
1,001 – 10,000	1,418	52.44	6,405,439	3.43
10,001 – 100,000	450	16.64	12,937,991	6.93
100,001 – less than 5% of issued shares	73	2.70	54,307,740	29.09
5% and above of issued shares	6	0.22	112,436,369	60.22
Total	2,704	100.00	186,708,050	100.00

DIRECTORS' SHAREHOLDINGS

Directors	Direct		Indirect	
	No. of shares	%	No. of shares	%
Datuk Lai Siew Wah	–	–	73,502,997*	39.37
Datuk Lai Jaat Kong @ Lai Foot Kong	9,000,000	4.82	–	–
Datuk Lai Voon Hon	18,000	0.01	73,502,997*	39.37
Lai Voon Huey, Monica	9,000	0.00 [#]	73,502,997*	39.37
Tan Thiam Chai	29,250	0.02	–	–
Chan Chee Kian	–	–	–	–
Hoe Kah Soon	–	–	–	–
Dato' Azmi bin Abdullah	–	–	–	–
Lau Mun Cheong	–	–	–	–

SUBSTANTIAL SHAREHOLDERS' HOLDINGS

Substantial Shareholders	Direct		Indirect	
	No. of shares	%	No. of shares	%
Ideal Land Holdings Sdn Bhd	73,502,997	39.37	–	–
Magnipact Resources Sdn Bhd	23,097,372	12.37	–	–
CRRC Urban Traffic (Europe) Co. Ltd.	15,836,000	8.48	–	–
Green Rivervale Holdings Sdn Bhd	–	–	23,097,372 [^]	12.37
Chan Soo Har @ Chan Kay Chong	3,277,125	1.76	23,097,372 ^{**}	12.37
Lai Man Moi	2,161,125	1.16	23,097,372 ^{**}	12.37
Datuk Lai Siew Wah	–	–	73,502,997*	39.37
Datuk Lai Voon Hon	18,000	0.01	73,502,997*	39.37
Lai Voon Keat	–	–	73,502,997*	39.37
Lai Voon Wai	–	–	73,502,997*	39.37
Liw Yoke Yin	18,000	0.01	73,502,997*	39.37

Notes:

- * Deemed interests through Ideal Land Holdings Sdn Bhd
- ** Deemed interests through Green Rivervale Holdings Sdn Bhd
- [^] Deemed interests through Magnipact Resources Sdn Bhd
- [#] Negligible

Analysis of Shareholdings

as at 22 July 2020 (cont'd)

THIRTY (30) LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	Kenanga Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Ideal Land Holdings Sdn Bhd)	35,500,000	19.01
2	AMSEC Nominees (Tempatan) Sdn Bhd (Pledged Securities Account- Ambank (M) Berhad for Ideal Land Holdings Sdn Bhd)	20,000,000	10.71
3	Ideal Land Holdings Sdn Bhd	18,002,997	9.64
4	Citigroup Nominees (Asing) Sdn Bhd (Exempt An for Bank of Singapore Limited) (Foreign)	15,836,000	8.48
5	Kenanga Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Magnipact Resources Sdn Bhd)	11,700,000	6.27
6	Magnipact Resources Sdn Bhd	11,397,372	6.10
7	RHB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Lai Jaat Kong @ Lai Foot Kong)	6,524,050	3.49
8	Koon Woh	5,434,700	2.91
9	Thong Kok Cheong	5,072,150	2.72
10	RHB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Chan Soo Har @ Chan Kay Chong)	2,765,625	1.48
11	Lai Jaat Kong @ Lai Foot Kong	2,475,950	1.33
12	Lim Sow Mun	2,300,000	1.23
13	RHB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Lai Man Moi)	1,920,375	1.03
14	CIMB Group Nominees (Asing) Sdn Bhd (Exempt An for DBS Bank LTD (SFS))	1,801,600	0.96
15	Sapiah @ Safiah binti Hussin	1,800,000	0.96
16	JF Apex Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for GV Asia Fund Limited (STA 1))	1,728,100	0.93
17	Abdullah bin Yusof	1,500,000	0.80
18	CIMSEC Nominees (Asing) Sdn Bhd (CIMB for Mahomed Ferheen (PB))	1,285,600	0.69
19	Kwok Yoke How	1,166,600	0.62
20	Lim Jit Hai	1,109,200	0.59

Analysis of Shareholdings

as at 22 July 2020 (cont'd)

THIRTY (30) LARGEST SHAREHOLDERS (cont'd)

NO.	NAME	NO. OF SHARES	%
21	Ang Yook Chu @ Ang Yoke Fong	1,108,100	0.59
22	Choon Siew & Sons Sdn. Berhad	1,030,000	0.55
23	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Ching Soon Liang (E-TWU))	1,000,000	0.54
24	Alliancegroup Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Ang Yook Chu @ Ang Yoke Fong (8076574))	861,200	0.46
25	Tan Hwa Ling @ Tan Siew Leng	834,800	0.45
26	HSBC Nominees (Asing) Sdn Bhd (Exempt An for HSBC Broking Securities (Asia) Limited (Client A/C))	577,800	0.31
27	Kwok Yoke How	576,003	0.31
28	Yap Ai Synn @ Yap Ai Chin	544,900	0.29
29	Chan Soo Har @ Chan Kay Chong	511,500	0.27
30	Leow Peng Seong	495,500	0.27

List of Material Properties

as at 31 March 2020

No.	Location	Tenure	Approximate Land Area/ Built-up Area (sq. ft.)	Description	Age (years)	Net Book Value (RM)	Year of Acquisition
1	Lot PT 4048, Lot PT 4050 to PT 4053 Bandar Nilai Utama Putra Nilai Daerah Seremban	Freehold	999,424	Residential land for development	N/A	16,538,867	2011
2	Lot PT 17741, Mukim Batu Kuala Lumpur, Level 30 & 31 1 Mont' Kiara, Mont' Kiara Kuala Lumpur	Freehold	18,406	Office suites for investment	10	11,411,992	2007
3	Lot PT 17741, Mukim Batu Kuala Lumpur, Sectors 3, 5-7 11-12 i-ZEN@Kiara II Mont' Kiara Kuala Lumpur	Freehold	16,221	Office space for own/ external use	13	8,120,591	2007
4	Lot 20008, Section 95A A-55-3A, Residensi Vogue 1 No. 3, Jalan Bangsar, KL Eco City 59200 Kuala Lumpur	Leasehold (99 years) expiring on 5 December 2113	3,993	Service apartment for investment	2	5,200,000	2019
5	Lot 8850, Mukim of Kajang Daerah Ulu Langat Selangor Darul Ehsan	Freehold	220,790	Agricultural land for future development	N/A	2,097,653	2011
6	GRN 280415, Lot 3911 Mukim Sungai Gumut Daerah Ulu Selangor Selangor Darul Ehsan	Freehold	44,476	Homesteads for investment	N/A	439,570	1995
7	GRN 280622, Lot 4019 Mukim Sungai Gumut Daerah Ulu Selangor Selangor Darul Ehsan	Freehold	46,368	Homesteads for investment	N/A	278,208	2002
8	Lot PT 2396 Mukim Kuala Kalumpang Daerah Ulu Selangor Selangor Darul Ehsan	Freehold	7,185	Bungalow lot for investment	N/A	179,625	2002
9	Geran 42276/M2/2/44 Lot 32432 Mukim of Plentong Johor Darul Takzim	Freehold	824	Walk-up flat for investment	33	37,571	1987

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 44th Annual General Meeting of Ireka Corporation Berhad (the ‘**Company**’) will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Tuesday, 29 September 2020 at 2.30 p.m. for the following purposes:

AS ORDINARY BUSINESS

- 1 To receive the Audited Financial Statements of the Company and of the Group for the financial year ended 31 March 2020 together with the reports of the Directors and the Auditors thereon. *(Please refer to Explanatory Note 1)*
- 2 To approve the payment of Audit Committee fees of RM21,068.50 and Directors’ fees of RM350,273.95 for the financial year ended 31 March 2020. **Ordinary Resolution 1**
(Please refer to Explanatory Note 2)
- 3 To re-elect the following Directors who retire in accordance with Clause 102 of the Company’s Constitution and, being eligible, offer themselves for re-election:
 - a. Datuk Lai Voon Hon
 - b. Lai Voon Huey, Monica
 - c. Tan Thiam Chai**Ordinary Resolution 2**
Ordinary Resolution 3
Ordinary Resolution 4
(Please refer to Explanatory Note 3)
- 4 To elect Lau Mun Cheong who retires in accordance with Clause 101 of the Company’s Constitution and, being eligible, offers himself for election. **Ordinary Resolution 5**
- 5 To re-appoint Messrs. RSL PLT as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be fixed by the Directors. **Ordinary Resolution 6**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolutions:

- 6 **Proposed Renewal of Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016** **Ordinary Resolution 7**
(Please refer to Explanatory Note 4)

‘**THAT** subject to the Companies Act 2016, Bursa Malaysia Securities Berhad’s Main Market Listing Requirements, the Company’s Constitution and approvals of any other relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company at any time, at such price, upon such terms and conditions, for such purposes and to such person(s) whomsoever 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 total number of issued shares of the Company for the time being and **THAT** the Directors be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and **THAT** such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company or at the expiry of the period within which the next Annual General Meeting is required to be held, whichever is earlier, unless such approval be revoked or varied by the Company at a general meeting.’
- 7 **Proposed Renewal of General Mandate for Recurrent Related Party Transactions** **Ordinary Resolution 8**
(Please refer to Explanatory Note 5)

‘**THAT** subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries (‘the Group’) to enter into and give effect to specified recurrent transactions of a revenue or trading nature with specified classes of Related Parties (as set out in Section 2.2.2 of the Circular to Shareholders dated 28 August 2020) which are necessary for the Group’s day-to-day operations in the ordinary course of business and are carried out at arm’s length basis on normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public and are not detrimental to minority shareholders of the Company (‘Proposed General Mandate’) and such approval shall continue to be in force until:

Notice of Annual General Meeting (cont'd)

- a) the conclusion of the next Annual General Meeting of the Company following the general meeting at which such Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- b) the expiration of the period within which the next Annual General Meeting is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- c) revoked or varied by ordinary resolution passed by the shareholders in a general meeting,

whichever is the earlier, and that for the avoidance of doubt, all such transactions entered into by the Group prior to the date of this resolution be and are hereby approved and ratified.

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

8 Proposed Renewal of Share Buy-back Authority

Ordinary Resolution 9
(Please refer to Explanatory Note 6)

'THAT subject to the Companies Act 2016 ('the Act'), Bursa Malaysia Securities Berhad's Main Market Listing Requirements, the Company's Constitution and approvals of any other relevant governmental/regulatory authorities, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company ('Proposed Share Buy-Back') as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares purchased pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company and the amount allocated shall not exceed the latest audited retained profits of the Company.

THAT such authority shall commence immediately upon passing of this ordinary resolution until the conclusion of the next Annual General Meeting of the Company unless earlier revoked or varied by ordinary resolution of shareholders of the Company in a general meeting or upon the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever occurs earlier.

THAT upon completion of the purchases of the shares of the Company, the Directors of the Company be and are hereby authorised to cancel the shares so purchased or to retain the shares so purchased as treasury shares (of which may be dealt with in accordance with Section 127(7) of the Act), or to retain part of the shares so purchased as treasury shares and cancel the remainder or in any other manners as may be permitted by the relevant legislations and regulations.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise and to give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments as may be required or imposed by the relevant authorities and to do all such acts and things (including executing all documents) as the Directors may deem fit and in the best interest of the Company.'

- 9 To transact any other business for which due notice shall have been given in accordance with the Company's Constitution and the Companies Act 2016.

By order of the Board

WONG YIM CHENG (SSM PC No.: 202008002578) (MAICSA 7008092)
Company Secretary

Kuala Lumpur
28 August 2020

Notice of Annual General Meeting (cont'd)

EXPLANATORY NOTES

1 Item 1 of the Agenda - Audited Financial Statements for the Financial Year Ended 31 March 2020

This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require an approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

2 Ordinary Resolution 1 - Payment of Audit Committee Fees and Directors' Fees

Approval is sought from the shareholders for the payment of the Audit Committee's fees of RM10,000 for the chairman of the Audit Committee and RM8,000 for each member; and Directors' fees of RM50,000 for the Chairman of the Board and RM40,000 for each of the other board members for the financial year ended 31 March 2020. The details of which are set out in the Corporate Governance Overview Statement of this Annual Report.

3 Ordinary Resolutions 2 to 4 - Re-election of Directors

Clause 102 of the Company's Constitution states that all Directors shall retire from office at least once in every three (3) years, but shall be eligible for re-election. Clause 103 of the Company's Constitution provides that an election of Directors shall take place each year. This provides an opportunity for the shareholders to renew their mandates for the said Directors to continue to serve on the Board.

Datuk Lai Voon Hon, Lai Voon Huey, Monica and Tan Thiam Chai are retiring pursuant to Clause 102 of the Company's Constitution, and being eligible, have offered themselves for re-election at this Annual General Meeting.

The Board was satisfied with the performance of the abovementioned Directors upon the assessment conducted by the Nomination & Remuneration Committee and hence, recommended their proposed re-election to be tabled for shareholders' approval at this Annual General Meeting. To assist the shareholders in their decision, information on their personal profiles are provided on pages 11 to 13 of the Annual Report.

4 Ordinary Resolution 7 - Proposed Renewal of Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016

The Ordinary Resolution 7, if passed, will empower the Directors to issue and allot shares not exceeding 10% of the total number of issued shares of the Company for the time being without convening further general meetings for such purposes. This authority is a renewal of the general mandate which will expire at the conclusion of forthcoming 44th Annual General Meeting.

This new general mandate will provide flexibility to the Company for any possible fund raising activities including but not limited to placing of shares, for the purposes of funding future investment project(s), working capital, acquisitions or such other applications as the Directors deem fit. This would avoid any delay and cost involved in convening a general meeting to approve such issue of shares. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this notice, no new shares were issued by the Company pursuant to the general mandate granted last year, which will lapse at the conclusion of the 44th Annual General Meeting.

5 Ordinary Resolution 8 - Proposed Renewal of General Mandate for Recurrent Related Party Transactions

The Ordinary Resolution 8, if passed, will enable the Group to enter into recurrent transactions of a revenue or trading nature with related parties which are necessary for the Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company. Further information on this resolution is set out in Part A of the Circular to Shareholders dated 28 August 2020.

6 Ordinary Resolution 9 - Proposed Renewal of Share Buy-back Authority

The Ordinary Resolution 9, if passed, will empower the Company to purchase its own shares of up to 10% of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the latest audited retained profits of the Company. Further information on this resolution is set out in Part B of the Circular to Shareholders dated 28 August 2020.

Notice of Annual General Meeting (cont'd)

NOTES ON PROXY

- 1 A member entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend, speak and vote in his stead. A proxy need not be a member of the Company. When a member appoints two (2) proxies to attend the meeting, the member shall specify the proportion of his shareholdings to be represented by each proxy.
- 2 Where a member is an exempt authorised nominee ('EAN') which holds ordinary shares in the Company for multiple beneficial owners in one securities account ('omnibus account'), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.
- 3 Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- 4 The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. To be valid, the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited together with the Proxy Form.
- 5 The original signed Proxy Form or the power of attorney or other authority (if any), must be deposited at the Company's Registered Office at Level 18, Wisma Mont' Kiara, No. 1, Jalan Kiara, Mont' Kiara, 50480 Kuala Lumpur not less than 48 hours before the time set for holding the Meeting or at any adjournment thereof.
- 6 Only members whose names appear in the Record of Depositors on 23 September 2020 shall be entitled to attend, speak and vote at the said meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting ('AGM') and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof), and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the 'Purposes'); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of The Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. Details of individuals who are standing for election as Directors (excluding directors standing for re-election)

Lau Mun Cheong was appointed to the Board on 27 February 2020 and shall hold office only until the conclusion of the 44th Annual General Meeting of the Company and, being eligible, offers himself to stand for election at the 44th Annual General Meeting in accordance with Clause 101 of the Company's Constitution. His personal profile is disclosed under the Directors' Profile of this Annual Report and his shareholdings in the Company and its subsidiaries are set out in the Analysis of Shareholdings of this Annual Report.

2. Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

Details of the general mandate to issue securities in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are set out in the Explanatory Note 4 of the Notice of 44th Annual General Meeting.

PROXY FORM



IREKA CORPORATION BERHAD

Registration No. 197501004146 (25882-A)
(Incorporated in Malaysia)

No. of Shares Held	CDS Account No.

I/We _____ NRIC/Passport/Company No. _____

of _____

being a member of Ireka Corporation Berhad, hereby appoint the following person(s) as my/our proxy:

Proxy 1	Full name	NRIC/Passport No.	No. of shares to be represented	Percentage
	Address			%
Proxy 2	Full name	NRIC/Passport No.	No. of shares to be represented	Percentage
	Address			%

or failing him/her, the Chairman of the Meeting, as my/our proxy, to attend and vote for me/us and on my/our behalf at the 44th Annual General Meeting of the Company to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on **Tuesday, 29 September 2020 at 2.30 p.m.** and at any adjournment thereof, in the manner as indicated below:-

Resolutions		For	Against
Ordinary Resolution 1	To approve the payment of Audit Committee fees of RM21,068.50 and Directors' fees of RM350,273.95		
Ordinary Resolution 2	To re-elect Datuk Lai Voon Hon as a Director of the Company		
Ordinary Resolution 3	To re-elect Lai Voon Huey, Monica as a Director of the Company		
Ordinary Resolution 4	To re-elect Tan Thiam Chai as a Director of the Company		
Ordinary Resolution 5	To elect Lau Mun Cheong as a Director of the Company		
Ordinary Resolution 6	To re-appoint Messrs. RSL PLT as Auditors of the Company		
Ordinary Resolution 7	To propose the renewal of authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016		
Ordinary Resolution 8	To propose the renewal of general mandate for Recurrent Related Party Transactions		
Ordinary Resolution 9	To propose the renewal of Share Buy-back Authority		

Please indicate with an 'X' in the appropriate spaces how you wish your votes to be cast. If you do not indicate how you wish your proxy to vote on any resolutions, the proxy will vote as he thinks fit or, at his discretion, abstain from voting.

Signature/Common Seal of Member

Dated this _____ day of _____ 2020

Notes:

- 1 A member entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend, speak and vote in his stead. A proxy need not be a member of the Company. When a member appoints two (2) proxies to attend the meeting, the member shall specify the proportion of his shareholdings to be represented by each proxy.
- 2 Where a member is an exempt authorised nominee ('EAN') which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.
- 3 Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- 4 The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. To be valid, the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited together with the Proxy Form.
- 5 The original signed Proxy Form or the power of attorney or other authority (if any), must be deposited at the Company's Registered Office at Level 18, Wisma Mont' Kiara, No. 1, Jalan Kiara, Mont' Kiara, 50480 Kuala Lumpur not less than 48 hours before the time set for holding the Meeting or at any adjournment thereof.
- 6 Only members whose names appear in the Record of Depositors on 23 September 2020 shall be entitled to attend, speak and vote at the said meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 28 August 2020.

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STAMP

IREKA CORPORATION BERHAD

Registration No. 197501004146 (25882-A)

Level 18, Wisma Mont' Kiara
No. 1, Jalan Kiara
Mont' Kiara
50480 Kuala Lumpur

ATTN: THE COMPANY SECRETARY

Please fold here to seal



IREKA CORPORATION BERHAD
197501004146 (25882-A)

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