ENCORP BERHAD

(Company No: 200001004231 (506836-X))

MAKING A DIFFERENCE FOR 20 YEARS

20 years 2000-2020

ANNUAL REPORT 2020

COVER *Rationale*

Making a Difference for 20 Years

For the past two decades, Encorp Berhad has been consistently making a positive difference in the lives of the communities living and working in our developments, by remaining true to our philosophy of Quality, Standards, Value and Service (QSVS). Throughout the years, we have augmented the strength of our relationships of mutual trust with our ecosystem of stakeholders, by providing them a supportive environment that sets them on the right path to pursue their own hopes and dreams.

Our commitment to excellence, as demonstrated by our QSVS promise, is to get it right from the start. To build the right development, from concept to creation. To build with our vision firmly trained on the future. To build with an uncompromising attitude focused on generating the highest levels of satisfaction and creating value for all.

Encorp Berhad turned 20 in a year that saw society struggle with the impacts of an unforeseen pandemic. We reached out to touch the lives of our customers, employees and communities by providing them with the support they needed to remain resilient amidst buffeting external headwinds. Through a challenging year, we have delivered on our growth promise, by recording the best results of the past three years.

As we continue with our journey, our sights are firmly trained on our true north of growth. We reaffirm our commitment to continue with our relentless pursuit of quality, and help communities live their best lives by providing them with innovative, high quality and lifestyle driven developments.

LOGO *Rationale*

ENCORP
BERHAD

Encorp's identity has built a reputation based on the satisfaction we see in all our customers' faces.

The globe is a symbol of our desire to set new horizons as we grow and strengthen, striving to achieve greater heights.

The colour red represents our commitment in harnessing the trust and confidence of our stakeholders and customers. But above all, it reflects the paramount quality of our products, which are designed and developed with great thoughtfulness and assurance.

Scan here to know more about Encorp Berhad

OUR *Vision*

ENCORP aspires to be an organisation of happy, highly motivated and well-trained individuals whose aim is to deliver unbeatable quality, standards, value and service in everything ENCORP BERHAD does and to make a difference to our community.

OUR *Mission*

EB Good 2 Great From Now!

OUR *Values*

E **Ethical**
We will always do the right thing.

S **Success**
We will work hard to ensure Encorp Berhad will operate as an efficient, profitable, fast growing and well run organisation.

R **Relationship**
We will work hard to develop mutual trust and respect among ourselves and between us and our customers.

L **Learning**
We will always be willing to grow, inquire and develop new ideas. A learning organisation must have learning individuals - unless individuals learn, the organisation cannot progress.

Announcement of Quarterly Results

22 May 2020
Announcement of the year end 2019 audited Loss Before Tax of RM35.1 million.

28 August 2020
Announcement of the second quarter result of 2020 (period-to-date) unaudited Loss Before Tax of RM24.4 million.

29 June 2020
Announcement of the first quarter result of 2020 (period-to-date) unaudited Loss Before Tax of RM15.4 million.

26 November 2020
Announcement of the third quarter result of 2020 (period-to-date) unaudited Loss Before Tax of RM59.7 million.

Encorp Berhad Core Businesses

PROPERTY DEVELOPMENT

INVESTMENT PROPERTY (RETAIL MALL)

CONCESSIONAIRE

Presence

5 SDGs

Focus Areas

Market capitalisation of
RM74.4 million

Shareholders' Funds
RM363.7 million
Attributable to owners of the parent

Listed on the Main Market Bursa Malaysia Securities Berhad since
2003

Net Assets Per Share
RM1.15
Attributable to owners of the parent

Incorporated in
2000

Board Composition

- 1 Non-Independent Non-Executive Director Non-Executive Chairman
- 1 Non-Independent Non-Executive Director
- 2 Independent Non-Executive Directors

103 Volunteers donated
160 hours
of service to local communities in 2020

Total
1,848 hours
of training in 2020

103
skilled workforce

53% 47%
Diversity
and Equal Opportunity

Compliance to
Safety

- Zero fatality
- No stop work order

Commitment to
Quality

- ISO 9001: 2015 Certified Quality Management System
- Quality Assessment System in Construction by the Construction Industry Development Board

Recognition of
Standards
through many industry accolades since 2010

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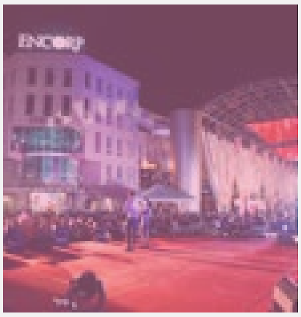
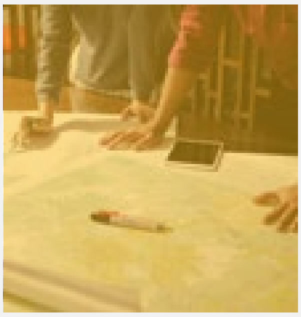
21st
Annual General Meeting of Encorp Berhad

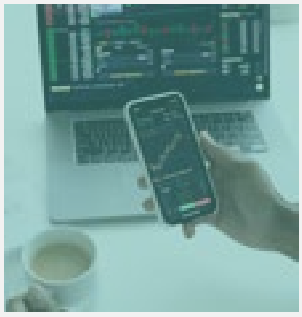
Venue
Broadcast Venue at Executive Lounge,
Third Floor, Encorp Berhad,
No 46-3, Jalan PJU 5/22,
Pusat Perdagangan Kota Damansara,
Kota Damansara PJU 5, 47810 Petaling Jaya,
Selangor Darul Ehsan.

Date
Wednesday, 23 June 2021

Time
3.00 p.m.






Strand
ENCORP

Message from the Chairman

Dear Shareholders,

"On behalf of the Board of Directors (Board) it is my honour to present to you Encorp Berhad's (Encorp or the Group) Annual Report 2020. This report shares the Group's performance for the financial year ended 31 December 2020 (FY2020)."

Hussein Bin Ismail
Chairman
Encorp Berhad

2020 Consolidated Financial Performance

FY2020 has been a challenging year for businesses and communities throughout the world, as we all grappled with the multi-faceted impacts of the Covid-19 pandemic. Bank Negara Malaysia (BNM) noted that the Malaysian economy contracted by 5.6%, affected by the sharp contraction in global growth and trade activity. The various cycles and phases of the Movement Control Order (MCO) that was effected by the Government to contain the spread of the pandemic led to a sharp decline in business activities, especially those that were not designated as "essential services".[1]

Amidst the stressed operating landscape, Encorp implemented various measures to mitigate against the impacts of the pandemic on our business. We performed better than expected to record a profit before tax (PBT) of RM1.6 million in FY2020, compared to a loss before tax (LBT) of RM35.1 million in FY2019. Although revenue had declined from RM165.6 million in FY2019 to RM134.1 million in FY2020, the reversal of accretion interest and removal of late payment interest incurred by Encorp Bukit Katil Sdn Bhd (EBKSB) for the Bukit Katil parcel of land worked to our financial benefit.

Group revenue had declined on the back of the impacts of the pandemic, which had caused construction work to halt during the MCO as it was not considered an "essential services" sector. Additionally, social distancing and movement restrictions had caused footfall to plummet in our shopping mall, which led to higher rental rebates as many businesses were forced to cease operations.

2021 Outlook and Prospects

There is a renewed sense of hope that the phased dissemination of vaccinations by the Government which began in the first quarter of FY2021 will drive the rejuvenation of the Malaysian economy. BNM has forecast growth of between 6.0% and 7.5% for the year ahead premised on the gradual resumption of business, work and lifestyle activities as the vaccination programme progresses through the year. While there is general optimism on this front, within the property sector expectations are that it will take longer for it to recover as purchasers face difficulties in obtaining financing, and property margins remain stressed.[2]

Bearing in mind the uncertain outlook, Encorp's focus for FY2021 is to strengthen our operational sustainability through focused actions that will strengthen our financial resilience. We will maintain our business growth including leveraging on synergistic opportunities with our holding company Federal Land Development Authority (FELDA) such as participating in construction projects. We are cautiously optimistic that our FY2021 strategic plan will enable us to continue with our value creation trajectory.

Appreciation

I wish to take this opportunity to thank and express my sincere appreciation to my fellow colleagues on the Board of Directors for their dedication, passion and commitment to the vision and direction in guiding us on our journey foward. Also, on behalf of the Board, I would like to express our gratitude to Encik Mohd Ibrahim bin Masrukin for his sterling contributions to Encorp as its Group Chief Operating Officer. Encik Mohd Ibrahim will be retiring in May 2021, and we wish him the very best with his future. We would also like to welcome Encik Hazurin bin Harun, as Encorp's Group Chief Executive Officer, who has been tasked with moving the Group on to our next phase of growth.

2020 marked Encorp's 20th year of operations. We wish to thank all our stakeholders for remaining on this journey with us. To our shareholders, employees, partners, customers and development residents, we express our heartfelt appreciation for your continued trust and faith in the Encorp brand. As we progress with our business journey, we reaffirm our commitment to continue to create sustainable value, in line with our Quality, Standards, Value and Service philosophy.

Thank you

Hussein Bin Ismail
Chairman

> "In what has been the most difficult year to date in living memory for the entire global community, Encorp has remained resolute in the face of adverse headwinds, to maintain our business continuity and value creation endeavours for our entire ecosystem of stakeholders."

[1] *Department of Statistics, Malaysia and Bank Negara Economic Monetary Review 2020, published on 31 March 2021*

[2] *Bank Negara Economic Monetary Review 2020, published on 31 March 2021*

Management Discussion and Analysis

The Financial Year Ended 31 December 2020 (FY2020) has without doubt been the most unpredictable and volatile year encountered by the global community since the Great Depression of the 1930s. The Covid-19 pandemic has had unforeseen and far reaching impact on businesses and industries, as well as communities throughout the world. In a year when many businesses struggled to keep afloat through the crisis while others closed down their premises, Encorp has maintained our business continuity, bolstered by our robust business fundamentals and organisational resilience. The Group adapted our strategy to counteract the impacts of the pandemic, as we continued to stay true to our stakeholder value creation philosophy of "Enriching The Quality of Life".

Our Business Model

Encorp has a credible 20-year track record as a reputable business within the Malaysian property development sector. Since inception in 2000, the Group has continuously delivered value to our customers and clients, as evidenced by our award-winning development portfolio.

With a total Gross Development Value (GDV) of RM2.84 billion in property developments launched thus far, Encorp is armed with a successful track record of delivering on construction projects. To date, these have been valued at more than RM2 billion. The Group has also undertaken value accretive joint ventures for our partners, namely with the Selangor State Development Corporation (PKNS), State Governments and the Ministry of Education. The Group is in a strong financial position with low gearing ratio (excluding Sukuk) of 0.11, and has the ability to raise funding via private placements, among other means.

With a footprint in both Malaysia and Australia, we are well placed to leverage on our solid relationship with our holding company Felda Investment Corporation Sdn Bhd (FIC), an investment entity under the Federal Land Development Authority (FELDA), which holds a 62.30% stakeholding in Encorp as at 19 April 2021.

We continue to identify potentially lucrative opportunities on the horizon, which we plan to embark on upon the revival of the economy post-pandemic crisis. Our focus is on residential and commercial property developments in areas that possess strong population and economic growth potential located throughout Malaysia. Opportunities also exist in terms of undertaking construction projects from FELDA. We are also actively sourcing for joint venture partnerships with land owners including PKNS and continue to secure tenders for construction projects.

In 2020, Encorp's three main business segments comprised property development, concessionaire and investment property, with property development as our core business segment.

Our Three Business Segments

Property Development

01

1. Encorp Cahaya Alam
2. Encorp Strand Garden Office
3. Encorp Strand Residences
4. Encorp Marina Puteri Harbour
5. The Residences on McCallum Lane, Perth, Australia

Concessionaire

02

The concessionaire for the completed development of 10,000 units of the privatised teachers' quarters project for the Ministry of Education, Malaysia

Investment Property (Retail Mall)

03

1. Encorp Strand Mall
2. Red Carpet Avenue

Encorp's Land Banks

As at 1 January 2021, Encorp has the following land banks in Malaysia and Australia:

Encorp Cahaya Alam, Bandar Shah Alam in Selangor – GDV of RM221.2 million; 37.95 acres of land

Tea Tree Close Cockburn Central, Perth, Australia – 2.72 acres of land

Operating Environment

The year has been defined by the Covid-19 pandemic, which has turned out to be a global threat on a scale beyond any we have witnessed or even imagined. As noted by the World Bank in its report published on 11 October 2020, the Covid-19 pandemic was the most adverse peacetime shock in over a century, causing a high degree of uncertainty which led to much of the world spiralling into an unprecedented recession. Till today, the extremely contagious coronavirus continues to jeopardise lives and businesses.[1]

Within our home shores of Malaysia, the Government declared a Movement Control Order (MCO) on 18 March 2020 to contain the spread of the pandemic and safeguard public health and wellbeing. During this period, only businesses designated as "essential services" were allowed to continue with business operations. This impacted Encorp, as we had to cease our property development and construction activities which did not fall within this category. Lockdown conditions and movement restrictions also resulted in a devastating impact on the retail mall.

Various iterations of the MCO, Conditional MCO and Recovery MCO have been imposed by the Government since March 2020 to date.[2] These restrictions in movement continue to impact business activities and consumer sentiment. Whilst some restrictions have eased, property development and construction activities have been affected by the heightened need to protect the health and safety of site workers from the virus, as well as conducting continuous Covid-19 swab tests to ensure there are no infections on construction sites.

All in, the Malaysian economy, as did the global economy, recorded a recession during the year as a result of the pandemic. Tougher conditions led to many businesses closing down and job losses. In Malaysia, unemployment rates had escalated to 5.3% by May 2020.[3] Adding to our economic woes, Fitch Ratings downgraded Malaysia's Long-Term Foreign Currency Issuer Default Rating to BBB+ from A-.[4]

The property development and construction sectors were among the industries that were most severely impacted by the pandemic. According to the National Property Information Centre (NAPIC), the property market performance drastically dropped in 2020 compared to 2019, with 295,968 transactions worth RM119.08 billion, a decline by 9.9% in volume and 15.8% in value compared with 2019.[5]

The downtrend was also reflected in the construction sector. Disruptions on construction works due to the MCO led to significant declines in the project progress. For the completion of project, the residential (landed and high rise) segment recorded a 12.2% reduction, the serviced apartment segment a 58.7% reduction, and the shops and stratified unit segment a 22.8% drop. Projects which had been scheduled to commence during the year were also delayed.[5]

Market overhang continued to dominate the property sector, with Johor and Selangor retaining the highest number of residential overhang at 23.8% and 16.5% respectively of the national total. Overhang in the serviced apartment segment was not encouraging with the largest overhang volume recorded in Johor at 69.7%, followed by Kuala Lumpur at 18.7% and Selangor at 8.2%. Occupancy rates for shopping complexes were also low, recording a slightly declined occupancy rate of 77.5% in 2020. Thirteen shopping complexes were completed in 2020 and Selangor recorded an occupancy rate of 80.0%. The overall office segment occupancy rate stood at a declined 80.2% in 2020 from 80.6% in 2019.[5] These market dynamics had a significant impact on Encorp for the year under review.

Ensuring Our Business Continuity Through The Pandemic

In what was an extremely testing year, Encorp was able to effectively mitigate against the impacts of the Covid-19 pandemic. Following the announcement of the MCO, we formed the Business Continuity Plan (BCP) Committee in April 2020 to address various impacts on our business. The Committee rolled out the Business Continuity Management Protocol for the Covid-19 Pandemic Crisis which employed a holistic approach towards managing the impacts of the pandemic on our business. These included looking at our operations guidelines, managing expenses and cash flow, restrategising our revenue drive, and instituting technology-based solutions to ensure business and operational continuity through measures such as Work From Home (WFH).

Throughout the course of FY2020, we heightened our vigilance on potential impacts to our business, and executed focused action plans to navigate through the Covid-19 crisis. Mindful that we needed to ensure our business sustainability through the pandemic as we continued to support our employees and customers, Encorp focused on a number of critical areas throughout the year. We prioritised managing our cash flow, as we negotiated our financial obligations. Towards ensuring our financial resilience, we looked at various means to reduce operating expenses, and realigned and optimised resources. In order to maintain our business continuity, we also actively explored options to diversify into new business areas that would generate revenue streams. Among the ideas we put into action were conducting a promotional sale of unsold units within our property developments, disposing of unproductive assets and optimising operating cost. Our focused approach has resulted in the sustenance of our business operations, demonstrating our organisational resilience.

Work From Home

Strategic Progress

Encorp's aggressive growth strategy is defined by the following three key strategic thrusts, which has informed our development through the years. These are as follows:

Property Development Strategy

- We focus on commercial and residential developments within strategic locations to offer property investors and purchasers value for their money.
- All our property developments are located in prime growth hubs throughout Malaysia, and have retained their ability to appreciate in value in the longer term.

Customer-centric Strategy

- Our two-pronged customer-centric strategy encapsulates our commitment to provide Quality, Standards, Value and Service (QSVS) at all our customer touch points.
- Our continuous progress on this strategy has enabled us to retain and strengthen our brand value and reputation as a lifestyle-centred property developer.

Turnaround Strategy

- We embarked on our Turnaround Strategy in FY2018, towards building our business sustainability and growth in the longer term.
- A critical component of our Turnaround Strategy is ensuring Cost Excellence in order to fortify our business resilience.

In light of the extraordinary events that defined FY2020, Encorp's strategic progress has been hampered by external events that were beyond our control. We encountered cash flow challenges due to an already weak property market that was further impacted by the Covid-19 crisis. The property market overhang which had existed prior to the pandemic worsened during the year as consumer sentiment and purchasing power deteriorated on the back of the economic recession caused by Covid-19. This resulted in Encorp encountering difficulties in selling unsold units and scheduling new launches. We were also challenged by declining retail income due to market oversupply in the shopping mall segment, and lower footfall due to lockdowns, social distancing and movement restrictions during the year.

Adapting Our Strategy to Mitigate the Crisis

In order to minimise the impacts of the pandemic on our business and ensure the viability of our business, Encorp implemented the following measures during the year to fortify our business resilience:

Managed our cashflow

To ensure continuity of business, we took immediate steps in the beginning of the MCO to conserve our cashflow by negotiating and restructure our financial obligations with the financial institution, creditors and suppliers.

Although we are not in the sector that was granted automatic loan moratoriums, we have successfully negotiated moratoriums on loan principal from our bankers and lessor. We are glad that with the Government encouragement, our bankers have granted us the loan moratorium which has greatly eased our cashflow and kept our business and operation going despite restricted business activities and income generation caused by the pandemic.

Reduced operating expenses

Recognising that the economic recession along with measures imposed to protect public safety and welfare such as lockdowns, social distancing and movement restrictions had affected all our business segments, Encorp put in place strict measures to reduce our operating expenses. In terms of payments we made, we prioritised those that were related to essential expenses. We generated cost savings from the installation of a 72RT air cool chiller (Baby Chiller) at Encorp Strand Mall which reduced our electricity consumption as well as from the electricity cost discounts that Tenaga Nasional Berhad granted businesses and consumers during the MCO.

In addition, we negotiated with potential partners for long-term rental agreements on unsold units at Encorp Strand Residences and Encorp Marina Puteri Harbour. This helped offset the impact of the pandemic which had led to difficulties in selling off property units. To ensure that we effected the most cost efficient means of continuing with our business, we strictly evaluated the cost of relocating frontliner employees to Encorp Strand Mall and renting out office space at our headquarters.

Realigned and optimised resources

The Covid-19 crisis necessitated us to re-evaluate our options, in order to realign and optimise resources to ensure its best use. We also conducted an assessment of our employees' capabilities and strengths, and re-deployed our talent pool to reinforce our Sales and Marketing, Encorp Strand Mall Leasing and Business Development departments. As well as that, we put in place a cross-functional team to identify and implement an action plan that would generate revenue from unsold units. Innovation Team 1 was tasked with improving tenancy at Red Carpet Avenue, while Innovation Team 2 was tasked with leasing out 12 Encorp Strand Garden Offices' rooftop units.

Leveraging on Technology to Enable Business Continuity

During the year, Encorp strengthened our utilisation of technology in order to derive greater benefits for our business. As a result of our focused implementation of digital and technology initiatives, we were able to strengthen our business outcomes during the year. The key technology initiatives we implemented in FY2020 were as follows:

- Installed an E-Defects Management System in January 2020
- Implemented an IT Inventory Management System in January 2020
- Launched an e-Forms Application Portal for the use of the Corporate Communications and Sales teams in February 2020
- Introduced an innovative mobile app that allowed our employees to view documents instantly from the File Server in March 2020, thus facilitating WFH
- Introducing Microsoft Teams to conduct Virtual Meetings during WFH in March 2020
- Upgraded to a new Firewall in line with increased digital adoptions and WFH virtual work measures in May 2020
- Conducted Fingertips upgrade in June 2020
- Conducted e-Payment Requisitions beginning July 2020
- Implemented Password Security Enforcement beginning August 2020
- Launched a Paperless Meeting Platform Application in October 2020
- Implemented an online registration form and virtual tour for Encorp Cahaya Alam in November 2020 during the Conditional MCO to encourage prospective purchasers to register their interest

Moving forward, these digital and technology innovations we have instituted will augment our ability to serve our customers, as well as ensure greater internal efficiencies.

Customer-centric Strategy

Our two-pronged customer-centric strategy leverages on our deep understanding of our customer market, to offer purchasers innovative properties that cater to their lifestyle needs in a holistic manner. We have remained on course with our customer-centric strategy, as evident from the results of our customer satisfaction survey. In FY2020, we achieved a customer satisfaction quality index of 94% for Dahlia, Encorp Cahaya Alam, Shah Alam, above the target of 75%, and an improvement from our score of 92% in FY2019.

We adapted our customer strategy in FY2020, to align with new norm lifestyles that resulted from the pandemic. A critical move which enabled us to continue delivering on customer expectations was pivoting to a digital marketing strategy. During the year, we conducted a number of stakeholder engagements, to improve our product branding positioning and enhance our corporate identity. This enabled us to continue to reach out to the public, and inform the market of our endeavours in the property development and retail mall space.

TWO-PRONGED STRATEGY

01 Focused investments in product development and innovation

02 Enhanced after-sales service at various customer touch points

Customer satisfaction quality index of Dahlia, Encorp Cahaya Alam

Target
75%

Achieved

FY2019	FY2020
92%	94%

Progress on Operation

We continued to sustain progress on the execution of our business plan through various cost savings measures in line with ensuring cost excellence. These focused on efficiently managing our cash flow by negotiating our financial obligations, reducing operating expenses and reallocating our resources in a more strategic manner. As a result of the comprehensive range of initiatives we put in place, we recorded the following outcomes in FY2020:

01 Reduced electricity costs by 34% year on year at Encorp Strand Mall on the back of the implementation of the Baby Chiller

02 Obtained a cash injection of RM1.7 million as a result of issuance of shares to a private investor

Key Performance Indicators

FINANCIAL INDICATORS	FY2020	FY2019	FY2018
Group Revenue	RM134.1 million	RM165.6 million	RM249.9 million (restated)
Property Revenue	RM57.1 million	RM80.9 million	RM150.1 million (restated)
Market Capitalisation	RM74.4 million	RM95.0 million	RM124.9 million
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	RM57.4 million	RM94.4 million	RM101.6 million (restated)
Total Land Bank Size	37.95 acres	678.94 acres	680.08 acres
Overall Retail Mall Tenants	• 44% units occupied for Encorp Strand Mall • 58% units occupied for Red Carpet Avenue • 62% Overall Net Lettable Area	• 57% units occupied for Encorp Strand Mall • 60% units occupied for Red Carpet Avenue • 66% Overall Net Lettable Area	• 61% units occupied for Encorp Strand Mall • 64% units occupied for Red Carpet Avenue • 63% Overall Net Lettable Area
New Retail Mall & Red Carpet Avenue Tenants	• 6 new tenants occupying 15 units • Equivalent 29,657 square feet of retail space & 164,256 square feet of carpark space • 7.01% Overall Net Lettable Area	• 3 new tenants occupying 5 units • Equivalent 27,877 square feet of retail space • 6.6% Overall Net Lettable Area	• 7 new tenants occupying 21 units • Equivalent 36,373 square feet of retail space • 15% Overall Net Lettable Area

NON-FINANCIAL INDICATORS	FY2020	FY2019	FY2018
Quality Assessment System in Construction (Qlassic) Score	Not Applicable (Clover, Encorp Cahaya Alam is still under construction)	Dahlia, Encorp Cahaya Alam: 71%	Encorp Marina Puteri Harbour: 75%
Customer Satisfaction (Quality target of 75%)	Dahlia, Encorp Cahaya Alam: 94%	Dahlia, Encorp Cahaya Alam: 92%	Encorp Marina Puteri Harbour: 81% Akasia Phase 1, Encorp Cahaya Alam: 94%
Safety Performance – Lost Time Injury (LTI)	Zero	Zero	Zero
Male : Female Workforce Ratio	53% male : 47% female (ratio of 55 male and 48 female)	51% male : 49% female (ratio of 54 male and 51 female)	51% male : 49% female (ratio of 62 male and 59 female)
Average Training Hours Per Employee	18 hours per person based on 103 employees	62 hours per person based on 103 employees	59 hours per person based on 121 employees

FY2020 Financial Performance

Against the challenging backdrop of the Covid-19 crisis, Encorp demonstrated resilient performance to record a profit before tax (PBT) of RM1.6 million in FY2020, compared to loss before tax (LBT) of RM35.1 million in the previous financial year. This was despite the lower revenue recorded in FY2020 of RM134.1 million, compared to revenue of RM165.6 million in FY2019. The Group's revenue had declined due to the impact from the imposition of the MCO which had affected the progress of construction works in the property development segment, and caused higher rental rebates on the back of the closure of businesses and the slowdown of retail activities in the retail mall. Group loss after tax (LAT) for FY2020 stood at RM6.6 million, as opposed to RM41.8 million in FY2019.

A key contributory factor for the better PBT of RM1.6 million in FY2020 is the reversal of accretion interest and removal of late payment interest incurred by Encorp Bukit Katil Sdn Bhd (EBKSB) for the Bukit Katil parcel of land. On 20 January 2016, EBKSB which is a subsidiary of the Group had entered into a Master Development Agreement (MDA) with FELDA. Pursuant to the MDA and Power of Attorney dated 20 January 2016 between EBKSB and FELDA, FELDA had appointed EBKSB as the Master Developer and further granted a power of attorney to EBKSB to develop a piece of land measuring approximately 640.98 acres in Mukim Bukit Katil, Melaka for a total consideration of RM583.6 million.

In a further development, on 30 December 2020 EBKSB entered into a settlement agreement with FELDA to discharge EBKSB's obligation on the land to FELDA pursuant to the MDA, including waiving all outstanding amounts due from EBKSB to FELDA. In return, Encorp has agreed to execute the requisite renunciation of the Power of Attorney dated 20 January 2016. As a result of the settlement agreement, the Group has strengthened its financial results.

The concessionaire segment continued to generate a steady income flow with a reported revenue of RM72.7 million and PBT of RM1.4 million in FY2020, compared to revenue of RM78.8 million and PBT of RM3.4 million in FY2019. The concession income is payable by the Government following completion and handover of each cluster of the teachers' quarters up to the end of the concession period in FY2028.

The Group's property segment recorded revenue of RM57.1 million as compared to revenue of RM80.9 million in FY2019. The reduction in revenue is reflective of the soft property market arising from the unprecedented Covid-19 outbreak and lower progress on property construction work due to stop work orders arising from the MCO. Approximately 88% of the current year revenue was generated from the launch of the landed development comprising the Dahlia and Clover parcels at Encorp Cahaya Alam. The sales of high-rise properties in Johor remained weak due to the large property overhang in Johor and overall weak consumer sentiment arising from the Covid-19 pandemic.

In FY2020, the property segment recorded a PBT of RM7.7 million compared to LBT of RM16.6 million in FY2019. The improved financial results of the segment is mainly contributed by the settlement agreement entered between EBKSB and FELDA on 30 December 2020 inclusive in the PBT of the property segment are one-off impairment of inventories in Encorp Marina Puteri Harbour of RM1.3 million and impairment of the Tea Tree Close land held for development in Western Australia of RM1.2 million as a result of the advance economic impact due to the pandemic. Impairment on goodwill of RM7.4 million arises from the reduction in land size available for future development at Encorp Cahaya Alam.

The property segment also recorded an impairment of investment placed with a financial services advisory firm of RM4.6 million as the Group has not received the investments despite having submitted the request for liquidation and remittance in December 2020. The Group has since initiated legal proceedings against the financial advisory service firm for the recovery of the investment and the legal proceedings are currently ongoing.

The investment property segment reported revenue of RM4.3 million and LBT of RM30.0 million in FY2020, compared to revenue of RM5.9 million and LBT of RM12.6 million in FY2019. The decrease in revenue is due to higher rental rebates given to tenants resulting from the MCO that was put in place by the Government to curb the spread of Covid-19. In addition to the weak retail business, the fair value of investment properties has reduced by RM19.0 million due to the pressures on rental income faced by shopping malls. The Group encountered challenges in raising revenue for this segment due to the restrictions arising from the MCO and the prolonged Covid-19 pandemic which has affected business confidence and buyer sentiment.

With the settlement of the Bukit Katil land agreement between EBKSB and FELDA, the Group's gearing has significantly reduced from 0.57 in FY2019 to 0.11 in FY2020. Our approach includes trade and other payables as part of the borrowing, and we have taken these into account when computing the net debt position.

In FY2020, the Board of Directors decided not to conduct any dividend payout for the financial year under review to conserve our cash flow during the pandemic crisis and to explore other business opportunities.

FY2020 Non-Financial Performance

Our priority in FY2020 was to provide our employees, customers and communities with the support they required to deal with the multiple challenges of the Covid-19 pandemic. The mainstay of our activities during the year centred on our employees and local communities. Our efforts were in line with our commitment to inspire confidence by ensuring the health, safety and wellbeing of our employees, and contributing to the socioeconomic development of local communities.

With safety as our top most priority, we put in place measures to ensure our employees' safety, and help them combat the spread of the pandemic in their own lives. Towards this end, we communicated regularly with our people, sharing information and advice on Covid-19 preventive methods, including personal hygiene and respiratory etiquette. We also continuously updated them on any changes in Covid-19 rules and regulations.

During the MCO, employees shifted to WFH as the new working norm and had been provided with digital platforms and online tools. Once employees were able to return to work at the office upon the relaxation of the movement restrictions, our Safety Officer monitored the health of employees at the workplace, encouraging them to regularly scan their temperatures and providing them with Covid-19 health education materials. Additionally, we drew up guidelines for our employees to follow should they develop Covid-19 symptoms. We provided face masks, hand sanitizers, disinfectants, infrared thermometers, hand gloves, face shields and protective barriers for employees at our Corporate Office, Encorp Strand Mall, Encorp Marina Puteri Harbour and Encorp Cahaya Alam Sales Gallery to keep them safe as they continued with their jobs.

As for our local communities, we continued with engagement activities in line with social distancing requirements. Throughout FY2020, 103 Encorp employees volunteered approximately 160 hours of service through their participation in a variety of community activities.

Full details of our sustainability performance can be found in our standalone Sustainability Report.

FY2020 Key Corporate Updates

One of the key corporate exercises planned during the year was the conducting of a private placement to raise RM5.51 million. This was to fund business expansion activities and working capital requirements, as well as to address our public shareholding spread. We planned to place 30.61 million shares, which represented 10% of our share capital to selected third-party investors.

On 14 October 2020, we had successfully raised RM1.74 million with the issuance of 10,210,500 new ordinary at RM0.17 per share. The new ordinary shares were subsequently listed and quoted on Main Market of Bursa Malaysia Securities Berhad on 16 October 2020.

The private placement would also enable the Group to adhere to the Bursa Malaysia listing requirements of a 25% freefloat level. In October 2020, our public shareholding spread stood at 25.05%, which was above the required public shareholding spread of 25%.

In FY2020, RAM Ratings reaffirmed the AA1/Stable rating of Encorp Systembilt Sdn Bhd's (ESSB) RM1.575 billion Sukuk Murabahah. ESSB is the concessionaire for the development of 10,000 units of teachers' quarters throughout Malaysia, based on the "build, transfer and finance" concept. Since handing over the quarters to the Government in 2004, ESSB has been receiving monthly concession payments from the Ministry of Education, which has proven to be a stable recurring revenue stream through the years. The reaffirmation of the rating is based on ESSB's robust debt-servicing aptitude, backed by the tight transaction structure and highly predictable inflow of monthly concession payments.

Managing Our Risk

In FY2020, Encorp maintained our focused approach to review, appraise and assess the controls and actions in place to mitigate and manage the overall Group's risk exposure. Our Management raised issues of concerns and recommended mitigating actions through risk reports provided to the Audit, Risk and Governance Committee on a quarterly basis where key risks and mitigating actions are deliberated and implemented. Our risk identification and mitigation actions during the year were critical in ensuring our business' ability to withstand the impacts of the Covid-19 pandemic.

Full details of our risk management and mitigation can be found in our Statement on Risk Management and Internal Control.

Upholding Strong Governance

During the year, we enhanced our corporate governance through various measures. A key move was putting in place the policies and frameworks to ensure compliance with the new Section 17A of the Malaysian Anti-Corruption Commission Act 2009 which came into effect in June 2020. Under Section 17A, a company is liable for the corrupt practises of an employee or people associated with the company. The Group practises a zero-tolerance approach against all forms of bribery and corruption, and upholds all applicable laws in relation to anti-bribery and corruption. In line with our commitment, we implemented a group-wide Integrity Policy to strengthen our integrity, governance and anti-corruption framework.

We revised our Risk Management Framework according to best practices and conducted an anti-bribery and anti-corruption (ABAC) risk assessment. Following this, we then revised the Limit of Authority for Participation in a Tender. Additionally, we posted our Integrity Policy on our corporate website. In order to build a strong ethical culture throughout the organisation, we conducted training sessions for our people. A total of three in-house sessions were conducted by the Risk and Governance Department which educated our people and raised their awareness on issues related to ABAC. We also participated in the Anti-Bribery Management System ISO 37001 training programme provided by SIRIM.


Clover, Encorp Cahaya Alam, Shah Alam

Segmental Review

PROPERTY DEVELOPMENT UPDATES

In FY2020, we progressed on track with driving our medium-term growth by focusing our main operating activities on property development located in Shah Alam and Iskandar Puteri as well as property investment (retail mall) located in Kota Damansara.

Encorp Cahaya Alam, Shah Alam


Encorp Cahaya Alam

Located within the prime population centre in Shah Alam's western growth corridor, our signature residential development of Encorp Cahaya Alam offers residents easy access to nearby areas such as Seksyen 7, Bukit Raja and Setia Alam through a vast network of highways. It is also close by to public facilities and amenities such as sports complexes, shopping malls, public and private schools, and hospitals.

Possessing a GDV of RM0.96 billion, the development's appeal to homeowners lies in its matured green landscape with unique features such as a beautiful 800-metre linear park and man-made lake, all of which encourages family time, healthy lifestyles and developing strong intra-community relationships. Each of the parcels located at Encorp Cahaya Alam have been uniquely designed to cater to the needs of modern families through its spacious interiors, and reflect our commitment to maintaining the highest Quality, Standards, Value and Service (QSVS) to our customers.

As at the end of FY2020, a total of 93% of the 171 Dahlia units launched in 2017 had been sold. Dahlia homes are two-storey link homes with contemporary designs and open-concept interiors that are reasonably priced to offer homeowners premier living.

We had launched the Clover parcel in FY2019, to a good reception by purchasers. The Clover homes feature modern designed homes that have the best lake views from both the living room on the ground floor and master bedroom on the top floor. Of the total of 143 units, we have recorded an extremely good take up rate, with 74% of units having been sold. We estimate the date of handover of Clover homes to be in 4Q 2021.

In November 2020, we launched the Lily parcel which has a GDV of RM73.4 million. Sitting on a pristine haven overlooking the lake and manicured gardens, the 92 Lily units are spacious and large two-storey link houses with four bedrooms and three bathrooms featuring a dual frontage. We rolled out our first product interactive virtual gallery to market the Lily homes, which received good response. Despite the tough economic landscape, discerning purchasers snapped up these homes. As at end FY2020, we recorded 87% of bookings of the Lily homes. By mid-January 2021, bookings had increased even further to 94%, denoting its popularity.

We had unveiled our Rumah Idaman project in FY2019, as low-cost housing within Encorp Cahaya Alam that supports the Government policy for all property developments in Malaysia to include affordable housing. The Rumah Idaman project represents Encorp's commitment to provide affordable low-cost homes for the lower income earning population segment within a beautifully landscaped premier township development. The project comprises of a total of 1,800 units of three-bedroom, two-bathroom partly-furnished apartments, with a total area of 1,000 square feet and a price tag of RM250,000. As at end FY2020, we had obtained the necessary approvals to convert Rumah Selangorku (RSKU) to Rumah Idaman.

Lily, Encorp Cahaya Alam, Shah Alam

*For illustration purposes only

Encorp Marina Puteri Harbour, Iskandar Puteri

Encorp Marina Puteri Harbour is our high-end luxury development located in Johor's southern development corridor in Iskandar Puteri that has a GDV of RM621.15 million. Consisting of 571 residential units and 25 commercial units and sitting on a beautifully landscaped 3.3 acres of land overlooking the Straits of Johor, Encorp Marina Puteri Harbour comes with a number of development features and location strengths. These include its unique architectural design, and a range of facilities and amenities in line with waterside luxury living lifestyles. The mixed development boasts four themed swimming pool decks, tennis courts, a children's playground, putting green and multi-level security system.

Encorp Marina Puteri Harbour has been impacted by the massive property overhang in Johor, the highest among all states in Malaysia. Despite this, we continued to deliver on our QSVS promise to the development's residents. As at end FY2020, we have sold a total of 89% of the residential units, and 36% of the retail units.

Encorp Marina Puteri Harbour

Tea Tree Close, Cockburn Central, Perth, Australia

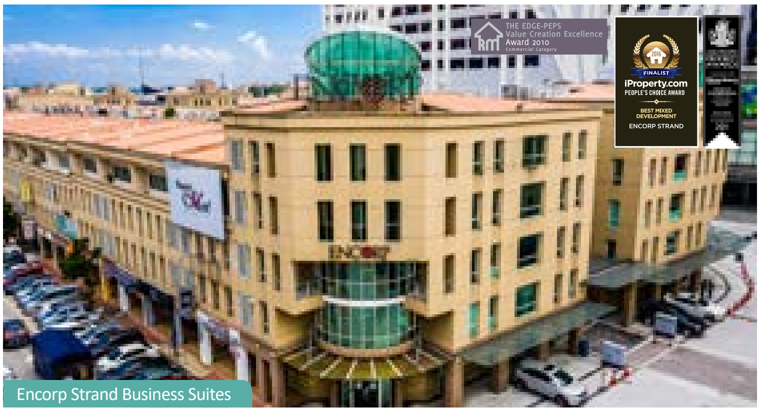
Due to the soft property market in Western Australia, we are maintaining not to commence development for the time being. Bearing in mind the current global economic recession that the pandemic has caused. The landbank has a number of strategic location features which makes it a valuable asset for Encorp.

Tea Tree Close is situated within a matured residential area in the outskirts of Perth. The landbank is close to the Cockburn Aquatic and Recreational Centre (Cockburn ARC) which has a full-size Australian Football League oval, and is the administration base for the Freemantle Dockers Football Club. Public amenities that can be found within the confines of the Cockburn ARC include indoor and outdoor pools with water slides and a water park, as well as function rooms, community meeting rooms and sporting retail outlets. The location is within a short distance from the public transport facility at Cockburn Central Train Station, and the local commercial and retail hub at Cockburn Central Town Centre. It is also a short drive away to the nearest beach, and Perth's Central Business District.

Encorp Strand, Kota Damansara

Encorp Strand is our multiple award winning mixed development, which we have continued to maintain to the highest of standards throughout the years. Situated within Kota Damansara, Petaling Jaya, the integrated development with a GDV of RM1.18 billion comprises of 265 business units, 150 retail outlets, 14 blocks of self-contained garden offices and 278 service residential units within a 45-acre neighbourhood. Encorp Strand has been designed to encourage community living and caters to sophisticated city lifestyles. Its strengths have been validated through awards such as being shortlisted as a finalist in the Best Mixed Development category at the iProperty.com People's Choice Awards in 2016, and winning both the Highly Commended Award at the Asia Pacific Property Awards in 2011, as well as the inaugural The Edge-PEPS Value Creation Award in 2010.

The two main components of the development are Encorp Strand Residences and Encorp Strand Garden Offices. Encorp Strand Residences has a total of 278 smart-enabled homes which allows for homeowners to embed Fourth Industrial Revolution home technologies according to their needs. Features of homes at the development include integrated home control from mobile devices and an advanced three-tier security system. Encorp Strand Residences is located within a prime neighbourhood with a plethora of family entertainment outlets, business districts, local and international schools, as well as hospitals, all within easy reach. The development features luxury lifestyle amenities such as a sunken tennis court, children's playground, integrated fitness facilities and a putting green for golfers.



Encorp Strand Business Suites

During the year, we implemented novel new methods of generating revenue from unsold properties within both Encorp Strand Residences and Encorp Strand Garden Offices in order to get the most value out of it. Since FY2019, in order to generate revenue from unsold properties, we had converted Encorp Strand Residences units into homestays with intention of selling the units at the same time. As for the Encorp Strand Garden Office, we sold off 250 units of carpark bays along with two office units during the year. As at end FY2020, the total number of units sold at Encorp Strand Residences stands at 89%, while the total number of office units sold at Encorp Strand Garden Office is at 94%.

Segmental Outlook

We plan to continue to maintain our positive trajectory on our property projects and deliver on the highest QSVS to our customers. Ongoing projects that we will progress with at Encorp Cahaya Alam include the Clover and Lily parcels, which we envision will continue to get a good response from the public. In the year ahead, we have earmarked the launch of the Hibiscus parcel at Encorp Cahaya Alam. Hibiscus comprises of 59 units of two-storey terrace houses, and the launch has been scheduled for November 2021. With a total GDV of RM48.3 million, Hibiscus sits on four acres of land within the Encorp Cahaya Alam enclave. As for the Encorp Strand development, we will maintain our focus on deriving the most value by looking into innovative new ways to generate revenue streams.

A key area of focus is the implementation of proposed technologies within our new property projects that leverage on Fourth Industrial Revolution technologies. These include aspects relating to security and smart technology features that add value for prospective purchasers, in line with Encorp's QSVS promise. Among the proposed technological advancements we are looking at, include digital thumbprint locks and Google home features. We believe our approach will add further value to our market proposition, and attract greater interest from home owners seeking to invest in value-driven property developments.

RETAIL MALL UPDATES

In FY2020, the retail mall sector in Malaysia suffered from the impacts of the MCO. Consulting firm Retail Group Malaysia has estimated that some 51,000 stores, or 15% of the country's total retail supply ceased operations between 18 March 2020, when the MCO was first imposed, and January 2021.[6] Retail sales during the year contracted by as much as 27.1%. Within this tough landscape, Encorp did our best to mitigate the impacts of Covid-19 on our retail mall operations.

Encorp Strand Mall, Kota Damansara

Encorp Strand Mall represents the focal point of our Encorp Strand development, as the go-to neighbourhood hub for residents and workers in the area for their shopping, dining and other lifestyle needs. The spaciously designed mall has a total lettable area of 246,536 square feet over four mall levels, with 2,158 covered parking bays, as well as outdoor parking.

The epicentre of the development is the pedestrianised Red Carpet Avenue (RCA), a 90-feet-wide and 800-feet-long covered boulevard located at street level. With a total lettable area of 176,191 square feet, RCA is host to many outdoor events.

During the year, footfall in the mall reduced drastically as a direct consequence of the MCO. Nevertheless, we continued with our plans to ensure operational efficiency at the mall through the implementation of the Baby Chiller which led to us recording cost savings of 34% year-on-year which also included electricity cost discounts that Tenaga Nasional Berhad granted.

Having repositioned Encorp Strand Mall in line with changing consumer preferences, we collaborated with PKNS Real Estate Company (PREC) as a leasing and marketing partner to improve the mall's occupancy rate. As at end December 2020 Encorp Strand Mall's occupancy rate was at 62%, a reduction from 66% the previous year due to the impacts of the pandemic which had caused many small retail outlets to shut down. However, we managed to secure new tenants during the year. Encorp Strand Mall saw the addition of four new tenants, namely Bubblebee, LOL Perfect Home Outlet, Formula Karting and Farmy Urban Farming; while RCA added Messrs Hisham, Sobri and Kadir and CFKL Holdings Sdn Bhd.

Augmenting our revenue streams, RCA played host to several events during the year, in line with social distancing requirements. These included Thailand Halal Food Festival and Lion Dance before the commencement of the MCO, and Jump Rope Malaysia and Celebrating Malaysia Through Art later in the year when restrictions were relaxed. RCA was also used as a venue for television commercials and dramas, for brands such as UOB Bank, Perodua and Skim Simpanan Pendidikan Nasional (SSPN). As at the end of FY2020, Encorp Strand Mall had a total of 33 tenants, and RCA a total of 32 tenants.

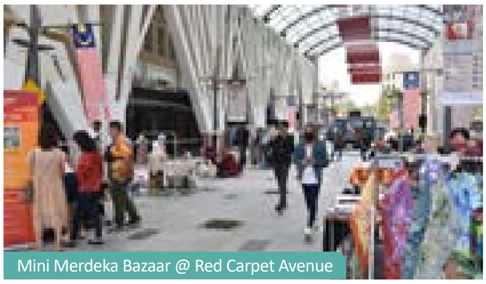
Encorp Strand Mall, Kota Damansara

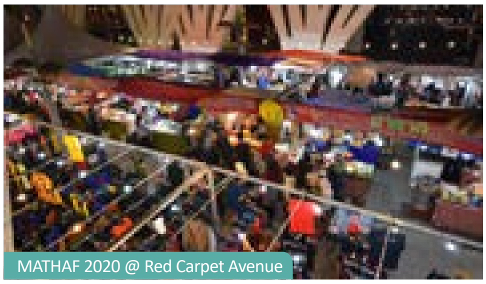

Red Carpet Avenue @ Encorp Strand Mall

Segmental Outlook

Our focus in FY2021 for Encorp Strand Mall is to pivot and repurpose the space according to new norms that society has shifted towards as a consequence of the pandemic. As retail vacancy rates are forecasted to increase, even as pressure to reduce rent intensifies, Encorp is mindful that we need to look at alternative and innovative ways to use the space at Encorp Strand Mall and RCA in a way which is relevant to the surrounding community and changing lifestyle paradigms. These include exploring options such as healthcare centres to service the medical needs of the surrounding population and co-working spaces for gig economy workers. Other options include converting space to storage and warehousing units, as more consumers are now turning to online shopping platforms as the norm instead of physical shopping as in the past. This opens up opportunities for us to provide the space required for online retail outlets to store their merchandise before they are shipped off to their customers.

Continuing with our strategy to reposition Encorp Strand Mall, we will improve mall management by leveraging on our strong relationship with PREC based on their extensive experience and network of retailers. Our focus remains on securing anchor tenants in line with our plan to reposition the mall, and increase footfall. Towards developing greater visibility and enhancing public awareness of Encorp Strand Mall, we will step up our marketing efforts, especially on social media platforms, which is becoming increasingly more utilised by the consumer market.


Mini Merdeka Bazaar @ Red Carpet Avenue


MATHAF 2020 @ Red Carpet Avenue


Malaysia Day Colouring Contest @ Encorp Strand Mall

Outlook for FY2021

We step into FY2021 with a sense of optimism, as expectations are for the global and local economy to rebound from the impacts of the Covid-19 pandemic driven by vaccine rollout and continued policy support. According to Bank Negara Malaysia in its Annual Report published in March 2021, the Malaysian economy is projected to grow by between 6.0% and 7.5% for the year, supported by external and domestic factors[7]

With the progressive dissemination of vaccines, containment measures will be eased. Factors that will drive local growth include the gradual improvement in labour market conditions, as the Government continues with its policy support for households and businesses. The phased vaccine programme that has been drawn up by the Government will support the recovery in employment and income by improving consumer sentiment. Over the course of time, this will facilitate a gradual normalisation in terms of economic activities. The emphasis on driving growth in the post-pandemic future is centred on sustainable growth.

Within the property sector, the property market in 2021 is expected to remain flat. The declaration of MCO 3.0 and a state of emergency in February 2021 to curb the spread of the pandemic may further delay recovery until 2022. In all likelihood the property development sector will exhibit gradual recovery as financing remains a big hurdle for purchasers and margins for developers will come under pressure.

As for Malaysia's retail industry, the continuation of lockdowns and increasing Covid-19 numbers has resulted in a plunge in footfall, and more retailers have been forced to close down their businesses.[8]

Our Focus Areas in FY2021

Against this uncertain background, Encorp remains committed to sustain our business journey towards achieving our long-term growth objectives. We begin FY2021 with a clean corporate slate. The corporate exercise by FELDA for a mandatory takeover offer of FGV will see a shift of position from the upstream to downstream sector. This in effect creates synergetic opportunities for Encorp to participate in construction jobs.

The Group's two key strategic thrusts for FY2021 are centred on operational sustainability and business growth. These two thrusts have been fine-tuned according to our business segments. Within the property development, retail mall, concession and leasing segments, our action plan is focused on optimising our cash flow, as we reduce expenses and tighten our spending. Our repositioning of Encorp Strand Mall will be aligned to our goal to improve tenancy.

As for the construction sector and our undeveloped land banks, our emphasis is on engendering revenue growth with a focus on building a pipeline of projects and related activities. We will explore new areas which will enable us to diversify our revenue streams. Construction management is a strong value proposition we have to offer the market, and we plan to explore opportunities in this space. Additionally, we will keep an open mind with regards to how we can utilise our valuable land banks for future developments.

As part of our ongoing rebranding exercise, we plan to further enhance our service levels, to strengthen our brand name as one that is synonymous with QSVS. Developing our human capital in line with our strategic intent is another key proposition, as a means by which we can further improve our business outcomes. Within the area of marketing, we plan to enhance our social media communication footprint, as well as increase our use of Data Analytics for more targeted marketing campaigns.

We remain optimistic that our focused strategic execution, as supported by our resilient business fundamentals, will enable us to continue on course with our journey of sustainable business growth.

[1] *World Bank in its report published on 11 October 2020*

[2] *Prime Minister YAB Tan Sri Muhyiddin Bin Mohd Yassin made an official speech and officially promulgated the movement control order (MCO)*

[3] *Department of Statistics Malaysia in its report published on 14 July 2020*

[4] *Fitch Ratings published on 4 December 2020*

[5] *National Property Information Centre (NAPIC) Property Market Report 2020 by Ministry of Finance Malaysia, published on 5 April 2021*

[6] *KLOOK, Buro247, Retail Group Malaysia (RGM) via Sunway REIT, published 13 Oct 2020*

[7] *Bank Negara Economic Monetary review 2020, published on 31 March 2021*

[8] *In presenting Henry Butcher Malaysia's annual report on the review and outlook for the Malaysian property market in 2021 by Henry Butcher Real Estate chief operating officer (COO) Tang Chee Meng, 1 February 2021*

Board of Directors

HUSSEIN BIN ISMAIL

Non-Executive Chairman
Non-Independent Non-Executive Director
Chairman of Executive Committee

Age	Gender	Nationality
64	Malaysian	Male

Hussein Bin Ismail was appointed to the Board of Encorp Berhad on 14 August 2017. He was re-designated as Non-Executive Chairman of Encorp Berhad on 26 January 2018.

Hussein holds Bachelor of Business Administration (Finance) and Diploma in Accountancy from Universiti Teknologi MARA (formerly known as Mara Institute of Technology).

Hussein is an approved Tax Agent under the Ministry of Finance Malaysia and a Member of the Chartered Tax Institute of Malaysia. He is also an approved Company Secretary under the Companies Commission of Malaysia, Affiliate Member of The Malaysian Institute of Chartered Secretaries Administrators and a Member of the Institute of Approved Companies Secretaries.

Hussein is currently the Director of Folks DFK & Co., a member firm of DFK international since 2007. He joined Azman, Salleh & Co back in year 1979 and the firm was then merged into Folks DFK & Co. on 1st February 2006. He has vast experiences in the full range of public accountancy services including audit, accountancy, taxation, secretarial, consultancy services and insolvency assignments covering wide range of clients.

Currently he serves as the Director and Chairman of Board Government, Risk and Audit Committee of Felda Investment Corporation Sdn. Bhd. and a Independent Non-Executive Director and a member of Audit and Risk Management Committee of Iris Corporation Berhad.

Hussein does not have any family relationship with any director and/or major shareholder or any conflict of interest with the Company. He has not been convicted of any offence within the past 5 years, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

MAHADZIR BIN MUSTAFA

Non-Independent Non-Executive Director
Member of Executive Committee
Member of Audit, Risk and Governance Committee

Age	Gender	Nationality
51	Malaysian	Male

Mahadzir Bin Mustafa was appointed to the Board of Encorp Berhad on 27 June 2019.

Mahadzir Mustafa brings with him over 24 years of experience in areas of financial and management accounting, taxation, corporate finance and treasury matters, within various industries, GLCs and MNCs, ranging from manufacturing, trading and distribution, highway concessionaire, e-commerce and water assets development.

Prior to his appointment in Federal Land Development Authority ("FELDA"), he was the CEO of Pengurusan Aset Air Berhad, the national water asset developer for the country.

Currently, he is the Deputy Director General (Management) at FELDA, responsible for strategic planning, finance, properties, information technology and procurement matters.

He sits on the board of several FELDA group of companies such as FELDA Middle East Sdn Bhd, FIC Properties Sdn Bhd and FIC UK Properties Sdn Bhd.

Mahadzir graduated with a Bachelor of Science in Accounting and Finance from the University of Wales at Aberystwyth, United Kingdom in 1993. He is a fellow of the Association of Chartered Certified Accountants and Member of the Malaysian Institute of Accountants.

Mahadzir does not have any family relationship with any director and/or major shareholder or any conflict of interest with the Company. He has not been convicted of any offence within the past 5 years, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

YBHG DATUK HAJI JAAFAR BIN ABU BAKAR

Independent Non-Executive Director
Member of Audit, Risk and Governance Committee
Member of Nominating and Remuneration Committee

Age	Gender	Nationality
75	Malaysian	Male

Datuk Haji Jaafar was appointed to the Board of Encorp Berhad on 24 July 2014.

Datuk Haji Jaafar graduated with a Bachelor of Arts (Honors) from University of Malaya in 1969, he obtained a Masters in Public Policy and Administration from University of Wisconsin, Madison, U.S.A. in 1980, and is a Fellow of the Economic Development Institute of the World Bank, Washington D.C.

Datuk Haji Jaafar started his career as a Land Administrator in FELDA before joining the Malaysian civil services in 1970. He has since served in various senior positions within the Government Departments which included State Development Officer in Penang, Pahang and Kelantan, Deputy General Manager of Central Terengganu Development Authority and South Kelantan Development Authority, Director of Kelantan Land Development Board, General Manager of Kelantan State Economic Development Corporation, Deputy Secretary General of the Ministry of Domestic Trade and Consumer Affairs and Council Member of Malaysian Industrial Development Authority.

Datuk Haji Jaafar opted for early retirement from the civil service in 1991 and joined Koperasi Usaha Bersatu as Group General Manager of KUB Holdings Berhad. He subsequently took up a position as Executive Director of Damansara Realty Berhad and year later, he served as Managing Director. He served as Executive Chairman of Cold Storage (Malaysia) Berhad from 1996 to 1998 and President / CEO of Uniphoenix Corporation Berhad until 2006. He also served as a member of FELCRA Board from 1998 to 2007.

Datuk Haji Jaafar was a Chairman of Petaling Tin Berhad from 1997 to 2019. Currently, he is the Executive Chairman of Tajaria Sdn Bhd.

Datuk Haji Jaafar does not have any family relationship with any director and/or major shareholder or any conflict of interest with the Company. He has not been convicted of any offence within the past 5 years, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

ABDUL RAHIM BIN ABDUL HAMID

Independent Non-Executive Director
Chairman of Audit, Risk and Governance Committee
Chairman of Nominating and Remuneration Committee

Age	Gender	Nationality
71	Malaysian	Male

Abdul Rahim was appointed to the Board of Encorp Berhad on 25 August 2014.

Abdul Rahim is a Fellow of the Association of Chartered Certified Accountants, Member of the Malaysian Institute of Certified Public Accountants and Member of the Malaysian Institute of Accountants.

Abdul Rahim started his career with Coopers & Lybrand in 1971 and moved up quickly when he was made Audit Supervisor in 1973, Audit Manager in 1976, a Director in 1981 and admitted as a Partner in 1982. As a Partner in Coopers & Lybrand, he specialised in Computer Auditing (1982-1986), developed the Sabah & Sarawak Practice (1986-1990), managed the Firm's Management Consultancy Practice (1990-1992). He assumed the position of Managing Partner and Chief Executive in 1993. Upon the firm merging with Price Waterhouse in 1998, he assumed the position of Deputy Executive Chairman of PricewaterhouseCoopers until he retired in 2004.

During the career span of 33 years, Abdul Rahim was involved in auditing, management consulting and insolvency services covering a cross section of industries including retail, manufacturing, construction, plantation, entertainment and banking.

Upon his retirement in 2004, Abdul Rahim established Rahim Hamid & Co, now renamed ARH Associates providing Professional Services in Mergers & Acquisition, Insolvency & Recovery and Muamalat Business Advisory.

Abdul Rahim served as the President of the Malaysian Institute of Accountants [2005-2007 and 2009-2011] and as the President of the ASEAN Federation of Accountants [2010-2011].

Abdul Rahim sits on the Board of Directors of AEON Co (M) Berhad, Petra Energy Berhad and GFM Services Berhad.

Abdul Rahim does not have any family relationship with any director and/or major shareholder or any conflict of interest with the Company. He has not been convicted of any offence within the past 5 years, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

The Winning Team

EXECUTIVE COMMITTEE (EXCO)

HUSSEIN BIN ISMAIL

The profile of Hussein bin Ismail is set out on page 17.

MAHADZIR BIN MUSTAFA

The profile of Mahadzir bin Mustafa is set out on page 18.

AZLAN BIN MOHAMED ISMAIL

The profile of Azlan bin Mohamed Ismail is set out at the right box.

The EXCO was established to take care of the business continuity of Encorp Group in the absence of key management personnel. Subsequent to the appointment of Hazurin Bin Harun as Company's GCEO on 17 February 2021, the EXCO will assist the Board in evaluating and recommending significant investments undertaken by the Company, which includes amongst others merger and acquisitions, new partnerships, divestments and large capital expenditure projects, prior to their submission to the Board for approval.

The EXCO comprises Hussein Bin Ismail (Chairman), Mahadzir Bin Mustafa and Azlan Bin Mohamed Ismail (Members). Hussein Bin Ismail was appointed as member of EXCO on 23 November 2017 and subsequently redesignated as Chairman of EXCO on 23 February 2018. Mahadzir Bin Mustafa and Azlan Bin Mohamed Ismail were appointed as members of EXCO on 27 June 2019 and 5 February 2020 respectively.

The Chairman of the EXCO is supported by two (2) EXCO members, to ensure that the decisions of the Board, strategic matters, as well as operations of Encorp Group are carried out effectively.

AZLAN BIN MOHAMED ISMAIL

EXCO Member

Azlan (Malaysian, aged 53, male) was appointed as EXCO member on 5 February 2020. Azlan holds Advance Diploma in Accountancy from Mara Institute of Technology and subsequently a Chartered Accountant registered with the Malaysian Institute of Accountants. He brings with him over 26 years of experience in the accounting and finance across multiple industries including banking and technology.

Azlan's career in Felda Investment Corporation Sdn Bhd ("FIC") began in February 2014 when he was appointed as Senior Manager of the Finance & Accounts department. Following that, he was promoted as Acting Head of Finance in September 2015. Azlan's career progression in FIC eventually saw his appointment as the Chief Financial Officer and the Acting Chief Executive Officer in November 2019. Subsequently, redesignated as Chief Executive Officer on 3 May 2021.

Before FIC, Azlan has held various key positions from diverse portfolios, amongst others, including Ayum Forest Product Limited, Bristol Technologies Sdn Bhd, Green City Development Sdn Bhd, CIMB Bank Berhad, Sapura Telecommunication Berhad, Uniphone Ushasama Sdn Bhd and Kawasaki Sunrock Sdn Bhd.

Azlan does not hold directorship in any other public companies and listed issuers. He does not have any family relationship with any director and/or major shareholder or any conflict of interest with the Company. He has not been convicted of any offence within the past 5 years, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

SENIOR MANAGEMENT TEAM

HAZURIN BIN HARUN
Group Chief Executive Officer

Nationality	Malaysian
Gender	Male
Age	51
Date of Appointment	February 2021

Academic/Professional Qualifications

- Bachelor of Arts (Honours) in Accounting from Sheffield Hallam University, United Kingdom
- Fellow Member of Association of Chartered Certified Accountants
- Member of Malaysian Institute of Accountants

Past Experience

Actively involved and held various portfolios in Finance, Property and Infrastructure facilities with more than 24 years of experience including in public listed companies:

- Auditor in PricewaterhouseCoopers (1996)
- Operations Manager for Pengurusan Danaharta Nasional Berhad (1999)
- Financial Controller for Pembinaan BLT Sdn Bhd, a company owned by the Minister of Finance Inc. (2005)
- Chief Financial Officer for Symphony Life Berhad Group (formerly known as Bolton Berhad) (2006)

Declaration

- Does not hold directorship in any other public companies and listed issuers
- Does not have any family relationship with any director and/or major shareholder or any conflict of interest with the Company
- Has not been convicted any offences within the past 5 years, nor any public sanction or penalty imposed by regulatory bodies during the financial year

MOHD IBRAHIM BIN MASRUKIN
Group Chief Operating Officer

Nationality	Malaysian
Gender	Male
Age	60
Date of Appointment	September 2018

Academic/Professional Qualifications

- Bachelor of Arts in Mathematics, with a minor in Economics from Southern Illinois University, Carbondale, USA
- Master of Science in Statistic, with a minor in Econometrics from Southern Illinois University, Carbondale, USA

Past Experience

Actively involved and held various portfolios in Property, Construction, Education, Media and Entertainment with more than 35 years of experience including in public listed companies:

- Management Consultant for Alexander Proudfoot (1985)
- Branch Manager for American Express Malaysia (1986)
- Regional Director for American Express International, Malaysia & Singapore (1995)
- Group Director for Encorp Group (1997)
- Chief Executive Officer for Synchrosound Studios and Vantage View (1998)
- Chief Executive Officer for NetSeven Television (ntv7)(2005)
- Executive Director for ENCapital Sdn Bhd (2014)
- Advisor in Business Strategy for InfratechGeoSolutions Sdn Bhd (2016)

Declaration

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- Does not have any family relationship with any director and/or major shareholder or any conflict of interest with the Company
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IR. OOI WAH TECK
Head of Property

Nationality	Malaysian
Gender	Male
Age	56
Date of Appointment	May 2021

Academic/Professional Qualifications

- Bachelor of Science in Civil Engineering from University of Toledo, Ohio, USA
- Registered Professional Engineer with the Board of Engineers Malaysia
- Member of Institution of Engineers Malaysia

Past Experience

Actively involved and held various portfolios in Property and Construction Management with more than 28 years of experience including in international and public listed companies:

- Engineer for T.R. Worline & Assoc. Inc. Swanton, Ohio, USA (1990)
- Engineer for H.S. Liao Sdn Bhd (1991)
- Project Manager for WCT Engineer Berhad (1995)
- Senior Project Manager for Berjaya Land Berhad (2000)
- Project Director for ATC Project (Vietnam) Co Ltd (2005)
- Deputy General Director for Ocean Group of Companies (2008)
- Director of Projects for Petaling Tin Berhad/Karambunai Corp Berhad (2011)
- Project Director for Grandmas Development Sdn Bhd (2013)
- Chief Operating Officer for DMIA (M) Sdn Bhd (2014)
- Project Director (Freelance) (2018)

Declaration

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- Does not have any family relationship with any director and/or major shareholder or any conflict of interest with the Company
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WILLIAM SEOW
Head of Finance and Technology

Nationality	Malaysian
Gender	Male
Age	49
Date of Appointment	August 2014

Academic/Professional Qualifications

- Bachelor of Business in Accounting and Computing from Swinburne University of Technology, Australia
- Member of Malaysia Institute of Accountants
- Member of CPA Australia

Past Experience

Actively involved and held various portfolios in Advisory, Finance and Property with more than 26 years of experience including in public listed companies:

- Consultant in Transaction Advisory Services and Assurance Department for Ernst & Young, Kuala Lumpur (1995)
- Senior Executive in Corporate Finance, Merger & Acquisition for Petaling Tin Berhad (2001)
- Finance Manager for Metroplex Berhad (2004)
- Senior Finance Manager for Sunway City Berhad and Sunway Berhad (2007)

Declaration

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- Does not have any family relationship with any director and/or major shareholder or any conflict of interest with the Company
- Has not been convicted any offences within the past 5 years, nor any public sanction or penalty imposed by regulatory bodies during the financial year

LEE LAY HONG
Head of Legal and Company Secretarial

Nationality	Malaysian
Gender	Female
Age	54
Date of Appointment	July 2008

Academic/Professional Qualifications

- Bachelor Degree in Law with Honours from University of Leicester, United Kingdom
- Admitted as an Advocate and Solicitor of the High Court of Malaya in 1993
- Licensed Company Secretary

Past Experience

- Lee Lay Hong commenced her legal practice in litigation and subsequently ventured into commercial sectors. She has 28 years of experience in legal work, covering corporate and commercial, banking, litigation, industrial relations, intellectual property and construction, corporate secretarial and corporate governance matters
- Prior to joining Encorp, she has held leadership positions as Head of Legal and Group Company Secretary for Mah Sing Group Berhad and Head of Legal for Puncak Niaga (M) Sdn Bhd

Declaration

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- Does not have any family relationship with any director and/or major shareholder or any conflict of interest with the Company
- Has not been convicted any offences within the past 5 years, nor any public sanction or penalty imposed by regulatory bodies during the financial year

CHAN YEE CHUN
Head of Marketing, Sales and Leasing

Nationality	Malaysian
Gender	Male
Age	46
Date of Appointment	March 2020

Academic/Professional Qualifications

- Bachelor of Economics and Finance from Royal Melbourne Institute of Technology University, Australia

Past Experience

Actively involved and held various portfolios in Finance, Property and Construction with more than 21 years of experience including in public listed companies:

- Treasury Officer for Setia Putrajaya Sdn Bhd (1997)
- Senior Executive in Property Research and Project Feasibility Studies for Metro Kajang Berhad (2001)
- Senior Executive in Marketing and Sales for Bukit Kiara Properties Sdn Bhd (2004)
- Manager in Corporate Sales for Crest Builder Berhad (2006)
- Manager in Marketing & Sales for Sunway City Berhad (2007)
- Vice President in Leasing, Marketing and Business Development in Commercial Properties for See Hoy Chan Sdn Bhd (2013)
- Deputy Head in Group Corporate Communication for Matrix Concepts Holdings Berhad (2014)
- Regional Head of Marketing and Sales (Johor) for Eastern & Oriental Berhad (2017)

Declaration

- Does not hold directorship in any other public companies and listed issuers
- Does not have any family relationship with any director and/or major shareholder or any conflict of interest with the Company
- Has not been convicted any offences within the past 5 years, nor any public sanction or penalty imposed by regulatory bodies during the financial year

DATIN NORSYELA BINTI JAAFAR
Head of Human Resource and Administration Services

Nationality	Malaysian
Gender	Female
Age	44
Date of Appointment	February 2017

Academic/Professional Qualifications

- Bachelor of Graphic Design & Marketing from Curtin University of Technology, Australia

Past Experience

Actively involved and held various portfolios in Education and Property with more than 16 years of experience including in public listed companies:

- Assistant in Investor Relations and Corporate Planning for PECD Berhad (2005)
- Senior Manager in Newtork Development, Human Resource and Administration Services for Limkokwing University (2007)
- Senior Manager in Corporate Relations and Business Development for Studylink Sdn Bhd (2009)
- Head of Corporate Relations and Business Development for KRU Academy (2011)
- Manager in Business Development for Taylor's University (2013)

Declaration

- Does not hold directorship in any other public companies and listed issuers
- Does not have any family relationship with any director and/ or major shareholder or any conflict of interest with the Company
- Has not been convicted any offences within the past 5 years, nor any public sanction or penalty imposed by regulatory bodies during the financial year

ARMAN IDZMY BIN OMAR
Head of Risk and Governance

Nationality	Malaysian
Gender	Male
Age	44
Date of Appointment	October 2016

Academic/Professional Qualifications

- Bachelor of Accounting and Finance from John Moores Liverpool University
- Master of Forensic Accounting and Financial Criminology from University Technology MARA, Malaysia
- Member of Institute of Enterprise Risk Practitioners

Past Experience

Actively involved and held various portfolios in Internal Audit and Advisory with more than 20 years of experience including in public listed companies:

- Internal Audit Executive for AmMerchant Bank Berhad (2001)
- Senior Executive in Advisory Services for Ernst and Young (2005)
- Internal Audit Manager for DRB-HICOM (2010)
- Internal Audit Manager for Sapura Kencana Petroleum Berhad (2014)

Declaration

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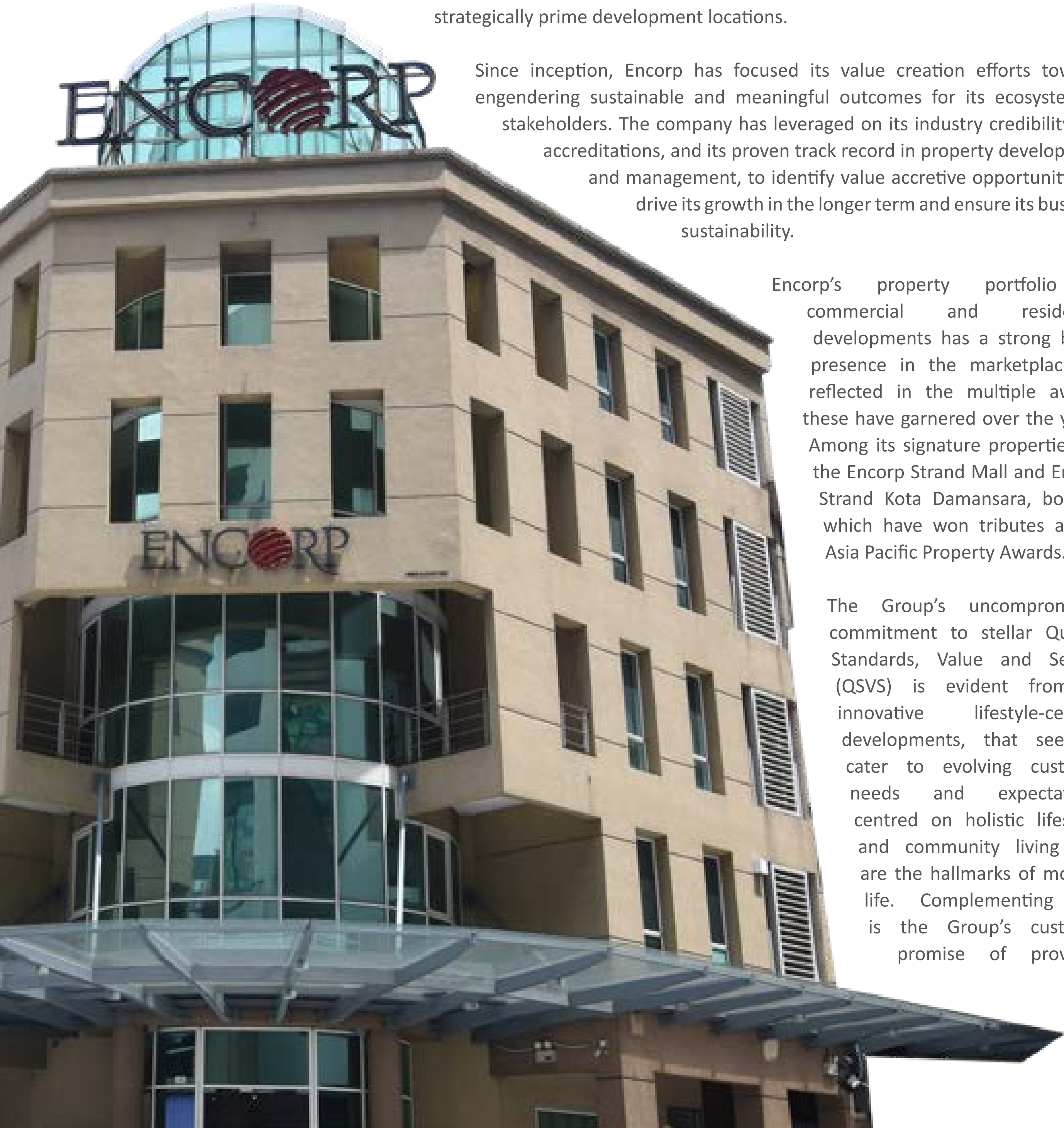
- Does not have any family relationship with any director and/ or major shareholder or any conflict of interest with the Company
- Has not been convicted any offences within the past 5 years, nor any public sanction or penalty imposed by regulatory bodies during the financial year

Corporate Profile

Listed on the Main Market of Bursa Malaysia Securities Berhad on 11 February 2003, Encorp Berhad (Encorp or the Group) is a property development and management services company that is headquartered in Kuala Lumpur, Malaysia. The Group's holding company is Felda Investment Corporation Sdn. Bhd. (FIC), the investment arm of the Federal Land Development Authority (FELDA), which holds a 62.30% equity stake.

Encorp's three main business segments comprise property development, investment property (retail mall) and concessionaire, with property development as its core business area. The Group's footprint of landbanks and property portfolio encompasses Malaysia and Australia, all situated in strategically prime development locations.



Since inception, Encorp has focused its value creation efforts towards engendering sustainable and meaningful outcomes for its ecosystem of stakeholders. The company has leveraged on its industry credibility and accreditations, and its proven track record in property development and management, to identify value accretive opportunities to drive its growth in the longer term and ensure its business sustainability.

Encorp's property portfolio of commercial and residential developments has a strong brand presence in the marketplace, as reflected in the multiple awards these have garnered over the years. Among its signature properties are the Encorp Strand Mall and Encorp Strand Kota Damansara, both of which have won tributes at the Asia Pacific Property Awards.

The Group's uncompromising commitment to stellar Quality, Standards, Value and Service (QSVS) is evident from its innovative lifestyle-centred developments, that seek to cater to evolving customer needs and expectations, centred on holistic lifestyles and community living that are the hallmarks of modern life. Complementing this is the Group's customer promise of providing excellent customer service, as propagated by its Two-pronged Customer-centric Strategy. Encorp's unswerving commitment to QSVS resulted in Dahlia at Encorp Cahaya Alam being awarded a Quality Assessment System in Construction (Qlassic) rating of 71%, or "High Quality", by the Construction Industry Development Board (CIDB) in 2019; Encorp Marina Puteri Harbour receiving a Qlassic score of 75% in 2018, and Encorp Strand Residences a Qlassic score of 72% in 2017.

Towards building robust foundations that will ensure the Group's sustained long-term value creation journey, Encorp has effected its Transformation Journey towards becoming a leading company in the property development sector in Malaysia. Underlying this is Encorp's focus on upholding the highest standards of corporate governance, which has been recognised through awards such as the Corporate Governance Asia Recognition Award 2013, the 1st Asian Company Secretary of the Year Award 2013 and the Best Investor Relations Company at the 7th Asian Excellence Recognition Awards 2017.

The Group highly values its employees, as the human capital that drives its strategic performance and business outcomes. Towards ensuring the continuous development and wellbeing of its employees, Encorp has embedded an integrated human resource management approach which ensures high levels of employee engagement, within a harmonious workplace that propagates work-life balance. The Group's sustained efforts led to HR Asia identifying it as a winner in the Best Companies to Work For In Asia Awards 2019, adding to awards obtained previously, such as the Human Resource Asia Best Companies to Work for in Asia 2018 Award, as well as the Silver Medal Award for Employer of Choice (Private Sector) at the Malaysia Human Resources Awards 2018.

The Group has a range of subsidiaries, that specialise in specific areas related to its three main business segments. Encorp Must Sdn. Bhd. and Must Ehsan Development Sdn. Bhd. provide property development and construction services, and are accredited with ISO 9001:2015 certification. Encorp's investment property arm, Encorp Strand Mall Sdn. Bhd. manages Encorp Strand Mall, a lifestyle neighbourhood mall in Kota Damansara. Encorp Facilities Management Sdn. Bhd. specialises in facility management services, while Encorp Construction and Infrastructure Sdn. Bhd. provides industry-specific construction and infrastructure solutions. Both Encorp Construction and Infrastructure Sdn. Bhd. and Encorp Construction and Engineering Sdn. Bhd. are G7 Grade certified and Encorp Development Sdn. Bhd. is G4 certified by the CIDB, with Encorp Construction and Engineering Sdn. Bhd. having an additional electrical and mechanical specialisation CIDB certification.

The Group's forward moving value creation journey is focused on enriching the lives of its stakeholders, through the progression of its strategies, underlined by a strict and vigilant focus on counteracting the impacts of prevalent and emerging risks. As it moves into the future, Encorp reaffirms its commitment to provide the highest QSVS in terms of innovative products and customer-centric services, in line with its aspiration to create meaningful value for all stakeholders.


Encorp Strand, Kota Damansara

Corporate Information

Board of Directors

1. Hussein bin Ismail
   Non-Executive Chairman,
   Non-Independent Non-Executive Director

2. Mahadzir bin Mustafa
   Non-Independent Non-Executive Director

3. Datuk Haji Jaafar bin Abu Bakar
   Independent Non-Executive Director

4. Abdul Rahim bin Abdul Hamid
   Independent Non-Executive Director

Audit, Risk And Governance Committee

Abdul Rahim bin Abdul Hamid
Chairman

Datuk Haji Jaafar bin Abu Bakar
Member

Mahadzir bin Mustafa
Member

Nominating And Remuneration Committee

Abdul Rahim bin Abdul Hamid
Chairman

Datuk Haji Jaafar bin Abu Bakar
Member

Executive Committee

Hussein bin Ismail
Chairman

Mahadzir bin Mustafa
Member

Azlan bin Mohamed Ismail
Member

Company Secretary

Lee Lay Hong
LS 0008444
SSM PC No. 201908002088

Solicitors

Zul Rafique & Partners

Wong & Partners

Zaid Ibrahim & Co

P.Y. Hoh & Tai

Sanjay Mohan

Azmi & Associates

Auditors

Ernst & Young PLT (AF 0039)
Registration No. 202006000003
(LLP0022760-LCA)

Registered Office

No. 45-1, Jalan PJU 5/21
Pusat Perdagangan Kota Damansara
Kota Damansara PJU 5
47810 Petaling Jaya
Selangor Darul Ehsan

Tel: (6) 03 62867777
Fax: (6) 03 62867717
Email: encare@encorp.com.my

Share Registrar

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

Tel: (6) 03 2084 9000
Fax: (6) 03 2094 9940
Email: info@sshsb.com.my

Principal Bankers

Malayan Banking Berhad

United Overseas Bank
(Malaysia) Berhad

Bank Islam Malaysia Berhad

CIMB Bank Berhad

Stock Exchange Listing

Main Market of Bursa Malaysia
Securities Berhad
Stock Name : ENCORP
Stock Code : 6076

Corporate Structure

ENCORP BERHAD

- 100% Encorp Must Sdn Bhd
  - 100% Encorp Development Sdn Bhd
  - 100% Encorp Iskandar Development Sdn Bhd
  - 100% Encorp Bukit Katil Sdn Bhd
  - 70% Must Ehsan Development Sdn Bhd
    - 100% Encorp Strand Mall Sdn Bhd
    - 100% Red Carpet Avenue Sdn Bhd
    - 100% Encorp Parking Sdn Bhd
- 100% Encorp Construction & Infrastructure Sdn Bhd
  - 100% Encorp Construction & Engineering Sdn Bhd
  - 100% Encorp Systembilt Sdn Bhd
- 100% Encorp Development Pty Ltd
- 100% Encorp Facilities Management Sdn Bhd

Subsidiary Company	Percentage (%)	Principal Activity	Place of Incorporation
Encorp Must Sdn Bhd	100	Investment Holding and Property Project Management	Malaysia
Must Ehsan Development Sdn Bhd	70	Property Development	Malaysia
Encorp Strand Mall Sdn Bhd	100	Property Investment	Malaysia
Encorp Parking Sdn Bhd	100	Property Investment	Malaysia
Red Carpet Avenue Sdn Bhd	100	Investment Holding	Malaysia
Encorp Development Sdn Bhd	100	Property Development	Malaysia
Encorp Iskandar Development Sdn Bhd	100	Property Development	Malaysia
Encorp Construction & Infrastructure Sdn Bhd	100	Investment Holding and Construction Project Management	Malaysia
Encorp Systembilt Sdn Bhd	100	Concessionaire to build and transfer teachers' quarters to the Government of Malaysia	Malaysia
Encorp Construction & Engineering Sdn Bhd	100	General Trading	Malaysia
Encorp Development Pty Ltd	100	Property Development	Australia
Encorp Facilities Management Sdn Bhd	100	Facilities Management Services Provider	Malaysia
Encorp Bukit Katil Sdn Bhd	100	Property Development	Malaysia

Sustainability Statement

Encorp Berhad (Encorp) is proud to present its 2020 Sustainability Report, which marks its fourth year of annual reporting on its sustainability progress and performance. In our efforts to enhance our corporate reporting, we have started to prepare and lay the foundations and fundamental concepts of integrated reporting this year.

SCOPE AND REPORTING BOUNDRY

Encorp has developed a suite of reports to meet the evolving needs and concerns of stakeholders. This Sustainability Report complements the 2020 Annual Report which provides more information relating to corporate governance, risk and financial performance as a group. Our reports are available at www.encorp.com.my.

Sustainability Goal and Roadmap

We perceive sustainability as a never-ending quest that requires the participation of all stakeholders, internally and externally, at every level.

In an effort to contribute to global and national initiatives towards sustainable development, Encorp seeks to continuously refine its strategic approach to the United Nations' 17 Sustainable Development Goals (SDGs). For this year of reporting, we have identified primarily with five SDGs Focus Area, which are: Good Health and Well-Being (SDG 3), Decent Work and Economic Growth (SDG 8), Sustainable Cities and Communities (SDG 11), Responsible Consumption and Production (SDG 12) and Peace, Justice and Strong Institutions (SDG 16).

Five SDGs Focus Areas for Encorp

ENCORP'S SDG FOCUS AREAS

Sustainability Goal	Target	Contributions
SDG 3 Ensure healthy lives and promote well-being for all at all ages	**INCREASE HEALTH FINANCING AND SUPPORT HEALTH WORKFORCE IN DEVELOPING COUNTRIES** Substantially increase health financing and the recruitment, development, training and retention of the health workforce in developing countries, especially in least developed countries and small island developing States.	We prioritise health and safety in our business operations by adopting safety standards and systems as well as implementing a Quality, Environmental, Safety and Health (QESH) policy.
SDG 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	**DIVERSIFY, INNOVATE AND UPGRADE FOR ECONOMIC PRODUCTIVITY** Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.	We provide competitive salaries and benefits packages to our employees in addition to training opportunities for growth and career development. We also encourage interdepartmental transfer and provide on the job training as part of Encorp career development enhancement.
	PROMOTE POLICIES TO SUPPORT JOB CREATION AND GROWING ENTERPRISES Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services.	We are developing and implementing relevant policies and procedures.
	PROMOTE YOUTH EMPLOYMENT, EDUCATION AND TRAINING By 2020, substantially reduce the proportion of youth not in employment, education or training.	We provide competitive salaries and benefits packages to our employees in addition to training opportunities for growth and career development.
	PROTECT LABOUR RIGHTS AND PROMOTE SAFE WORKING ENVIRONMENTS Protect labour rights and promote safe and secure working environments for all workers.	Our Safety and Health Unit monitors and checks for compliance to relevant rules and regulations.

ENCORP'S SDG FOCUS AREAS (CONT'D.)

Sustainability Goal	Target	Contributions
SDG 11 Make cities and human settlements inclusive, safe, resilient and sustainable	**SAFE AND AFFORDABLE HOUSING** By 2030, ensure access to adequate, safe and affordable housing and basic services and upgrade slums.	We have been involved in the construction of infrastructures that enhance the sustainable features of cities, such as affordable housing.
	INCLUSIVE AND SUSTAINABLE URBANISATION By 2030, enhance inclusive and sustainable urbanisation and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.	As a property developer, we contribute to connecting communities and businesses and promoting sustainable lifestyles by encouraging people to walk and travel using public transport.
	SUPPORT LEAST DEVELOPED COUNTRIES IN SUSTAINABLE AND RESILIENT BUILDING Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilising local materials.	For year 2020, 100% of the required services were carried out by Malaysian vendors. By supporting them, we play a part in contributing to the domestic economy.
SDG 12 Ensure sustainable consumption and production patterns	**SUSTAINABLE MANAGEMENT AND USE OF NATURAL RESOURCES** By 2030, achieve the sustainable management and efficient use of natural resources.	Recycle woods and pallet for construction works.
	SUBSTANTIALLY REDUCE WASTE GENERATION By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.	Reduce usage of paper by initiating use of digital based documentations.
	ENCOURAGE COMPANIES TO ADOPT SUSTAINABLE PRACTICES AND SUSTAINABILITY REPORTING Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.	A concise sustainability report is included in the Encorp Annual Report.

ENCORP'S SDG FOCUS AREAS (CONT'D.)

Sustainability Goal	Target	Contributions
SDG 12 Ensure sustainable consumption and production patterns	**PROMOTE UNIVERSAL UNDERSTANDING OF SUSTAINABLE LIFESTYLES** By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.	Employees are required to participate and involved in Corporate Social Responsibility (CSR) activities as part of their respective key performance measures and indicators. The company has also provided the development of Clover, Encorp Cahaya Alam project with lake and garden landscape. Security feature enhanced with boom gates, guard house and smart security application.
	INCLUSIVE AND SUSTAINABLE URBANISATION By 2030, enhance inclusive and sustainable urbanisation and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.	We have been involved in the construction of infrastructures that enhance the sustainable features of cities, such as affordable housing.
	SUPPORT LEAST DEVELOPED COUNTRIES IN SUSTAINABLE AND RESILIENT BUILDING Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilising local materials.	For year 2020, 100% of the required services were carried out by Malaysian vendors. By supporting them, we play a part in contributing to the domestic economy.
SDG 16 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effectiveness accountable and inclusive institutions at all level	**PROMOTE THE RULE OF LAW AND ENSURE EQUAL ACCESS TO JUSTICE** Promote the rule of law at the national and international levels and ensure equal access to justice for all.	Emphasis has been given to anti-bribery initatives by implementing the Anti-Bribery Policy and Code of Ethic and Business Ethic Guideline.
	COMBAT ORGANISED CRIME AND ILLICIT FINANCIAL AND ARMS FLOWS By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organised crime.	

ENCORP'S SDG FOCUS AREAS (CONT'D.)

Sustainability Goal	Target	Contributions
SDG 16 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effectiveness accountable and inclusive institutions at all level	**SUBSTANTIALLY REDUCE CORRUPTION AND BRIBERY** Substantially reduce corruption and bribery in all their forms.	Enforcement of Integrity at work with goals of zero corruption (bribery).
	ENSURE RESPONSIVE, INCLUSIVE AND REPRESENTATIVE DECISION-MAKING Ensure responsive, inclusive, participatory and representative decision-making at all levels.	Equality of gender without precedent. A total of 47% employees are female and involved in the management.

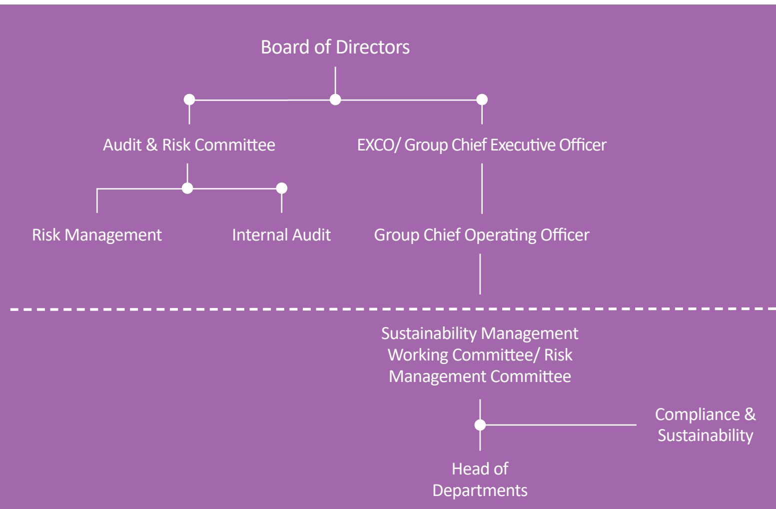
Sustainability Leadership & Commitment

Encorp Chairman and Board of Directors, ensures the effectiveness of leadership of the Board. They are responsible for setting the visions, values and standards of the Company.

The Board of Directors determine Encorp's strategic direction and ensures our compliance to laws, internal regulations, risk management and control. Sustainability is a component of our corporate strategy. Encorp Sustainability is the unit responsible for sustainability strategies and sustainability management. Demonstrating our Board's commitment to drive change through innovation and building on our legacy as a sustainability leader, Encorp Group Sustainability has been set up to cascade and drive the climate and environment policy, operations and management of natural resources, energy, utilities, environment, biodiversity, waste management, and use of alternative resources to systematically and sustainably maximise system efficiency.

Decisions on the long-term alignment of sustainability-related areas of action are endorsed at Board level, where they convene to discuss and assess Encorp's progress on economic, environmental and social issues as well as the degree to which sustainability principles have been integrated into the various divisions. During this meeting, the Group's sustainable development goals and targets are presented and endorsed by the Board, which are then incorporated into the Group's sustainable development strategy.

Our governance structure comprises a two-tiered structure with the Board at the helm. The Sustainability Committee is led by both the Chairman and the Executive Management Committee (EXCO). Our Sustainability Committee consist of Business Operations and Corporate Services that are made up of various departments.



Roles and Responsibilities

Chairman and Member (EXCO)

- Oversee the progress of the Company's Sustainability initiatives
- Sets clear objectives and relevance of sustainability within the group

Sustainability Committee

- Identifies and presents material issues relevant to the Company's business operations
- Helps in integrating sustainability across the Company's business operations

Stakeholder Engagement

We define our stakeholders as groups whom our business has a significant impact on and those with a vested interest in our operations. We believe that actively engaging and working in partnership with our stakeholders is crucial to addressing sustainability concerns.

The table on the next page illustrates our method of engagement with each stakeholder group, frequency of engagement, their expectations and the manner in which we address their expectations.

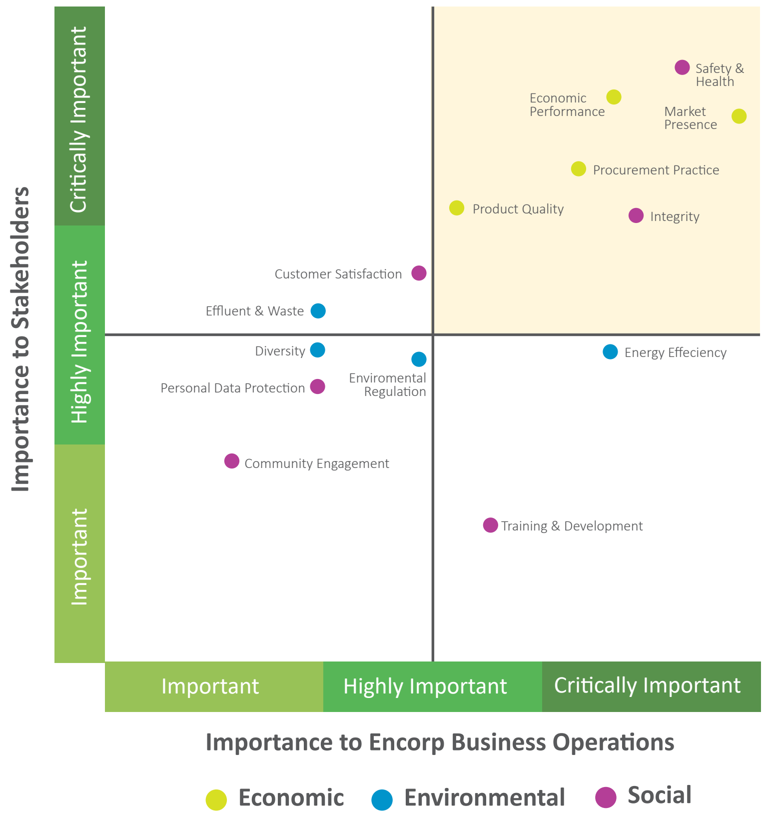
Stakeholder Group	Area of Interests/Expectations	Methods of Engagement	Frequency of Engagement
Employee	• Career development • Work-life balance • Fair remuneration • Safe and conducive workplace	• Training Programme • Employee satisfaction survey • Employee Get Connected Programme • Sport activities	• As per training plan set by Human Resource • Annually • Annually • Weekly
Customers	• Product affordability • Competitive pricing • Product quality • Customer satisfaction • Support service • Complaints resolution	• Customer satisfaction survey • Community events • Project launches • Online platform • Corporate and product brochures	• Project basis • As and when required • Project basis • As and when required • As and when required
Authorities	• Regulatory compliances • Standards and certification • Policy and regulatory changes	• Consultation sessions and conferences • Visit and inspection • ISO 9001 certificate compliance • Meetings and policy briefings	• As and when required • As and when required • As and when required • As and when required
Investors	• Financial performance • Business strategies • Financial stability • Governance	• Progress Report on the Company's Website • AGM/ Shareholder meeting • Annual report • Financial and/or business activities update to stakeholders • Site visit	• As and when required • Annually • Annually • As and when required • As and when required
Vendors/ Suppliers	• Procurement process practice • Supply chain management • Cost reduction/ saving • Payment schedule	• Contract negotiation and interview • Review meeting • Performance appraisal • Safety and Quality briefings	• As and when required • As and when required • Annually • As and when required
Media	• Updates and accessibility • Market presence • Impact of community investment	• Periodic updates on corporate development, key events, press releases and broadcasts • Websites (which contain updated information and contents that are relevant to listed issuer's shareholders) • Engagement activities with media • E-digital – social media outreach (via facebook and instagram)	• As and when required • As and when required • As and when required • As and when required
Local Community	• Economic investments and social impact for local welfare • Community programmes and events for social development	• Corporate Social Responsibility (CSR) programmes • Public events	• As and when required • As and when required

Sustainability Matters

Materiality assessment is an assessment to help define and determine the risks and opportunities that matter most to business and its stakeholders on sustainability. The findings of the materiality assessment are used to develop a materiality matrix that illustrates the risks and opportunities that are material to Encorp's business operations and stakeholders.

We aim to review our Materiality Matrix every year against the changing business landscape, emerging trends, regulatory development, as well as insightful stakeholder feedback to ensure we are responding to the issues that have the greatest impact on our business and stakeholders.

For Financial Year (FY) 2020, the following sustainability matters were identified as being the most relevant to the company and our stakeholders. The significance of these sustainability matters can be found in our Materiality Matrix as laid out in the chart on the right;



Economic

Material Sustainability Matters	Corresponding GRI Aspects	Relevant Stakeholders	SDG
Economic Performance	Economic Performance	Investors	8 DECENT WORK AND ECONOMIC GROWTH
Market Presence	Market Presence	Employees	8 DECENT WORK AND ECONOMIC GROWTH
Procurement Practices	Procurement Practices	Suppliers, Vendors and Regulatory Bodies	8 DECENT WORK AND ECONOMIC GROWTH
Product Quality	Economic impact	Regulatory Agencies, Customers and Investors	12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Enviromental

Material Sustainability Matters	Corresponding GRI Aspects	Relevant Stakeholders	SDG
Effluent & Waste	Effluent & Waste	Local Communities, Investors and Regulatory Bodies	12 Responsible Consumption and Production
Environmental Regulation	Compliances	Local Communities, Investors and Regulatory Bodies	12 Responsible Consumption and Production
Energy Efficiency	Energy	Local communities, investors and Regulatory Bodies	12 Responsible Consumption and Production

Social

Material Sustainability Matters	Corresponding GRI Aspects	Relevant Stakeholders	SDG
Diversity and Equal Opportunity	Diversity and Equal Opportunity	Employees, Regulatory Agencies, Suppliers and Contractors	12 Responsible Consumption and Production
Safety & Health	Occupational Health and Safety	Employees and Regulatory Bodies	3 Good Health and Well-Being
Personal Data Protection	Compliance	Customers, Investors, Suppliers and Vendors	16 Peace, Justice and Strong Institutions
Customer Satisfaction	Socioeconomic compliances	Customers	16 Peace, Justice and Strong Institutions
Training & Development	Training and Education	Employees and Regulatory Agencies	8 Decent Work and Economic Growth
Community Engagement	Local Communities	Local Communities	11 Sustainable Cities and Communities
Anti-Bribery	Anti-Corruption	Investors, Regulatory Agencies, Employees and Vendors	16 Peace, Justice and Strong Institutions

Governance

Business Ethics and Policies

In line with the Group's commitment to conduct its business professionally, ethically and with the highest standard of integrity, the Board and all employees of Encorp Berhad are committed to upholding the highest standards of professionalism and exemplary corporate conduct in our daily operations by adhering to the Code of Conduct and Business Ethics. It sets out the principles and standards of business ethics and conduct, and each employee has a duty to read and adhere to it.

Encorp Group has in place a number of Company codes and policies that establish the rules of conduct within the organisation; representing the main points of reference for all who work for and with us. These codes and policies can be found on the Company's website.

Anti-Bribery and Anti-Corruption

We remain committed to behaving professionally and with integrity in our business dealings with our customers, shareholders, business associates, third parties as well as towards one another. Pursuant to the Malaysian Anti- Corruption Commission (Amendment) Act 2018 which took effect from 1 June 2020, we have implemented a policy on Integrity across the Group to strengthen our integrity, governance and anti-corruption framework. The Group practices a zero-tolerance approach against all forms of bribery and corruption, and upholds all applicable laws in relation to anti-bribery and corruption.

The policy comprises a guideline which contains principles that guide our ethical decisions. We enhanced and strengthened our business ethics framework by updating the Encorp Code of Conduct and Business Ethics and developed a Code of Business Conduct for Third Parties and relevant policies and procedures on anti-bribery and corruption. Compulsory internal virtual training on Integrity and anti-corruption was conducted for all employees. Dedicated communication channels to create awareness and disseminate information on anti-bribery and corruption as well as to promote a culture of integrity and compliance have been set up on our intranet. Where applicable, relevant employees were sent for external training on corporate liability and corruption risk management. Each employee is expected to read, familiarise and strictly comply with the policy in carrying out their duties.

Third parties performing work or services for or on behalf of Encorp are also required to acknowledge conformity to the Company's third party integrity policy as well as comply with all applicable laws and our policy manual. All investments including mergers, acquisitions, joint ventures and projects are reviewed for anti-bribery and corruption risk with appropriate due diligence conducted on the counter party and owners of the counter party, where relevant. Integrity pledges were signed by the Encorp leadership team to demonstrate top level commitment. We have in place control measures for compliance and to mitigate corruption risks which are assessed, monitored and regularly audited. In addition, we have in place robust testing and monitoring programmes to ensure that our control environment is effective. Encorp Group continues to take all necessary measures and continues to promote a culture of integrity through awareness campaigns and regular communications.

PERSONAL DATA PROTECTION

Privacy and confidentiality of employees' and customers' information are kept and managed in accordance to the requirements of the Personal Data Protection Act (2010) pertaining to processing of personal data, purpose of use, disclosure to parties, transfer of personal data, access, correction and acknowledgement for consensual use.

PRODUCT QUALITY

Staying on top of the fast-changing business environment, especially in the diverse businesses we are involved in, requires tenacity for continuous improvement. We continue to be committed to our motto of Good to Great in all our products and services. All our business divisions implement management systems and are certified in accordance with relevant local and international benchmark standards. We build a culture of excellence by providing clear principles, unified standards and guidance for our processes and activities. This empowers our employees to take ownership and drive results through commitment and competency.

Our Property Management and Facilities Management Divisions are certified with the ISO 9001:2015 Quality Management System. The ISO 9001:2015 defines the way we operate to meet the requirements and satisfaction of our customers and stakeholders. This international standard promotes the adoption of a process approach, using the Plan-Do-Check-Act cycle with an overall focus on risk-based thinking aimed at taking advantage of opportunities and preventing undesirable results.

Our Certification in Quality Management System ISO 9001:2015

Company	Scope	Awarded
Encorp Berhad	Property development and project management of residential, industrial and commercial buildings	Certified to ISO 9001:2000 on 19 January 2007
Encorp Must Sdn Bhd		Certified to ISO 9001:2008 on 19 January 2010
Must Ehsan Development Sdn Bhd		Certified to ISO 9001:2015 on 24 September 2018
Encorp Facilities Management Sdn Bhd	Facilities Management of residential, industrial and commercial buildings	Certified to ISO 9001:2015 on 24 September 2018

ISO 9001:2015 Surveillance Audit Result for year 2020

The audit team conducted a process-based audit focusing on significant aspects, risks and/or objectives required by the standard(s). A sampling process was used, based on the information available at the time of the audit. The audit methods used were interviews, observation of activities and review of documentation and records.

The structure of the audit was in accordance with the audit plan included as an annexe to this summary report. The audit team concludes that the organisation has established and maintained its management system in line with the requirements of the standard and demonstrated the ability of the system to systematically achieve agreed requirements for products or services within the scope and the organisation’s policy and objectives.

Number of non-conformities identified:

0 Major	1 Minor	2 Opportunity for improvement

Therefore, the audit team concluded that based on the results of the said audit, the system had demonstrated the state of development and maturity of a quality management system and the certification shall be continued.

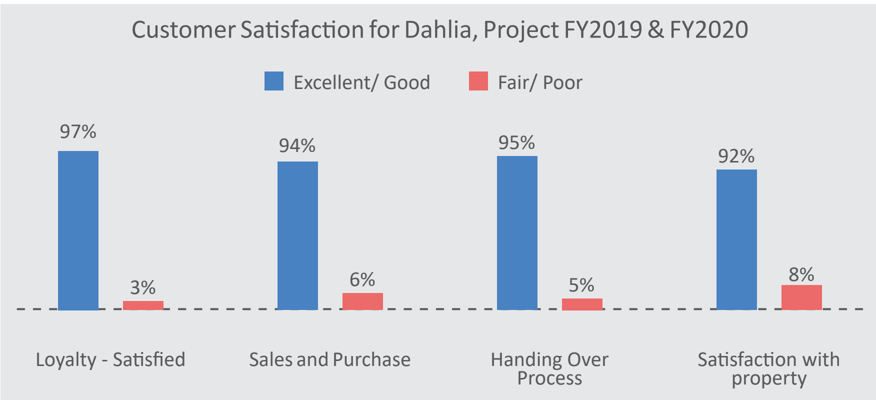
CUSTOMER SATISFACTION

The satisfaction of our customers is paramount to the continuity of our business. A material topic to all our divisions, customer satisfaction determines our ability to secure new and repeated business as well as fortify our ongoing relationships to achieve economic success. We strive to fulfil our customer needs and exceed their expectations with the Encorp Good to Great. Each Division adopts different targets and measures of customer satisfaction due to the diversity of its business.

We conduct customer satisfaction surveys during project handovers to gauge our customer satisfaction levels and are pleased to report that in FY2019/2020, our customer satisfaction results has surpassed our target for the development project of Dahlia, Encorp Cahaya Alam, Shah Alam.

Handing Over of Dahlia, Encorp Cahaya Alam in FY2019

Dahlia, Encorp Cahaya Alam Project



Achieved

94%

Economic Performance

The company ensures the business operations are aligned with all our governance aspects. This is essential to further strengthen the trust and confidence of our diverse stakeholders. We believe our people are our greatest asset contributing to our economic performance. Therefore, we ensure our employees benefit from our continuous economic performance via provision of employee benefits. Employee benefits plans are also part of the requirement by the Employment Act 1955 for every applicable employee. Employee Provided Fund (EPF) is one of our contributions to our employee for their retirement savings. A below is the total value and percentage (out of our revenue generated) we have committed for our employees retirement plan.

Revenue (RM'000)
RM 134,117

Employee EPF (RM'000)
RM 781

0.58% of Revenue

PROCUREMENT

Encorp's procurement activities adhere strictly to the Procurement Policy and Procedures, which provides clear guidance to ensure fairness, transparency, and accountability of purchase decisions. We aim to obtain the best value for all purchases, and ensure rigorous governance of suppliers.

As an industry leader and a responsible corporate citizen, we recognise our role in spearheading the advancement of the construction sector by maintaining, nurturing and supporting a vibrant local supply chain. It is crucial for us to ensure that the spillover effect of the country's infrastructure investment properly flows through to medium and smaller contractors and suppliers down the value chain, ultimately achieving the objective of stimulating the local economy.

Type of Vendor	Service
Consultant	• Architect Consultancy Services • Civil Structural (C&S) and Mechanical and Electrical (M&E) • Quantity Surveyor Consultancy Services • Town Planner Consultancy Services
Contractor	• Building Work Contractor • Interior Design Work Contractor
Supplier	• Information Technology (IT) Supplier • Security Service Supplier • Pest Control Supplier • M&E Supplier • Civil Work Supplier • Landscaping, Cleaning, Sound and Lightening Supplier

From the Group's perspective, sourcing locally results in multiple economic benefits. Local procurement contributes to improved risk management as we can secure timely delivery compared to overseas shipments. The Group always proactively engages its local suppliers and that gives us a tighter control over the product quality, as well as the time of delivery, while the total cost is often cheaper. This helps us to minimise the risk of project delays, cost overruns and ensures quality delivery. Local procurement also allows for more accurate budget forecasting and risk mitigation since many variable factors such as foreign exchange rates, tax implications, shipping and fuel surcharges are more predictable compared to overseas sourcing. Without the need to ship from abroad, we are essentially registering a lower carbon footprint while enabling local supply chain growth.

Monitoring Our Environmental Footprint

Our property development division, Encorp Berhad, is committed to ensuring the long-term sustainability of its developments. This remains uncompromised years after the projects are completed.

As part of our effort in minimising any adverse environmental impact on the usage of paper and energy conservation, our Information Technology (IT) department has initiated and improved the IT systems as per below:

Application/ Software	Objectives
Office365 – One Drive File Sharing	Provide 1Terabyte Cloud file storage for all employees that is accessible at anytime and anywhere.
Office365 – Microsoft Office Online	Provide the latest version of Microsoft office family; MS Word, MS Excel, MS PowerPoint Online to all employees that is accessible at anytime and anywhere.

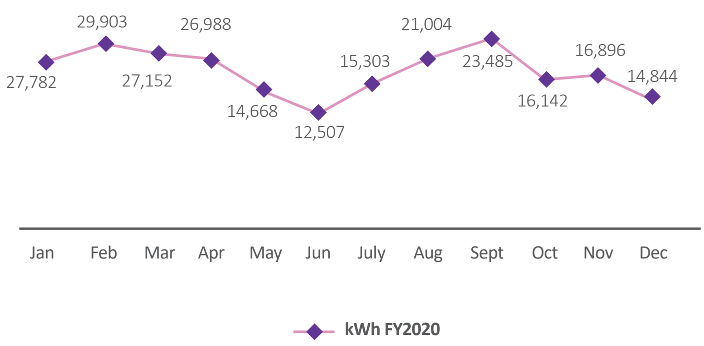
Application/ Software	Objectives
eDefect Management System	Provide a central database of defects information to Project Department that is accessible at anytime and anywhere. It helps to monitor the defect status - pending, in progress, completed and provides detail of defects information by unit.
eForm Application Portal	Provide a platform to access all online forms created for Encorp Group of Companies.
Vendor Management System	Provide a central database of vendor detail information to Procurement and Contract Department that accessible anytime anywhere and it has a performance evaluation report.
IT Inventory Management System	Provides a platform to record IT inventory in IT Department by eliminating the old manual Excel format. It keeps the movement of inventory record. It helps IT department to track who has which laptop, when it was purchased, where is the location, which software licenses and accessories are available, and so on.
Microsoft Teams for Virtual Meeting	Provides a communication and collaboration platform for Encorp Group of Companies that combines persistent chat capabilities, video conferencing for online meeting, file storage, and integration with many other Office365 applications.
QR Code Registration Application at Premises including MySejahtera	The QR Code applications are created to follow Covid-19 Standard Operating Procedure (SOP) required by Ministry of Health of Malaysia (KKM).
Paperless portal meeting	A platform for the meeting. It provides a secured channel for the required meeting; Project meeting, Head of Department meeting, ENVOICE meeting etc. It allows the organiser of meeting to manage the minutes and documents prior to the meeting in the channel, inviting the team members for meeting and share the documents between team members directly in the channel. It is also enable organiser to restructure and archive the contents according to organiser needs.

ENERGY EFFICIENCY

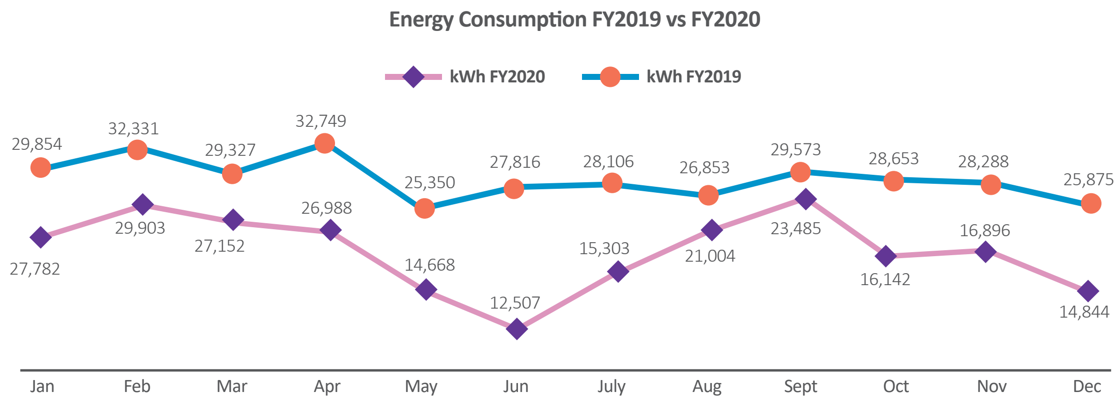
In FY2020, to conserve electricity consumption, Encorp had initiated a few improvement actions on;

- Property Maintenance office has provided a routine servicing programme for all air condition units to ensure smooth operation and to reduce energy consumption.
- Awareness to all employees on electricity saving by energy saving campaign.
- Optimising the space at employees' workstations whilst providing sufficient work area to ensure the comfortable and safety workplace environment.
- Work from home arrangements due to pandemic Covid-19.

Energy Consumption at Corporate Office 2020

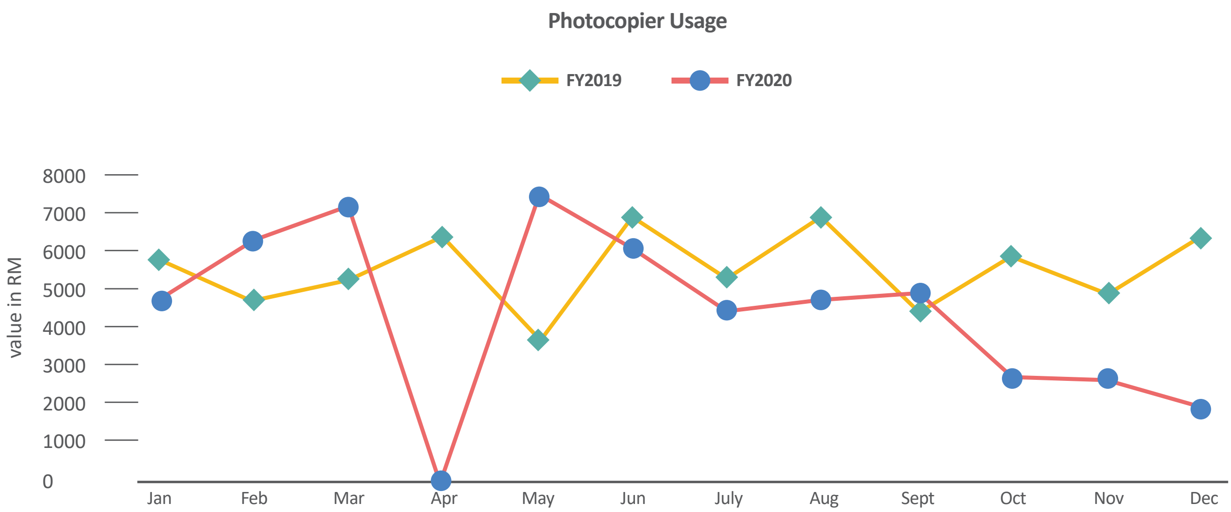


Our total energy consumption **246,674kWh** for year 2020, which was a significant reduction of 28% compared to **344,775kWh** for year 2019. The graph on the right page illustrates energy consumption on a monthly basis.



REDUCING PAPER USE

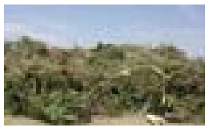
Since launching our digitisation initiatives, we have been able to stabilise our paper consumption at the workplace. We continue to encourage our employees to only print necessary material. We monitor our employees' use of printing through password controls on paper copier machines and printers. Monthly reports are generated on printing volumes which are then sent on to the respective business units to analyse. These businesses units are also encouraged to implement internal measures to reduce paper usage where possible. The graph below shows photocopier usage on a monthly basis.



Year	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec
2019	5880	4719	5142	6251	3747	6908	5297	6926	4368	5716	4990	6279
2020	4795	6103	7103	0	7428	6028	4244	4713	4935	2872	2859	1942

EFFLUENT AND WASTE

Waste is produced during construction of our projects as well as once they are completed, by the residents/occupants of the buildings. Our goal is to minimise waste generation in both stages and encourage the use of recycling and reusing to minimise the volume of waste going to the landfills. We work with our contractors and tenants to achieve the best possible outcomes.

Source of Waste	Type of Waste	
Corporate Office	• General Waste 	• Paper Waste 
Project Site	• Pre-Construction Phase *Trees of various girth, shrubs, and bushes* 	• Construction Phase *Construction debris, concrete pile and structure and concrete slab* 

Our waste management strategy can be summarised as follows:

Designed for Less	Built with Less	Disposing Less
We incorporate waste separation and collection facilities in our developments to make it easier for tenants to recycle their waste. We designed a slip trap to prevent soil from getting discharged into the drains.	We encourage our contractors to minimise the use of wood in construction and recycle waste. Our contractors are required to disclose how much waste they generate and how they dispose of the waste.	We engage with our tenants to segregate all their waste, going beyond regulatory requirements in cultivating a recycling culture in our developments.

COMPLIANCE TO ENVIRONMENTAL REGULATIONS

Encorp is conscious of the environmental impact of its business and operations. All our project sites are therefore governed by stringent policies on environmental protection, including aspects such as waste management. For instance, we conduct routine and scheduled monitoring and inspection of water, and air pollution, as well as record and analyse key parameters to ensure they are within regulatory levels. Besides this, we also abide by the local environmental regulations and compliance requirements.

We take compliance seriously and ensure adherence to all relevant rules and regulations. We adhere to the Environmental Quality Act 1974 (amendment) 1996 and its subsequent Regulations and Orders. Recently, no stop work order or fine has been imposed by the authorities on Encorp Cahaya Alam project.

To realise the environmental preservation of the project, Encorp has undertaken the development of a garden and lake landscape for the Dahlia and Clover projects in Encorp Cahaya Alam.

Garden Landscape at Encorp Cahaya Alam

Safe Workplace

At Encorp, health and Safety is one of our most significant material issues. Due to the nature of our business, we are dedicated to ensuring that our health and safety practices comply with those required by Law and are always seeking to enhance our standards so that they are in accordance with global best practices.

The safety of our employees as well as the employees is utmost priority. To ensure the highest level of safety, we have a Healthy and Safety Policy which is shared with all our contractors and relevant stakeholders.

ENCORP BERHAD SAFETY STATEMENT

Encorp is committed to the practice of inspiring confidence by ensuring the health, safety and wellbeing of its employees and the protection of the environment.

To achieve this goal, Encorp believes in embedding the principles and policies of Safety, Health and Environment in all our employees and those involved in our daily activities, with a particular focus on leadership by top management.

In this regard, Encorp complies with the provisions of the Occupational Safety and Health Act 1994, its regulations and all approved codes of practice. It does so by:

- Ensuring awareness, accountability, commitment and cooperation among all heads of department and other top management with respect to Occupational Safety and Health and its impact on the performance of the company and employees.
- Identifying any and all hazards in the workplace, whether at the office or at construction sites, assessing and controlling risks to provide a safer working environment for employees and those involved in our activities.
- Periodically reviewing policies, procedures, documentation and training content to ensure effectiveness and to keep up to date with current laws and regulations.
- Setting OSHE targets and objectives and ensuring that these targets are monitored.

Encorp will continue striving towards achieving the highest standards in Occupational Safety, Health and Environment (OSHE) through training, commitment, support and supervision to ensure a safe and healthy working environment.

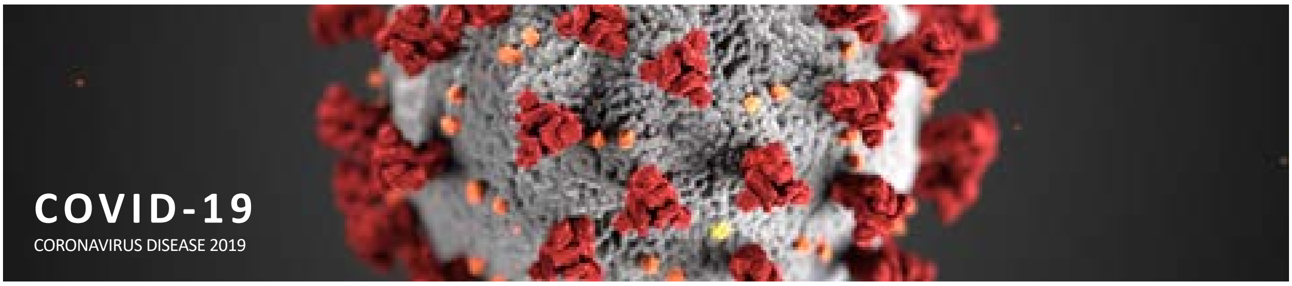
OUR SAFETY PERFORMANCE

In FY2020, there were no accidents or injuries recorded within the company.

Type of Stakeholder	Gender	Minor Injuries	Major Injuries	Fatalities	Loss Time Injury
Employees	Male	0	0	0	0
	Female	0	0	0	0

SAFETY OF COMMUNITY IN COMBACTING COVID-19

Nearly every country across the globe is struggling to reduce the spread of the Covid-19 virus and limit its health, societal, and economic consequences. The full impact on community, work, family, and its intersections is not yet clear. We share a deep concern for the potential impact of this global health pandemic. We similarly stand in awe to all the communities, workers, and families doing their utmost to combat it.



Action by Employers:

- Communicate to employees about Covid-19;
  - Advice employees on preventive methods; including personal hygiene and respiratory etiquette
  - Remind employees of the need to practice hand hygiene regularly e.g. via e-mail, social media, gamification etc
  - Provide regular updates on Covid-19 to employees
  - How to Use Surgical Masks
- Instruct Safety Officer to monitor symptoms of employees at workplace
- Encourage employees to take temperature regularly and monitor for respiratory symptoms
- Consider obtaining travel declaration from employees on travel history
- If employee develops symptoms;
  - If at home:
    - Wear a surgical mask and seek medical attention at the nearest health facility immediately
    - Avoid contact with family members
    - Accompanying person should also wear a surgical mask
  - If at workplace:
    - Relieve staff members from work if they are sick
    - Wear a surgical mask and seek medical attention at the nearest health facility immediately
    - Avoid contact with fellow employees
    - Accompanying person should also wear a surgical mask

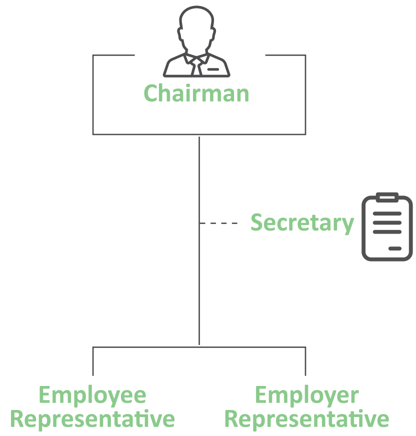
  Monitor sick leave and absenteeism among employees. Keeps a record of staff sick leave including reasons for leave, duration of leave and current status
- Always maintain good personal hygiene;
  - Frequent hand washing with soap and water or hand sanitizer
  - Practice respiratory etiquette
- Employees are encouraged to take their meals at their desk
- Limit food handling and sharing of food in the workplace
- Keep updated on Covid-19
- If develop symptoms;
  - Need to alert superior immediately
  - Wear surgical mask
  - Seek medical treatment immediately
  - Avoid contact with fellow employees

SAFETY & HEALTH COMMITTEE

A safety and health committee is established at all of our operating units to provide an avenue for the Management and workers to meet regularly and collectively improve workplace safety and health. Workers' representatives are elected by the workers themselves and comprise representatives from various sections of the operating unit. Each operational unit's committee is trained annually by the Company's Safety and Health Officer on OSHE related matters and updates.

Safety and Health Committee Responsibilities:

- Assist in the development of health and safety rules and a safe working system;
- Review the effectiveness of safety and health programmes;
- Analyse trends of accidents, near-miss incidents, dangerous occurrences, occupational poisoning and occupational disease occurring at the workplace;
- Report any unsafe or unhealthy work conditions or practices at the workplace to the management together with recommendations for corrective actions;
- Conduct investigations on accidents occurring at the workplace; and
- Promote and conduct OSHE activities such as health and safety campaigns, competitions and promotions.



SAFETY INITIATIVES

Initiative	Purpose	Date
Emergency Preparedness on Covid-19	• Protocol on facing Covid-19 and Action Plan. • Simulation exercise to test the effectiveness of the Emergency Response Plan	Mac 2020
Corona Virus Covid-19	• Prepare Guideline, SOP, and work protocol pertaining to Covid-19 • Project Site Covid-19 OHSE Inspection • Covid-19 SOP Compliance at Corporate Office, Encorp Strand Mall, Project sites and Sales Gallery • Provide face mask, hand sanitizer, disinfectant, infrared thermometer, hand gloves, face shield & protective barriers to Corporate Office, Encorp Strand Mall and Sales Gallery • Training and knowledge sharing for all Encorp employees	Yearly Twice a month Daily Daily As and when
Training	• Responding to Covid-19 - Employers Do's and Don'ts • Managing Covid-19 at the Workplace • New Hires Orientation • Corporate Office Fire Alarm System Training for Security Personnel • Occupational Safety & Health in Office Environment • Confined Space Safety	April 2020 April 2020 June 2020 Sept 2020 Sept and Oct 2020 Oct 2020
Plant & machinery inspection	Monthly workplace assessment is conducted following the relevant Regulations/Act: • Machinery: FMA 1967, Part III & V • False Work Safety, Working/Loading Platform, Scaffolding, Public Safety, Electricity Safety, Formwork & False work : FMA (BOWEC), Reg.1986 • Floor Opening, Expose Floor Edge, Working at Height, Access to Workplace, Workers Quarters, Site Cleanliness and Tidiness, Storage of Material, Emergency Response & Preparedness and Personal Protective Equipment & Others : Safety, Health & Welfare, Reg.1970	Monthly
Fire Certificate by Bomba	• Building Fire Certificate for Encorp Strand Mall (Basement – 7th floor)	Oct and Dec 2020

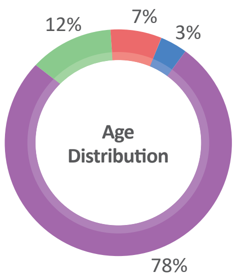
DIVERSITY AND EQUAL OPPORTUNITY

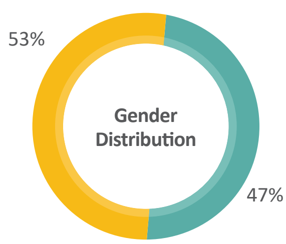
Equality is about ensuring everybody has an equal opportunity, and is not treated differently or discriminated against because of their characteristics. Diversity is about taking account of the differences between people and groups of people, and placing a positive value on those differences.

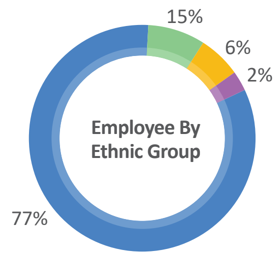
The chart below shows the age and gender distribution at Encorp. We have an experienced team with 80 employees age between 30 to 50 years old, followed by 7 employees within the age group below 30 years old and 16 employees from the above 50 years old age group. Our gender distribution comprised of 48 female and 55 male, which is equally distributed.

Benefits of equality and diversity in Encorp:

- Equality and diversity add new skills to teams.
- Diversity in the workplace promotes innovation.
- Diversity and inclusion opens business up to new markets.
- Valuing diversity improves your brand reputation.
- Diversity management opens up new talent.



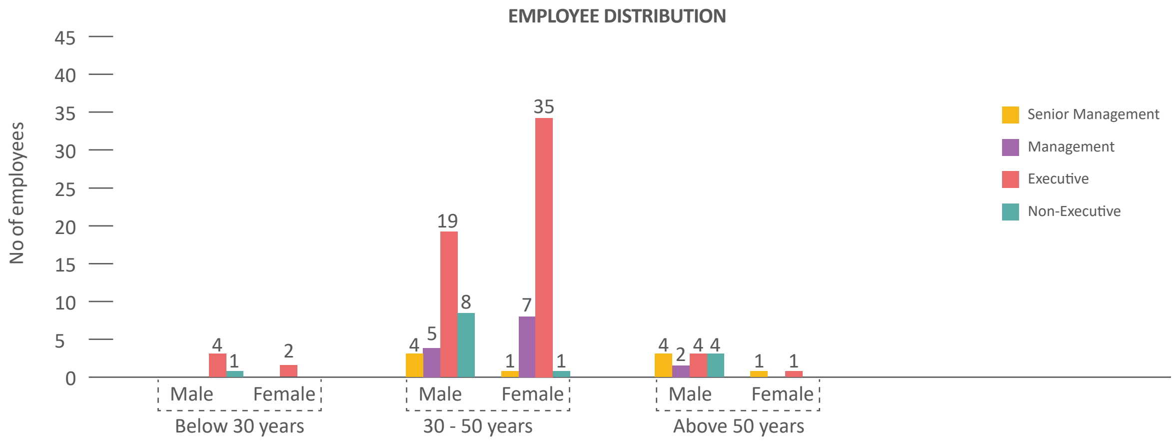




Age	Total no.
Above 60 yrs	3
51-60	13
30-50 yrs	80
Below 30 yrs	7

Gender	Total no.
Female	48
Male	55

Ethnic	Total no.
Malay	79
Chinese	16
Indian	6
others	2



At Encorp, the Company believes in empowering women, we are able to elevate the Company to a greater height. Therefore we organise multiple events in 2020 specially crafted for our female employee.

- **Flexible Working Hours**
  We provide flexible working hours to the women in our workforce to help them in juggling work, family and life related matters. The flexible working hours for our female employees has helped to maintain a progressive and productive work environment.

EMPLOYEE BENEFITS

Encorp employees enjoy benefits as stipulated in the Employment Act 1955. Encorp is committed to providing competitive pay, comprehensive benefits and a professional working environment that fosters both innovation and rewards performance. Total employee compensation includes several sustainable employment components and is able to build a strong financial future.

Company Leave

Annual Leave	Maternity Leave
Public Holidays	Paternity Leave
Annual Leave Brought Forward	Compassionate & Calamity Leave
Medical Leave	Marriage Leave
Hospitalisation Leave	Pilgrimage Leave
Prolonged Illness Leave	Examination Leave
	Replacement Leave

Outpatient Medical Treatment

Employee and Dependents Entitlement
Executive Medical Check Up *(Employee Only)*
Dental Treatment *(Employee Only)*
Pregnancy only for any kind of full term childbirth *(Female employee only)*

Group Hospitalisation & Surgical

Encorp provides Hospitalisation and Surgical Insurance coverage plans for its employees and eligible dependents to seek medical consultation, treatment and prescribed medicines.

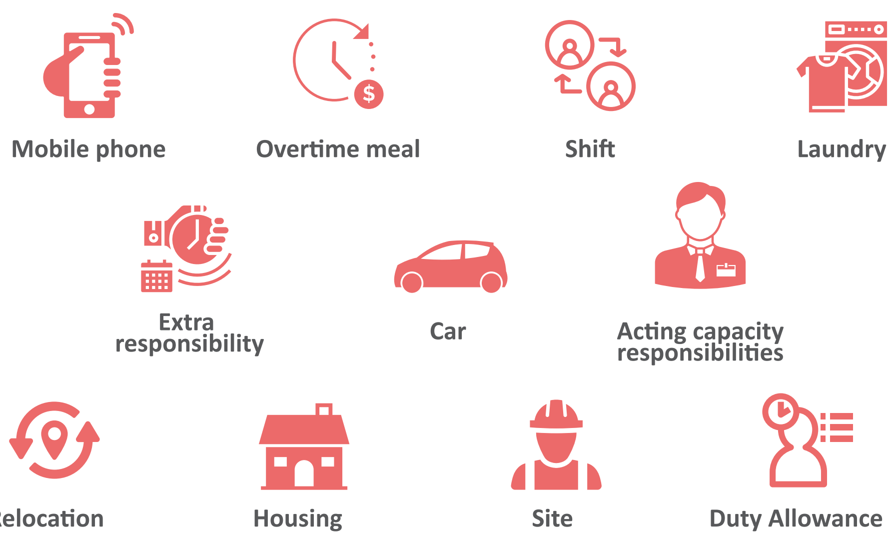
Employees' Insurance Scheme

All employees of Encorp shall are insured under the:

- Group Term Life Insurance scheme
- Group Personal Accident Insurance scheme

Allowances

Allowances will be given to employees with specific duties:



Business Travel
Employees who are authorised to travel on official company business are entitled to: • Mileage claim • Accommodation and lodging • Subsistence allowance • Relevant miscellaneous travel expenses
Benefits
• Professional Association Membership • Club Membership Fee • Employee Welfare • Entertainment Expenses Claim • Winter Clothing

EMPLOYEE TURNOVER

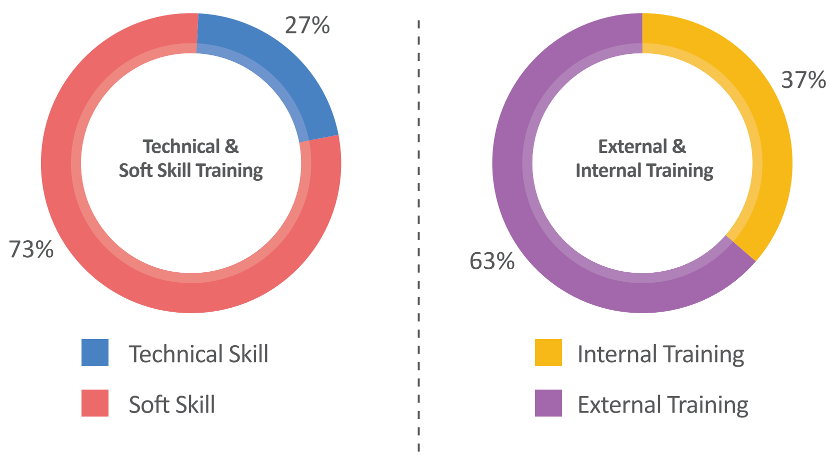
A positive working environment that promotes employee safety, growth and goal attainment keeps our employees engaged and perform to their highest ability. Encorp continues to offer competitive salaries and benefits, creating opportunities for growth whilst recognising and appreciating employees in a timely manner. We continue to focus our efforts on equipping our people with the skills and capabilities to function as high performing teams. We place great importance on employee engagement as well as ensuring a conducive working environment to retain our talent.

As a result, we recorded an employee turnover rate of 11.71% from January 2020 to December 2020.

LEARNING AND DEVELOPMENT

We are committed to enhance the continual professional and personal growth of our employees. Total training hours attended by employees is 1,848 hours. Encorp has significantly change training style from face to face training to online training via MS Teams, Zoom, Google Meet and etc. This is to ensure all employees stay safe during Covid-19 pandemic and less physical contact while still upgrading their skills. Besides, Encorp has also emphasise on knowledge sharing to develop talent as a trainer among the employees and encourage the colleagues to learn new skills.

TYPE OF TRAININGS



Enriching Our Community

Encorp strives for harmonious co-existence with local communities as a responsible citizen, recognising the fact that companies are also members of society. We not only contribute to society through our businesses, but also promote a wide range of local contribution activities and cooperate in achieving common regional and social goals in all countries and regions in which we do business and thereby contribute to their progress.

We also assist our employees in participating in local contribution activities as responsible citizen and offer volunteer programmes in which employees can make the most of their diverse skills and capabilities, including local human resources development and environmental conservation activities in local communities.

EMPLOYEE ENGAGEMENT

The following are highlights of our employee engagement activities in FY2020.

Event	Date	Category	Description
Futsal with Encorp Family Members	January & February	Sports	To encourage healthy living through sports and in particular futsal
Gym - Let's Groove Classes	Monthly (12 classes)	Sports	To promote a balanced lifestyle with healthy activity
Football with Encorp Family Members	February, July, August, September	Sports	• To expand the skills of the Encorp football team • To encourage healthy living through sports and in particular football
Chinese New Year Lunch Treat	February	Corporate/Festive Engagement	To celebrate and continue the tradition of organising a Chinese New Year treat for all employees
Biggest Loser Challenge 2.0	March	Sports	Fitness programme to help employees lose weight
Covid-19 Awareness Programme	April	Engagement	To remind all employee to always practice good hygiene, healthy lifesyle and healthy meals
Quiz on Covid-19	April	Engagement	Quiz on Covid-19 topics to raise awareness levels of Covid-19
Thank You Note to Frontliners	April	Engagement	Appreciation note to all of our frontliners and essesntial workers on their contribution throughout the outbreak
5 Fun Things to Be More Proactive at Home	April	Engagement	Listing of fun activities that can be done at home
Things We Miss While Being on MCO	January & February	Sports	To maintain engagement among employees during MCO & highlight the extension of MCO phase 3

Event	Date	Category	Description
Trivia Junkies	April	Engagement	Random quiz on general topics
Merdeka Spontaneous Quiz	August	Engagement	Spontaneous quiz related to Merdeka Day where selected staff while recording them on video
DIY T-Shirt Competition (Malaysia Day)	September	Competition	Plain white t-shirts and materials were provided to teams, who then designed the t-shirts in line with a Malaysia Day theme
Wear your mask the right way	April	Engagement	To remind employees on the proper way to wear masks
This or That Challenge	December	Engagement	Catchy and fun in-trend Tiktok challenge
Year End Greetings from Envoice committee members	December	Engagement	A casual greeting from Envoice committee members
Christmas Gift Box	December	Festival	To celebrate Christmas and foster closer relationships within teams

In addition, to encourage employees to instil in their children the aspiration to acquire knowledge, we also awarded the children of our employees who achieved excellent academic performance. The employees' children who excelled in major public examinations like UPSR, SPM, Matriculation and Degree programmes received cash awards.

2020	
Recognition of Employees' Children who excel in Key Examinations	Encorp awarded cash rewards to two children of our employees who achieved excellent academic performance in the Malaysian Certificate of Education (SPM) and Matriculation examination.

LOCAL COMMUNITY ENGAGEMENT

Encorp is also committed to contribute to the society by assisting the less fortunate. In FY2020, we collectively dedicated about 160 hours of service from 103 Encorp volunteers, an average of 1.55 hours per employee, to local communities. The major activities organised are highlighted as follows:

5 March 2020	
Encorp Supports the Nations' Young Athletes	Encorp believes in social and personal development of the young through sports and donated RM1,000 to Sekolah Sukan Tunku Mahkota Ismail in support of the Anugerah Juara 2019 event held at Dewan Olimpik SSTMI, Johor.

7 - 29 August 2020

Encorp Eco Month

During the Conditional Movement Control Order, Encorp organised an environmental awareness programme throughout the organisation. 76 employees collectively gathered reusable and recyclable materials ranging from paper, plastic bottles or containers and glass jars. All items collected were separated and disposed properly. Employees had also supported the cause by wearing green for a day.

Encorp also supports volunteering efforts for underwater research surveys such as seagrass monitoring, coral rehabilitation, reef diversity and elasmobranch monitoring as well as taking part in the waste management and beach clean-up works at Pulau Perhentian.

2 - 16 September 2020

Celebrating Malaysia Through Arts & Culture

As a business deeply rooted in the community that it serves, Encorp supports the arts and culture by providing a free platform for young talents to grow as artists. Headlining the Malaysia Day celebrations, talented local artists from Universiti Teknologi MARA's (UiTM) alumni painted murals along Encorp Strand Mall’s 250m long signature tree-lined Red Carpet Avenue with ‘Instagram-able’ featured popular spots in Malaysia, heritage elements and modern art. It is hoped that the project will uplift the spirit of visitors.

Other local community activity includes in providing a free platform and channel for local entrepreneurs to continue their businesses by setting up free booths to showcase local products. These were done while adhering to the SOPs set by the Government. A colouring contest was also organised which aimed at instilling patriotism among children. 34 children aged between four and twelve took part.

21 December 2020

Encorp Shoebox Cheer

Encorp participated in a gift-giving initiative for the orphanage home of Pusat Jagaan Telaga Kasih Nur Muhammad at Kota Damansara. Employees filled shoe boxes with a mixture of stationaries, toys, personal hygiene products and titbits before gift-wrapping them. All in all, Encorp employees donated 36 boxes with the mission of putting a smile to a child.

Conclusion

Moving forward, we aim to emphasise more on quantifying the economy, environmental and social impacts and opportunities that arise from our business operations. In addition, to magnify our initiatives in incorporating sustainable development practices into all of our projects. And lastly to contribute to the well-being of our employees and local communities.

2020 Highlights

Corporate Social Responsibility

5 March 2020

Encorp contributes to Sekolah Sukan Tunku Mahkota Ismail in support of the Anugerah Juara 2019.

7 - 29 August 2020

Encorp Eco Month environmental awareness programme and volunteerism drive for underwater research surveys.

2 – 16 September 2020

Malaysia Day celebrations with free stalls for local entrepreneurs and a space for young local artists from the alumni of Universiti Teknologi Mara (UiTM) to showcase their talent. A children's colouring competition was also held.

Collection drive for recyclable items. All items were separated and sent to recycling centres.

21 December 2020

Encorp Shoebox Cheer gift-giving to Pusat Jagaan Telaga Kasih Nur Muhammad, an orphanage in Kota Damansara.

Corporate

23 September 2020

Encorp's 20th Annual General Meeting .

23 September 2020

Public shareholding spread stood at 25.05%, which was above the required public shareholding spread of 25%.

22 November 2020

Launch of 92 double storey link homes in Lily, Encorp Cahaya Alam.

Encorp In The News

MALAYSIA CORPORATE

Encorp plans private placement to fund expansion activities and working capital

Arjuna Chandran Shankar / theedgemarkets.com
September 23, 2020 22:01 pm +08

KUALA LUMPUR (Sept 23): Encorp Bhd plans to raise RM5.51 million via a private placement to fund its business expansion activities and working capital requirements, as well as to address its public shareholding spread.

In a bourse filing, the property developer said it will be placing 30.61 million shares — representing 10% of its share capital — to selected third-party investors.

Based on an indicative price of 18 sen per share, Encorp said the exercise would result in the group raising RM5.51 million, of which RM1.5 million will be used to fund future developments or investments.

Another RM3.76 million would be used as working capital, which could be deployed for property development rebranding and marketing for Encorp Strand Mall and staff-related costs, the group said.

Encorp said that as of Aug 28, its public shareholding spread stood at 22.5%, contravening Bursa Malaysia's listing requirements.

"As such, the proposed placement is to be implemented primarily for the company to increase its public shareholding spread," the group said.

Encorp said it has not undertaken any equity fundraising exercise in the past 12 months.

It added that following the placement, it would have a share capital of 337.08 million shares. The exercise is expected to be completed in the first quarter of 2021.

The Federal Land Development Authority (Felda) is the group's largest shareholder with a 64.38% stake, while Azhar Mohd Awal and Atman Hanafi Abdullah control a 13.07% stake via Anjakan Masyhur Sdn Bhd.

Following the placement, Felda's stake would shrink to 58.33% and Anjakan Masyhur's holding decline to 11.88%.

20.5 sen, valuing the group at RM62.83 million.

Recognition of A Growing Encorp

**Winner of HR Asia:
Best Companies to Work for in Asia Awards 2019**

**Winner of HR Asia:
Best Companies to Work for in Asia Awards 2018**

**Winner of Employer of Choice Award (Silver) Private Sector,
Malaysia International HR Awards 2018**

**Winner of Best Investor Relations Company,
7th Asian Excellence Recognition Awards 2017**

**Winner of HR Asia:
Best Companies to Work for in Asia Awards 2017**

**Winner of Employer of Choice Award (Silver),
Malaysia HR Awards 2017**

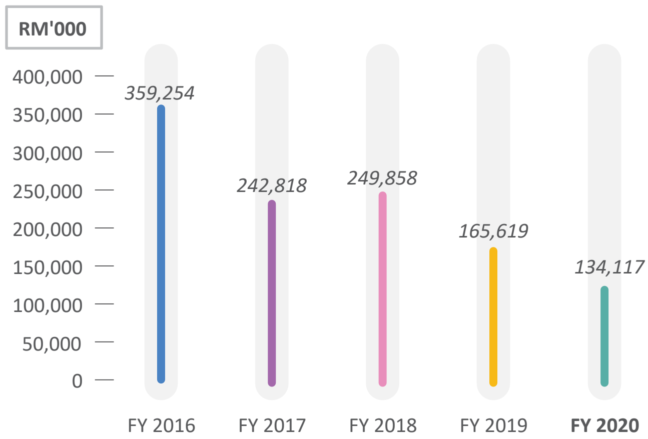
**Winner of Property Development (CSR),
Malaysia Social Media Week Awards 2017**

**Winner of Property Development,
Selangor Business Excellence Awards 2017**

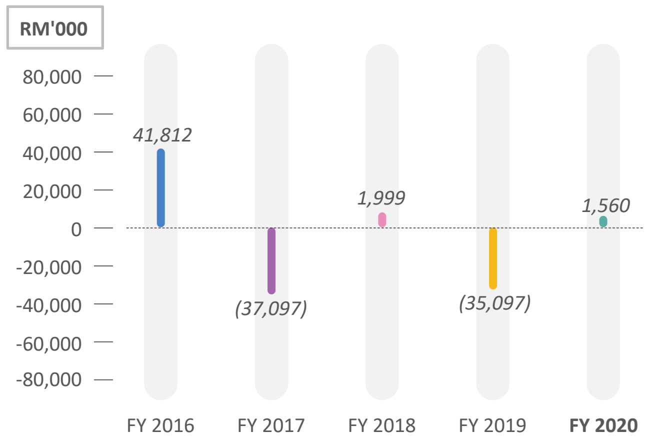
**Winner of Jury for Encorp Strand Mall,
Universal Design Award 2016**

**Finalist of Best Mixed Development for Encorp Strand,
iProperty.com People's Choice Awards 2016**

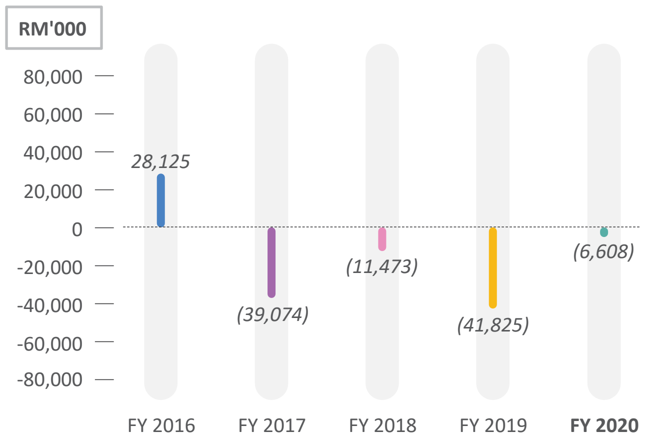
Group Financial Highlights



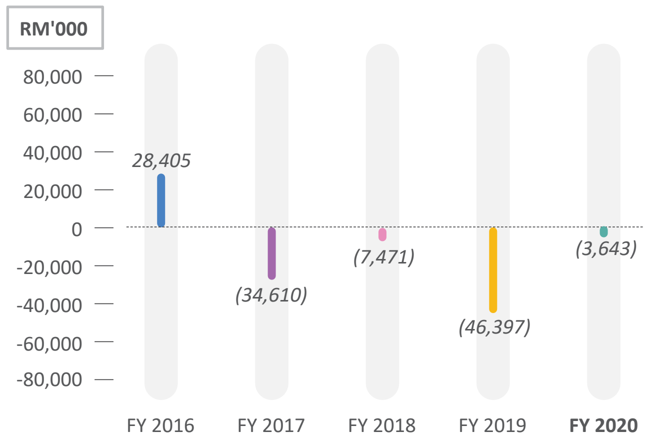
REVENUE



PROFIT/(LOSS) BEFORE TAX



PROFIT/(LOSS) AFTER TAX



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

N1 There is no margin available due to the loss position for that year.

N2 The results are attributable to owners of the parent company.

N3 The net gearing ratio is calculated using the loans and borrowing amount plus trade and other payables however excluding the Sukuk Murabahah, cash and bank balances, fixed deposits and investment securities. The Sukuk Murabahah has been excluded as the Sukuk is secured by the assignment of the contract Concession Payments and the Project Escrow Account and the Sukuk does not have any financial recourse to the Group.

N4 Includes property development cost.

FINANCIAL RATIOS	2020	2019	2018	2017	2016
Profit before tax margin (%)	1.2%	N1	0.8%	N1	11.6%
Basic (loss)/earnings per share (sen)	(1.18)	(15.30)	(2.54)	(12.23)	10.19
Closing share price as at end of year (RM)	0.235	0.31	0.43	0.65	0.60
Price-earning ratio (times)	(0.21)	(0.02)	(0.17)	(0.05)	0.06
Return on capital employed (ROCE)	0.05	0.06	0.06	0.04	0.08
Return on equity (ROE) [N2]	(0.010)	(0.13)	(0.02)	(0.09)	0.07
Net gearing ratio (%) [N3]	11%	57%	55%	53%	53%
Net assets per share (RM) [N3]	1.15	1.13	1.32	1.34	1.50
Shares ('000)	316,685	306,474	293,952	293,952	278,648

KEY BALANCE SHEET DATA	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000	2016 RM'000
Property, plant and equipment	5,084	5,298	5,623	6,258	6,878
Investment properties	284,050	303,050	303,620	314,740	325,130
Land held for property development	36,683	501,581	511,739	404,814	293,836
Trade and other receivables	756,225	807,763	906,193	906,851	1,001,179
Inventories[N4]	144,937	148,122	157,417	266,211	342,507
Cash & cash equivalents and Investment Security	157,691	173,369	179,858	145,761	180,967
Other assets	11,768	29,465	44,259	97,260	74,524
Assets of disposal group classified as held for sale	-	-	100	97	23,087
Right-of-use asset	19,622	21,056	-	-	-
Total Assets	**1,416,060**	**1,989,704**	**2,108,809**	**2,141,992**	**2,248,108**
Loans and borrowings	103,191	93,041	136,571	122,940	213,823
Sukuk Murabahah	721,943	785,021	841,275	895,984	944,841
Trade and other payables	87,863	633,292	626,364	572,145	543,711
Other liabilities	33,590	23,121	33,094	70,096	35,255
Liabilities of disposal group classified as held for sale	-	-	950	945	934
Lease liabilities	21,370	22,005	-	-	-
Total Liabilities	**967,957**	**1,556,480**	**1,638,254**	**1,662,110**	**1,738,564**
Total Equity	448,103	433,224	470,555	479,882	509,544
Non-controlling interest	84,370	87,335	82,343	86,345	90,809
Shareholders' equity [N2]	363,733	345,889	388,212	393,537	418,735

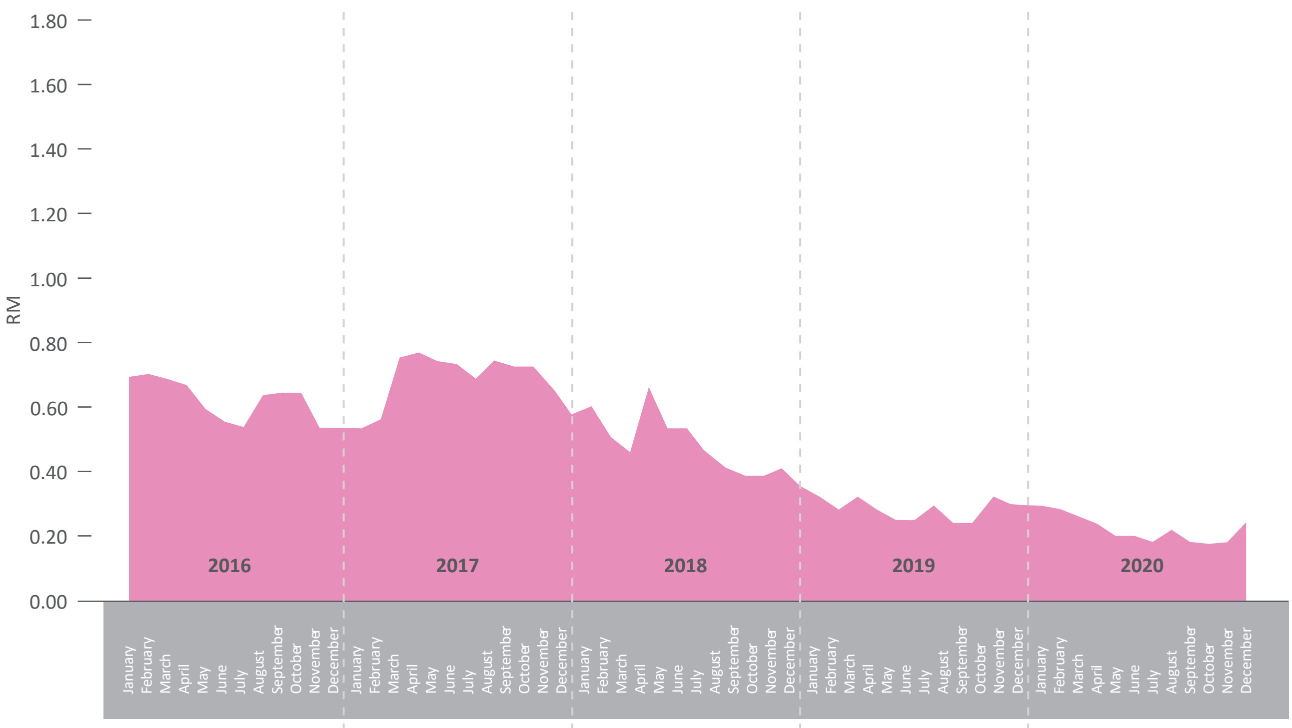
Share Performance

Stock Exchange	Stock Name	Stock Code
Bursa Malaysia Securities Berhad	ENCORP	6076

During the year	2016	2017	2018	2019	2020
Highest (RM)	0.90	0.92	0.83	0.45	0.31
Lowest (RM)	0.57	0.57	0.35	0.27	0.17

Share Price (Bursa Malaysia)

Based on month-end closing price



Corporate Governance Overview Statement

The Board of Directors ("the Board") reaffirms its commitment to and supports the best practices of the Malaysian Code on Corporate Governance ("the Code") which sets out broad principles, intended outcome and guidance to promote and cultivate a strong culture of good corporate governance for listed companies.

The Board strives to ensure that the highest standards of corporate governance are practiced to protect and enhance shareholders' value.

During the financial year ended 31 December 2020, the Board continued to adhere to the principles and recommendations of the Code. The Board is pleased to report to the shareholders on how the Company has applied each Practice as set out in the Code in the Corporate Governance Overview Statement below, along with certain departures from the Code. For full details in relation to the compliance and/or departure from each Practice set out in the Code during the financial year ended 31 December 2020, please refer to the Corporate Governance Report 2020 on the Company's website at www.encorp.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

In line with the Code, the Board has adopted a Board Charter which was last reviewed on 26 February 2019. The Board Charter primarily sets out the Board's strategic intent and outlines the Board's roles and responsibilities, to ensure that all Board members are aware of their fiduciary duties and responsibilities, legislations and regulations affecting their conduct. The Board Charter aims to promote highest standards of corporate governance within the Group, so that the interests of the shareholders, customers and other stakeholders are safeguarded.

The Board had on 31 July 2019 adopted and implemented a Code of Conduct and Business Ethics to provide guidance and set common ethical standards to promote consistency in behavior across the Group. It includes, amongst others, guidance on health and safety, disclosure of conflict of interest, maintaining confidentiality and gift and business courtesies. The Directors, management and employees are expected to behave ethically and professionally at all times and protect the reputation of the Company. The Group communicates its Code of Conduct and Business Ethics to all Directors, management and employees.

More information on the Board Charter and the Code of Conduct and Business Ethics can be found on the Company's website at **www.encorp.com.my**.

The Board has the following principal responsibilities, which facilitate the discharge of the Board's stewardship in the pursuit of the best interest of the Company:

- Reviewing, approving and monitoring the implementation of business plan and overall strategic directions;
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed and ensures that measures are in place against which Management's performance can be assessed;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage and mitigate these risks;
- Succession planning, includes appointment, training, fixing compensation of and where appropriate, replacing key management;
- Developing and implementing an investor relations programme or shareholders' communications policy for the Company and encouraging the use of information technology for effective dissemination of information;
- Reviewing the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines; and
- Ensuring that the Company has appropriate corporate governance structures in place including standards of ethical behavior and promoting a culture of corporate responsibility.

Board Balance

During the financial year ended 31 December 2020, the role of the Chairman and the Executive Committee ("EXCO") are distinct and separate to ensure that there is a balance of power and authority. The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board while the EXCO takes care of the business continuity of Encorp Group. Currently, the EXCO consists of three (3) members as set out in this Annual Report. The Chairman of the Board is also chairing the EXCO, however, he and other EXCO members have not been accorded with employment salaries and do not involve in the business and day-to-day management of the Company. Any decisions by EXCO shall be made by majority EXCO members present prior to the recommendation to the Board and the Chairman of EXCO does not have casting vote.

The Group Chief Executive Officer ("GCEO") of the Company was appointed on 17 February 2021 to run the day-to-day management of Encorp Group business within the limits of authority delegated by the Board. The GCEO acts as a conduit between the Board and the Management in ensuring the success of the Company's governance and management functions. Subsequent to the appointment of GCEO, the EXCO will assist the Board in evaluating and recommending significant investments undertaken by the Company, which includes amongst others merger and acquisitions, new partnerships, divestments and large capital expenditure projects, prior to their submission to the Board for approval.

Role of Company Secretary

The Board is supported by a suitably qualified and competent company secretary that has legal qualifications, and is qualified to act as company secretary under Section 235(2) of the Companies Act 2016. The Company Secretary provides support to the Board in fulfilling its fiduciary duties and leadership role in shaping the Corporate Governance of the Company. In this respect, Company Secretary plays an advisory role to the Board, particularly with regard to the Company's constitution, Board policies and procedures, and its compliance with regulatory requirements, codes, guidance and legislation for the affairs of the Board.

Company Secretary has attended trainings and seminars conducted by the Companies Commission of Malaysia and Bursa Malaysia Securities Berhad ("Bursa Securities") to keep abreast with the relevant updates on statutory and regulatory requirements such as updates on the Main Market Listing Requirements of Bursa Securities, compliance with the Capital Markets and Services Act 2007, Companies Act 2016 and to ensure the Company's adherence to the Code. Therefore, the Board are regularly updated and advised by the Company Secretary on new statutory and regulatory requirements.

Board meetings

To ensure that Directors can plan ahead, Board Meetings are scheduled in advance at the beginning of each year. Special Board Meeting is convened as and when necessary for the Board to deliberate on matters that require expeditious decisions.

During the financial year under review, nine (9) Board meetings were held. The summary of attendance of the Board is as follows:

Name of Director	No. of Meetings Attended	
Hussein bin Ismail	100%	9/9
Mahadzir bin Mustafa	100%	9/9
Datuk Haji Jaafar bin Abu Bakar	100%	9/9
Abdul Rahim bin Abdul Hamid	100%	9/9

II. Board Composition

The Company is managed and led by Board members from diverse professional backgrounds with relevant experiences and expertise in financial, business and other fields.

Practice 4.1 of the Code states that at least half (1/2) of the Board should comprise Independent Directors. During the financial year ended 31 December 2020, there were four (4) members of the Board, comprising one (1) Non-Independent Non-Executive Chairman, two (2) Independent Directors and one (1) Non-Independent Non-Executive Director and hence is in compliance with Practice 4.1.

This composition also complies with the Main Market Listing Requirements ("Listing Requirements") of Bursa Securities which requires that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must be independent directors.

The Board implemented an evaluation process, for assessing the effectiveness and competencies of the Board as a whole. The results of the self-assessment by Directors and the Board's effectiveness as a whole as compiled by the Company Secretary were tabled to the Board for review and notation. The Board was satisfied with the results of the annual assessment and that the current size and composition of the Board is appropriate and well-balanced with the right mix of skills. The Board was also satisfied with the Board composition comprising individuals of high caliber, credibility and with the necessary skills and qualifications to enable the Board to discharge its duties and responsibilities effectively.

Board Independence

The Board has developed the criteria to assess the independence of the independent directors on an annual basis. When assessing independence, the Board is encouraged to focus beyond the independent director's background, economic and family relationships and consider whether the independent director can continue to bring independent and objective judgment to Board deliberations.

Practice 4.2 of the Code states that the tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to the annual shareholders' approval. If the Board continues to retain the independent directors after the twelfth (12th) year, the Board should seek shareholders' approval through a two-tier voting process as outlined in the Code.

The Nominating and Remuneration Committee had performed an annual review on the independence of the Independent Directors. At present, there are no Independent Directors whose tenure exceeds a cumulative term of nine (9) years in the Company.

The Board has undertaken an assessment of all the two (2) Independent Directors as per the criteria defined under the Listing Requirements and other independence criteria applied by the Company which took into account the individual Director's independence of management and free from any business or other relationship which could interfere with the exercise of independent and objective judgment, and his ability to advise the Board on matters relating to transaction where conflict of interest may exist. Based on the assessment done, the Board concluded that each of the Independent Directors continues to demonstrate behaviour that reflect their independence.

Appointment of Directors

When appointing a Director, the Nominating and Remuneration Committee and the Board will consider the background, experience, skill, competency, knowledge and potential contribution of the candidate, whilst the Practice 4.5 of the Code will also be given due consideration for boardroom diversity. The Nominating and Remuneration Committee considers, evaluates and proposes to the Board any new board appointments, whether of executive or non-executive position. The Nominating and Remuneration Committee recommends suitable candidate for appointment to the Board, the appointment of which will be decided upon by the Board as a whole to ensure a balanced mix of experience and expertise amongst its members. Thereafter, the Board carries out its own assessment based on the recommendations made by the Nominating and Remuneration Committee and determines the appointments to be made.

On the appointment of new Director, the new Director is required to commit sufficient time to attend to the Company's matters before accepting his appointment to the Board. Directors are required to notify the Chairman before accepting any new directorship and to indicate the time expected to be spent on the new appointment. In compliance with Paragraph 15.06(1) of the Listing Requirements, all Directors of Encorp do not hold more than five (5) directorships of listed issuer at any one time.

The Board recognizes the challenges in achieving the right balance of diversity on the Board. Nevertheless, the Board is committed to provide fair and equal opportunities and nurturing diversity within the Group. The Board has established a Board Diversity Policy to ensure that through the Nominating and Remuneration Committee, selection and appointment of new board member take into the consideration the candidates from a wide variety of background, without discriminating based on gender, age, ethnic, marital status and religion but on the required mix of skill, knowledge and professional experience which the new director should bring to the Company. The Board is mindful of the Practice 4.5 of the Code and will ensure that suitable women candidates are sought and considered as part of the recruitment exercise. This will be done over time, taking into account the present size of the Board, the merit and suitability of female candidates and the evolving challenges to the Company from time to time.

Re-Election and Re-Appointment of Directors

In accordance with the Company's Constitution, one-third (1/3) of the Directors are required to retire from office at each Annual General Meeting ("AGM") and all Directors shall retire at least once in every three (3) years. The retiring Directors shall be eligible for re-election at the AGM. Newly appointed directors during the year must offer themselves to the shareholders for re-election at the next AGM following their appointment.

Directors' Training

All Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Securities.

The Directors constantly participate in training programmes, seminars and conferences to keep themselves abreast with changes and new developments, both in the legal and commercial aspects.

During the financial year ended 31 December 2020, the Directors have attended the following training programmes/ seminars/workshops/talks:

Name of Director	Training and Seminars attended
Hussein bin Ismail	• Briefing on Corporate Liability, Adequate Procedures and ISO 37001 : by Trident Integrity Solutions Sdn Bhd
Mahadzir bin Mustafa	• Briefing on Corporate Liability, Adequate Procedures and ISO 37001 : by Trident Integrity Solutions Sdn Bhd • Fortune 500 Corporation, Satu Pemikiran Baharu : by FELDA and NLP Malaysia Acedemy • Corporate Director Series : by Institute of Corporate Directors Malaysia • Personality Profile and Self Development Plan Workshop : by ARRO Services PLT.
Datuk Haji Jaafar bin Abu Bakar	• Briefing on Corporate Liability, Adequate Procedures and ISO 37001 : by Trident Integrity Solutions Sdn Bhd
Abdul Rahim bin Abdul Hamid	• Briefing on Corporate Liability, Adequate Procedures and ISO 37001 : by Trident Integrity Solutions Sdn Bhd

III. Remuneration

Board Remuneration

The Nominating and Remuneration Committee recommends the remuneration package for the Executive Director/ GCEO to the Board for approval. The Executive Director abstains from deliberation and voting on decisions in respect of his own remuneration.

The Nominating and Remuneration Committee comprises wholly of Independent Non-Executive Directors as follows:-

Name	Designation	Directorship
Abdul Rahim bin Abdul Hamid	Chairman	Independent Non-Executive Director
Datuk Haji Jaafar bin Abu Bakar	Member	Independent Non-Executive Director

The Nominating and Remuneration Committee assists the Board in fulfilling the following functions:

(i) New appointments, re-election and re-appointment

- to establish clear and appropriate criteria on the selection and recruitment of the Board;
- to consider and recommend to the Board candidates for directorship based on a variety of sources including existing Board members, management, major shareholders and/or independent sources, taking into consideration the candidates' skills, knowledge, expertise, experience, time, commitment, character, professionalism, independence and integrity that fit the Company's objectives and strategic goals;
- to recommend to the Board candidates to fill the seats on Board as Directors or Board Committees having regard to their ability to discharge the responsibilities/functions as required under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR");
- to evaluate the balance of skills, knowledge, experience and diversity (including gender diversity), age, cultural background on the Board and senior management;
- to evaluate and recommend to the Board on the re-election and re-appointment of the directors who are subject to retirement at annual general meeting;
- to evaluate and recommend to the Board the appointment, promotion and termination of the executive director, chief executive officer and senior management; and
- to ensure each of the Director, chief executive officer or key senior management has the character, experience, integrity, competence and time to effectively discharge his role as Director, chief executive officer or key senior management as required under Paragraph 2.20A of the MMLR before appointment and fulfills the requirements under Section 198 of Companies Act, 2016 and Paragraph 15.05 of the MMLR.

(ii) Evaluation

- to establish clear and appropriate criteria on annual assessment of the Board;
- to assess annually the effectiveness and competencies of the Board as a whole, the Board Committees and the contribution of each individual director; and
- to assess annually the independence of the independent directors

(iii) Succession planning and training

- to establish appropriate plans for succession at Board level and senior management level; and
- to review the training needs of the Board.

(iv) Remuneration

- to establish formal and transparent remuneration policies and procedures to attract and retain Board members and senior management of the Company and its subsidiaries ("the Group");
- to review and recommend to the Board the remuneration package for executive director, chief executive officer and senior management;
- to review with chief executive officer and executive directors, their goals and objectives and to assess their performance against these objectives as well as contribution to the Company's short-term and long-term corporate strategy; and
- to review and recommend to the Board the annual increments and bonuses of executive directors and senior management team.

(v) Additional duties and responsibilities

- to carry out such other responsibilities, functions or assignments as may be defined jointly by the Nominating and Remuneration and the Board from time to time; and
- to carry out such other responsibilities as guided by MMLR and Malaysian Code on Corporate Governance 2017.

The terms of reference of the Nominating and Remuneration Committee is provided in the Company's website at **www.encorp.com.my**.

The Nominating and Remuneration Committee deliberated on the following matters in 2020:

- Annual Board assessment on the effectiveness and competencies of the Board as a whole, Board Committees and individual directors;
- Evaluation of the independence of each Independent Director on an annual basis;
- Identification of appropriate training and education programmes with respect to the business, structure and management of the Group as well as the expectations of the Board with regards to their contributions to the Board and Group; and
- Proposed appointment of new Directors and Group Chief Executive Officer.

Policies and Procedures

The Executive Director/GCEO is not entitled to annual Directors' fees nor entitled to receive any meeting allowances for the Board and Board Committee meetings that he attends.

Non-Executive Chairman and Non-Executive Directors are paid yearly fees that are determined by the Board and approved at the AGM. Attendance allowances are also paid to the Non-Executive Chairman and Non-Executive Directors for each Board or committee meeting they attend.

The Directors' Remuneration Policy was adopted by the Board on 26 November 2015, which aims to attract, develop and retain high performing and motivated Directors with a competitive remuneration package.

The remuneration of Directors for the financial year ended 31 December 2020 is as follows:

Group	Fees (RM'000)	Salaries / Allowance & Other Emoluments (RM'000)	Defined contribution plan (RM'000)
Hussein bin Ismail	260	16.8	-
Mahadzir bin Mustafa	128	21.2	-
Datuk Haji Jaafar bin Abu Bakar	132	23.8	-
Abdul Rahim bin Abdul Hamid	140	23.8	-
Total	660	85.6	-

Company	Fees (RM'000)	Salaries / Allowance & Other Emoluments (RM'000)	Defined contribution plan (RM'000)
Hussein bin Ismail	240	15	-
Mahadzir bin Mustafa	108	20	-
Datuk Haji Jaafar bin Abu Bakar	96	22	-
Abdul Rahim bin Abdul Hamid	120	22	-
Total	564	79	-

Senior Management Remuneration

Practice 7.2 of the Code states that the Company should disclose on a named basis the top (5) Senior Management's remuneration component including salary, bonus, benefits in kind and other emoluments in bands of RM50,000. The Board is of the view that such disclosure will give rise to recruitment and talent retention issues. The remuneration for the top five (5) Senior Management for the financial year ended 31 December 2020, ranged as follows:

Remuneration range (RM)	No. of Senior Management
200,001 – 250,000	1
250,001 – 300,000	1
300,001 – 350,000	1
350,001 – 400,000	0
400,001 – 450,000	1
450,001 – 500,000	0
500,001 – 550,000	0
550,001 – 600,000	1

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit, Risk and Governance Committee

The Audit, Risk and Governance Committee is made up of three (3) members comprising of two (2) Independent Directors and one (1) Non-Independent Director appointed by the Board and it has written terms of reference clearly setting out its authority and duties. The terms of reference and Report of the Audit, Risk and Governance Committee are also provided in this Annual Report and website at **www.encorp.com.my**.

The Audit, Risk and Governance Committee assists the Board in fulfilling its oversight responsibilities, primarily reviewing the quarterly and annual financial statements of the Group prior to their submission to the Board for approval, focusing particularly on accounting policies and compliance; reviewing the scope of external audit and audit process; and reviewing the Group's system of internal control and risk management.

The Audit, Risk and Governance Committee currently comprises the following members:

Name	Designation	Directorship
Abdul Rahim bin Abdul Hamid	Chairman	Independent Non-Executive Director
Datuk Haji Jaafar bin Abu Bakar	Member	Independent Non-Executive Director
Mahadzir bin Mustafa	Member	Non-Independent Non-Executive Director

Relationship with External Auditors

Through the Audit, Risk and Governance Committee, the Group has established a transparent relationship with the external auditors in seeking professional advice and ensuring compliance with the laws and regulations. The external auditors were invited to attend the Audit, Risk and Governance Committee Meeting to give their views on the state of affairs of the Company, where necessary. The external auditors also highlight to the Board any material deficiency pertaining to the system of internal control and compliance issues of the Group.

The Company has established an External Auditors Policy to assess and monitor the external auditors. The Audit, Risk and Governance Committee has assessed the independence of Messrs Ernst & Young and was satisfied with their competency and independence. The Audit, Risk and Governance Committee has therefore recommended the re-appointment of Messrs Ernst & Young as auditors to the Board, upon which shareholders' approval will be sought at the forthcoming AGM.

II. Risk Management and Internal Control Framework

Risk Management Committee

The Risk Management Committee comprises the Heads of Departments and Group's senior management. The Risk Management Committee reports to the Audit, Risk and Governance Committee on a quarterly basis. The Audit, Risk and Governance Committee assists the Board in providing oversight over the Group's management of risk and reviews the adequacy of compliance and control throughout the Group.

Internal Control

The Board of Directors recognises the pivotal role of a strong internal control system in keeping the Group on course towards its goal of maximizing shareholders' value. To this extent, the need for a strong internal control environment has been ingrained into the culture of the Group by the Board and management.

The effectiveness of the Group's system of internal control is reviewed periodically by the Audit, Risk and Governance Committee. The Group's Statement on Risk Management & Internal Control is also set out in this Annual Report.

Whistle Blowing Policy

As part of its commitment to uphold the highest standards of ethics, integrity and accountability, the Group has formalised a Whistle Blowing Policy. This is essentially a mechanism to enable the employees to disclose internally any serious malpractice or misconduct without fear of reprisal. This policy provides a safe and acceptable platform for employees to channel their concerns about illegal, unethical or improper business conduct affecting the Group.

The complainant should report immediately if they have a reasonable belief that a wrongdoing has been, is being or it believed to have committed. The complainant is encouraged to make a report via the following methods:

- Meet or contact any Risk and Governance Department staff to make a report; and
- In writing and delivered either by hand, mail to the Chairman of Audit, Risk and Governance Committee.

The Board and the Management give their assurance that the whistle-blower identities are kept confidential and the whistle-blower will not be at risk to any detrimental action as a result of raising a concern with good faith. The Company, however, does not extend this assurance to someone who maliciously raises a matter which is untrue. If an investigation is necessary, the investigation team shall have full access to people, documentation and evidences as required and necessary to carry out the investigation in accordance to the authority assigned by the Board.

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

I. Communication with Stakeholders

The Company adheres strictly to the disclosure requirements under the Listing Requirements of Bursa Securities. The financial results of the Company are announced quarterly to Bursa Securities via Bursa Link. Material transactions and events are also announced accordingly.

The Company recognises the importance of effective communication with shareholders, investors and the public in general. In this respect, the Company keeps shareholders, investors and the public informed through announcements, release of quarterly financial results, annual reports, circulars and general meetings. In line with the practices under the Code, a Stakeholders' Communication Policy was implemented to handle the process of handling queries from its stakeholders.

The Company maintains regular and effective communication with its shareholders and stakeholders by attending to shareholders' and investors' e-mails and phone calls enquiries, Company general meetings and other Company events. The Notice for the Company's Annual General Meetings provides information to the shareholders regarding the details of the AGM, their entitlement to attend the AGM, their rights to appoint a proxy and information as to who may count as a proxy.

The Company's website has a dedicated section that provides all relevant information on the Company which is accessible to the public. While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, the Company is mindful of the legal and regulatory framework governing the release of material information.

Corporate Disclosure Policy

The Board has formalized a Corporate Disclosure Policy ("CDP") which aims to provide accurate, timely, consistent and fair disclosure of corporate information to enable informed and orderly market decision by the investors and stakeholders. The CDP sets out the policies and procedures for disclosure of material information of the Group. The CDP is applicable to all Directors and employees of the Group.

II. Conduct of General Meetings

The AGM is the principal forum for communication with shareholders. At each AGM, the Board encourages shareholders to participate in the question and answer session whereby the Directors are available to discuss aspects of the Groups' performance and its business activities. The Chairman responds to shareholders' questions during the meeting.

In line with Paragraph 8.29A of the Listing Requirements, the Company has always made the necessary preparation for poll voting for all resolutions at its AGM.

Additional Compliance Information

PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

Non-Audit Fees

During the financial year under review, the fees paid / payable to the external auditors, Messrs Ernst & Young and its affiliated companies in relation to the audit and non-audit services rendered to Encorp Berhad and its subsidiaries are as follows:

	Group (RM)	Company (RM)
Statutory audit services provided by Messrs Ernst & Young PLT	254,000	80,000
Non-audit services provided by Messrs Ernst & Young PLT	18,000	10,000
Advisory services provided by affiliates of Messrs Ernst & Young PLT	N/A	N/A
Total	272,000	90,000

Material Contracts

There were no material contracts entered into by the Group involving Directors' and major shareholders' interests which were still subsisting as at the end of the financial year under review or which were entered into since the end of the previous financial year.

Recurrent Related Party Transactions

The Company was given shareholders' mandate to enter into recurrent related party transactions for the sale of properties in the ordinary course of business, provision of comprehensive facilities management services, construction and property development works with related parties ("Recurrent Transactions") at the Twentieth Annual General Meeting held on 23 September 2020.

There were no Recurrent Transactions conducted during the financial year ended 31 December 2020.

Utilisation of Proceeds

Save as disclosed below, there were no proceeds raised by the Company from corporate proposals:

a) On 14 October 2020, the Company had issued 10,210,500 new ordinary shares at an issue price of RM0.17 per share pursuant to a private placement exercise ("Private Placement"). The new ordinary shares were subsequently listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 16 October 2020.

The details of the utilisation of the proceeds from the Private Placement up to 31 December 2020 were as follows:

Details of utilisation	Proposed Utilisation (RM)	Actual Utilisation (RM)	Balance to be Utilised (RM)
Expenses for business growth activities (a)	455,292.88	45,487.07	409,805.81
Working capital (b)	1,184,492.12	1,184,492.12	-
Expenses in relation to the Private Placement (c)	96,000.00	95,362.26	637.74
Total:	1,735,785.00	1,325,341.45	410,443.55

Notes:

(a) *Proceeds from the private placement exercise were used to fund the initial work for the new launch of landed properties project in Cahaya Alam and expenses incurred on conducting feasibility study for potential business opportunity.*

(b) *Proceeds from the private placement exercise were used for working capital on staff-related costs.*

(c) *The expenses relating to the Proposed Placement comprises of professional fees, placement fees, fees payable to authorities and other incidental expenses in connection with the Proposed Placement.*

Audit, Risk And Governance Committee Report

The Board of Directors is pleased to present the report on the Audit, Risk and Governance Committee for the financial year ended 31 December 2020.

MEMBERSHIP AND MEETINGS OF THE AUDIT, RISK AND GOVERNANCE COMMITTEE

During the financial year ended 31 December 2020, the Audit, Risk and Governance Committee convened Seven (7) meetings which were attended by the members as tabulated below:-

Name of members	Directorship	No. of Meetings Attended	
Abdul Rahim bin Abdul Hamid	Chairman, Independent Non-Executive Director	100%	7/7
Datuk Haji Jaafar bin Abu Bakar	Independent Non-Executive Director	100%	7/7
Mahadzir bin Mustafa	Non-Independent Non-Executive Director	100%	7/7

The Group Chief Operating Officer, Head of Finance, the Head of Risk Management and the representatives from the external auditors and internal auditors and/or advisor also attended the meetings at the invitation of the Audit, Risk and Governance Committee. The Company Secretary acts as the secretary of the Audit, Risk and Governance Committee.

The Audit, Risk and Governance Committee also met separately with the external auditors without the Executive Board members and management's presence on two (2) occasions during the year.

TERMS OF REFERENCE OF AUDIT, RISK AND GOVERNANCE COMMITTEE

Objective

The objective of the Audit, Risk and Governance Committee is to assist the Board in discharging its responsibility relating to the Group's financial reporting, as well as, to assist the Board in fulfilling its fiduciary duties in relation to governance, ethics and risk management.

Composition

The Board shall appoint the Audit, Risk and Governance Committee members from amongst themselves, comprising no fewer than three (3) non-executive directors. The majority of the Audit, Risk and Governance Committee members shall be independent directors.

The Board adopts the definition of "independent director" as defined under the Main Market Listing Requirements ("Main Market LR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

All members of the Audit, Risk and Governance Committee shall be financially literate and at least one (1) member of the Audit, Risk and Governance Committee must be:

(a) a member of the Malaysian Institute of Accountants ("MIA"); or

(b) if he is not a member of MIA, he must have at least three (3) years of working experience and;

- he must have passed the examinations specified in Part 1 of the First Schedule of the Accountants Act 1967; or
- he must be a member of one of the associations of the accountants specified in Part ll of the First Schedule of the Accountants Act 1967; or

(c) fulfils such other requirements as prescribed or approved by Bursa Securities.

No alternate director of the Board shall be appointed as a member of the Audit, Risk and Governance Committee. Any former key audit engagement partner of the external auditors of the Company must first observe a cooling-off period of at least two (2) years before he/she is eligible for appointment as a member of the Audit, Risk and Governance Committee.

If a member of the Audit, Risk and Governance Committee resigns, dies, or for any reason ceases to be a member resulting in non-compliance to the composition criteria as stated above, the Board shall fill the vacancy within three (3) months.

Chairman

The members of the Audit, Risk and Governance Committee shall elect a Chairman from amongst their number who shall not be the Chairman of the Board and who is an independent director.

In the absence of the Chairman, the other members shall amongst themselves elect a Chairman who must be an independent director to chair the meeting.

Secretary

The Company Secretary shall be the Secretary of the Audit, Risk and Governance Committee and as a reporting procedure, the Minutes shall be circulated to all members of the Board.

Meetings

The Audit, Risk and Governance Committee shall meet regularly and hold at least four (4) meetings in a year, with due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities. In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion. Audit, Risk and Governance Committee meetings may be held at two (2) or more venues within or outside Malaysia using any technology that enables the members as a whole to participate for the entire duration of the meeting.

Upon the request of the external auditors, the Chairman of the Audit, Risk and Governance Committee shall convene a meeting of the Audit, Risk and Governance Committee to consider any matter the external auditors believe should be brought to the attention of the directors or shareholders.

The Chairman of the Audit, Risk and Governance Committee shall engage on a continuous basis with senior management, such as the Group Chief Executive Officer, Group Chief Operating Officer, the Head of Finance, the internal auditors and the external auditors in order to be kept informed of matters affecting the Company.

The Group Chief Executive Officer, Group Chief Operating Officer, the Head of Finance, a representative of the internal auditors and a representative of the external auditors should normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the Audit, Risk and Governance Committee.

The Audit, Risk and Governance Committee shall be able to convene meetings with the external auditors without the presence of other directors and employees at least once a year.

Questions arising at any meeting of the Audit, Risk and Governance Committee shall be decided by a majority of votes of the members present.

A member of the Audit, Risk and Governance Committee shall abstain from discussion or deliberation and voting on matters which give rise to an actual or perceived conflict of interest for him.

The Audit, Risk and Governance Committee shall be able to convene meetings with the external auditors without the presence of other directors and employees at least once a year.

Questions arising at any meeting of the Audit, Risk and Governance Committee shall be decided by a majority of votes of the members present.

A member of the Audit, Risk and Governance Committee shall abstain from discussion or deliberation and voting on matters which give rise to an actual or perceived conflict of interest for him.

Resolution in Writing

A resolution in writing, signed by all the members of the Audit, Risk and Governance Committee for the time being entitled to receive notice of a meeting of the Audit, Risk and Governance, shall be as valid and effectual as if it had been passed at a meeting of the Audit, Risk and Governance Committee duly convened and held.

Minutes

Minutes of each meeting shall be kept at the registered office and distributed to each member of the Audit, Risk and Governance Committee and also to the other members of the Board. The Chairman of the Audit, Risk and Governance Committee shall report on each meeting to the Board.

The minutes of the Audit, Risk and Governance Committee meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

Quorum

In order to form a quorum for the Audit, Risk and Governance Committee meeting, the majority of members present must be independent directors.

Authority

The Audit, Risk and Governance Committee shall, in accordance with a procedure to be determined by the Board and at the expense of the Company:-

(a) have explicit authority to investigate any matter within its terms of reference;

(b) have full and unlimited/unrestricted access to all information and documents/resources required to perform its duties;

(c) obtain independent professional or other advice;

(d) have direct communication channels with the external auditors and persons carrying out the internal audit function or activity; and

(e) where the Audit, Risk and Governance Committee is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Main Market LR of Bursa Securities, the Audit, Risk and Governance Committee shall promptly report such matter to Bursa Securities.

Duties

The duties of the Audit, Risk and Governance Committee shall be:-

(a) oversee all matters relating to external audit

- to discuss with the external auditors where necessary, the nature and scope of the audit and ensure co-ordination of audits where more than one audit firm is involved;
- to discuss problems and reservations arising from the interim and final audits and any matter the auditors may wish to discuss (In the absence of management, where necessary);
- to review with the external auditors, their management letter and management's response, the external auditors' report and the audited financial statements before the same are presented to the Board for approval;
- to review with the external auditors, their evaluation of the systems of internal control and risk management framework of the Group;
- to consider the appointment of external auditors taking into consideration, amongst others, the suitability, independence, experience, resource and objectivity as well as the appropriateness of their audit fees as recommended by the management;
- to assess the suitability and independence of external auditors in respect of the provision of audit and non-audit services to the Group and the Company in accordance with the terms of all relevant professional and regulatory requirements;
- to annually assess the performance of the external auditors and report to the Board on the independence of the external auditors and obtaining their assurance on the continued registration with Audit Oversight Board;
- to consider any letter of resignation of external auditors and any questions of resignation and dismissal;
- to review the level of assistance given by the employees of the Group to the external auditors; and
- to undertake continuous professional development to keep abreast of relevant developments in accounting and auditing standards, practices and rules.

(b) oversee all matters relating to internal audit

- to review and ensure that the Company and Group maintains a sound and effective system of internal controls and risk management framework;
- to review the adequacy of the scope, functions, competency, experience and resources of the internal audit function;
- to ensure the internal audit is carried out objectively and is independent from the management of the Company and the functions which it audits;
- to review and approve the internal audit plan and internal audit annual budget;
- to ensure co-ordination of external audit with internal audit;
- to review major findings of internal audit reviews and management's response and ensure that appropriate actions are taken on the recommendations of the internal audit function;
- to review any assessment of the performance of the member of the internal audit function;
- to approve any appointment or termination of senior staff members of the internal audit function; and
- to keep itself informed of resignations of internal audit staff members and provide resigning staff member an opportunity to submit his/ her reasons for resigning.

(c) review of financial statements

To review the quarterly and year-end financial statements of the Group before submission to the Board, focusing particularly on:

- any changes in accounting policies and practices;
- significant audit issues and adjustments arising from audit;
- going concern assumption;
- compliance with the applicable approved accounting standards and regulatory requirements; and
- compliance with the Main Market LR of Bursa Securities and other legal requirements.

(d) review of systems of internal control and risk management

- to review the reports of respective risk management teams in relation to the adequacy and integrity of the Group's internal control systems in mitigating risks;
- to review and recommend the risk management policy, procedures and risk management framework to the Board;
- to review the effectiveness of the risk management framework and to ensure that the framework adopted is based on an internationally recognised risk management framework that is able to identify, assess, manage and monitor significant financial and non-financial risks in a regular and timely manner;
- to provide guidance on the overall risk strategy for implementation and ensure that the principles and requirements of managing risk are consistently adopted throughout the Group;
- to communicate to the Board the critical risks (present & potential) the Group faces, their profile change (if any) and the management action plans to manage these risks; and
- to conduct annual review and periodic testing of the Group's internal control and risk management framework.

(e) governance responsibilities

- to review the Group's governance framework as guided by the Malaysian Code of Corporate Governance and other best practices in corporate governance;
- to review the Group's policies to support the implementation of the Group's governance framework; and
- to review and monitor the Group's policies and practices in compliance with legal and regulatory requirements.

(f) additional duties and responsibilities

- to review any related party transactions and conflict of interest situation that may arise within the Group or the Company including any transaction, procedure or course of conduct that raises questions of management integrity;
- to verify the allocation of Employees' Share Option Scheme ("ESOS") and Employees' Share Grant Scheme ("ESGS") in compliance with the criteria as stipulated in the by-laws of the ESOS and ESGS of the Company, if any; and
- to carry out such other responsibilities, functions or assignments as may be defined jointly by the Audit, Risk and Governance Committee and the Board from time to time.

Review of Committee

The Nominating and Remuneration Committee shall review the term of office and performance of the Audit, Risk and Governance Committee and each of its members at least once a year to determine whether the Audit, Risk and Governance Committee and its members have carried out their duties in accordance with the terms of reference and thereafter make its recommendations to the Board for consideration.

The Audit, Risk and Governance Committee shall review its terms of reference periodically and recommend any changes it considers necessary.

TRAINING

The Audit, Risk and Governance Committee members have attended the following training, seminars and conferences during the year to acquire relevant knowledge that enables them to discharge their duties effectively:

1. Briefing on Corporate Liability Adequate Procedures and ISO 37001
2. Fortune 500 Corporation, Satu Pemikiran Baharu
3. Corporate Director Series
4. Personality Profile and Self Development Plan Workshop

SUMMARY OF ACTIVITIES OF THE AUDIT, RISK AND GOVERNANCE COMMITTEE DURING 2020

In accordance with its Terms of Reference, the following activities were undertaken during the year by the Audit, Risk and Governance Committee:

- Reviewed the quarterly unaudited financial statements of the Group for the financial quarters ended 31 December 2019, 31 March 2020, 30 June 2020 and 30 September 2020 with Management prior to the Board's deliberation and approval for their release to the Bursa Securities. The review focused particularly on :-

    - Any change in or implementation of accounting policies and practices;
    - Significant adjustments arising from the audit, if any;
    - The going concern assumption;
    - Significant and unusual events; and
    - Compliance with accounting standards and other legal requirements.

- Reviewed the draft audited annual financial statements for the financial year ended 31 December 2020 with Management and the external auditors before recommending it to the Board for approval and release to the Bursa Securities.

- Reviewed and discussed Management Accounts with Management.

- Reviewed and deliberated on the Enterprise Risk Management (ERM) report which was updated every quarter by the Risk Management Department.

- Reviewed and discussed the audit report, the extent of assistance rendered by Management, issues and reservations arising from statutory audit with the external auditors.

- Assessed the performance of the external auditors, including their suitability and independence and recommended the same to the Board for re-appointment.

- Met with the external auditors two (2) times without the presence of the Executive Board members and Management and no major issues were highlighted.

- Reviewed the internal audit activities carried out by the Internal Auditors and deliberated on significant audit findings identified, audit recommendations made and management's action plans to ensure that the risks issues were adequately addressed.

- Reviewed and recommended the Corporate Governance Overview Statement, Audit, Risk and Governance Committee Report and Statement of Risk Management & Internal Control and Statement of Sustainability to the Board for approval.

- Reviewed with the external auditor, the audit plan inclusive of areas of audit emphasis, audit fees, and scope for the year as well as the audit procedures to be followed prior to commencement of annual audit for 2020;

- Reviewed related party transactions entered into by the Group.

- Reviewed and recommended to the Board the Circular to Shareholders in respect of the proposed shareholders' mandate for recurrent related party transactions.

- Discussed the implication of any development or latest changes and pronouncements issued by the statutory and regulatory bodies on the Group.

- Updated the Board on the issues and concerns discussed during their meetings and made the necessary recommendations to the Board.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION DURING THE YEAR

The internal audit function of the Company has been outsourced to an independent professional firm, Moore Stephens & Associates PLT, which assists the Audit, Risk and Governance Committee in discharging its duties and responsibilities. They act independently and with due professional care and report directly to the Audit, Risk and Governance Committee.

The internal audit provides risk-based and objective assurance on the adequacy and effectiveness of the risk management, internal control and governance processes.

During the financial year ended 31 December 2020, the major activities carried out by the out-sourced internal audit were as follows:

- Performed risk-based internal audits on a quarterly basis as specified in the approved annual audit plan.

- Issued quarterly internal audit reports to the Audit, Risk and Governance Committee detailing audit issues and recommendations for corrective actions to be adopted by Management, to overcome the deficiencies or to enhance controls. The identified key internal audit areas performed in 2020 are the following:

    - Information Technology General Controls
    - Procurement and Contract Management
    - Mall Leasing

- Report status of action plans arising from internal audit issues highlighted to Audit. Risk and Governance Committee; and

- Conducted follow-up on selected areas upon Audit, Risk and Governance Committee's request.

The costs incurred for the internal audit function for the financial year ended 31 December 2020 amounted to RM51,940.00.

Statement On Risk Management & Internal Control

The Board of Directors ("Board") of Encorp Berhad ("EB" or "the Group") is committed to nurture, preserve and maintain a sound risk management framework and internal control system and good corporate governance practices throughout its group of companies. The Board's Statement on Risk Management and Internal Control ("Statement") featuring the Group's risk management framework and its state of internal control is outlined as follows. The Statement was prepared pursuant to paragraph 15.26(b) of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR"), Practice 9.1 for Principle B of the Malaysian Code on Corporate Governance ("MCCG") 2017 and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ('the Guidelines") which outlines the nature and scope of risk management and internal control within Encorp Group during the financial year under review.

BOARD'S RESPONSIBILITY

The Board affirms its overall responsibility for the Group's risk management and internal control systems covering not only financial controls but also strategic, operational and compliance to regulatory requirement. The implementation of the control systems is undertaken by the management which regularly reports on identified risks and actions taken to mitigate and/or minimise such risks.

The Group's risk management and internal control systems are designed to efficiently and effectively manage risks that may prevent the achievement of the Group's business objectives, and to provide information for accurate reporting, decision making and ensuring compliance with regulatory and statutory requirements. The Board also ensures that there is a robust framework of ongoing risk management processes in identifying, evaluating and managing significant risks faced by the Group to promote long-term success of the Group.

In view of the inherent limitations in the systems of internal control and risk management, the Board recognises that these systems can only manage rather than eliminate, the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances. It is structured in such a manner that it can only provide reasonable but not absolute assurance that the likelihood of a significant adverse impact on objectives arising from future event or situation is at a level acceptable to the business through a combination of preventive, detective and corrective measures.

During FY2020, the Management had reviewed, appraised and assessed the controls and actions in place to mitigate and manage the overall Group's risk exposure, as well as raised issues of concerns and recommended mitigating actions. The risk reports are provided to the Audit, Risk and Governance Committee ("ARGC") on a quarterly basis where key risks and mitigating actions are deliberated and implemented. The ARGC subsequently presents a summary of the respective key risks and action plans to the Board.

During the financial year, the adequacy and effectiveness of the internal controls were reviewed by the ARGC in relation to the internal audits conducted by an independent professional firm, Moore Stephens Associates PLT ("IA"). The ARGC deliberated on the audit issues and actions taken by Management and a summary of these deliberations have been presented to the Board.

Where there are internal controls and risk-related matters warranting the attention of the Board, these matters are recommended by the ARGC to the Board for its deliberation and decision.

KEY FEATURES OF RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Group has a well-defined organisational structure with clearly delineated lines of accountability, authority and responsibility to the Board, its committees and operating departments. Key processes have been established in reviewing the adequacy and effectiveness of the risk management and internal control system.

1. AUTHORITY AND RESPONSIBILITY

- The ARGC, with the assistance of the Management, has oversight over the Group's risk management framework, policies and performs regular risk management assessments and through Risk & Governance Department ("RGD"), reviews the internal control procedure and processes, and evaluates the adequacy and effectiveness of the risk management and internal control system. The committee also seeks the observations of the independent external auditors of the Group, whenever required. Further details are set out in the Audit, Risk and Governance Committee Report.

- Management performs regular reviews on risk management processes and ensures risk management is applied over the Group's business and operations.

- The Nomination and Remuneration Committee assists the Board to review and recommend appropriate remuneration policies for Directors and senior management, as well as reviews and recommends candidates to the Board, and evaluates the performance of the Board as a whole and the contribution of each individual Director (including Board Committees) on an annual basis. Further details are set out in the Corporate Governance Statement.

2. PLANNING, MONITORING AND REPORTING

- Regular, comprehensive and up-to-date information are conveyed to the Board and its committees of the Group including major subsidiaries covering finance, operations and other business indicators such as economic and market conditions at their monthly or periodic meetings, facilitating the monitoring of performance against the corporate strategy and business plans.

- Annual Budgets for the forthcoming year by departments and Group are prepared and submitted by each department in the Group and approved by the Board. These budgets are used to monitor actual versus budgeted and prior period's performance with major variances being reviewed and management actions taken as necessary. It provides the Board with comparative information to assess and monitor the performance of the Group.

3. POLICIES, PROCEDURES AND VALUES

- Clearly documented and formalised policies and procedures to ensure compliance with internal controls, relevant laws and regulations, which are subjected to regular reviews and improvement, have been communicated to all levels and are easily accessible on the Company's intranet platform. Standard operating policies and procedures are updated to reflect changes in processes or to resolve operational deficiencies. Instances of non-compliance with such policies and procedures are reported thereon by IA to ARGC.

- Established guidelines within the Group for recruitment, selection and termination, compensation and benefits, code of conduct, human capital development and performance appraisal system based on the Group and individual KPIs, core values and competencies. Employee engagements and customer satisfaction surveys, where applicable, are conducted to gain feedbacks for continuous improvement.

- The whistleblowing policy has also been established and implemented to provide appropriate communication and feedback channels which facilitate whistleblowing, in a transparent and confidential manner. The Whistle Blowing Policy serves as a guideline for stakeholders and employees to report in a safe and confidential manner, any concerns regarding possible illegal, improprieties in relation to financial reporting, compliance, unethical conduct or malpractice within the Group to the management.

- A process of hierarchical reporting has been established to ensure accountability and proper reporting structure with defined lines of responsibility and delegation of authority. Clearly defined levels of authority for day-to-day operations and decision making are reviewed periodically and have been disseminated to all employees.

- Adoption and consistent application of appropriate accounting policies in the annual financial statements of the Group, and prudent judgements and reasonable estimates have been made in accordance with the applicable accounting standards in Malaysia. Processes and controls are in place for effective and efficient financial reporting and disclosure in the annual and quarterly financial statements of the Group to give a true and fair view of the financial position of the Group.

- Top down communication is made to all levels, of the Group's values such as the Board Charter, Corporate Culture, our Statements of Vision, Mission and Core Values, Code of Ethics & Conduct as well as avenues for whistle-blowing.

4. AUDIT

- Independent Internal Audit function (IA) provides assurance to the ARGC through the internal audit reviews based on the internal audit plan approved by the ARGC. IA also facilitates and evaluates the effectiveness of the governance, risk management and internal control framework and recommends enhancement, where appropriate. Findings arising from these reviews are presented, together with Management's response and proposed action plans, to the ARGC. The ARGC receives reports on the Internal Audit work, findings and is updated regularly on issues that require further follow-up and rectification by management. Further details of the activities of the internal audit function are provided in the Audit, Risk & Governance Committee's Report.

- The external auditor's annual audit strategy, audit plan and scope of works for the financial year in relation to the audit services on the Group's financial statements as well as non-audit services are reviewed and approved by the ARGC. Further details on the oversight of the external auditors are set out in the Audit, Risk & Governance Committee's Report.

- The Group's Property Division and its subsidiaries have been accorded ISO 9001:2015 Quality Management System accreditation, demonstrating the Group's quest in consistently improving the strength of its internal controls. As part of the requirements of the certification, scheduled audits are conducted internally by Compliance & Sustainability unit of the Risk & Governance Department as well as by auditors of the relevant certification bodies. The results of these audits are reported to Management.

5. RISK MANAGEMENT

The Board recognises its role and responsibilities on effective risk oversight to set the tone and culture towards effective risk management and internal controls. The review process was delegated to the ARGC. However, the Board as a whole remains responsible for all the actions of the committee with regards to the execution of the delegated role.

- RISK MANAGEMENT PROCESSES

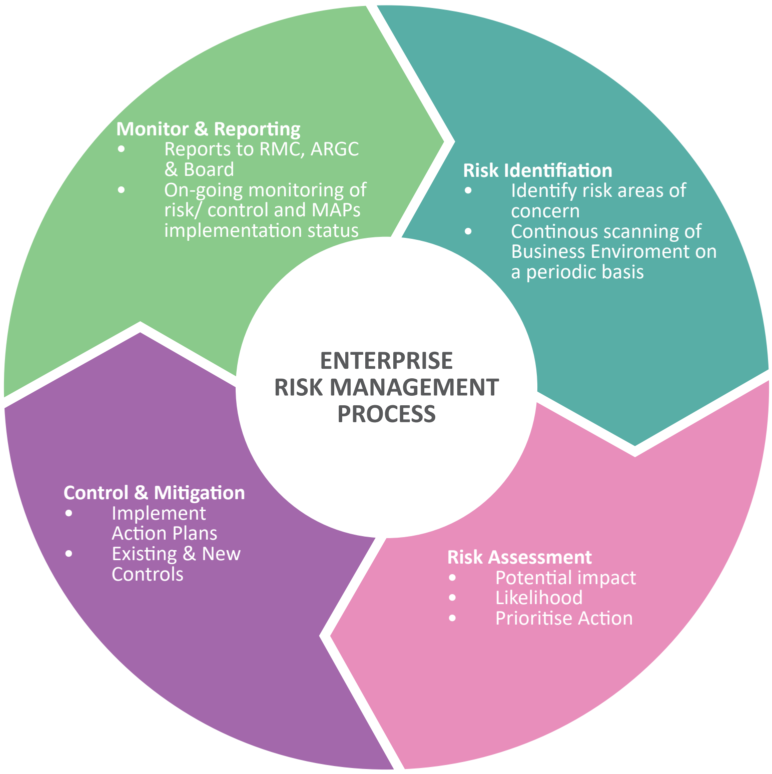
The Group adopts an Enterprise Risk Management ("ERM") Framework to proactively identify, evaluate, mitigate and manage any changes in the significant risks faced by the business in the Group in its achievement of objectives and strategies. It would also involve the assessment of the impact and likelihood of such risks and the effectiveness of controls in place to manage them. The process includes the enhancement of the system of internal controls when there are changes to business environment.

In line with the Group's commitment to deliver sustainable value, this ERM Framework aims to provide an integrated and organised approach group-wide. The ERM assessment reviews are carried out on a quarterly basis to address major risk areas of concern together with the necessary action plan, if any, from the perspectives of regulatory & legal, sales, governance & operational controls, financial, customers, products & services, suppliers, project management, information technology, branding and human capital.

The key aspects of the ERM Framework are:

- The RMC comprising management staff from each department are charged with the responsibilities of continuous monitoring and management of the risks of the Group;
- ERM assessment reviews are performed quarterly to identify, assess and manage the risks faced by the Group. The ERM assessment reviews are carried out to address major risk areas of concern, if any from the perspectives of environmental, regulatory & legal governance & operational controls, financial, customer, products & services, suppliers and human capital;
- Likelihood of occurrence of those risk factors and magnitude of their impacts are determined based on department's level of risk tolerance;
- Key risk management strategies or Management Action Plans ("MAPs") to key business processes are identified based upon risk evaluation;
- The key risks identified during the ERM assessment reviews together with the controls for managing them and the MAPs to be implemented and summarised in the Risk Profiles and Risk Registers, serving as the supporting details for the ERM Assessment Report and as the means for assuring the ARGC that the ERM processes are effective;
- ERM compliance reviews are carried out on a continuous basis to ensure the controls/key risk management strategies for managing risks are functioning effectively;
- The ARGC upon receiving the ERM Assessment Report from RGD shall review and monitor the effectiveness of the Group's systems of internal control before onward submission to the Board for endorsement. The Chairman of the ARGC would inform the Directors, of any salient matters noted by the ARGC and which require the Board's notice or direction; and
- The results of the ERM Framework, i.e. the internal control procedures that are identified to address key risks, are used as one of the basis to develop risk-based internal audit plans.

The Group's ERM process as shown below:



This process has been embedded in all aspects of the Group's activities and has been in place for the year under review and up to the date of approval of this statement for inclusion in the annual report.

The management assists the EB Board in the implementation of its policies and procedures on risk and internal controls by identifying and assessing the risk faced in its operations. They are also responsible for the design, operation and monitoring of suitable internal controls to mitigate and control these risk. All employees are accountable for operating within these policies. The management has also identified key risk for their respective department and monitoring is done to ensure that significant changes in risk levels are identified in a timely manner and actions are taken appropriately to address the risks. Emerging risks are also identified and reported to RMC and included in the monitoring process to ensure that steps are taken to manage the risks in a timely manner.

Encorp Berhad's assurance function such as internal auditors provide further independent assurance on the adequacy and effectiveness of risk management and internal control system as part of their audit reviews. All reports relating to the risk management process are brought to the attention of the Board through the ARGC.

- **The Group has Five (5) Core Response Strategies for Risk Management as follows:**

1. Risk Acceptance

Management may choose not to act and to consciously accept certain risks which are significantly low in likelihood of occurrence and/or impact. Factors to consider for risks of such nature would be:

- Adequacy of current controls;
- Quality and quantity of information on the controls;
- Likelihood and consequences of the risk occurring; and
- The cost of additional controls.

2. **Risk Reduction**

   Risks may be reduced by taking specific actions aimed at reducing the likelihood of occurrence, thus reducing the impact of these risks on the Group's businesses.

3. **Risk Sharing**

   Risk involves partnering with others to share responsibility for the risk activities.

4. **Risk Transfer**

   Management may choose to transfer all or part of a certain risk to other parties via:

   - Transferring an entire business process to another party as is the case with sub-contracting and outsourcing arrangements;
   - Sharing the business process with another party as is the case with partnerships and joint venture arrangements; and
   - Retaining the process and transferring the legal and financial risks as is the case with insurance arrangements and the use of certain treasury/financial products.

5. **Risk Treatment**

   Management may change the type of risk, including but not limited to:

   - Remove the risk altogether;
   - Change the likelihood (such as moving servers to a higher floor to reduce risk of flood damage);
   - Change the consequences;
   - Share the risk through agreements, partnerships, further insurance etc.; and
   - Retain and mitigate the risk by informed decision.

   Risk management discipline ensures that risk assessment is an on-going process whereby risks and risk mitigation measures are regularly reviewed and adjusted accordingly. The continuous risk assessment process therefore, represents the cornerstone of an effective ERM programme for the Group.

- **Risk Management Activities**

  As part of the Group's effort to instill a proactive risk management culture and ownership, the following activities were undertaken during the year under review:

  - ERM awareness and also incorporating it into the induction programme training for newcomers. This forms part of the Group's initiative in communicating.
  - Held discussion with Heads of Department to obtain endorsement on key risk areas and commitments on action plans.
  - Providing risk advisory and independent risk assessment as well as facilitated discussions across the Group.

Apart from the above, RGD participates in other value-adding exercises such as:

- Review policy and procedures

  The review of the policy and procedures is conducted by RGD together with key relevant personnel from respective departments or operating subsidiaries.

- Assist in conducting regulatory research

  Such research is conducted to ensure that the Group's projects and businesses (existing or new) remain compliant to laws and regulations.

- Assist in conducting observations on compliance to tender opening process

  RGD participates in tender opening processes to form an independent party to ensure transparency in tender opening process.

During the financial year, the Board through the ARGC was updated on a quarterly basis on the latest status of the corporate risks for which management have identified according to the likelihood and impact of those risks and the action plans being taken to manage the said risks.

6. INSURANCE ON KEY ASSETS

Adequate insurance of major assets and resources of the Group are in place to ensure that they are sufficiently covered against any mishap that may result in material losses to the Group.

OTHER KEY ELEMENTS OF INTERNAL CONTROL PROCESSES AT ENCORP

Whilst the Board maintained full control and direction over appropriate strategic, financial, organisational and compliance issues, it has delegated to management the implementation of the system of internal control.

Other elements in the system of internal control framework include the following:

- Terms of Reference
  Clear definitions of the terms of reference, i.e. functions, authorities and responsibilities of the various committees of Senior Management and the Board of Directors have been established.

- Limits of Authority ("LOA")
  The LOA has been established as part of EB's effort in ensuring an optimal balance between strong corporate governance practices and operational efficiency. It is a written delegation of authority by the Board to the Management within the EB Group. Its key objectives are to provide a holistic view of the authority limits set, to encourage delegation, empowerment and accountability, and to eliminate guesswork, confusion hence providing clarity. The LOA document is subject to periodical review to incorporate any changes that affect the authority limit.

- Management Styles and Control Procedures
  Periodic operational meetings are conducted among management to discuss and review the business plans, budgets, financial and operational performance of the Group.

  Operating policies and procedures are made available to guide staff in their day-to-day work processes. As such operating policies and Standard Operating Procedures (SOP)s has been established, as well as reviewed and updated periodically to meet changing business, operational needs and regulatory requirements.

  Quality control and progress of the project is monitored via frequent site visits by the relevant teams, regular site meetings with the contractors and employment of fulltime staff on site.

- Tender
  Review and award of major contracts are carried out through a tendering process. A minimum of three tenderers are called for and tenders are awarded based on criteria including quality, pricing, track record and speed of delivery.

- Safety and Security
  Management has always place importance in complying with the relevant occupational safety, health and environment rules and regulations to ensure that all the employees are aware of the safety procedures that are in place for their own safety during any emergencies and that the Groups' assets and resources are well protected from any accident or mishap.

- Ethics and Integrity
  Management is committed to conducting business in an open, honest and ethical manner by upholding integrity in carrying out its duties as evidenced by:
  - Integrity pledge by Encorp Management, employees and Business partners;
  - Continues Ethical Conduct and Integrity Training for Encorp employees; and
  - Anti-Bribery Policy and Code of Conduct and Business Ethics

It is also important to note that the IA independently reviews the internal control systems to provide to the ARGC with sufficient assurance that the systems of internal control are effective to address the risks identified.

The Board is satisfied with the design of the control system and is of the view that the system which is in place for the year under review is sound and sufficient to safeguard shareholders' investments, customers' interest and the Group's assets.

The Group's system of internal control applies principally to Encorp Berhad and its subsidiaries. Joint ventures have been excluded because the Group does not have full management and control over them.

ASSURANCE PROVIDED BY MANAGEMENT

In line with the Guidelines, the Management have provided assurance to the Board that the Group's risk management and internal control system are in place and operating reliably in all material aspects to meet the Group's objectives during the financial year under review.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the MMLR of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control in accordance with Audit and Assurance Practical Guide 3, and reported to the Board that nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control intended to be included in the annual report for the FYE 2020 has been prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is the Statement on Risk Management and Internal Control factually inaccurate.

THE BOARD'S CONCLUSION

For the financial year under review and up to the date of issuance of this statement, the Board is pleased to state that the Group's system of risk management and internal control was rated overall as satisfactory, adequate and effective for the Group's purpose and safeguards the Group's assets and shareholders' investment, as well as the interest of customer, employees and other stakeholder. There have been no material losses, contingencies or uncertainties identified from the reviews.

The Board has also received assurance from the Management that the Group's risk management and internal control framework is operating adequately and effectively in all material aspects.

THE BOARD WILL CONTINUE TO MONITOR ALL MAJOR RISKS AFFECTING THE GROUP AND WILL TAKE THE NECESSARY MEASURES TO MITIGATE THEM AND ENHANCE THE ADEQUACY AND EFFECTIVENESS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM OF THE GROUP.

This Statement on Risk Management and Internal Control is made in accordance with a resolution of the Board of Directors dated 31 March 2021.

Statement of Directors' Responsibility

On Annual Audited Financial Statements

The Directors have overall responsibility for preparing the annual audited financial statements. Under the Companies Act 2016, the Directors are required to prepare the financial statements in accordance with applicable approved accounting standards which give a true and fair view of the financial position as at the end of each financial year and the financial performance for each financial year of the Company and all its subsidiaries ("Group").

In preparing the financial statements for the financial year ended 31 December 2020, the Directors have:

- adopted appropriate accounting policies and applied them consistently;
- used reasonable and prudent judgments and estimations;
- ensured that applicable approved accounting standards and statutory requirements have been followed; and
- prepared the financial statements on the going concern basis.

The Directors are also responsible for ensuring the Group properly keeps adequate accounting records that are sufficient to explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the relevant statutory requirements. The Directors have overall responsibility for taking reasonable steps to safeguard the assets of the Group and to prevent and detect frauds and other irregularities.

Encorp Strand, Kota Damansara

Directors' Report & Audited Financial Statements

Encorp Berhad
(Incorporated in Malaysia)

Directors' report

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

Principal activities

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

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

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

Results

The results of the operations of the Group and of the Company for the financial year are as follows:

	Group RM'000	Company RM'000
Loss, net of tax	(6,608)	(14,058)
Loss attributable to:		
Owners of the parent	(3,643)	(14,058)
Non-controlling interests	(2,965)	-
	(6,608)	(14,058)

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in Note 36 to the financial statements.

Reserves and provisions

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

Dividends

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

Encorp Berhad
(Incorporated in Malaysia)

Directors

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

Datuk Haji Jaafar Bin Abu Bakar
Abdul Rahim Bin Abdul Hamid
Hussein Bin Ismail
Mahadzir Bin Mustafa

The names of the directors of the Company's subsidiaries since the beginning of the financial year to the date of this report, excluding those who are already listed above are:

Hajah Nor Azlina Bt Haji Amran
Tuan Haji Ahmad Feruz Bin Izharuddin (Appointed on 1 February 2020)
Mohd Ibrahim Bin Masrakin (Appointed on 8 September 2020)
Ezzuddin Bin Hassan (Appointed on 8 September 2020)

Directors' benefits

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

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

The Directors' benefits are as follows:

	Group	Company
	RM'000	RM'000
Non-executive:		
Fees	698	564
Allowances and other emoluments	89	79
	787	643

Directors' interests

None of the directors in office at the end of the financial year had any interest in shares in the Company or its related companies.

Encorp Berhad
(Incorporated in Malaysia)

Issue of shares

During the financial year, total number of issued and paid up ordinary shares of the Company has been increased from 306,474,217 to 316,684,717 by way issuance 10,210,500 ordinary shares of RM0.17 each for a total cash consideration of RM1,735,785 pursuant to the private placement exercise as disclosed in Note 25 to the financial statements.

Holding company and body

The immediate holding company of the Company is Felda Investment Corporation Sdn. Bhd.. The Directors regard the Federal Land Development Authority ("FELDA"), a body set up under the Land Development Act 1956, as the ultimate holding body.

Other statutory information

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

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

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

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

(i) the amount written off for any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

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

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

Encorp Berhad
(Incorporated in Malaysia)

Other statutory information (cont'd.)

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

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

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

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

(f) In the opinion of the directors:

   (i) 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

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

Indemnity and insurance for directors and officers

The Company maintains directors' liability insurance for purpose of Section 289 of the Companies Act 2016, throughout the year, which provides appropriate insurance cover of the directors of the Company. The amount of insurance premium paid during the year amounted to RM31,800.

Significant events

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Note 36 to the financial statements.

Encorp Berhad
(Incorporated in Malaysia)

Auditors and auditors' remuneration

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

Auditors' remuneration is as follows:

	Group RM'000	Company RM'000
Ernst & Young PLT	272	90

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT for the financial year ended 31 December 2020.

Signed on behalf of the Board in accordance with a resolution of the directors dated on 2 April 2021.

Hussein Bin Ismail
Director

Abdul Rahim Bin Abdul Hamid
Director

Encorp Berhad
(Incorporated in Malaysia)

Statement by directors
Pursuant to Section 251(2) of the Companies Act 2016

We, Hussein Bin Ismail and Abdul Rahim Bin Abdul Hamid, being two of the directors of Encorp Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 107 to 209 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated on 2 April 2021.

Hussein Bin Ismail
Director

Abdul Rahim Bin Abdul Hamid
Director

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

I, Seow Yoke Wei @ Seow Yoke Loong, being the officer primarily responsible for the financial management of Encorp Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 107 to 209 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed Seow Yoke Wei @ Seow Yoke Loong
at Petaling Jaya in the Selangor Darul Ehsan
on 2 April 2021

Seow Yoke Wei @
Seow Yoke Loong
CA 21381

Before me,
Wong Kai Fen (No. B456)
Commissioner for Oaths

Independent auditors' report to the members of
Encorp Berhad
(Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Encorp Berhad, which comprise the statements of inancial position as at 31 December 2020 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 107 to 209.

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

Basis for opinion

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

Independence and other ethical responsibilities

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

Independent auditors' report to the members of
Encorp Berhad
(Incorporated in Malaysia)

Report on the audit of the financial statements (cont'd.)

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 as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

a) Revenue and cost of sales from property development activities

For the financial year ended 31 December 2020, revenue of RM57,054,000 and cost of sales of RM32,524,000 from property development activities (including sale of completed properties) account for approximately 43% and 78% of the total Group's revenue and cost of sales respectively.

The Group recognises revenue and profit from its property development activities by reference to the progress towards completion of a performance obligation that is satisfied over time. The amount of revenue and profit recognised are dependent on, amongst others, the extent of costs incurred to the total estimated costs of construction to derive at the percentage of completion, the actual number of units sold and the estimated total revenue for each of the respective projects.

We identified revenue and cost of sales from property development activities recognised by reference to the progress towards completion as matters requiring audit focus as these are areas which involved significant management's judgement and estimates in estimating the total property development costs (which is used to determine the progress towards completion and gross profit margin of property development activities undertaken by the Group).

Independent auditors' report to the members of
Encorp Berhad
(Incorporated in Malaysia)

Report on the audit of the financial statements (cont'd.)

Key audit matters (cont'd.)

a) Revenue and cost of sales from property development activities (cont'd.)

In assessing the appropriateness of the extent of costs incurred, total estimated costs of construction and total estimated revenue collectively, we have:

- Reviewed samples of sales and purchase agreements entered into with customers to obtain an understanding of the significant performance obligations, terms and conditions to be satisfied;
- Obtained an understanding of management's internal control over the revenue recognition process, including controls over the timing of revenue recognition and the estimation of property development costs, profit margin and progress towards completion of property development activities;
- Evaluated the assumptions applied in estimating the property development costs for property development phases on a sampling basis by examining documentary evidence such as letter of award issued to contractors to support the budgeted costs;
- Evaluated the actual property development costs incurred by examining documentary evidence such as contractors' progress claims and suppliers' invoices; and
- Assessed the mathematical accuracy of the calculation of progress towards completion in respect of revenue and profit recognised.

The Group's accounting policies and disclosures on property development activities based on percentage of completion method, are disclosed in Notes 2.15, 2.16, 2.21(a), 3(a), 3(b), 4, 5 and 15(b) respectively to the financial statements.

b) Valuation of investment properties

As at 31 December 2020, the carrying amount of investment properties amounted to RM284,050,000 representing approximately 29% and 20% of the Group's total non-current assets and total assets respectively.

Independent auditors' report to the members of
Encorp Berhad
(Incorporated in Malaysia)

Report on the audit of the financial statements (cont'd.)

Key audit matters (cont'd.)

b) Valuation of investment properties (cont'd.)

Investment properties are stated at fair value and any gain or loss arising from changes in the fair value are included in profit or loss in the year in which they arise. The Group has appointed an independent professional valuer to perform valuations on its investment properties. The valuations are based on assumptions including, amongst others, estimated rental value per square feet, expected market rental growth, void rate and discount rate.

We consider the valuation of the investment properties as an area of audit focus as such valuation involves significant judgement and estimates that are highly subjective.

Our procedures to address this area of focus include, amongst others, the following:

- Assessed the objectivity, independence, reputation, experience and expertise of the independent valuer;

- Reviewed the methodology adopted by the independent valuer in estimating the fair value of the investment properties and assessed whether such methodology is consistent with those used in the industry; and

- Evaluated the appropriateness of the data used by the independent valuer as input into their valuations. We interviewed the external valuer, discussed and challenged the significant estimates and assumptions applied in their valuation process.

The Group's accounting policies, significant judgement and estimates and disclosures on investment properties are disclosed in Notes 2.9, 2.11, 3(d), 8, 14 and 32 respectively to the financial statements.

Independent auditors' report to the members of
Encorp Berhad
(Incorporated in Malaysia)

Report on the audit of the financial statements (cont'd.)

Key audit matters (cont'd.)

c) Impairment of amount due from a subsidiary

MFRS 9 Financial Instruments requires an entity to recognise a loss allowance for expected credit losses on financial assets that are measured at amortised cost, including amounts due from subsidiaries. Included in the amounts due from subsidiaries of the Company as at 31 December 2020 is an amount due from Encorp Development Pty. Ltd. ("EDPL") of RM51,011,000, net of accumulated impairment loss of RM32,050,000, resulting in a net carrying amount of RM18,961,000.

The Company performed an impairment review in respect of the amount due from EDPL by comparing the carrying amount of the asset and the present value of estimated future cash flows receivable from EDPL.

This is an area of audit focus as the determination of the quantum of the impairment loss is a subjective area due to the significant level of judgement and assumptions applied by management.

Our procedures to address this area of focus included, amongst others, the following:

- Obtained an understanding of the relevant internal controls over the process of estimating the recoverable amount due from EDPL; and

- Evaluated the assumptions applied in the determination of the amount and timing of receipts from EDPL in light of the estimation of profits and the resulting cash flows to be derived from the operations of EDPL.

We also reviewed and assessed the adequacy of the disclosures in the financial statements relating to the impairment of the amount due from EDPL in Notes 8 and 18(c).

Independent auditors' report to the members of
Encorp Berhad
(Incorporated in Malaysia)

Report on the audit of the financial statements (cont'd.)

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 Director's Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the annual report, which is expected to be made available to us after the date of this auditors' report.

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

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

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

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

Responsibilities of the directors for the financial statements

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

Independent auditors' report to the members of
Encorp Berhad
(Incorporated in Malaysia)

Report on the audit of the financial statements (cont'd.)

Responsibilities of the directors for the financial statements (cont'd.)

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

Independent auditors' report to the members of
Encorp Berhad
(Incorporated in Malaysia)

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: (cont'd.)

- 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.

Independent auditors' report to the members of
Encorp Berhad
(Incorporated in Malaysia)

Report on the audit of the financial statements (cont'd.)

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

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 subsidiary of which we have not acted as auditors, is disclosed in Note 16 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.

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

Chuan Yee Yang
No. 03489/03/2022 J
Chartered Accountant

Kuala Lumpur, Malaysia
2 April 2021

Statements of comprehensive income
For the year ended 31 December 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	4	134,117	165,619	4,320	4,335
Cost of sales	5	(41,773)	(58,135)	-	-
Gross profit		92,344	107,484	4,320	4,335
Other operating income	6	10,651	11,822	3,541	3,429
Selling and marketing expenses		(686)	(1,206)	(1)	-
Administrative expenses		(11,412)	(17,099)	(17,009)	(7,793)
Finance costs	7	(53,340)	(127,004)	(2,622)	(2,991)
Other operating expenses		(35,997)	(9,094)	(2,059)	(168,211)
Profit/(Loss) before tax	8	1,560	(35,097)	(13,830)	(171,231)
Income tax (expense)/credit	11	(8,168)	(6,728)	(228)	237
Loss for the year		(6,608)	(41,825)	(14,058)	(170,994)
Other comprehensive loss					
Foreign currency translation	26	(3,421)	(308)	-	-
Total comprehensive loss for the year		(10,029)	(42,133)	(14,058)	(170,994)
(Loss)/Profit for the year attributable to:					
Owners of the parent		(3,643)	(46,397)	(14,058)	(170,994)
Non-controlling interest		(2,965)	4,572	-	-
		(6,608)	(41,825)	(14,058)	(170,994)
Total comprehensive (loss)/profit attributable to:					
Owners of the parent		(7,064)	(46,705)	(14,058)	(170,994)
Non-controlling interest		(2,965)	4,572	-	-
		(10,029)	(42,133)	(14,058)	(170,994)
Loss per share attributable to owners of the parent (sen per share)					
Basic	12	(1.18)	(15.30)		

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

Statements of financial position
As at 31 December 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Assets					
Non-current assets					
Property, plant and equipment	13	5,084	5,298	252	319
Investment properties	14	284,050	303,050	-	-
Land held for property development	15 (a)	36,683	501,581	-	-
Investment in subsidiaries	16	-	-	129,960	129,960
Intangible assets	17	14	7,470	9	55
Trade and other receivables	18	627,313	692,239	18,961	-
Right-of-use assets	19 (a)	19,622	21,056	19,196	21,024
Deferred tax assets	20	9,356	15,068	-	228
Other investments	21	-	4,301	-	-
		982,122	1,550,063	168,378	151,586
Current assets					
Property development costs	15 (b)	15,253	66,903	-	-
Inventories	15 (c)	129,684	81,219	-	-
Trade and other receivables	18	128,912	115,524	75,852	105,043
Contract assets	22	343	5,452	-	-
Tax recoverable		1,294	1,094	-	-
Other investments	21	127,799	123,215	3,160	-
Other current assets	23	761	381	164	133
Cash and cash equivalents	24	29,892	45,853	1,081	644
		433,938	439,641	80,257	105,820
Total assets		1,416,060	1,989,704	248,635	257,406
Equity and liabilities					
Equity attributable to owners of the parent					
Share capital	25	399,016	397,280	399,016	397,280
Treasury shares	25	(327)	(327)	(327)	(327)
Other reserves	26	22,653	2,902	-	-
Accumulated losses		(57,609)	(53,966)	(247,278)	(233,220)
Owners' equity		363,733	345,889	151,411	163,733
Non-controlling interest		84,370	87,335	-	-
Total equity		448,103	433,224	151,411	163,733

Statements of financial position
As at 31 December 2020 (cont'd.)

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current liabilities					
Trade and other payables	27	17,668	286,447	-	-
Loans and borrowings	28	719,175	775,053	19,833	20,935
Deferred tax liabilities	20	1,422	3,701	-	-
		738,265	1,065,201	19,833	20,935
Current liabilities					
Trade and other payables	27	70,195	346,845	56,289	51,699
Other current liabilities	29	21,407	14,538	-	-
Contract liabilities	22	8,326	4,181	-	-
Loans and borrowings	28	127,329	125,014	21,102	21,039
Income tax payable		2,435	701	-	-
		229,692	491,279	77,391	72,738
Total liabilities		967,957	1,556,480	97,224	93,673
Total equity and liabilities		1,416,060	1,989,704	248,635	257,406

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

Consolidated statement of changes in equity
For the year ended 31 December 2020

	Attributable to owners of the parent						
	Non-distributable						
	Share capital (Note 25) RM'000	Treasury shares (Note 25) RM'000	Other reserves (Note 26) RM'000	Accummulated losses RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 January 2020	392,898	(327)	2,902	(53,966)	345,889	87,335	433,224
Loss for the year	-	-	-	(3,643)	(3,643)	(2,965)	(6,608)
Other comprehensive loss	-	-	(3,421)	-	(3,421)	-	(3,421)
Total comprehensive loss	-	-	(3,421)	(3,643)	(7,064)	(2,965)	(10,029)
Waiver of amounts due to the ultimate holding body (Note 27)	-	-	23,172	-	23,172	-	23,172
Private placement exercise, representing transaction with owners (Note 25)	1,736	-	-	-	1,736	-	1,736
At 31 December 2020	399,016	(327)	22,653	(57,609)	363,733	84,370	448,103

Consolidated statement of changes in equity
For the year ended 31 December 2020 (cont'd.)

	Attributable to owners of the parent						
	Non-distributable						
	Share capital (Note 25) RM'000	Treasury shares (Note 25) RM'000	Other reserves (Note 26) RM'000	Accummulated losses RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 January 2019	392,898	(327)	3,210	(7,569)	388,212	82,343	470,555
(Loss)/Profit for the year	-	-	-	(46,397)	(46,397)	4,572	(41,825)
Other comprehensive loss	-	-	(308)	-	(308)	-	(308)
Total comprehensive (loss)/income	-	-	(308)	(46,397)	(46,705)	4,572	(42,133)
Transactions with owners:							
Private placement exercise (Note 25)	4,382	-	-	-	4,382	-	4,382
Derecognition of subsidiaries	-	-	-	-	-	420	420
Total transactions with owners	4,382	-	-	-	4,382	420	4,802
At 31 December 2019	397,280	(327)	2,902	(53,966)	345,889	87,335	433,224

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

Company statement of changes in equity
For the year ended 31 December 2020

	I---Non-distributable---	---I		
	Share capital (Note 25) RM'000	**Treasury shares (Note 25) RM'000**	**Accummulated losses RM'000**	**Total RM'000**
At 1 January 2020	397,280	(327)	(233,220)	163,733
Private placement exercise (Note 25)	1,736	-	-	1,736
Loss for the year	-	-	(14,058)	(14,058)
At 31 December 2020	399,016	(327)	(247,278)	151,411
At 1 January 2019	392,898	(327)	(62,226)	330,345
Private placement exercise (Note 25)	4,382	-	-	4,382
Loss for the year	-	-	(170,994)	(170,994)
At 31 December 2019	397,280	(327)	(233,220)	163,733

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

Statements of cash flows
For the year ended 31 December 2020

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Cash flows from operating activities				
Profit/(Loss) before tax	1,560	(35,097)	(13,830)	(171,231)
Adjustments for:				
Depreciation of property, plant and equipment	422	542	175	270
Depreciation of right-of-use assets	1,983	1,845	1,828	1,828
Amortisation of intangible assets	62	136	56	112
Interest expense	53,340	127,004	2,622	2,991
Distribution income from money market investment securities	(3,435)	(4,346)	(105)	(6)
Loss/(Gain) on fair value of investment securities	236	(98)	(2)	(11)
Gain on disposal of investment in subsidiaries	-	(3,496)	-	-
Property, plant and equipment written off	-	4	-	4
Interest income	(2,751)	(1,969)	(3,344)	(3,410)
Deposit forfeited	(286)	(283)	-	-
Provision for short-term accumulating compensated absences	243	202	98	76
Net changes in fair value of investment properties	19,000	570	-	-
Inventories written down	1,322	-	-	-
Expected credit losses on:				
- trade receivables	646	1,228	1,791	100
- other receivables	27	-	12,452	670
Impairment on intangible assets	7,404	6,000	-	-
Land held for development written down	1,159	-	-	-
Impairment on investment in subsidiary	-	-	-	166,000
Unrealised foreign exchange (gain)/loss	(4,872)	909	(4,872)	909
Effects of modification of/ (unwinding of discount) on other liabilities at amortised costs	(1,396)	1,607	-	-
Liquidated and ascertained damages	1,810	908	-	-
Reversal of expected credit losses				
- trade receivables	(248)	(288)	-	(47)
- other receivables	-	(267)	-	(1,160)
Impairment on other investments	4,645	-	-	-
Development expenditure written off	2,497	-	-	-
Operating cash flows before working capital changes carried forward	83,368	95,111	(3,131)	(2,905)

Statements of cash flows
For the year ended 31 December 2020 (cont'd.)

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Cash flows from operating activities (cont'd.)				
Operating cash flows before working capital changes brought forward (cont'd.)	83,368	95,111	(3,131)	(2,905)
Changes in working capital:				
Land held for development and development expenditure	(528)	15,756	-	-
Inventories	8,077	3,697	-	-
Trade and other receivables	55,669	100,207	859	(661)
Contract assets and contract liabilities	9,254	4,527	-	-
Other current assets	(380)	753	(31)	35
Trade and other payables	(39,159)	(36,673)	4,492	(3,448)
Other current liabilities	5,059	(8,293)	-	-
Cash generated from/(used in) operations	121,360	175,085	2,189	(6,979)
Interest paid	(51,544)	(55,176)	(1,382)	(1,693)
Income taxes paid	(2,599)	(5,968)	-	-
Net cash flows generated from/(used in) operating activities	67,217	113,941	807	(8,672)
Cash flows from investing activities				
Purchase of property, plant and equipment (Note (a))	(208)	(221)	(108)	(28)
Purchase of intangible assets (Note (a))	(10)	-	(10)	-
Proceeds from disposal of associate	-	30	-	-
(Investment in)/Withdrawal of other investments	(1,493)	(7,097)	(3,055)	5,626
Interest received	2,751	1,969	3,344	3,410
(Loss)/Gain on fair value of investment securities	(236)	98	2	11
Net cash flows generated from/(used in) investing activities	804	(5,221)	173	9,019

Statements of cash flows
For the year ended 31 December 2020 (cont'd.)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash flows from financing activities				
Proceeds from issuance of ordinary shares	1,736	4,382	1,736	4,382
Withdrawal/(Placement) of deposits	214	(157)	-	-
Drawdown of loans and borrowings (Note (b))	14,651	3,132	-	-
Repayment of loans and borrowings (Note (b))	(94,500)	(131,662)	-	(3,000)
Repayment of principal portion of lease liabilities (Note (b))	(2,448)	(2,196)	(2,279)	(2,176)
Net cash flow used in financing activities	(80,347)	(126,501)	(543)	(794)
Net (decrease)/increase in cash and cash equivalents	(12,326)	(17,781)	437	(447)
Effect of exchange rate changes on cash and cash equivalents	(3,421)	(308)	-	-
Cash and cash equivalents at beginning of year	42,868	60,957	644	1,091
Cash and cash equivalents at end of year (Note 24)	27,121	42,868	1,081	644

(a) Property, plant and equipment, and intangible assets were acquired by way of the following:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash	218	221	118	28

Statements of cash flows
For the year ended 31 December 2020 (cont'd.)

(b) Reconciliation of movement of liabilities to cash flows arising from financing activities.

The movement of borrowings in the statements of cash flow is as follows:

At 31 December 2020

Group	As at 1 January 2020	Net changes from financing cash flows	Others/ Non-cash changes	As at 31 December 2020
Loans and borrowings (Note 28)	878,062	(79,849)	26,921	825,134
Lease liabilities (Note 19(b))	22,005	(2,448)	1,813	21,370
Total liabilities from financing activities	900,067	(82,297)	28,734	846,504
Company				
Loans and borrowings (Note 28)	20,000	-	-	20,000
Lease liabilities (Note 19(b))	21,974	(2,279)	1,240	20,935
Total liabilities from financing activities	41,974	(2,279)	1,240	40,935

At 31 December 2019

Group				
Loans and borrowings (Note 28)	977,846	(128,530)	28,746	878,062
Lease liabilities (Note 19(b))	22,901	(2,196)	1,300	22,005
Total liabilities from financing activities	1,000,747	(130,726)	30,046	900,067
Company				
Loans and borrowings (Note 28)	23,000	(3,000)	-	20,000
Lease liabilities (Note 19(b))	22,852	(2,176)	1,298	21,974
Total liabilities from financing activities	45,852	(5,176)	1,298	41,974

Notes to the financial statements
31 December 2020

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at No. 45-1, Jalan PJU 5/21, Pusat Perdagangan Kota Damansara, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan. The principal place of business of the Company is located at No. 45-G, Jalan PJU 5/22, Pusat Perdagangan Kota Damansara, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan.

The principal activities of the Company are investment holding and provision of general management support services. The principal activities of the subsidiaries are disclosed in Note 16.

The immediate holding company of the Company is Felda Investment Corporation Sdn. Bhd.. The Directors regard the Federal Land Development Authority (“FELDA”), a body set up under the Land Development Act 1956, as the ultimate holding body.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 2 April 2021.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

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

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

Considerations in respect of COVID-19 (Coronavirus) and the current economic environment

On 11 March 2020, the World Health Organisation ("WHO") declared COVID-19 a worldwide pandemic. With widespread concerns about the ongoing COVID-19 pandemic, the Government of Malaysia had declared a Movement Control Order ("MCO") from 18 March 2020 to 3 May 2020. The MCO was revised to the Conditional MCO ("CMCO") from 4 May 2020 to 9 June 2020, followed by Recovery MCO ("RMCO") up to 31 December 2020.

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

2.1 Basis of preparation (cont'd.)

Considerations in respect of COVID-19 (Coronavirus) and the current economic environment (cont'd.)

On 11 January 2021, the Government of Malaysia announced that the MCO would be re-introduced from 13 January 2021 to 4 March 2021 due to a surge in coronavirus cases in December and early January, followed by CMCO up to 14 April 2021.

This had led to temporary cessation of some business activities and caused some delays in property development activities. This has further affected the financial performance of the Group. The Group is of the view that the impact of COVID-19 is short term and expects that the business operation will return to normal when the MCO and lockdowns are fully relaxed.

The Group and the Company has taken into consideration the COVID-19 impact and the current economic environment on the basis of preparation of this financial statements. The directors continue to consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

2.2 Adoption of new and revised pronouncements

As of 1 January 2020, the Group and the Company have adopted the following pronouncements that are applicable and have been issued by the MASB as listed below:

Effective for annual periods beginning on or after 1 January 2020

Amendments to MFRS 3	Definition of Business (Amendments to MFRS 3 Business Combinations)
Amendments to MFRS 9, MFRS 139, and MFRS 7	Interest Rate Benchmark Reform (Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement and MFRS 7 Financial Instruments: Disclosures)
Amendments to MFRS 101 and MFRS 108	Definition of Material (Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)

The application of these amendments did not have any material impact on the Group's and the Company’s current period or any prior period and is not likely to affect future periods financial statements.

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

2.3 Standards issued but not yet effective

The Group and the Company have not adopted the following standards and interpretations that have been issued but are not yet effective:

Effective for annual periods beginning on or after 1 January 2021:

Amendments to MFRS 16	Covid-19 Related Rent Concessions (Amendments to MFRS 16 Leases)
Amendments to MFRS 9, MFRS 139 and MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, MFRS 7 Financial Instruments: Disclosures, MFRS 4 Insurance Contracts, and MFRS 16 Leases)

Effective for annual periods beginning on or after 1 January 2022:

Amendments to MFRS 1, MFRS 9 and MFRS 141	Annual Improvements to MFRS Standards 2018 - 2020 (Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards, MFRS 9 Financial Instruments and MFRS 141 Agriculture)
Amendments to MFRS 3	Reference to the Conceptual Framework (Amendments to MFRS 3 Business Combination)
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use (Amendments to MFRS 116 Property, Plant and Equipment)
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets)

Effective for annual periods beginning on or after 1 January 2023:

MFRS 17	Insurance Contracts
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 Presentation of Financial Statements)

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

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

The Group and the Company have not adopted the following standards and interpretations that have been issued but are not yet effective: (cont'd.)

Deferred:

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture Associate or Joint Venture (Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investment in Associates and Joint Venture)

The directors expect that the adoption of the above standards will have no significant impact to the financial statements in the period of initial application.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- 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 involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with other vote holder(s) of the investee;
- Rights arising from other contractual arrangements; and
- The Group’s voting rights and potential voting rights.

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

2.4 Basis of consolidation (cont'd.)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.5 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests 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.

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.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

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

2.5 Business combinations and goodwill (cont'd.)

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit ("CGU") and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.6 Foreign currency

(a) Functional and presentation currency

The Group’s consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the parent company’s functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group’s entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group’s net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

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

2.6 Foreign currency (cont'd.)

(b) Transactions and balances (cont'd.)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss are recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

(c) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into RM at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

2.7 Property, plant and equipment

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

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

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

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. 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. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision is met.

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

Motor vehicles	5 years
Office equipment, furniture and fittings	5 - 10 years
Office renovation	10 years
Buildings	50 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

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 policy for the recognition and measurement of impairment losses is in accordance with Note 2.11.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.8 Leases

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

For a contract that contains a lease component and non-lease components, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand alone prices.

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

2.8 Leases (cont'd.)

As a lessee

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group and the Company recognise right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Office premise	15 years
Office equipment, furniture and fittings	3 years

If ownership of the leased asset transfers to the Group and the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.11.

(ii) Lease liabilities

At the commencement date of the lease, the Group and the Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Company and payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

2.8 Leases (cont'd.)

As a lessee (cont'd.)

(ii) Lease liabilities (cont'd.)

In calculating the present value of lease payments, the Group and the Company use its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (i.e. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Group and the Company apply the short-term lease recognition exemption to its short-term leases of office equipments (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipments that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

As a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging 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. Contingent rents are recognised as revenue in the period in which they are earned.

2.9 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee or internal appraisals by the directors.

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

2.9 Investment properties (cont'd.)

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 cost.

Investment properties are derecognised either when they have been disposed of (i.e. at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in MFRS 15.

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. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment, set out in Note 2.7 up to the date of change in use.

2.10 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Computer software

The Group and the Company have developed the following criteria to identify computer software to be classified as an intangible asset:

- software or license that is embedded in computer-controlled equipment, including operating system that cannot operate without that specific software is an integral part of the related hardware and is treated as property and equipment; and

- application software that is being used on a computer is generally easily replaced and is not an integral part of the related hardware and is classified as an intangible asset.

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

2.10 Intangible assets (cont'd.)

Computer software (cont'd.)

Computer softwares considered to have finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the other intangible asset may be impaired. The amortisation period and the amortisation method for other intangible assets with finite useful lives are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on other intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

An intangible asset is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

2.11 Impairment of non-financial assets

The Group and the Company assess, the carrying amounts of the Group's and the Company's non-financial assets, other than deferred tax assets and inventories for completed properties, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group and the Company base its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

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

2.11 Impairment of non-financial assets (cont'd.)

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group and the Company estimate the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

2.12 Financial assets

Initial recognition and measurement

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

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

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

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

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

2.12 Financial assets (cont'd.)

Initial recognition and measurement (cont'd.)

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

Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group and the Company. The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

2.12 Financial assets (cont'd.)

Financial assets at amortised cost (debt instruments) (cont'd.)

The Group's and the Company's financial assets at amortised cost include trade receivables, sundry receivables, contract assets and cash and cash equivalents included under other non-current financial assets.

Financial assets at fair value through OCI (debt instruments)

The Group and the Company measure debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group does not have debt instruments at fair value through OCI.

Financial assets at fair value through profit or loss

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

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

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

2.12 Financial assets (cont'd.)

Financial assets at fair value through profit or loss (cont'd.)

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition

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

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

- The Group and the Company have transferred its rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either

  (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or

  (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

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

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

2.12 Financial assets (cont'd.)

Derecognition (cont'd.)

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

2.13 Impairment of financial assets

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

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

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

The Group and the Company consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

2.14 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs; and

- The cost of trading goods is determined using the purchase costs on a first-in-first-out basis.

(a) Land held for property development

Land held for property development (classified within non-current assets) comprise land banks which are in the process of being prepared for development but have not been launched, 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 2.11.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

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.

(b) 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.

Where the financial outcome of a development activity can be estimated reliably, property development revenue and expenses are recognised in profit or loss 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.

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

2.15 Inventories (cont'd.)

(b) Property development costs (cont'd.)

Where the financial outcome of a development activity cannot be estimated reliably, property development revenue is recognised only to the extent of property development costs incurred that are likely to be recoverable. Property development costs are recognised as expenses in the period in which they are incurred.

Incremental costs of obtaining a contract with a customer are recognised as assets if the entity expects to recover those costs. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognised as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

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 profit or loss over billings to purchasers is classified as contract assets and the excess of billings to purchasers over revenue recognised in profit or loss is classified as contract liabilities.

(c) Completed properties

Costs comprise costs of acquisition of land including all related costs incurred subsequent to the acquisition necessary to prepare the land for its intended use, related development costs to projects and direct building costs.

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

2.16 Contract assets and contract liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer when that right is conditioned on something other than the passage of time, for example, billings require certification by the customer. Upon receipt of such certification from a customer, the amount recognised as contract assets is reclassified to trade receivables. Contract assets are subject to impairment assessment.

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

2.16 Contract assets and contract liabilities (cont'd.)

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue or other income when the Group performs the contract.

2.17 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group and the Company expect some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss 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, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.18 Financial liabilities

Initial recognition and measurement

The Group’s and the Company's financial liabilities include trade and other payables, lease liabilities and loans and borrowings.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Refer to the accounting policy on leases for the initial recognition and measurement of lease liabilities, as this is not in the scope of MFRS 9.

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

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

2.18 Financial liabilities (cont'd.)

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and the Company that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

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

(b) Other financial liabilities

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

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

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

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

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

2.18 Financial liabilities (cont'd.)

Derecognition

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

Offsetting of financial instruments

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

2.19 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Capitalisation of borrowing costs will cease when the qualifying assets are ready for their intended used. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.20 Employee benefits

(a) 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 of the Group and the Company.

Short term accumulating 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 and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

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

2.20 Employee benefits (cont'd.)

(b) Defined contribution plans

The Group and the Company participate in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group and the Company make contributions to the Employee Provident Fund ("EPF") in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.21 Revenue recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group’s and the Company's customary business practices.

Revenue is measured at the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group and the Company estimate the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred at point in time unless one of the following overtime criteria is met:

- the customer simultaneously receives and consumes the benefits provided as the Group performs;
- the Group’s performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group’s performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

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

2.21 Revenue recognition (cont'd.)

(a) Property development

Contracts with buyers may include multiple promises to buyers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the standalone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

The revenue from property development is measured at the fixed transaction price agreed under the sale and purchase agreement.

Revenue from property development is recognised as and when the control of the asset is transferred to the buyer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the buyer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at point in time. The Group recognises revenue from property development over time if it creates an asset with no alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (i.e. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the project). The input method depicts the Group's progress of performance in the assets created which has no alternative use to the Group. Otherwise, revenue is recognised at a point in time when the buyer obtains control of the asset.

Revenue from sales of vacant land is recognised upon delivery of vacant land where the control of the vacant land and completed development units has been transferred to the buyer.

(b) Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments. Under the terms of the contracts, the Group has an enforceable right to payment for performance completed to date and that the customer controls the assets during the course of construction by the Group and that the construction services performed does not create an asset with an alternative use to the Group.

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

2.21 Revenue recognition (cont'd.)

(b) Construction contracts (cont'd.)

Revenue from construction contracts is recognised progressively over time based on the percentage 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. Work done is measured based on external certification of project activities. Full provision is made for any foreseeable losses which is offset against revenue. There is no significant financing component in construction contracts with customers as the period between the recognition of revenue under the percentage of completion and the milestone payment is generally less than one year.

(c) Sale of completed properties

Revenue from the sale of completed properties are recognised when the performance obligation in the contract with customer is satisfied (i.e. when the control of the asset underlying the particular performance obligation is transferred to the customer).

Revenue from the sale of completed properties are recognised upon handing over of vacant possession where control of the asset has been transferred to the customer. Revenue is recognised based on the price specified in the contract, net of rebates and discounts.

(d) Concession income

Concession income is recognised when the performance obligation has been performed and fulfilled (i.e. when the ownership has passed upon the completion and handover of each unit of the teachers' quarters to the Government).

Pursuant to the Privatisation Agreement, the concession income is payable by the Government from the completion and handover of each cluster of the teachers' quarters up to the end of the concession period ("the residual concession period").

Accordingly, the Group is compensated with deferred payment income over time in accordance to the Privatisation Agreement. The concession will expire in the year 2028.

(e) Interest income

Interest income is recognised using the effective interest method.

(f) Distribution income

Distribution income from money market investment security is recognised when the Group's received the distribution voucher from the investment security.

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

2.21 Revenue recognition (cont'd.)

(g) Dividend income

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

(h) Management fees

Revenue from management fee is recognised when performance of services are completed, net of taxes and discounts.

(i) Rental income

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

2.22 Taxes

(a) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group and the Company operate and generate taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

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

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

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

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

2.22 Taxes (cont'd.)

(b) Deferred tax (cont'd.)

Deferred tax liabilities are recognised for all temporary differences, except: (cont'd.)

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

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

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

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

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

2.22 Taxes (cont'd.)

(b) Deferred tax (cont'd.)

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.23 Equity instruments

(a) Share capital and share issuance expenses

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

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

(b) Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

2.24 Contingencies

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

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

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

2.25 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

2.26 Fair value measurements

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

- in the principal market for the asset or liability; or

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

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

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

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

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

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

2.26 Fair value measurements (cont'd.)

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

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

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

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

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

2.27 Current versus non-current classification

The Group and the Company present assets and liabilities in statement of financial position based on current/ non-current classification. An asset as current when it is:

(i) Expected to be realised or intended to be sold or consumed in normal operating cycle;

(ii) Held primarily for the purpose of trading;

(iii) Expected to be realised within twelve months after the reporting period; or

(iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

(i) It is expected to be settled in normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

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

3. Significant accounting judgements and estimates

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

In the process of applying the Group's accounting policies, management did not make any significant judgement which may have significant effect on the amount recognised in the financial statements.

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:

(a) Property development

The Group uses percentage of completion method to recognise revenue and profit from its property development activities. The amount of revenue and profit recognised are dependent on, amongst others, the extent of costs incurred to the total estimated costs of construction to derive at the percentage of completion, the actual number of units sold and the estimated total revenue for each of the respective projects. These areas involve significant judgement and estimates in estimating the total property development costs (which is used to determine the percentage of completion and gross profit margin of property development activities undertaken by the Group).

The revenues, cost of sales, carrying amounts of assets and liabilities of the Group arising from property development activities are disclosed in Notes 4, 5, 15(a) and 15(b).

(b) Provision for affordable housing

Provision for affordable housing is recognised for anticipated losses to be incurred for the development of low cost housing under the requirements of the local Government attributable to a premium housing project. The Group is of the view that the expected costs should be accrued progressively as and when the premium housing is constructed. The provision for affordable housing represents the shortfall between the cost of constructing affordable housing and the economic benefits expected to be received from the purchasers of affordable housing in the development of affordable housing on involuntary basis. This provision is capitalised in the form of common costs for development of premium housing based on the following conditions:

- The master and building plans are approved;
- The developer commenced development; and
- Sales of the affordable housing are controlled, whereby eligibility of buyers is dictated by the authority and the developer has no ability to impose selling price higher than what the authority dictates.

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

Key sources of estimation uncertainty (cont'd.)

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: (cont'd.)

(b) Provision for affordable housing

In determining the provision for affordable housing, estimates and assumptions are made by the Group on the structure and construction costs in constructing the affordable housing. In making those judgements, the Group evaluates the provisions based on past experience.

In the prior year, the Group had entered into a Development Rights Agreement ("DRA") with certain parties related to the non-controlling interest of the Group to transfer the development rights to develop affordable housing. The DRA is conditional and subject to the fulfillment of conditions precedent which have not yet been fulfilled as at year end. Consequently, the provision for affordable housing continues to be recognised as at 31 December 2020.

The carrying amount of the Group's provision for affordable housing as at reporting date is disclosed in Note 29(b).

(c) Provision for expected credit losses ("ECL") of trade and other receivables and contract assets

When measuring ECL, the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Where these assumptions are not readily available, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate.

Significant estimate is required in determining the impairment of trade and other receivables and contract assets. Impairment loss measured based on expected credit loss model is based on assumptions on risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Group's past collection records, existing market conditions as well as forward looking estimates as of the end of the reporting period. Details are disclosed in Note 18(c).

(d) Fair value adjustments of investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group engaged independent valuation specialists to determine the fair values as disclosed in Notes 14 and 32. The key assumptions in determining the fair values of investment properties, including the sensitivity analysis of key assumptions are disclosed in Note 32.

4. Revenue

Revenue of the Group and of the Company consist of the following:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Derived from third parties				
Sale of development properties	47,999	65,142	-	-
Concession income	72,744	78,813	-	-
Sale of completed properties	9,055	15,797	-	-
Rental income	4,319	5,867	-	-
Derived from related companies				
Management fees from subsidiaries	-	-	4,320	4,335
	134,117	165,619	4,320	4,335
Timing and recognition				
Revenue recognised:				
- At a point in time	9,055	15,797	-	-
- Over time	125,062	149,822	4,320	4,335
	134,117	165,619	4,320	4,335

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially satisfied) as at the reporting date, are as follows:

Group	2020 RM'000	2019 RM'000
Sale of development properties		
Within one year	38,081	21,167
More than one year less than two years	-	15,327
	38,081	36,494

5. Cost of sales

	Group	
	2020 RM'000	2019 RM'000
Property development costs (Note 15(b))	35,869	37,624
Development expenditure written off (Note 15(a))	2,497	-
Costs of completed properties *	(3,345)	11,598
Mall operating expenses	4,831	6,492
Consultancy service	1,921	2,421
	41,773	58,135

* The net credit is due to costs savings arising from the finalisation of the amounts due to certain contractors.

6. Other operating income

Included in other operating income are as follows:

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Gain on fair value adjustment of investment securities	4	98	2	11
Rental income	934	650	-	-
Interest income				
- At amortised cost	2,751	1,969	3,344	3,410
Distribution income from money market investment securities	3,435	4,346	105	6
Amounts recovered:				
- trade receivables (Note 18(c))	-	870	-	-
- other receivables	7	-	-	-
Deposit forfeited	286	283	-	-
Gain on disposal of investment in subsidiaries (Note 16(a))	-	3,496	-	-
Grant income #	218	-	86	-
Effects of modification of/ (unwinding of discount) on other liabilities at amortised costs	1,396	-	-	-

Being amount received pursuant to the wage subsidy program by the Government of Malaysia.

7. Finance costs

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- Sukuk Murabahah	73,441	79,034	-	-
- bank credit facilities, bank loans and bank overdrafts	4,703	6,251	900	1,204
- Unwinding of discount on other liabilities at amortised costs*	1	1,607	-	-
Sub-total	78,145	86,892	900	1,204

7. Finance costs (cont'd.)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Sub-total (cont'd.)	78,145	86,892	900	1,204
- Interest on advances from immediate holding company	482	489	482	489
- Interest charged by ultimate holding body @	-	10,476	-	-
- Interest charged by third party	1,296	-	-	-
- (Reversal of)/Interest on acrcretion of deferred payment to ultimate holding body @	(27,847)	27,847	-	-
Interest expenses on lease liabilities	1,264	1,300	1,240	1,298
	53,340	127,004	2,622	2,991

* The recognition of time value of money of financial liabilities of the Group at amortised cost.

@ The effects of the reversal of the interest on accretion of deferred payment to FELDA, the ultimate holding body, was accounted for in profit or loss while the waiver of the cumulative amounts due to FELDA was accounted for as an equity transaction, following the execution of the settlement agreement entered into by a subsidiary of the Group, Encorp Bukit Katil Sdn. Bhd. with FELDA as disclosed in Notes 27 and 36.

8. Profit/(Loss) before tax

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

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Auditors' remuneration:				
- current year	254	282	80	113
- other service	18	10	10	10
Expected credit losses:				
- trade receivables (Note 18(c))	646	1,228	1,791	100
- other receivables (Note 18(c))	27	-	12,452	670
Depreciation of:				
- property, plant and equipment (Note 13)	422	542	175	270
- right-of-use assets (Note 19(a))	1,983	1,845	1,828	1,828
Amortisation of intangible assets (Note 17)	62	136	56	112
Loss on fair value of investment properties (Note 14)	19,000	570	-	-

8. Profit/(Loss) before tax (cont'd.)

The following items have been included in arriving at profit/(loss) before tax: (cont'd.)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Loss/(Gain) on fair value adjustment of investment securities	236	(98)	(2)	(11)
Impairment loss on:				
- intangible assets (Note 17)	7,404	6,000	-	-
- Investment in subsidiary (Note 16)	-	-	-	166,000
Inventories written down	1,322	-	-	-
Operating lease - minimum lease payments on:				
- premises	-	87	450	568
- equipment	131	104	84	43
- others	8	14	2	4
Reversal of expected credit losses:				
- trade receivables (Note 18(c))	(248)	(288)	-	(47)
- other receivables (Note 18(c))	-	(267)	-	(1,160)
Unrealised (gain)/loss on foreign exchange	(4,872)	909	(4,872)	909
Liquidated and ascertained damages (Note 29(a))	1,810	908	-	-
Impairment on other investments (Note 21)	4,645	-	-	-
Development expenditure written off (Note 15(a))	2,497	-	-	-
Land held for development written down (Note 15(a))	1,159	-	-	-

9. Employee benefits expense

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Wages and salaries	5,820	5,808	3,172	3,295
Social security contributions	63	66	33	36
Contributions to defined contribution plan	781	818	418	448
Provision of short term accumulating compensated absences (Note 27(e))	243	202	98	76
Other benefits	1,517	2,078	1,042	1,356
	8,424	8,972	4,763	5,211

10. Directors' remuneration

The details of remuneration receivable by directors of the Group and of the Company during the financial year were as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-executive:				
Fees	698	691	564	556
Allowances and other emoluments	89	90	79	74
Total directors' remuneration	787	781	643	630

11. Income tax expense/(credit)

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

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Statement of profit or loss:				
Current income tax:				
- Malaysian income tax	5,503	5,038	-	-
- Over provision in prior years	(768)	(3,192)	-	(9)
	4,735	1,846	-	(9)
Deferred income tax (Note 20):				
- Relating to origination and reversal of temporary differences	3,417	5,640	228	(228)
- Under/(Over) provision in prior years	16	(758)	-	-
	3,433	4,882	228	(228)
Income tax expense	8,168	6,728	228	(237)

Reconciliation between tax and accounting profit

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

11. Income tax expense/(credit) (cont'd.)

Reconciliation between tax and accounting profit

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit/(Loss) before tax	1,560	(35,097)	(13,830)	(171,231)
Tax expense/(credit) at Malaysian statutory tax rate of 24%	374	(8,423)	(3,319)	(41,095)
Different tax rates in other countries	(343)	(8)	-	-
Adjustments:				
Non-deductible expenses	4,991	13,852	3,729	1,390
Income not subject to tax	(7,129)	(3,940)	(26)	(1,109)
Deferred tax assets not recognised	8,367	9,072	(156)	40,586
(Over)/Under provision of tax expense in prior years:				
- current taxation	(768)	(3,192)	-	(9)
- deferred tax	16	(758)	-	-
Deferred tax recognised at different tax rate	2,660	125	-	-
Income tax expense/(credit) recognised in profit or loss	8,168	6,728	228	(237)

12. Loss per share

(a) Basic

Basic loss per share amounts are calculated by dividing loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

The following table reflects the loss and share data used in the computation of basic loss per share for the years ended 31 December.

	2020 RM'000	2019 RM'000
Loss for the year attributable to owners of the parent used in the computation of basic loss per share	(3,643)	(46,397)

	Number of Shares	
	2020 RM'000	2019 RM'000
Weighted average number of ordinary shares for basic loss per share computation*	308,236	303,344

* The weighted average number of shares takes into account the weighted average effect of changes in ordinary shares transactions and net of treasury shares.

	2020 sen	2019 sen
Basic loss per share	(1.18)	(15.30)

(b) Diluted

Diluted loss per share amounts are calculated by dividing profit/(loss) for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

At the date of this report, the Company has no other dilutive potential ordinary shares. Accordingly, the diluted loss per share is not presented.

13. Property, plant and equipment

Group	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Office renovation RM'000	Buildings RM'000	Total RM'000
At 31 December 2020					
Cost					
At 1 January 2020	720	2,490	3,898	5,070	12,178
Additions	-	208	-	-	208
At 31 December 2020	720	2,698	3,898	5,070	12,386
Accumulated depreciation					
At 1 January 2020	720	1,897	3,581	682	6,880
Recognised in profit or loss (Note 8)	-	151	170	101	422
At 31 December 2020	720	2,048	3,751	783	7,302
Net carrying amount					
At 31 December 2020	-	650	147	4,287	5,084
At 31 December 2019					
Cost					
At 1 January 2019	720	2,512	3,913	5,070	12,215
Additions	-	221	-	-	221
Disposals	-	(135)	-	-	(135)
Written-off	-	(108)	(15)	-	(123)
At 31 December 2019	720	2,490	3,898	5,070	12,178
Accumulated depreciation					
At 1 January 2019	720	1,994	3,297	581	6,592
Recognised in profit or loss (Note 8)	-	142	299	101	542
Disposals	-	(135)	-	-	(135)
Written off	-	(104)	(15)	-	(119)
At 31 December 2019	720	1,897	3,581	682	6,880
Net carrying amount					
At 31 December 2019	-	593	317	4,388	5,298

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

Company	Office renovation RM'000	Motor vehicles RM'000	Office equipment RM'000	Total RM'000
At 31 December 2020				
Cost				
At 1 January 2020	2,766	642	1,376	4,784
Additions	-	-	108	108
At 31 December 2020	2,766	642	1,484	4,892
Accumulated depreciation				
At 1 January 2020	2,603	642	1,220	4,465
Recognised in profit or loss (Note 8)	112	-	63	175
Disposals	-	-	-	-
At 31 December 2020	2,715	642	1,283	4,640
Net carrying amount				
At 31 December 2020	51	-	201	252
At 31 December 2019				
Cost				
At 1 January 2019	2,766	642	1,448	4,856
Additions	-	-	28	28
Disposals	-	-	(96)	(96)
Written-off	-	-	(4)	(4)
At 31 December 2019	2,766	642	1,376	4,784
Accumulated depreciation				
At 1 January 2019	2,399	642	1,250	4,291
Recognised in profit or loss (Note 8)	204	-	66	270
Disposals	-	-	(96)	(96)
At 31 December 2019	2,603	642	1,220	4,465
Net carrying amount				
At 31 December 2019	163	-	156	319

Included in property, plant and equipment of the Group are two units of terrace shop offices amounting to RM4,287,000 (2019: RM4,388,000) which have been pledged as a fixed charge for term loans and revolving credit facilities as disclosed in Note 28(b).

14. Investment properties

Investment properties comprising shopping mall and shop office, are held either to earn rental income or for capital appreciation or for both. The shopping mall and terrace shop offices are classified as Level 3 in the fair value hierarchy as disclosed in Note 32.

At fair value	Shopping Mall RM'000	Terrace Shop office RM'000	Total RM'000
Group			
At 1 January 2019	183,000	120,620	303,620
Fair value adjustments (Note 8)	-	(570)	(570)
At 31 December 2019 and 1 January 2020	183,000	120,050	303,050
Fair value adjustments (Note 8)	(19,000)	-	(19,000)
At 31 December 2020	164,000	120,050	284,050
Fair value for financial reporting purposes			
Market value as estimated by the professional external valuer	164,000	120,050	284,050

The following properties have been pledged as security for borrowings:

(i) 9 units of terrace shop offices are charged as security for term loans and revolving credit facilities as disclosed in Note 28(b), 28(e) and 28(f); and

(ii) Shopping mall included in the investment properties has been pledged as security for bank loan as disclosed in Note 28(b).

15. Inventories

	Note	Group 2020 RM'000	Group 2019 RM'000
Non-current			
Land held for property development (at cost)	(a)	36,683	501,581
Current			
Property development cost (at cost)	(b)	15,253	66,903
Properties held for sale (at lower of cost and net realisable value)	(c)	129,684	81,219
		144,937	148,122
Total inventories at the lower of cost and net realisable value		181,620	649,703

15. Inventories (cont'd.)

(a) Land held for property development

Group	Freehold land RM'000	Leasehold land RM'000	Development expenditure RM'000	Total RM'000
At 31 December 2020				
Cost				
At 1 January 2020	20,061	397,265	95,283	512,609
Addition	-	-	554	554
Transfer to property development cost (Note 15(b))	-	(3,398)	(3,484)	(6,882)
Derecognition arising from settlement agreement entered into with ultimate holding body (Note 27(c))	-	(380,000)	(75,556)	(455,556)
Development expenditure written off (Note 27(c))	-	-	(2,497)	(2,497)
Exchange differences	1,603	-	-	1,603
At 31 December 2020	21,664	13,867	14,300	49,831
Accumulated write-down to net realisable value				
At 1 January 2020	(11,028)	-	-	(11,028)
Charge to profit or loss (Note 8)	(1,159)	-	-	(1,159)
Exchange differences	(961)	-	-	(961)
At 31 December 2020	(13,148)	-	-	(13,148)
Carrying amount				
At 31 December 2020	8,516	13,867	14,300	36,683
At 31 December 2019				
Cost				
At 1 January 2019	20,448	403,380	99,152	522,980
Addition	-	-	9,761	9,761
Transfer to property development cost (Note 15(b))	-	(6,115)	(13,630)	(19,745)
Exchange differences	(387)	-	-	(387)
At 31 December 2019	20,061	397,265	95,283	512,609
Accumulated write-down to net realisable value				
At 1 January 2019	(11,241)	-	-	(11,241)
Exchange differences	213	-	-	213
At 31 December 2019	(11,028)	-	-	(11,028)
Carrying amount				
At 31 December 2019	9,033	397,265	95,283	501,581

15. Inventories (cont'd.)

(a) Land held for property development (cont'd.)

Included in the carrying amount of the land held for development in the prior year was an amount of RM75,556,000 relating to the capitalisation of the cumulative accretion of the amount due to FELDA. This amount has been derecognised following the execution of the settlement agreement entered into with FELDA (Note 27 (c)).

(b) Property development costs

Group	Freehold land RM'000	Leasehold land (Note (ii)) RM'000	Development expenditure (Note (i)) RM'000	Total RM'000
At 31 December 2020				
Cumulative property development costs				
At 1 January 2020	26,127	14,777	546,521	587,425
Costs incurred during the year	-	-	36,862	36,862
Transferred from land held for property development (Note 15(a))	-	3,398	3,484	6,882
Unsold units transferred to inventories	-	-	(57,864)	(57,864)
At 31 December 2020	26,127	18,175	529,003	573,305
Cumulative costs recognised in profit or loss				
At 1 January 2020				(520,522)
Recognised during the year				(37,530)
At 31 December 2020				(558,052)
Property development costs at 31 December 2020				15,253
At 31 December 2019				
Cumulative property development costs				
At 1 January 2019	26,127	8,878	520,142	555,147
Costs incurred during the year	-	-	16,654	16,654
Transferred from land held for property development (Note 15(a))	-	6,115	13,630	19,745
Unsold units transferred to inventories	-	(216)	(3,905)	(4,121)
At 31 December 2019	26,127	14,777	546,521	587,425

15. Inventories (cont'd.)

(b) Property development costs (cont'd.)

Group	Freehold land RM'000	Leasehold land (Note (ii)) RM'000	Development expenditure (Note (i)) RM'000	Total RM'000
At 31 December 2019				
Cumulative costs recognised in statements of profit or loss				
At 1 January 2019				(482,646)
Recognised during the year				(37,876)
At 31 December 2019				(520,522)
Property development costs at 31 December 2019				66,903

Recognition of property development costs recognised to profit or loss

	2020 RM'000	2019 RM'000
Property development costs recognised to profit or loss	37,530	37,876
Liquidated and ascertained damages	(1,677)	(1,040)
Contract assets	16	602
Consideration payable to customers	-	186
Total cost of sales (Note 5)	35,869	37,624

(i) Development expenditure

Included in development expenditure is the cost to obtain contracts relating to commission fee paid to intermediaries as a result of obtaining property sales contracts. These cost are group separately and are charged out to cost of sales based on stage of completion method.

	2020 RM'000	2019 RM'000
As at 1 January	-	294
Cost incurred during the year	1,160	2,399
Recognised during the year	(671)	(2,693)
At 31 December	489	-

15. Inventories (cont'd.)

(b) Property development costs (cont'd.)

(i) Development expenditure (cont'd.)

Included in development expenditure is the interior decoration cost as a result of entering into contracts with customers. These costs are grouped separately and is recognised in the statements of profit or loss when the control is transferred to the recipient.

	2020 RM'000	2019 RM'000
As at 1 January	1,723	1,901
Cost incurred during the year	-	(1,481)
Recognised during the year	-	1,303
Unsold units transferred to inventories	(1,723)	-
At 31 December	-	1,723

(ii) Leasehold land

The leasehold land held for development was purchased from Perbadanan Kemajuan Negeri Selangor ("PKNS") in prior years as disclosed in Note 27(b). Upon execution of the sale and purchase agreement, the document of title to the properties will be transferred directly from PKNS to the end purchasers.

Part of the leasehold land for property development with carrying value of RM14,307,000 (2019: RM Nil) was pledged as security for a bank loan as disclosed in Note 28(d).

(c) Properties held for sale

	Group	
	2020 RM'000	2019 RM'000
At cost	113,579	67,530
At net realisable value	16,105	13,689
	129,684	81,219

Properties held for sale with a carrying amount of RM14,783,000 (2019: RM13,689,000) is charged as security for term loan facilities as disclosed in Note 28(c).

Properties held for sale with a carrying amount of RM2,060,000 (2019: RM2,649,000) and RM4,292,000 (2019: RM Nil) are charged as security for revolving credit facilities as disclosed in Note 28(h) and Note 28(g) respectively.

16. Investment in subsidiaries

	Company 2020 RM'000	Company 2019 RM'000
Unquoted shares, at cost	295,960	295,960
Impairment loss on investment in subsidiary	(166,000)	(166,000)
	129,960	129,960

(a) Details of the subsidiaries are as follows:

Name of subsidiaries	Share capital RM'000	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2020	Proportion (%) of ownership interest 2019	Proportion (%) of ownership interest held by non-controlling interest 2020	Proportion (%) of ownership interest held by non-controlling interest 2019
Encorp Construction & Infrastructure Sdn. Bhd.	50,000	Malaysia	Investment holding and construction project management	100	100	-	-
Encorp Must Sdn. Bhd.	10,000	Malaysia	Investment holding and property project management	100	100	-	-
Encorp Development Pty. Ltd.^	+	Australia	Property development	100	100	-	-

16. **Investment in subsidiaries (cont'd.)**

(a) Details of the subsidiaries are as follows: (cont'd.)

Name of subsidiaries	Share capital RM'000	Country of incorporation	Principal activities	Proportion (%) of ownership interest		Proportion (%) of ownership interest held by non-controlling interest	
				2020	2019	2020	2019
Encorp Facilities Management Sdn. Bhd.	@	Malaysia	Facilities management services provider	100	100	-	-
Subsidiaries of Encorp Construction & Infrastructure Sdn. Bhd.							
Encorp Systembilt Sdn. Bhd.	50,000	Malaysia	Concessionaire to build and transfer teachers' quarters to the Government of Malaysia	100	100	-	-
Encorp Construction & Engineering Sdn. Bhd.	1,000	Malaysia	General trading	100	100	-	-

16. Investment in subsidiaries (cont'd.)

(a) Details of the subsidiaries are as follows: (cont'd.)

Name of subsidiaries	Share capital RM'000	Country of incorporation	Principal activities	Proportion (%) of ownership interest		Proportion (%) of ownership interest held by non-controlling interest	
				2020	2019	2020	2019
Subsidiaries of Encorp Must Sdn. Bhd.							
Must Ehsan Development Sdn. Bhd.	15,000	Malaysia	Property development	70	70	30	30
Encorp Development Sdn. Bhd.	250	Malaysia	Property development	100	100	-	-
Encorp Iskandar Development Sdn. Bhd.	2,750	Malaysia	Property development	100	100	-	-
Encorp Bukit Katil Sdn. Bhd.	@	Malaysia	Property development	100	100	-	-
Subsidiaries of Must Ehsan Development Sdn. Bhd.							
Red Carpet Avenue Sdn. Bhd.	@	Malaysia	Investment holding	100	100	-	-
Encorp Strand Mall Sdn. Bhd.	2,500	Malaysia	Property investment	100	100	-	-
Encorp Parking Sdn. Bhd.	@	Malaysia	Property investment	100	100	-	-

16. Investment in subsidiaries (cont'd.)

(a) Details of the subsidiaries are as follows: (cont'd.)

^ This entity has no statutory audit requirement
+ Represents paid-up capital of one hundred (100) ordinary shares of 1 Australian Dollar each
@ Represents paid-up capital of two (2) ordinary shares

(i) In the prior year, Etika Tapis Sdn. Bhd. and Red Carpet Culinary Sdn. Bhd. had been derecognised as subsidiaries, as the Group no longer has control over these entities upon execution of certain novation and settlement agreements which resulting gain of disposal of investment in subsidiaries amounting to RM3,496,000.

(ii) In the prior year, an impairment loss of RM166,000,000 has been recognised in respect of the Company's cost of investment in Encorp Construction & Infrastructure Sdn. Bhd.

(b) Non-controlling interest in subsidiaries

Summarised financial information of Must Ehsan Development Sdn. Bhd. ("MEDSB") and its subsidiaries ("MEDSB Group") which have 30% non-controlling interest that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination.

(i) Summarised statements of financial position - MEDSB Group

	2020 RM'000	2019 RM'000
Non-current assets	320,295	347,218
Current assets	167,453	160,506
Total assets	487,748	507,724
Current liabilities	157,385	176,610
Non-current liabilities	49,131	39,997
Total liabilities	206,516	216,607
Net assets	281,232	291,117
Non-controlling interest	84,370	87,335

(ii) Summarised statements of comprehensive income- MEDSB Group

	2020 RM'000	2019 RM'000
Revenue	63,368	92,178
(Loss)/Profit for the year	(10,200)	15,240
(Loss)/Profit representing total comprehensive (expense)/ income attributable to the non-controlling interest	(3,060)	4,572

16. Investment in subsidiaries (cont'd.)

(b) Non-controlling interest in subsidiaries (cont'd.)

(iii) Summarised cash flows - MEDSB Group

	2020 RM'000	2019 RM'000
Net cash (used in)/generated from operating activities	(13,463)	52,173
Net cash (used in)/generated from investing activities	(9,741)	902
Net cash generated from/(used in) financing activities	9,239	(40,516)
Net (decrease)/increase in cash and cash equivalents	(13,965)	12,559
Cash and cash equivalents at beginning of the year	38,490	25,931
	24,525	38,490

17. Intangible assets

Group	Goodwill on consolidation RM'000	Computer software RM'000	Total RM'000
Cost			
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	197,003	2,120	199,123
Additions	-	10	10
At 31 December 2020	197,003	2,130	199,133
Accumulated amortisation and impairment:			
At 1 January 2019	183,599	1,918	185,517
Amortisation (Note 8)	-	136	136
Impairment (Note 8)	6,000	-	6,000
At 31 December 2019 and 1 January 2020	189,599	2,054	191,653
Amortisation (Note 8)	-	62	62
Impairment (Note 8)	7,404	-	7,404
At 31 December 2020	197,003	2,116	199,119
Net carrying amount:			
At 31 December 2019	7,404	66	7,470
At 31 December 2020	-	14	14

17. Intangible assets (cont'd.)

Company	Computer software RM'000
Cost	
At 1 January 2019, 31 December 2019,	
1 January 2020 and 31 December 2020	1,372
Additions	10
At 31 December 2020	1,382
Accumulated amortisation:	
At 1 January 2019	1,205
Amortisation (Note 8)	112
At 31 December 2019 and 1 January 2020	1,317
Amortisation (Note 8)	56
At 31 December 2020	1,373
Net carrying amount:	
At 31 December 2019	55
At 31 December 2020	9

Impairment testing for goodwill

Goodwill arising from business combinations have been allocated to the individual Group's cash-generating unit ("CGU") for impairment testing.

During the year, the Group recognised an impairment loss of RM7,404,000 (2019: RM6,000,000) to reduce the carrying amount of goodwill to the estimated recoverable amount of the related CGU based on the assumptions disclosed as below.

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

	Group	
	2020 RM'000	**2019 RM'000**
Property development	-	7,404

The recoverable amount of the CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five year period.

17. Intangible assets (cont'd.)

The key assumptions used in the value-in-use calculations are as follows:

	Property development segment	
	2020	2019
Budgeted gross margin	36%	33%
Discount rate	5.7%	8.5%

The calculation of value-in-use for CGU are most sensitive to the following assumptions:

Budgeted gross margin - Gross margins are based on average values achieved in three years preceding to the start of the budget period.

Pre-tax discount rate - The discount rates used are pre-tax and reflect specific risks relating to property development segment.

18. Trade and other receivables

Group	Note	2020 RM'000	2019 RM'000
Current			
Trade receivables			
Amount due from third parties	(a)	47,668	44,083
Concession income receivables	(b)	76,324	64,036
		123,992	108,119
Expected credit losses	(c)	(2,226)	(2,042)
Trade receivable, net		121,766	106,077
Other receivables			
Amount due from holding company	(d)	53	53
Deposits		5,250	5,720
Sundry receivables		1,870	3,674
		7,173	9,447
Expected credit losses	(c)	(27)	-
Other receivable, net		7,146	9,447
Total current receivables		128,912	115,524

18. Trade and other receivables (cont'd.)

Group	Note	2020 RM'000	2019 RM'000
Non-current			
Trade receivables			
Concession income receivables	(b)	627,313	692,239
Other receivables			
Long term receivables	(e)	48,461	48,461
Expected credit losses	(c)	(48,461)	(48,461)
		-	-
Total non-current receivables		627,313	692,239
Total trade and other receivables		756,225	807,763
Company			
Current			
Trade receivables			
Amount due from:			
- third parties	(a)	70	70
- subsidiaries	(d)	8,379	7,983
		8,449	8,053
Expected credit losses	(c)	(3,028)	(1,237)
Trade receivable, net		5,421	6,816
Other receivables			
Amount due from:			
- subsidiaries	(d)	85,838	133,165
- holding company	(d)	53	53
Deposits		691	697
Sundry receivables		30	91
		86,612	134,006
Expected credit losses	(c)	(16,181)	(35,779)
Other receivable, net		70,431	98,227
Total current receivables		75,852	105,043
Non-current			
Other receivables			
Long term receivables			
- third party	(e)	39,019	39,019
- amount due from subsidiary	(d)	51,011	-
		90,030	39,019
Expected credit losses	(c)	(71,069)	(39,019)
Total non-current receivables, net		18,961	-
Total trade and other receivables		94,813	105,043

18. Trade and other receivables (cont'd.)

(a) Trade receivables

Ageing analysis of trade receivables

Ageing analysis of the Group's and Company's trade receivables from third parties are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current	32,730	7,013	-	-
1 to 30 days past due	1,409	2,322	-	-
31 to 60 days past due	4,046	10,321	-	-
61 days to 90 days past due	1,428	104	-	-
91 days to 120 days past due	514	73	-	-
121 days to 365 days past due	5,315	22,208	-	-
	45,442	42,041	-	-
Credit impaired				
Individually impaired	2,226	2,042	70	70
	47,668	44,083	70	70

Trade receivables are non-interest bearing and are generally on 7 to 60 days (2019: 7 to 60 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(b) Concession income receivables

Group	2020 RM'000	2019 RM'000
Concession income receivables:		
Within 1 year	148,177	136,779
More than 1 year and less than 2 years	136,779	136,779
More than 2 years and less than 5 years	410,338	410,338
More than 5 years	284,972	421,752
	980,266	1,105,648
Unearned income	(276,629)	(349,373)
	703,637	756,275
Concession income receivables analysed as:		
Due within one year	76,324	64,036
Due after one year	627,313	692,239
	703,637	756,275

The Group's normal trade credit term on concession income receivables is 21 days (2019: 21 days). The entire concession income receivables are pledged to the holders of the Sukuk Murabahah as disclosed in Note 28(a).

18. Trade and other receivables (cont'd.)

(b) Concession income receivables (cont'd.)

As at reporting date, the Group has a significant concentration of credit risk of 93% (2019: 90%) relating to the concession income receivables. The entire concession income receivables are due from the Government of Malaysia.

(c) Allowance for expected credit losses

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses ("ECL"). The expected credit losses on trade and other receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Where these assumptions are not readily available, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Movement in allowance accounts for trade receivables:

Group	2020 RM'000	2019 RM'000
At 1 January	2,042	6,093
Expected credit losses (Note 8)		
- Individually assessed	646	1,000
- Collectively assessed	-	228
- Reversal of expected credit lossed	(248)	(288)
Written off	(214)	(4,121)
Amounts recovered (Note 6)	-	(870)
At 31 December	2,226	2,042

Company	2020 RM'000	2019 RM'000
At 1 January	1,237	1,184
Expected credit losses (Note 8)		
- Individually assessed	1,791	100
- Reversal of expected credit lossed	-	(47)
At 31 December	3,028	1,237

18. Trade and other receivables (cont'd.)

(c) Allowance for expected credit losses (cont'd.)

Movement in allowance accounts for other receivables:

Group	2020 RM'000	2019 RM'000
At 1 January	48,461	48,728
Expected credit losses (Note 8)		
- Individually assessed	27	-
- Reversal of expected credit lossed	-	(267)
At 31 December	48,488	48,461

Company	2020 RM'000	2019 RM'000
At 1 January	74,798	75,288
Expected credit losses (Note 8)		
- Individually assessed (Note (i))	12,452	670
- Reversal of expected credit lossed (Note (i))	-	(1,160)
At 31 December	87,250	74,798

(i) Included in the amounts due from subsidiaries of the Company as at 31 December 2020 is an amount due from Encorp Development Pty. Ltd. ("EDPL") with a net carrying amount of RM18,961,000 (2019: RM24,004,000). The Company performed an impairment review in respect of the amount due from EDPL by comparing the carrying amount of the asset and the present value of estimated future cash flows receivable from EDPL.

The movement of the impairment of the amount due from this subsidiary is as follows:

Company	2020 RM'000	2019 RM'000
At 1 January		
Expected credit losses:	23,092	24,134
- Individually assessed	8,958	-
- Reversal of expected credit lossed	-	(1,042)
At 31 December	32,050	23,092

(d) Amounts due from subsidiaries and holding company

The amounts due from subsidiaries and holding company are unsecured, repayable on demand, and non-interest bearing except for an amount due from subsidiaries of RM56,027,000 (2019: RM56,027,000) which bears interest at rates ranging from 5.87% to 6.00% (2019: 4.84% to 6.00%).

(e) Long term receivables were in relation to the amount due from Pembinaan Legenda Unggul Sdn. Bhd. (formerly known as Encorp Construct Sdn. Bhd.).

19. Leases

Group as a lessee

The Group and the Company lease 20 units office premise until June 2031. Lease payments to be increased every 3 years from July 2016 to reflect current market rentals. The Group has also leased office equipment until March 2023 (2019: October 2021).

The Group and Company also have certain leases of office equipments with lease terms of 12 months or less and leases of office equipment with low value. The Group and the Company apply the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

(a) Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 January 2020	21,056	22,901	21,024	22,852
Additions	549	-	-	-
Depreciation (Note 8)	(1,983)	(1,845)	(1,828)	(1,828)
At 31 December 2020	19,622	21,056	19,196	21,024

(b) Lease liabilities

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowing (Note 28)) and the movements during the period:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 January	22,005	22,901	21,974	22,852
Additions	549	-	-	-
Accretion of interest (Note 7)	1,264	1,300	1,240	1,298
Payments	(2,448)	(2,196)	(2,279)	(2,176)
At 31 December	21,370	22,005	20,935	21,974

19. Leases (cont'd.)

Group as a lessee (cont'd.)

(b) Lease liabilities (cont'd.)

Leases liabilities are payables as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current				
Less than one year	1,296	1,056	1,102	1,039
Non-current				
More than 1 year and less than 2 years	1,476	1,116	1,285	1,102
More than 2 years and less than 5 years	4,896	4,337	4,846	4,337
5 years or more	13,702	15,496	13,702	15,496
Total non-current lease liabilities	20,074	20,949	19,833	20,935
Total lease liabilities	21,370	22,005	20,935	21,974

The maturity analysis of lease liabilities is disclosed in Note 33(b).

Group as a lessor

Operating lease commitments

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining lease terms of between six months to three years and include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions.

Future minimum rentals receivable under the non-cancellable operating leases as at 31 December are as follows:

	Group	
	2020 RM'000	2019 RM'000
Not later than 1 year	2,915	1,492
Later than 1 year but not later than 5 years	2,667	850
	5,582	2,342

20. Deferred tax

Deferred tax as at 31 December relates to the following:

	As at 1 January 2019 RM'000	Recognised in profit or loss (Note 11) RM'000	As at 31 December 2019 RM'000	Recognised in profit or loss (Note 11) RM'000	As at 31 December 2020 RM'000
Group					
Deferred tax liabilities:					
Property, plant and equipment	(5)	1	(4)	14	10
Contract assets	195,419	(13,844)	181,575	(15,369)	166,206
Investment properties	1,222	(28)	1,194	(1,945)	(751)
	196,636	(13,871)	182,765	(17,300)	165,465
Deferred tax assets:					
Right-of-use of aseets and lease liabilities	-	(228)	(228)	228	-
Tax losses and capital allowances	(156,799)	15,295	(141,504)	14,965	(126,539)
Loans and borrowings	(39,304)	(1,855)	(41,159)	(766)	(41,925)
Provisions	(16,782)	5,541	(11,241)	6,306	(4,935)
	(212,885)	18,753	(194,132)	20,733	(173,399)
	(16,249)	4,882	(11,367)	3,433	(7,934)

20. Deferred tax (cont'd.)

Presented after appropriate offsetting as follows:

	2020 RM'000	2019 RM'000
Group		
Deferred tax assets	(9,356)	(15,068)
Deferred tax liabilities	1,422	3,701
	(7,934)	(11,367)
Company		
Deferred tax assets	-	228

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

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unutilised tax losses	112,745	98,518	14,426	13,226
Unabsorbed capital allowances	3,721	3,560	2,992	2,913
Other deductible temporary difference	186,674	166,198	164,210	166,138
	303,140	268,276	181,628	182,277

Effective from Year of Assessment 2019, the unutilised tax losses of the Group as at 31 December 2019 and thereafter will only be available for carry forward for a period of 7 consecutive years. Upon expiry of the 7 years, the unutilised tax losses will be disregarded.

The unutilised tax losses and unabsorbed capital allowances of the Group and the Company are available for offsetting against future taxable profits of the respective entities within the Group and the Company, subject to no substantial changes in shareholdings of those entities under Income Tax Act, 1967 and guidelines issued by the tax authority, as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Utilisation period				
Indefinite	3,721	3,560	2,992	2,913
Within 6 years from recognition	98,518	-	13,226	-
Within 7 years from recognition	14,227	98,518	1,200	13,226
	116,466	102,078	17,418	16,139

21. Other investments

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Non-current					
Amortised cost					
Amount placed with a financial services advisory firm	(a)	-	4,301	-	-
Current					
Amortised cost					
Amount placed with a financial services advisory firm	(a)	4,645	-	-	-
Provision of impairment	(a)	(4,645)	-	-	-
		-	-	-	-
Fair value through profit or loss					
Money market investment securities	(b)	127,799	123,215	3,160	-
		127,799	123,215	3,160	-

(a) This relates to a principal amount of AUD1.5 million placed by a foreign subsidiary of the Group for a period of 24 months (2019: 24 months) and earns interest at a fixed rate of 15% (2019: 15%) per annum.

This balance has been impaired during the financial year as the Group has not recovered this amount despite having submitted the request for the liquidation and redemption of this balance in December 2020. The Group has also initiated legal proceedings against the financial advisory services firm involved for the recovery of this balance. The legal proceedings are currently ongoing.

(b) The investment securities are restricted investment scheme in short term money market instruments and deposit placements with an option to roll over the investments placed with licensed fund managers.

The income received from the investment securities shall where necessary, be remitted into the Escrow Account to meet the payment obligations arising from the Sukuk Murabahah as disclosed in Note 28(a).

22. Contract assets/(liabilities)

	Note	Group 2020 RM'000	Group 2019 RM'000
Contract assets			
Property development	(a)	343	5,452
Contract liabilities			
Property development	(a)	(8,326)	(4,181)

22. Contract assets/(liabilities) (cont'd.)

(a) Contract assets/(liabilities) from property development

Group	2020 RM'000	2019 RM'000
Contract assets		
Accrued billings	343	5,452
Contract liabilities		
Progress billings	(8,326)	(4,181)
	(7,983)	1,271

Set out below are the carrying amounts of contract assets recognised and the movements during the year:

Group	2020 RM'000	2019 RM'000
At 1 January	1,271	5,798
Revenue recognised during the year	59,454	83,439
Progress billings during the year	(68,708)	(87,966)
At 31 December	(7,983)	1,271

The directors of the Group measure the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the respective industry. There was no impairment loss recognised on contract asset at the end of the reporting period.

23. Other current assets

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Prepayments	519	376	164	133
Consideration payable to customers	242	5	-	-
	761	381	164	133

Included in the consideration payable to customers are the cost for sales and purchase agreements as a result of entering into contract with customers.

24. Cash and cash equivalents

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash on hand and at banks	(a)	27,121	42,868	1,081	644
Deposits with licensed banks	(b)	2,771	2,985	-	-
	(c)	29,892	45,853	1,081	644

(a) Included in cash at bank of the Group is an amount of RM22,314,000 (2019: RM34,380,000) held pursuant to Section 7A of the Housing and Development (Control & Licensing) Act, 1966 and restricted from use in other operations.

(b) The deposits with licensed banks of the Group and of the Company which are pledged are as follows:

   (i) Deposits of RM2,213,000 (2019: RM2,148,000) pledged to a bank for credit facilities granted to a subsidiary; and

   (ii) Deposits of RM526,000 (2019: RM806,000) pledged to banks as securities for credit facilities granted to subsidiaries.

(c) Cash at bank and on hand of the Group include an amount of RM99,000 (2019: RM99,000) maintained in Escrow Account and Finance Service Reserve Account to meet the payment obligations arising from the Sukuk Murabahah as disclosed in Note 28(a).

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following as at reporting date:

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash and bank balances	29,892	45,853	1,081	644
Less:				
Pledged deposits	(2,771)	(2,985)	-	-
Cash and cash equivalents	27,121	42,868	1,081	644

Cash at banks earns interest at floating rates based on daily bank deposit rates. Deposits are made for varying periods of between 2 months to 12 months, depending on the immediate cash requirements of the Group and the Company, and earn interest at the respective deposit rates. As at reporting date, the effective interest rates of deposits of the Group and of the Company range from 1.25% to 3.25% (2019: 2.70% to 3.50%) per annum respectively.

25. Share capital and treasury shares

		Group and Company			
		Number of ordinary		Amount	
	Note	Share capital (Issued and fully paid)	Treasury shares	Share capital (Issued and fully paid) RM'000	Treasury shares RM'000
At 1 January 2019		293,952,417	(386,000)	392,898	(327)
Transactions with owners					
Private placement exercise	(a)	12,521,800	-	4,382	-
At 31 December 2019 and 1 January 2020		306,474,217	(386,000)	397,280	(327)
Transactions with owners					
Private placement exercise	(a)	10,210,500	-	1,736	-
As at 31 December 2020		316,684,717	(386,000)	399,016	(327)

25. Share capital and treasury shares (cont'd.)

(a) Share capital

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

In the prior year, pursuant to private placement, the Company had increased its issued and paid up capital from RM392,898,000 to RM397,281,000 by way of the issuance of 12,521,800 ordinary shares of RM0.35 each for a total cash consideration of RM4,382,630.

During the financial year, the Company had undertaken a corporate proposal of private placement of up to 30,608,821 new ordinary shares in Encorp, representing ten per cent (10%) of the total number of issued shares of Encorp (excluding treasury shares).

On 16 October 2020, pursuant to private placement, the Company had increased its issued and paid up capital from 306,474,217 to 316,684,717 by way of the issuance 10,210,500 ordinary shares of RM0.17 each for a total cash consideration of RM1,735,785 during the financial year.

(b) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition cost of treasury shares net of the proceeds received on their subsequent sale or issuance.

The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

As at 31 December 2020, the Company held treasury shares a total of 386,000 of its 316,684,717 (2019: 306,474,217) issued ordinary shares. Such treasury shares are held at a carrying amount of RM326,732.

26. Other reserves

(a) Foreign currency translation reserve

	Group RM'000
At 1 January 2019	3,210
Other comprehensive income	
Foreign currency translation	(308)
At 31 December 2019 and 1 January 2020	2,902
Foreign currency translation	(3,421)
At 31 December 2020	(519)

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

(b) Capital contribution reserve

The capital contribution reserve represents the amount waived by FELDA of RM23,172,000, the ultimate holding body pursuant to a settlement agreement entered into between a subsidiary of the Group and FELDA as disclosed in Notes 27 and 36.

27. Trade and other payables

	Note	2020 RM'000	2019 RM'000
Group			
Current			
Trade payables			
Amount due to:			
- third parties	(a)	15,101	21,610
- corporate shareholder of a subsidiary	(b)	-	712
- ultimate holding body	(c)	-	235,133
Total trade payables		15,101	257,455

27. Trade and other payables (cont'd.)

Group	Note	2020 RM'000	2019 RM'000
Current			
Other payables			
Amount due to:			
- immediate holding company	(d)	8,286	8,754
Sundry payables		13,530	23,403
Provision for short-term accumulating compensated absences	(e)	243	202
Other accruals		33,035	57,031
		55,094	89,390
		70,195	346,845
Non-current			
Trade payables			
Retention sum on construction contracts		17,668	14,944
Amount due to ultimate holding body	(c)	-	271,503
		17,668	286,447
Total trade and other payables		87,863	633,292

Company	Note	2020 RM'000	2019 RM'000
Current			
Trade payables			
Amount due to third party	(a)	8	8
Other payables			
Amount due to:			
- subsidiaries	(f)	42,823	39,725
- immediate holding company	(d)	8,286	8,754
Sundry payables		1,605	1,697
Provision for short-term accumulating compensated absences	(e)	98	76
Other accruals		3,469	1,439
		56,281	51,691
Total trade and other payables		56,289	51,699

27. Trade and other payables (cont'd.)

(a) The trade payables are non-interest bearing and the normal trade credit terms granted to the Group and Company range from 14 to 60 days (2019: 14 to 60 days).

In the prior year, certain subsidiaries of the Group had commenced arbitration proceedings in relation to claims made against certain contractors which were involved in the property development projects of the Group. These contingent assets have not yet been recognised in the financial statements as at 31 December 2020, pending the outcome of the arbitration proceedings.

In addition, no incremental provisions have been recognised in relation to counter-claims by these contractors, as the Group as assessed, in consultation with its legal advisors that it is probable that the Group would be successful in its defense against these claims.

(b) Corporate shareholder of a subsidiary refers to Perbadanan Kemajuan Negeri Selangor ("PKNS"). These are amounts due to PKNS in relation to the purchase of two plots of land in year 2000, namely:

(i) a 209.7 acres plot of land at U12 Shah Alam, Selangor Darul Ehsan; and

(ii) approximately 45 acres plot of land at Pusat Bandar I, Pusat Bandar Kota Damansara for development as a mixed development project.

The outstanding amount is repayable to PKNS progressively in tandem with the progress billings issued to purchasers of the properties and is payable to PKNS within 2 weeks from the date of collection of the progress billings. The amount outstanding to PKNS has been fully repaid during current financial year.

(c) The amount due to the ultimate holding body, FELDA is in relation to the acquisition of a leasehold land in Bukit Katil, Melaka, measuring approximately 640.98 acres via a wholly-owned subsidiary, Encorp Bukit Katil Sdn. Bhd. ("EBKSB").

On 30 December 2020, EBKSB has entered into a settlement agreement with FELDA to discharge EBKSB's obligation on the land to FELDA pursuant to the Master Development Agreement dated 20 January 2016 including waiving all outstanding amounts due from EBKSB to FELDA. In return, Encorp has agreed to execute the requisite renunciation of the Power of Attorney dated 20 January 2016. Arising from this settlement agreement, the outstanding balance to FELDA of RM506,574,000 has been derecognised as disclosed in Note 36.

The carrying amount of the land held for development amounted to RM458,053,000. The capitalised amounts included the cumulative development expenditure of RM2,497,000 and the effects of the accretion of the amount due to FELDA amounting to RM75,556,000. The development expenditure was written off during the year following the execution of the settlement agreement.

27. Trade and other payables (cont'd.)

(c) In addition to the consideration of the land and the amounts capitalised as part of the land held for development, the following amounts have been derecognised:

- An amount of RM27,847,000 of the accretion of the amount due to FELDA had been charged to the profit or loss in the prior year. This amount has been reversed and credited to the net finance costs during the year (Note 7).

- The waiver of the cumulative late payment interest charged by FELDA amounting to RM23,172,000, which has been accounted for as an equity transaction (Note 26(b)).

(d) Amount due to immediate holding company is unsecured, repayable on demand and bears interest rate of 5.08% (2019: 4.95% to 5.06%) except for an amount of RM5,725,000 which bears interest rate of 6.00% (2019: 6.00%).

(e) The movement of provision for short term accumulating compensated absences is as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At beginning of financial year	202	215	76	74
Recognised in profit or loss (Note 9)	243	202	98	76
Utilised during the year	(202)	(215)	(76)	(74)
At end of financial year	243	202	98	76

(f) The amounts due to subsidiaries are unsecured, non-interest bearing and are repayable on demand.

28. Loans and borrowings

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current					
Secured:					
Sukuk Murabahah	(a)	70,081	63,079	-	-
Term loan 1	(b)	13,502	13,502	-	-
Term loan 2	(c)	-	8,477	-	-
Revolving credit 1	(e)	3,350	3,350	-	-
Revolving credit 2	(b)	12,500	12,500	-	-
Revolving credit 3	(f)	15,000	15,000	15,000	15,000
Revolving credit 6	(h)	6,600	3,050	-	-
Revolving credit 4	(g)	5,000	5,000	5,000	5,000
		126,033	123,958	20,000	20,000

28. Loans and borrowings (cont'd.)

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Current (cont'd.)					
Unsecured:					
Lease liabilities	(i)	1,296	1,056	1,102	1,039
		1,296	1,056	1,102	1,039
Total current loans and borrowings		127,329	125,014	21,102	21,039
Non-current					
Secured:					
Sukuk Murabahah	(a)	651,862	721,942	-	-
Term loan 1	(b)	27,662	32,162	-	-
Term loan 2	(c)	9,155	-	-	-
Bridging loan	(d)	10,422	-	-	-
		699,101	754,104	-	-
Unsecured:					
Lease liabilities	(i)	20,074	20,949	19,833	20,935
Total non-current loans and borrowings		719,175	775,053	19,833	20,935
Total loans and borrowings		846,504	900,067	40,935	41,974

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

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
On demand or within one year	127,330	125,014	21,102	21,039
More than 1 year and less than 2 years	112,031	84,698	1,285	1,102
More than 2 years and less than 5 years	293,689	273,502	4,846	4,337
5 years or more	313,454	416,853	13,702	15,496
	846,504	900,067	40,935	41,974

28. Loans and borrowings (cont'd)

(a) Sukuk Murabahah

On 18 May 2012, a subsidiary issued Islamic Securities ("Sukuk") based on the Shariah principle of Murabahah via a Tawarruq arrangement with a total nominal value of RM1.575 billion. The Sukuk was issued for the following purposes:

(i) to refinance all of the amounts outstanding under the existing Al-Bai' Bithaman Ajil Notes Issuance Facilities which had previously been issued to finance the planning, design, construction and completion of 10,000 units of teachers' quarters for the Government of Malaysia;

(ii) to fund the Trustees' Reimbursement Account; and

(iii) the balance, for the subsidiary's general corporate expenses which includes payments to defray expenses incurred in relation to the issuance of the Sukuk and a one-time dividend payment to its immediate holding company.

The Sukuk has a tenure of up to 16 years and matures on 18 May 2028. The principal amount of the Sukuk is divided into 31 tranches and redeemable semi-annually. The yield to maturity ranges from 9.58% to 11.04% per annum, and is repayable half yearly.

The Sukuk is secured over the following:

(i) assignment of the concession payments in respect of 10,000 units of teachers' quarters under the Privatisation Agreement dated 9 February 1998 between the Government of Malaysia and the subsidiary;

(ii) a debenture to create a first ranking fixed and floating charge over all present and future assets of the subsidiary; and

(iii) first ranking charge and assignment of the designated accounts which include:

- an Escrow Account in which all the payments from the Government of Malaysia pursuant to the Privatisation Agreement and all other income, revenue or proceeds received by the subsidiary (save for proceeds from the Sukuk Murabahah) are to be deposited and shall be operated solely by the Security Trustee; and

- a Finance Service Reserve Account utilised solely for the profit payments under the Sukuk Murabahah falling due and payable and shall be solely operated by the Security Trustee.

The major covenants that are required to be complied by the subsidiary are as follows:

(i) to maintain a Finance Service Cover Ratio ("FSCR") of at least 1.20 times throughout the tenure of the Sukuk Murabahah to be duly confirmed by the external auditors based on the latest audited financial statements on an annual basis; and

(ii) to maintain an amount equivalent to the next immediate profit payment in the FSRA at least three (3) months prior to such profit payment due date.

28. Loans and borrowings (cont'd.)

(b) Term loan 1 and revolving credit 2

Term loan 1 is at bank's one-month effective cost of funds + 3.50% (2019: cost of funds + 3.25%) per annum. Revolving credit 2 of RM12.5 million is at effective cost of funds + 2.75% (2019: cost of funds + 2.75%) per annum.

These loans are secured by a fixed charge over the Group's two units of terrace shop offices recognised as property, plant and equipment as disclosed in Note 13, two units of terrace shop offices recognised as investment properties as disclosed in Note 14, leasehold land included in completed investment properties as disclosed in Note 14, assignment over the project account and debenture over fixed and floating charge.

(c) Term loan 2

Term loan 2 is at 3.09% per annum (2019: 3.72% per annum). The loan is secured by a fixed deposit as disclosed in Note 24(b), three penthouse unit located at Western Australia as disclosed in Note 15(c), freehold land as disclosed in Note 15(a) and corporate guarantee provided by the Company and a deed of subordination.

(d) Bridging loan

Bridging loan is at profit rate of 12.00% per annum, effective cost of funds + 1.25% per annum.

Bridging loan is secured against first party first legal charge over 72 plots of vacant residential terraced lot and a parcel of vacant residential leasehold land as disclosed in Note 15(b), assignment of company's rights, titles, benefits and interests in respect of the "construction contract" with its main-contractor and the related insurance/performance bond thereto, legal charge and assignment over the designated accounts, assignment of sale proceeds of the Housing Development Account and specific debenture over a property development project of the Group.

(e) Revolving credit 1

Revolving credit 1 is at effective cost of funds + 1.25% per annum.

Two units of terrace shop offices have been charged for the revolving credit 1 facility as disclosed in Note 14 together with the assignment of rental proceeds and corporate guarantee provided by the Company.

(f) Revolving credit 3

Revolving credit 3 is at cost of funds + 2% per annum. Five units of terrace shop offices have been charged for the revolving credit 3 facility as disclosed in Note 14.

28. Loans and borrowings (cont'd.)

(g) Revolving credit 4

Revolving credit is at cost of funds + 1.50% per annum. Six units of terrace shop offices have been charged for the revolving credit 4 facility as disclosed in Note 15(c).

(h) Revolving credit 6

Revolving credit is at cost of funds + 1.25% per annum. The facility is secured with 7 leasehold units located at Cahaya Alam as disclosed in Note 15(c) and legal charge and assignment over Finance Service Reserve Account ("FSRA").

(i) Lease liabilities

Lease liabilities weighted average of incremental borrowing rate at 5.66% (2019: 5.66%).

29. Other current liabilities

		Group	
	Note	2020 RM'000	2019 RM'000
Current			
Provision for Liquidated and Ascertained Damages	(a)	5,412	4,018
Provision for affordable housing obligations	(b)	15,995	10,520
		21,407	14,538

(a) Provision for liability - Liquidated and Ascertained Damages

The provision is in respect of the estimated liquidated and ascertained damages payable arising from the property development projects undertaken by the Group.

	Group	
	2020 RM'000	2019 RM'000
At 1 January	4,018	16,439
Charged to profit or loss	1,810	908
Payments made	(416)	(13,329)
At 31 December	5,412	4,018

The Group is involved in certain legal cases involving claims for compensation for the late delivery and the specific performance for the construction of certain public infrastructure relating to a completed property development project of the Group. No incremental provisions have been made in relation to these claims in the current and prior years, as the Group has assessed, in consultation with its legal advisors, that it is probable that the Group would be successful in defending these claims.

29. Other current liabilities (cont'd.)

(b) Provision for affordable housing obligations

	Group	
	2020 RM'000	2019 RM'000
At 1 January	10,520	5,484
Addition	5,932	13,137
Reversal	(457)	(8,101)
At 31 December	15,995	10,520

30. Financial guarantees

The Company has provided the following guarantees at the reporting date:

Corporate guarantees given to banks of RM12,505,000 (2019: RM11,828,000) for credit facilities granted to subsidiaries.

The management has assessed and concluded that there is no indication that the corporate guarantees would crystalise and no provision for expected credit loss has been provided on these guarantees as the borrowings are also secured over the land held for development of the subsidiaries. Consequently, the fair value of the corporate guarantees is assessed as nil.

31. Significant related party transactions

(a) Sales and purchases of goods and services

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

Group	Note	2020 RM'000	2019 RM'000
Interest charged on advances from immediate holding company		482	489
Interest charged by ultimate holding body		-	10,476
Interest on accretion of deferred payment to ultimate holding body		-	27,847
Company			
Management fees charged to subsidiaries	(i)	(4,320)	(4,335)
Rental payable to subsidiary	(ii)	450	568
Interest charged to subsidiaries		(222)	(241)
Coupon payable on RCSLS charged to subsidiary	(iii)	(3,122)	(3,122)

31. Significant related party transactions (cont'd.)

(a) Sales and purchases of goods and services (cont'd.)

(i) The rendering of services to subsidiaries have been entered into in the normal course of business and are repayable at negotiated terms.

(ii) The rental payable to the subsidiary has been entered into in the normal course of business and is repayable at negotiated term.

(iii) The coupon payable on RCSLS charged to Must Ehsan Development Sdn. Bhd. ("MEDSB") is in relation to the interest on RCSLS proceed advanced to MEDSB for its current projects.

Information regarding outstanding balances arising from related party transactions as at 31 December 2020 and 31 December 2019 are disclosed in Notes 18 and 27.

(b) Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity either directly or indirectly.

The remuneration of directors and other members of key management during the year was as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Salaries and other emoluments	504	518	504	518
Contributions to defined contribution plans	67	69	67	69
Other staff related expenses	54	54	54	54
	625	641	625	641

32. Fair value measurements

Fair value hierarchy

The Group's and the Company's financial instruments are analysed in a three level fair value hierarchy based on the significance of inputs.

<u>Level 1</u>
Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

32. Fair value measurements (cont'd.)

Fair value hierarchy (cont'd.)

Level 2
Input other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3
Input for the asset or liability that are not based on observable market data (unobservable input).

The following table provides the fair value measurement hierarchy of the Group's and Company's assets:

Group	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
At 31 December 2020				
Investment properties (Note 14):				
- Shopping mall	-	-	164,000	164,000
- Terrace shop office	-	-	120,050	120,050
Financial assets:				
- Investment securities carried at fair value through profit or loss (Note 21)	-	127,799	-	127,799
	-	127,799	284,050	411,849
At 31 December 2019				
Investment properties (Note 14):				
- Shopping mall	-	-	183,000	183,000
- Terrace shop office	-	-	120,050	120,050
Financial assets:				
- Investment securities carried at fair value through profit or loss (Note 21)	-	123,215	-	123,215
	-	123,215	303,050	426,265

Company				
At 31 December 2020				
Financial assets:				
- Investment securities carried at fair value through profit or loss (Note 21)	-	3,160	-	3,160
	-	3,160	-	3,160

32. Fair value measurements (cont'd.)

The following table provides the fair value measurement hierarchy of the Group's and Company's assets: (cont'd.)

Company	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 31 December 2019				
Financial assets:				
- Investment securities carried at fair value through profit or loss (Note 21)	-	-	-	-
	-	-	-	-

Description of valuation techniques used and key inputs to valuation on investment properties measured at level 3:

Property category	Valuation technique	Significant unobservable inputs	Range
At 31 December 2020			
Terrace Shop office	Market comparable approach	Difference in location, time factor, size, land usage, tenure and main road frontage	5%
Shopping mall	Investment method	Estimated rental rates Outgoings Allowance for void Reversionary yield rates Term yield rates	RM2.20 to RM9.70 psf RM1.50 psf 10% 7% 6.5%
At 31 December 2019			
Terrace Shop office	Market comparable approach	Difference in location, time factor, size, land usage, tenure and main road frontage	5% - 10%
Shopping mall	Investment method	Estimated rental rates Outgoings Allowance for void Reversionary yield rates Term yield rates	RM1.00 to RM22.00 psf RM1.50 psf 10% 7% 6.5%

32. Fair value measurements (cont'd.)

Terrace shop offices

In arriving at the market value, the valuer adopted the market comparison method. This method of valuation seeks to determine the value of the property being valued by comparing and adopting as a yardstick recent transactions and sale evidence involving other similar properties in the vicinity. Due considerations are given for such factors including location, plot size, land usage, tenure and proximity to the main road.

Shopping mall

The fair values were determined based on the capitalisation of net income method (“investment method”) and is premised on the principle that the value of an income-producing property is represented by the “present worth of future rights to income, or utility”. The values estimated under this method are derived by ascertaining the market rent of the properties ("estimated rental rates"); deducting all reasonable annual operating expenses ("outgoings") (as would be experienced under typical management) and then capitalising the resultant net operating income by an appropriate rate ("reversionary yield rates") of capitalisation to obtain the present value of the income stream. In undertaking their assessment of the value using this approach, the market rental income and expected future rental income are taken into consideration. In arriving at the net income, the outgoings i.e. quit rent, assessment, insurance coverage, repairs and maintenance and management, are deducted from gross rental income together with allowance for void ("allowance for void").

Sensitivity analysis for fair value of the shopping mall

The following table demonstrates the sensitivity of the fair value and the impact to the profit and loss to the changes in estimated rental rate, outgoings, allowance for void and reversionary yield rate with all other variables held constant.

		2020 Increase/ (Decrease) RM’000	**2019 Increase/ (Decrease) RM’000**
Estimated rental rates	+ 10%	22,000	24,000
	- 10%	(22,000)	(24,000)
Outgoings	+ 10%	(5,000)	(6,000)
	- 10%	6,000	6,000
Allowance for void	+ 10%	(11,000)	(13,000)
	- 10%	11,000	13,000
Reversionary yield rates	+ 1%	(20,000)	(21,000)
	- 1%	27,000	27,000
Term yield rates	+ 1%	(106)	(100)
	- 1%	155	155

32. Fair value measurements (cont'd.)

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (non-current and current)	18
Other investments	21
Cash and cash equivalents	24
Trade and other payables (non-current and current)	27
Loans and borrowings (non-current and current)	28

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are repriced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

Amounts due from/to related parties, finance lease obligations and loans and borrowings

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Financial guarantees

Fair value is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default; and
- The estimated loss exposure if the party guaranteed was to default.

Detail is as disclosed in Note 30.

32. Fair value measurements (cont'd.)

Categories of financial instrument:

Group	Note	2020 RM'000	2019 RM'000
Financial assets			
At amortised costs:			
Trade and other receivables	18	756,225	807,763
Other investment	21	-	4,301
Cash and cash equivalents	24	29,892	45,853
At FVTPL:			
Other investment	21	127,799	123,215
Financial liabilities			
At amortised costs:			
Trade and other payables	27	87,863	633,292
Loans and borrowings	28	846,504	900,067
Company			
Financial assets			
At amortised costs:			
Trade and other receivables	18	75,852	105,043
Cash and cash equivalents	24	1,081	644
At FVTPL:			
Other investment	21	3,160	-
Financial liabilities			
At amortised costs:			
Trade and other payables	27	56,289	51,699
Loans and borrowings	28	40,935	41,974

33. Financial risk management objectives and policies

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

The Board of Directors reviews and agrees policies and procedures for the management of these risks which are executed by the Risk Management Committee. The audit committee provides independent oversight to the effectiveness of the risk management process. In formulating its risk management policies, the Group has considered the impact of the Covid-19 pandemic, as disclosed in Note 2.1.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

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

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

(a) Credit risk management

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 sales made on deferred credit terms. For other financial assets (including cash and cash equivalents and short-term investment), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's credit risk is primarily attributable to trade receivables. 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 and the Group's exposure to bad debts is not significant.

<u>Exposure to credit risk</u>

As at the reporting date, the Group has a concentration of credit risk as disclosed in Note 18. Apart from this, the Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

The details of the financial guarantees provided by the Company to its subsidiaries and the assessment of the expected credit loss and fair values are disclosed in Note 30.

<u>Credit risk concentration profile</u>

The Group determines concentration of credit risk by monitoring the industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date is as follows:

	2020		2019	
Group	**RM'000**	**% of total**	**RM'000**	**% of total**
<u>By industry sectors</u>				
Concessionaire sector	703,637	94%	756,275	90%
Property development sector	43,908	6%	36,464	8%
Investment property *	2,937	0%	2,927	1%
Other sector *	823	0%	4,692	1%
	751,305	100%	800,358	100%

* Less than 1% of total receivables

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

(a) Credit risk management (cont'd.)

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired as disclosed in Note 18. Deposits with banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

(b) Liquidity risk management

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

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

Group	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
At 31 December 2020				
Financial liabilities				
Trade and other payables (excluding provision)	72,252	16,642	-	88,894
Loans and borrowings	224,286	578,991	357,546	1,160,823
Total undiscounted financial liabilities	296,538	595,633	357,546	1,249,717
At 31 December 2019				
Financial liabilities				
Trade and other payables (excluding provision)	346,643	254,424	132,600	733,667
Loans and borrowings	203,187	465,211	498,846	1,167,244
Total undiscounted financial liabilities	549,830	719,635	631,446	1,900,911

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

(b) Liquidity risk management (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd.)

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations. (cont'd.)

Company	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
At 31 December 2020				
Financial liabilities				
Trade and other payables (excluding provision)	56,191	-	-	56,191
Loans and borrowings	23,143	10,052	16,028	49,223
Total undiscounted financial liabilities	79,334	10,052	16,028	105,414
At 31 December 2019				
Financial liabilities				
Trade and other payables (excluding provision)	51,623	-	-	51,623
Loans and borrowings	23,450	9,695	18,665	51,810
Total undiscounted financial liabilities	75,073	9,695	18,665	103,433

(c) Interest rate risk management

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

The Group’s exposure to market risk for changes in interest rates relates primarily to the Group’s debt obligations. The Group adopts a policy of constantly monitoring movements in interest rates. Presently, it does not use derivative financial instruments to hedge its interest rate risk.

The Group’s policy is to manage interest cost using a mix of fixed and floating rate debts.

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

(c) Interest rate risk management (cont'd.)

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's loss net of tax would have been RM259,000 (2019: RM224,000) lower/higher, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign currency exchange risk management

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group holds cash and cash equivalents and other investments denominated in foreign currency for working capital purposes. At the reporting date, such foreign currency balances (mainly in Australian Dollar ("AUD")) amounted to RM627,000 (2019: RM4,847,000) for the Group.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the investment is located or by borrowing in currency that match the future revenue stream to be generated from its investment.

The Group is also exposed to currency translation risk arising from its net investments in foreign operation in Australia. The Group's net investments in Australia is not hedged as it is considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss net of tax to a reasonably possible change in the AUD exchange rates against the functional currency of the Group, with all other variables held constant.

		Group	
		2020 RM'000	2019 RM'000
AUD/RM	- strengthened 8% (2019: 2%)	(86)	(8)
	- weakened 8% (2019: 2%)	86	8

34. 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 shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2020 and 31 December 2019.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio to not more than 100%. The net debt includes, loans and borrowings (excluding Sukuk), trade and other payables, less cash and cash equivalents, fixed deposits and investment securities. Capital includes equity attributable to the owners of the parent and non-controlling interest.

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Loans and borrowings	28	846,504	900,067	40,935	41,974
Trade and other payables	27	87,863	633,292	56,289	51,699
Less:					
Sukuk Murabahah	28	(721,943)	(785,021)	-	-
Other investments	21	(127,799)	(127,516)	(3,160)	-
Cash and cash equivalents	24	(29,892)	(45,853)	(1,081)	(644)
Net debt		54,733	574,969	92,983	93,029
Equity attributable to the owners of the parent		363,733	345,889	151,411	163,733
Non-controlling interest		84,370	87,335	-	-
Total capital		448,103	433,224	151,411	163,733
Capital and net debt		502,836	1,008,193	244,394	256,762
Gearing ratio		11%	57%	38%	36%

The Sukuk Murabahah has been excluded from the computation above as the Sukuk is secured over security as disclosed in Note 28(a) and the Sukuk do not have any financial recourse to the Group.

35. Segment information

For management purposes, the Group is organised into six main business units based on their products, and has six reportable operating segments as follows:

(i) Investment holding and the provision of management services;

(ii) Concessionaire;

(iii) Construction management;

(iv) Property development;

(v) Investment property; and

(vi) Others - Trading of building materials, food and beverage operation and provision of facilities management.

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

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, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business.

35. Segment information (cont'd.)

	Investment and the provision of management services RM'000	Concessionaire RM'000	Property development RM'000	Investment property RM'000	Construction project management RM'000	Others * RM'000	Adjustment and eliminations RM'000	Notes	Per consolidated financial statements RM'000
At 31 December 2020									
Revenue									
External customers	-	72,744	57,054	4,319	-	-	-		134,117
Inter-segment	5,880	-	-	754	-	-	(6,634)	A	-
Total revenue	5,880	72,744	57,054	5,073	-	-	(6,634)		134,117
Results:									
Interest income and distribution income	3,455	3,301	11,793	1	2	24	(12,385)		6,191
Interest expense	(2,622)	(73,441)	19,317	(8,956)	(17)	(6)	12,385		(53,340)
Depreciation and amortisation	(2,083)	-	(77)	(202)	-	(4)	(101)		(2,467)
Rental income	-	-	934	-	-	-	-		934
Grant income	139	-	14	65	-	-	-		218
Other non-cash income	4	128	2,876	288	-	12	-	B	3,308
Fair value loss on investment property	-	-	-	(19,000)	-	-	-		(19,000)

35. **Segment information (cont'd.)**

	Investment and the provision of management services RM'000	Concessionaire RM'000	Property development RM'000	Investment property RM'000	Construction project management RM'000	Others * RM'000	Adjustment and eliminations RM'000	Notes	Per consolidated financial statements RM'000
At 31 December 2020 (cont'd.)									
Results: (cont'd.)									
Development expenditure written off	-	-	(2,497)	-	-	-	-		(2,497)
Impairment on other investments	-	-	(4,645)	-	-	-	-		(4,645)
Land held for development written down	-	-	(1,159)	-	-	-	-		(1,159)
Inventories written down	-	-	(1,322)	-	-	-	-		(1,322)
Segment (loss)/profit	(11,843)	1,694	(3,203)	(28,061)	(170)	(1,216)	36,191		(6,608)
Assets:									
Additions to non-current assets	129	3	594	33	-	3	-	C	762
Segment assets	290,726	826,677	600,408	304,520	53,583	1,390	(654,607)	D	1,422,697
Segment liabilities	99,141	725,360	309,646	339,916	10,061	23,180	(539,347)	E	967,957

* Inclusive facilities management and other entities in property investment and food and beverage

35. Segment information (cont'd.)

	Investment and the provision of management services RM'000	Concessionaire RM'000	Property development RM'000	Investment property RM'000	Construction project management RM'000	Others * RM'000	Adjustment and eliminations RM'000	Notes	Per consolidated financial statements RM'000
At 31 December 2019									
Revenue									
External customers	-	78,813	80,939	5,867	-	-	-		165,619
Inter-segment	8,366	-	-	855	-	-	(9,221)	A	-
Total revenue	8,366	78,813	80,939	6,722	-	-	(9,221)		165,619
Results:									
Interest income and distribution income	3,436	4,499	11,795	2	1	12	(13,332)		6,413
Interest expense	(2,991)	(79,034)	(48,358)	(9,927)	(19)	(7)	13,332		(127,004)
Depreciation and amortisation	(2,255)	-	(82)	(81)	-	(5)	(100)		(2,523)
Rental income	-	-	650	-	-	-	-		650

35. **Segment information (cont'd.)**

	Investment and the provision of management services RM'000	Concessionaire RM'000	Property development RM'000	Investment property RM'000	Construction project management RM'000	Others * RM'000	Adjustment and eliminations RM'000	Notes	Per consolidated financial statements RM'000
At 31 December 2019 (cont'd.)									
Results: (cont'd.)									
Other non-cash income	2	127	44	1,033	10	4,013	(471)	B	4,758
Fair value loss on investment property	-	-	-	(890)	-	-	320		(570)
Impairment loss on investment in subsidiary	(166,000)	-	(2,500)	-	-	-	168,500		-
Segment (loss)/profit	(171,069)	3,693	(28,384)	(10,715)	(935)	2,871	162,714		(41,825)
Assets:									
Additions to non-current assets	28	-	9,877	77	-	-	-	C	9,982
Segment assets	299,828	888,981	1,094,506	322,957	53,876	5,555	(675,999)	D	1,989,704
Segment liabilities	96,013	789,015	829,157	328,019	10,183	26,958	(522,865)	E	1,556,480

* Inclusive facilities management and other entities in property investment and food and beverage

35. Segment information (cont'd.)

A Inter-segment revenues were eliminated on consolidation.

B Other material non-cash income consist of the following items as presented in the respective notes to the financial statements:

	Note	2020 RM'000	2019 RM'000
Other Income-Purchasers related income	6	307	283
Other income		2,994	109
Reversal of impairment on receivables	6	7	870
Gain on disposal of assets	6	-	3,496
		3,308	4,758

C Additions to non-current assets consist of:

	Note	2020 RM'000	2019 RM'000
Property, plant and equipment	13	208	221
Land held for property development	15(a)	554	9,761
		762	9,982

D The following items were added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	Note	2020 RM'000	2019 RM'000
Deferred tax assets	20	9,356	15,068
Tax recoverable		1,294	1,094
Inter-segment assets		(665,257)	(692,161)
		(654,607)	(675,999)

E The following items were added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	Note	2020 RM'000	2019 RM'000
Current tax payable		2,435	701
Deferred tax liabilities	20	1,422	3,701
Inter-segment liabilities		(543,204)	(527,267)
		(539,347)	(522,865)

35. Segment 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		Non-current assets	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Malaysia	134,117	165,619	317,316	808,366
Australia	-	-	8,515	9,033
	134,117	165,619	325,831	817,399

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	Note	2020 RM'000	2019 RM'000
Property, plant and equipment	13	5,084	5,298
Intangible assets	17	14	7,470
Investment properties	14	284,050	303,050
Land held for property development	15(a)	36,683	501,581
		325,831	817,399

36. Significant events

(a) Settlement agreement to discharge EBKSB's obligation on Bukit Katil Land

On 20 January 2016, a subsidiary of the Group, EBKSB had entered into a Master Development Agreement ("MDA") with FELDA.

On 30 December 2020, EBKSB has entered into a settlement agreement with FELDA to discharge EBKSB's obligation on the land to FELDA pursuant to the MDA dated 20 January 2016 including waiving all outstanding amounts due from EBKSB to FELDA. In return, Encorp has agreed to execute the requisite renunciation of the Power of Attorney dated 20 January 2016.

The effects of this transaction on the financial position and results of the Group are disclosed in Note 27.

(b) Covid-19 outbreak

The prolonged Covid-19 pandemic has adversely impacted the market outlook and operating conditions of the various business segments of the Group. The results and financial position of the Group during the year end have been impacted by various factors, including the following:

- The softening demand and outlook of the property development and property investment segments which have impacted the revenues from the sale of completed properties and the rental income for the investment properties of the Group; and

- The re-assessment of the carrying amounts of certain assets of the Group, including the investment properties. The fair values of the investment properties are derived based on certain key assumptions of the market conditions prevailing as at 31 December 2020. The details of the impairment of investment properties and the writedown of inventories are disclosed in Notes 8, 14 and 15.

List of Properties

LOCATION LAND	DESCRIPTION AND EXISTING USE	AREA (sq. m)	NET CARRYING AMOUNTS AS AT 31.12.2020 (RM'000)	YEAR OF ACQUISITION
Completed Investment Properties				
Red Carpet Avenue	29 units terrace shop offices	18,124	136,690	2013
Strand Mall	4 storey retail podium including a basement car park and 4 levels of car park located above the retail podium	122,445	164,000	2013

LOCATION LAND	DESCRIPTION AND EXISTING USE	AREA (sq. m)	NET CARRYING AMOUNTS AS AT 31.12.2020 (RM'000)	YEAR OF ACQUISITION
Inventories - Properties Held For Sale				
PN 81890 Lot 4028 Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	1 unit 3 storey shop office	173	1,171	2000
Garden Office, Kota Damansara, Selangor Darul Ehsan on PN 96661, Lot 53635, Pekan Baru Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan	15 units of office suites & 518 units of car park bay (99 years lease expiring on 14/11/2107)	10,034	26,022	2000
PN 83285 Lot 5354, PN 83359 Lot 5427 & PN 83360 Lot 5428, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	Residential properties (99 years lease expiring on 28/03/2104)	1,490	120	2000
PN 117612 Lot 53634, Pekan Baru Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan	29 units of residential apartment & 66 units of car park bay (99 years lease expiring on 14/11/2107)	4,883	25,187	2000
PN 82706 Lot 4775 & PN 82726 Lot 4795, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	2 units of residential properties (99 years lease expiring on 30/03/2104)	356	1,163	2000
PN 81989 Lot 4120, PN 82145 Lot 4263, PN 82152 - 82153 Lot 4270 - 4271, PN 82155 - 82159 Lot 4273 - 4277, PN 82177 Lot 4294 & PN 82192 Lot 4301, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	11 units of residential properties (99 years lease expiring on 22/03/2104 & 25/03/2104)	1,683	3,238	2000
No Hakmilik 509608, Lot 194438, Mukim Pulai, Daerah Johor Bahru, Johor	65 units of residential apartment, 16 units of retail & 316 units of car park bay (freehold land)	11,925	56,542	2012

LOCATION LAND	DESCRIPTION AND EXISTING USE	AREA (sq. m)	NET CARRYING AMOUNTS AS AT 31.12.2020 (RM'000)	YEAR OF ACQUISITION
Inventories - Properties Under Development & Land Held for Development				
PN 81947 - 81954 Lot 4084 - 4091, PN 81956 - 81965 Lot 4092 - 4101, PN 81994 - 82016 Lot 4127 - 4149, PN 82019 - 82033 Lot 4152 - 4166, PN 82035 - 82041 Lot 4171 - 4177, PN 82042 - 82046 Lot 4179 - 4183, PN 82052 - 82058 Lot 4190 - 4196, PN 82060 - 82063 Lot 4197 - 4200, PN 82083 - 82092 Lot 4201 - 4210, PN 82196 - 82202 Lot 4307 - 4313 & PN 82204 - 82250 Lot 4314 - 4360, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	Residential properties under construction (99 years lease expiring on 22/03/2104 & 25/03/2104)	24,082	6,115	a 2000
PN 82833 - 82852 Lot 4902 - 4921, PN 82854 - 82925 Lot 4924 - 4995 & PN 82927 - 82946 Lot 4997 - 5016, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	Land held for property development (99 years lease expiring on 31/03/2104)	22,989	3,689	2000
PN 83361 - 83425 Lot 5432 - 5496, PN 83426 - 83434 Lot 5499 - 5507 & PN 83435 - 83452 Lot 5509 - 5526 Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	Land held for property development (99 years lease expiring on 31/03/2104)	16,195	3,398	2000
PN 82610 - 82624 Lot 4692 - Lot 4706, PN 82644 - 82651 Lot 4707 - 4714, PN 82653 - 82664 Lot 4718 - 4729, PN 82669 - 82670 Lot 4730 - 4731, PN 82671 - 82675 Lot 4744 - 4748, PN 82677 - 82683 Lot 4749 - 4755 & PN 83748 - 83759 Lot 4732 - 4743, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	Land held for property development (99 years lease expiring on 28/03/2104 & 30/03/2104)	12,396	3,398	2000
PN 81867 Lot 4006, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	Land held for property development (99 years lease expiring on 31/03/2104)	19,119	1,939	2000
PN 81869 Lot 4010, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	Land held for property development (99 years lease expiring on 31/03/2104)	30,471	3,090	2000
PN 83453 Lot 5530, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	Land held for property development (99 years lease expiring on 31/03/2104)	17,332	1,754	2012

LOCATION LAND	DESCRIPTION AND EXISTING USE	AREA (sq. m)	NET CARRYING AMOUNTS AS AT 31.12.2020 (RM'000)	YEAR OF ACQUISITION
Oversea Inventories				
67 McCallum Lane, Victoria Park, Australia being Lots 26, 27 & 28 on Strata Title Plan 63339	3 units of residential apartment (freehold)	1,187	14,783	2010

LOCATION LAND	DESCRIPTION AND EXISTING USE	AREA (sq. m)	NET CARRYING AMOUNTS AS AT 31.12.2020 (RM'000)	YEAR OF ACQUISITION
Inventories - Overseas Properties Under Development & Land Held for Development				
880 North Lake Road, Cockburn Central, Australia	Freehold land held for property development	11,002	8,515	2012

* The figures are based on the net carrying amounts recorded by the respective subsidiaries of the Group

Shareholdings' Information

ANALYSIS OF SHAREHOLDINGS AS AT 19 APRIL 2021

Issued Share Capital : RM 399,016,243.65 comprising 316, 684,717 ordinary shares *
Class of Shares : Ordinary shares
Voting Rights : One (1) vote per ordinary share

* Including 386,000 shares bought and retained as treasury shares

Size of Holdings	No. of Shareholders	%	No. of Shares	% of Shareholdings
1 - 99	140	5.39	1,228	0.00
100 - 1,000	330	12.72	221,411	0.07
1,001 - 10,000	1,440	55.49	6,527,822	2.06
10,001 - 100,000	581	22.39	20,038,729	6.34
100,001 – less than 5% of issued shares	102	3.93	52,442,001	16.58
5% and above of issued shares	2	0.08	237,067,526	74.95
Total	2,595	100.00	316,298,717	100.00

INFORMATION OF SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Felda Investment Corporation Sdn. Bhd.	197,067,526	62.30	-	-
Federal Land Development Authority	-	-	197,067,526 ①	62.30
Anjakan Masyhur Sdn. Bhd.	40,000,000	12.65	-	-
Azhar bin Mohd Awal	-	-	40,000,000 ②	12.65
Azman Hanafi bin Abdullah	-	-	40,000,000 ②	12.65

① Deemed interest through Felda Investment Corporation Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.
② Deemed interest by virtue of their substantial shareholdings in Anjakan Masyhur Sdn. Bhd.

LIST OF DIRECTORS' SHAREHOLDINGS

Directors	Shareholdings			
	Direct No. of Shares	%	Indirect No. of Shares	%
Hussein Bin Ismail	-	-	-	-
Mahadzir Bin Mustafa	-	-	-	-
Datuk Haji Jaafar Bin Abu Bakar	-	-	-	-
Abdul Rahim Bin Abdul Hamid	-	-	-	-

LIST OF 30 LARGEST SHAREHOLDERS
(as at 19 April 2021)

No.	Name	No. of Shares	%
1.	Felda Investment Corporation Sdn. Bhd.	197,067,526	62.30
2.	Anjakan Masyhur Sdn. Bhd.	40,000,000	12.65
3.	Kamaruzzaman Bin Abu Kassim	8,494,700	2.69
4.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account – Ambank (M) Berhad for Peh Lian Hwa (Smart)	4,200,000	1.33
5.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Teh Swee Heng (MM1118)	3,052,000	0.96
6.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Fong Kiah Yeow	2,181,400	0.69
7.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Sharon A/P S I Josop (PB)	2,100,000	0.66
8.	Ting Ding Ing	1,924,500	0.61
9.	Mohd Isa Bin Ismail	1,903,200	0.60
10.	Md Yusoff Bin Abdul Ghaffar	1,500,000	0.47
11.	Rosnah Binti Abd Majid	1,354,401	0.43
12.	Annedjma Capital Sdn. Bhd.	1,255,600	0.40
13.	RHB Nominees (Tempatan) Sdn. Bhd. Azman Bin Karim	1,081,000	0.34
14.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chew Pok Oi	1,060,800	0.34

No.	Name	No. of Shares	%
15.	Abdul Aziz Bin Abdul Kadir	1,000,000	0.32
16.	Siva Kumar A/L M Jeyapalan	700,100	0.22
17.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Kian Chuan (8059299)	700,000	0.22
18.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Stuart Saw Teik Siew	659,500	0.21
19.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mahadi Bin Mahussein (Margin)	600,000	0.19
20.	Anthony Abang	550,000	0.17
21.	Cheng Kok Sang	543,500	0.17
22.	Tung Yoke Cheng	481,000	0.15
23.	CGS-CIMB Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Lim Geok Eng Mary (MY0955)	468,500	0.15
24.	Olive Lim Swee Lian	410,000	0.13
25.	Chan Sun Leong	400,000	0.13
26.	Eng Chong Him	400,000	0.13
27.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Kian Aik	361,300	0.11
28.	Lim Geok Eng Mary	360,000	0.11
29.	Othamannor Bin Muhamad @ Wahab	350,000	0.11
30.	Siti Kamilah Binti Kamar	350,000	0.11
	Total	275,509,027	87.10

Statement of Share Buy-Back

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING PURSUANT TO PARAGRAPH 12.06(1) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. Disclaimer Statement

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused the Share Buy-Back Statement ("Statement") prior to its issuance as it is an exempt document. Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability, whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.

2. Introduction

The Company had on 31 March 2021, announced that it will be seeking shareholders' approval at the 21st Annual General Meeting ("AGM") of the Company for the proposed renewal of authority for the Company to purchase its own ordinary shares ("Encorp Shares") of up to 10% of the total number of issued shares of the Company ("Proposed Renewal of Authority for Share Buy-Back").

The purpose of this Statement is to provide the information on the Proposed Renewal of Authority for Share Buy-Back together with the Directors' recommendation thereon, and to seek shareholders' approval of the Ordinary Resolution on the Proposed Renewal of Authority for Share Buy-Back to be tabled at the 21st AGM of the Company to be held at the Broadcast Venue at Executive Lounge, Third Floor, Encorp Berhad, No 46-3, Jalan PJU 5/22, Pusat Perdagangan Kota Damansara, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan.

3. Details of the Proposed Renewal of Authority for Share Buy-Back

At the 20th AGM of the Company held on 23 September 2020, the shareholders had approved the renewal of the authority for the Company to purchase its own shares of up to 10% of the total number of issued shares of the Company. The said approval will expire at the conclusion of the 21st AGM of the Company unless renewed by an ordinary resolution passed by the shareholders.

The renewal of authority for the Company to purchase its own shares will be effective immediately upon the passing of the Ordinary Resolution at the forthcoming 21st AGM and will expire at:

(i) the conclusion of the next AGM of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;

(ii) the expiration of the period within which the next AGM of the Company after the date is required by law to be held; or

(iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first.

The Company may only purchase its own shares at a price which is not more than 15% above the weighted average market price of the shares for the five (5) market days immediately before the purchase.

In accordance with Section 127 of the Companies Act, 2016 (the "Act"), the Company could deal with any Encorp Shares so purchased in the following manner:

(i) to cancel the shares so purchased;

(ii) to retain the shares so purchased as treasury shares; or

(iii) to retain part of the shares so purchased as treasury shares and cancel the remainder of the shares.

Shares that are purchased by the Company shall be deemed to be cancelled immediately on purchase unless it is held as treasury shares. If such purchased shares are held as treasury shares, the Directors of the Company may:-

(a) distribute the shares as share dividends to shareholders;

(b) resell the shares or any of the shares in accordance with the relevant rules of Bursa Securities;

(c) transfer the shares, or any of the shares for the purposes of or under an employees' share scheme;

(d) transfer the shares, or any of the shares as purchase consideration;

(e) cancel the shares or any of the shares; or

(f) sell, transfer or otherwise use the shares for such other purposes as the minister charged with the responsibility for companies may by order prescribe.

If such purchased shares are held as treasury shares, the rights attached to them as to attending and voting at meetings and any purported exercise of such rights is void. The treasury shares shall not confer the right to receive dividends or other distributions, whether cash or otherwise, of the Company's assets including any distribution of assets upon winding up of the Company.

In addition, the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including, without limiting the generality of the provision in the Act or the Listing Requirements of Bursa Securities on substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on resolutions at meetings of shareholders.

Where treasury shares are distributed as share dividends, the costs of the shares on the original purchase shall be applied in the reduction of the funds otherwise available for distribution as dividends.

Where the shares so purchased or treasury shares are cancelled, the costs of the shares shall be applied in the reduction of the profits otherwise available for distribution as dividends. The issued capital of the Company shall be diminished by the shares so cancelled.

The Encorp Shares purchased and retained by Encorp as treasury shares can only be resold at a price which is:

(i) not less than the weighted average market price of the Encorp Shares for the five (5) market days immediately prior to the resale; or

(ii) at a discount of not more than 5% to the weighted average market price of the Encorp Shares for the five (5) market days immediately before the resale provided that:

    (a) the resale takes place not earlier than thirty (30) days from the date of purchase; and

    (b) the resale price is not less than the cost of purchase of the Encorp Shares being resold.

In accordance with Paragraph 12.26 of the Listing Requirements, Encorp may purchase its own shares in odd lots, i.e. any number of its own shares which is less than the number of shares prescribed by Bursa Securities as a board lot through Direct Business Transaction or in any other manner as may be approved by Bursa Securities in accordance with such requirements as may be prescribed or imposed by Bursa Securities.

To date, the Company has yet to determine the manner of which the purchased shares are to be treated.

4. Rationale for the Proposed Renewal of Authority for Share Buy-Back

The proposed share buy-back, if exercised, is expected to potentially benefit the Company and its shareholders in the following manners:

(a) The proposed share buy-back will provide the Company the option to return its surplus financial resources to its shareholders;

(b) Depending on the effective cost of funding of the shares to be purchased, the earnings per share of the Group may be enhanced (in the case where the shares so purchased are cancelled), and thereby long term investors are expected to enjoy a corresponding increase in the value of their investments in the Company;

(c) If the shares purchased are kept as treasury shares, the treasury shares may be realised with potential gain without affecting the total number of issued shares of the Company. Alternatively, the shares purchased can be distributed as share dividends to reward the shareholders of the Company; and

(d) The Company may be able to stabilise the supply and demand of its shares in the open market and thereby supporting its fundamental value.

5. Retained Profits

The proposed share buy-back must be made wholly-out of the company's retained profits. The maximum amount of funds to be utilised must not exceed the retained profit of the Company.

Based on the Audited Financial Statements of the Company for the financial year ended 31 December 2020, the accumulated loss account of the Company stood at RM247,278,190.

6. Source of Funds

The amount allocated for share buy-back will be financed by internally generated funds and/or bank borrowings, the proportion of which will depend on the quantum of the purchase consideration as well as the availability of internally generated funds and repayment capability of the Company, if financed by bank borrowings, at the date(s) of the purchase(s). In the event that the Company intends to purchase its own shares using external borrowings, the Board of Directors shall ensure that the Company shall have sufficient funds to repay the external borrowings and that the repayment would have no material effect on the cash flow of Encorp group of companies.

7. Direct and Indirect Interest of the Directors and Substantial Shareholders in the Proposed Renewal of Authority for Share Buy-Back

The proforma effects of the proposed share buy-back on the shareholdings of the Directors of the Company as at 19 April 2021 on the assumption that shares purchased from shareholders other than the Directors are set out below:

Directors	Before Proposed Renewal of Authority for Share Buy-Back				After Proposed Renewal of Authority for Share Buy-Back ①			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Hussein Bin Ismail	-	-	-	-	-	-	-	-
Mahadzir Bin Mustafa	-	-	-	-	-	-	-	-
Datuk Haji Jaafar Bin Abu Bakar	-	-	-	-	-	-	-	-
Abdul Rahim Bin Abdul Hamid	-	-	-	-	-	-	-	-

① Assuming that 10% of the existing total number of issued shares of Encorp are bought and retained as treasury shares in total.

The proforma effects of the proposed share buy-back on the shareholdings of the substantial shareholders in Encorp as at 19 April 2021 on the assumption that shares are purchased from shareholders other than the substantial shareholders are set out below:

Substantial Shareholders	Before Proposed Renewal of Authority for Share Buy-Back				After Proposed Renewal of Authority for Share Buy-Back #			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Felda Investment Corporation Sdn. Bhd.	197,067,526	62.30	-	-	197,067,526	69.14	-	-
Federal Land Development Authority	-	-	197,067,526①	62.30	-	-	197,067,526①	69.14
Anjakan Masyhur Sdn. Bhd.	40,000,000	12.65	-	-	40,000,000	14.03	-	-
Azhar Bin Mohd Awal	-	-	40,000,000②	12.65	-	-	40,000,000②	14.03
Azman Hanafi Bin Abdullah	-	-	40,000,000②	12.65	-	-	40,000,000②	14.03

Assuming that 10% of the existing total number of issued shares capital of Encorp are bought and retained as treasury shares in total.
① Deemed interest through Felda Investment Corporation Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.
② Deemed interest by virtue of their substantial shareholdings in Anjakan Masyhur Sdn. Bhd.

8. Potential Advantages and Disadvantages of the Proposed Renewal of Authority for Share Buy-Back

Potential advantages of the Proposed Renewal of Authority for Share Buy-Back to the Company and its shareholders are stated in Section 4 above.

Potential disadvantages of the Proposed Renewal of Authority for Share Buy-Back to the Company and its shareholders are as follow:

(a) it will reduce the financial resources of the Group and may result in the Group foregoing better investment opportunities in future or, at least deprive Encorp Group of interest income that can be derived from the funds utilised for the Share Buy-Back; and

(b) as the Share Buy-Back can only be made out of retained profits of the Company, it may result in the reduction of financial resources available for distribution to shareholders in the immediate future.

The Proposed Renewal of Authority for Share Buy-Back is not expected to have any potential material disadvantages to the Company and its shareholders, as it will be exercised only after in depth consideration of the financial resources of the Company and of the resultant impact on its shareholders. The Board of Directors in exercising any decision on the share buy-back will be mindful of the interest of the Company and its shareholders.

9. Financial Effects of the Proposed Renewal of Authority for Share Buy-Back

On the assumption that the share buy-back is carried out in full, the effects of the Proposed Renewal of Authority for Share Buy-Back on the share capital, net assets (NA) per share, working capital and earnings per share (EPS) of the Company are set out below:

(a) Share Capital

The effects of any purchase of the Company's own shares will depend on whether the Encorp Shares so purchased are cancelled or retained as treasury shares.

The proposed share buy-back will not have any effect on the total number of issued shares if all the Encorp Shares purchased are to be retained as treasury shares, re-sold or distributed to our shareholders.

The proposed share buy-back will however, result in the reduction of the total number of issued shares if the Encorp Shares so purchased are cancelled. The proforma effects of the proposed share buy-back based on the issued and paid-up share capital as at 19 April 2021 and assuming the Encorp Shares so purchased are cancelled are set out below:

	No. of Encorp Shares
Existing issued and paid-up share capital as at 19 April 2021	316,684,717
Treasury shares as at 19 April 2021	(386,000)
If maximum number of shares are purchased pursuant to the proposed share buy-back	(31,282,472)
Issued and paid-up share capital as diminished, if the treasury shares are cancelled	285,016,245

(b) NA

The effects of the share buy-back on the NA per share of the Encorp Group are dependent on the purchase price of the Encorp Shares at the time of buy back. If all Encorp Shares so purchased are cancelled, the consolidated NA per share of the Group is likely to be reduced if the purchase price exceeds the NA per share, whereas the NA per share of the Group will increase if the purchase price is less than the NA per share of the Group at the time of purchase.

For shares purchased which are kept as treasury shares, upon resale, the NA per share of the Group would increase assuming that a gain has been realised or decreased if a loss is realised. If treasury shares are distributed as share dividends, the NA of the Group would decrease by cost of the treasury shares.

(c) Working Capital

The proposed share buy-back will reduce the working capital of the Group, the quantum of which depends on, amongst others, the number of shares eventually purchased and the purchase price of the shares.

(d) EPS

Assuming that the shares purchased under the share buy-back are cancelled, the share buy-back may increase the EPS of Encorp Group. Similarly, on the assumption that the shares purchased are treated as treasury shares and subsequently resold, the extent of the effect on earnings of Encorp Group will depend on the actual selling price and number of treasury shares resold and the effective gain arising. In the event the shares purchased are held as treasury shares, i.e., neither cancelled nor resold, the effective reduction in the total number of issued shares of Encorp pursuant to the share buy-back would generally, all else being equal, increase the consolidated EPS of the Company.

(e) Dividends

Assuming the proposed share buy-back is implemented in full and the Company's quantum of dividends is maintained at historical levels, the share buy-back will have the effect of increasing the dividend rate of the Company as a result of the reduction in the total number of issued shares of the Company.

The proposed share buy-back may have an adverse impact on the Company's dividend policy for the financial year ending 31 December 2021 as it would reduce the cash available, which may otherwise be used for dividend payment. Nonetheless, the treasury shares purchased may be distributed as dividends to shareholders of the Company, if the Company so decides.

(f) Shareholdings

The effect of the proposed share buy-back on the percentage of shareholdings of the Directors and substantial shareholders of the Company would depend on the timing of the purchase, the number of shares purchased, if any, and their actual shareholdings at the time of such purchase.

Please refer to Section 7 above for further details on the shareholding structure of Directors and substantial shareholders of the Company.

10. Implication Under the Malaysian Code on Take-Overs and Mergers, 2016 (the "Rules")

In the event the proposed share buy-back results in any director(s), substantial shareholder(s) and/or parties acting in concert with him/them triggering a mandatory offer obligation under the Code, the affected director(s) or substantial shareholder(s) will be obliged to make a mandatory offer for the remaining Encorp Shares not held by him/them.

However, an approval may be sought from the Securities Commission by the affected director(s) or substantial shareholder(s) for exemption under the Code before a mandatory offer obligation is triggered.

11. Purchase, Resale and Cancellation of shares made in the previous twelve (12) months

As per the Record of Depositors as at 19 April 2021, a total of 386,000 shares were held as treasury shares.

None of the 386,000 shares bought back has been resold, cancelled or distributed as share dividend.

12. Public Shareholding Spread

As at 19 April 2021, the public shareholding spread of Encorp was 25.05%. The Company will not undertake any share buy-back if that will result in further breach of paragraph 8.02(1) of the Main Market Listing Requirements of Bursa Securities, which requires the Company to maintain a shareholding spread of at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders. The Board is mindful of the shareholding spread requirement and will continue to be mindful of the requirement when making any purchase of Encorp Shares by the Company.

13. Share Prices

The monthly highest and lowest prices of the shares traded on the Bursa Securities for the last twelve (12) months from May 2020 to April 2021 are as follows:

Year/ Month	2020 May	2020 June	2020 Jul	2020 Aug	2020 Sept	2020 Oct	2020 Nov	2020 Dec	2021 Jan	2021 Feb	2021 Mar	2021 Apr
(RM) HIGH	0.230	0.210	0.200	0.210	0.210	0.190	0.185	0.250	0.225	0.230	0.390	0.345
(RM) LOW	0.190	0.180	0.175	0.170	0.170	0.175	0.165	0.190	0.175	0.175	0.205	0.275

The last transacted price of Encorp shares on 19 April 2021 being the last practicable date prior to the printing of this statement was RM0.280.

14. Directors' Statement

This Statement has been seen and approved by the Board of Directors and they individually and collectively accept full responsibility for the accuracy of the information given in this Statement and confirm that, after making all reasonable enquiries, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

Having considered all aspects of the proposed share buy-back, the Board of Directors is of the opinion that the Proposed Renewal of Authority for Share Buy-Back is fair, reasonable and in the best interest of the Company.

15. Directors' Recommendation

The Board of Directors recommends that you vote in favour of the Ordinary Resolution for the Proposed Renewal of Authority for Share Buy-Back to be tabled at the forthcoming AGM.

16. Other Information

Copies of the following documents will be available for inspection at the registered office of Encorp at No.45-1, Jalan PJU 5/21, Pusat Perdagangan Kota Damansara, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan, during normal office hours on any working day from 24 May 2021 up to and including the date of the AGM:

(a) Constitution of Encorp; and
(b) Audited financial statements for financial years ended 31 December 2019 and 31 December 2020.

There is no other information concerning the Proposed Renewal of Authority for Share Buy-Back as shareholders and their professional advisers would reasonably require and expect to find in this Statement for the purpose of making informed assessment as to the merits of approving the Proposed Renewal of Authority for Share Buy-Back and the extent of the risks involved in doing so.

Notice of 21st Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 21st Annual General Meeting ("AGM") of ENCORP BERHAD will be conducted as a fully virtual AGM at the Broadcast Venue at Executive Lounge, Third Floor, Encorp Berhad, No 46-3, Jalan PJU 5/22, Pusat Perdagangan Kota Damansara, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan, on Wednesday, 23 June 2021 at 3.00 p.m. for the following purposes:

Agenda

As Ordinary Business

1	To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon.	(Please refer to Explanatory Note 1)
2	To approve the Directors' fees of up to RM700,000 for the period from 24 June 2021 until the next AGM of the Company, to be payable on a quarterly basis in arrears.	(Ordinary Resolution 1)
3	To approve the payment of Directors' benefits of up to RM170,000 being meeting attendance allowances and up to RM85,000 for each Director being the medical benefits, from 24 June 2021 until the next AGM of the Company.	(Ordinary Resolution 2)
4	To re-elect the following Directors who retire in accordance with Clause 99 of the Constitution of the Company: (a) Hussein Bin Ismail (b) Abdul Rahim Bin Abdul Hamid	 (Ordinary Resolution 3) (Ordinary Resolution 4)
5	To re-appoint Messrs Ernst & Young PLT as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix the Auditors' remuneration.	(Ordinary Resolution 5)

As Special Business

To consider and, if thought fit, to pass the following resolutions:

6	**Authority to Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016** "THAT subject to Sections 75 and 76 of the Companies Act 2016 and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares allotted pursuant to this resolution does not exceed twenty per centum (20%) of the total number of issued shares of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so allotted on Bursa Malaysia Securities Berhad ("Bursa Securities"); AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next AGM of the Company."	(Ordinary Resolution 6)

7 **Proposed Renewal of Authority for Share Buy-Back**

"THAT subject always to the Companies Act 2016, the Constitution of the Company, Main Market Listing Requirements ("Listing Requirements") of Bursa Securities, and the approvals of all relevant governmental and/or regulatory authorities, the Directors of the Company be and are hereby authorised to make purchases of such amount of ordinary shares in the Company through Bursa Securities, provided that:

(a) the aggregate number of ordinary shares purchased and/or held by the Company as treasury shares shall not exceed ten per centum (10%) of the existing total number of issued shares of the Company for the time being;

(b) the maximum funds allocated by the Company for the purpose of purchasing its shares shall not exceed the total retained profits of the Company; and

(c) the authority conferred by this resolution will commence immediately upon passing of this ordinary resolution and shall continue to be in force until:

    (i) the conclusion of the next AGM of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;

    (ii) the expiration of the period within the next AGM after that date is required by law to be held; or

    (iii) revoked or varied by ordinary resolution passed by the shareholders in a general meeting;

    whichever is earlier.

AND THAT the Directors of the Company be and are hereby authorised to deal with the shares purchased in their absolute discretion in the following manner:

(i) cancel all the shares so purchased;

(ii) retain the shares so purchased as treasury shares; or

(iii) retain part of the shares so purchased as treasury shares and cancel the remainder of the shares.

AND FURTHER THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary and/or enter into any and all agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of its own shares."

(Ordinary Resolution 7)

8	**Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature as specified in Section 2.3 of the Circular to Shareholders dated 24 May 2021.** "THAT, subject always to the Listing Requirements of Bursa Securities, approval be and is hereby given to the Company and its subsidiaries ("Encorp Group") to enter into and give effect to specified recurrent related party transactions of a revenue or trading nature of the Encorp Group with specified classes of related parties (as defined in the Listing Requirements of Bursa Securities and as specified in Section 2.3 of the Circular to Shareholders dated 24 May 2021) which are necessary for the day-to-day operations in the ordinary course of business and are carried out at arms' length basis on normal commercial terms of the Encorp Group, 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 and such approval shall continue to be in force until: (a) the conclusion of the next AGM of the Company 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 AGM after the date it 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 resolution passed by the shareholders in a general meeting; whichever is earlier. THAT authority be and is hereby given to the Directors of the Company to complete and do all such acts and things as they may consider necessary or expedient in the best interest of the Company (including executing all such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."	(Ordinary Resolution 8)
9	To transact any other ordinary business of which due notice has been given in accordance with the Companies Act 2016.	

By Order of the Board

Lee Lay Hong
LS 0008444
SSM PC No. 201908002088
Company Secretary

Selangor Darul Ehsan
24 May 2021

Explanatory Notes:

1. Audited Financial Statements

The Audited Financial Statements are laid in accordance with Section 340(1) (a) of the Companies Act 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not put for voting.

2. The payment of Directors' benefits of up to RM170,000 being meeting attendance allowances and up to RM85,000 for each Director being the medical benefits, from 24 June 2021 until the next AGM of the Company.

The details of the estimated total benefits payable to Non-Executive Chairman and Non-Executive Directors for the period from 24 June 2021 until the next AGM are as follows:

(a) Meeting allowance (no change from the previous year)

Estimated amount of meeting allowance up to RM170,000 is calculated based on the number of scheduled Board's and Board Committees' meetings.

(b) Medical benefits

Estimated amount of medical benefits is up to RM85,000 for each Director.

This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company.

3. Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

The Ordinary Resolution 6 proposed under item 6 of the Agenda, is to seek a general mandate to empower the Directors of the Company pursuant to Sections 75 and 76 of the Act, to issue and allot ordinary shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 20% of the total number of issued shares of the Company for the time being ("20% General Mandate"). This 20% General Mandate may be utilised by the Company to issue and allot new ordinary shares until 31 December 2021 and thereafter, unless extended by Bursa Securities, the 10% limit under Rule 6.03 of the Listing Requirements of Bursa Securities will be reinstated. This authority, unless revoked or varied at general meeting, will expire at the next AGM.

The general mandate granted by the shareholders at the 20th AGM of the Company held on 23 September 2020 had been utilised for a private placement exercise which had been completed on 16 October 2020. The Company had issued 10,210,500 ordinary shares at RM0.17 each and raised proceeds of RM1,735,785.00 from the private placement exercise. The status of utilization of proceeds as at 19 April 2021, being the last practicable date prior to the printing of this notice, is as follows:

	RM
Proceeds from Private Placement	1,735,785.00
Expenses in relation to Private Placement	(95,362.26)
Expenses for business growth activities	(45,487.07)
Working capital	(1,184,492.12)
Balance c/f	410,443.55

The General Mandate sought will enable the Directors of the Company to allot shares, including but not limited to further placing of shares, for purposes of funding investment(s), working capital and/or acquisition(s).

The Board, having considered the current and prospective financial position, needs and capacity of the Company, is of the opinion that the 20% General Mandate is in the best interest of the Company and its shareholders.

4. Proposed Renewal of Authority for Share Buy-Back

The proposed adoption of Ordinary Resolution 7 is intended to renew the authority granted by the shareholders of the Company at the AGM held on 23 September 2020. The proposed renewal of authority for share buy-back will allow the Board of Directors to exercise the power of the Company to purchase not more than ten per centum (10%) of the total number of issued shares of the Company at any time within the time period stipulated in the Listing Requirements of Bursa Securities.

5. Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolution 8, if approved, will allow the Company and its subsidiaries to enter into recurrent related party transactions of a revenue and trading nature relating to sale of properties by the Encorp Group to related parties. The details of the proposal are set out in the Circular to Shareholders dated 24 May 2021.

Notes:

1. As part of the initiatives to curb the spread of Covid-19, the 21st AGM of the Company will be conducted on a fully virtual basis by way of live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities available on Securities Services e-Portal of SS E Solutions Sdn. Bhd. at https://www.sshsb.net.my/login. Please follow the procedures in the Administrative Guide in order to participate remotely via RPV.

2. The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. **NO MEMBERS/PROXIES** from the public shall be physically present at the broadcast venue on the day of the 21st AGM.

3. In respect of deposited securities, only members whose names appear in the Record of Depositors on 16 June 2021 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 21st AGM.

4. A proxy may but need not be a member of the Company.

5. If the appointer is a corporation, the form of proxy must be given under its common seal or under the hand of an officer or attorney of the corporation duly authorised.

6. A member shall be entitled to appoint more than one (1) proxy subject always to a maximum of two (2) proxies to attend and vote at the same meeting provided that the provision of Section 294(2) of the Companies Act 2016 is complied with.

7. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

8. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

9. The appointment of proxy may be made in a hardcopy form or by electronic means as follows and must be deposited with the Company's Share Registrar, Securities Services (Holdings) Sdn. Bhd. not less than forty-eight (48) hours before the time for holding this meeting or any adjournment thereof. Otherwise the instrument of proxy should not be treated as valid.

   (a) By Hardcopy Form
   The Form of Proxy or the Power of Attorney or other authority, if any, must be deposited at the office of the Company's Shares Registrar, Securities Services (Holdings) Sdn. Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia.

   (b) By Online system
   The instrument appointing a proxy can be electronically submitted to the Share Registrar via Securities Services e-Portal at https://www.sshsb.net.my/login (Kindly refer to the Administrative Guide for further information.)

Statement accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

Details of individuals who are standing for election as Directors

There are no individuals who are standing for election as directors (excluding directors standing for a re-election) at the 21st Annual General Meeting of the Company.

Authority for Directors to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016

Kindly refer to item (3) of the Explanatory Notes.

Encorp Strand Business Suites

ENCORP BERHAD

(Company No: 200001004231 (506836-X))

ADMINISTRATIVE GUIDE FOR THE 21st ANNUAL GENERAL MEETING

Date:	Wednesday, 23 June 2021
Time:	3.00 p.m.
Broadcast Venue:	Executive Lounge, Third Floor, Encorp Berhad, No 46-3, Jalan PJU 5/22, Pusat Perdagangan Kota Damansara, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan.

MODE OF MEETING

In light of the Covid-19 pandemic, the 21st AGM of the Company will be conducted on a fully virtual AGM through live streaming from the broadcast venue and online remote participation via Remote Participation and Voting facilities ("RPV") provided by SS E Solutions Sdn. Bhd. via its Securities Services e-Portal accessible at https://www.sshsb.net.my/login.

The broadcast venue is strictly a main venue of the 21st AGM where the Chairman will be present in compliance with Section 327(2) of the Companies Act, 2016. Thus, **NO MEMBERS/PROXIES** will be physically present at the broadcast venue on the day of the 21st AGM.

We have provided the broadcast venue address above to comply with Section 327 of the Companies Act 2016. Members/proxies from the public should not be physically present, and will not be admitted, at the broadcast venue on the day of the 21st AGM.

ENTITLEMENT TO PARTICIPATE AND VOTE

In respect of deposited securities, only members whose names appear in the Record of Depositors on 16 June 2021 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 21st AGM.

In view that the 21st AGM will be conducted on a virtual basis, if you are unable to attend the meeting via RPV on 23 June 2021, you may appoint the Chairman of the 21st AGM as proxy and indicate the voting instructions in the Form of Proxy.

If you wish to personally participate in the 21st AGM, please do not submit any Form of Proxy. You will not be allowed to participate in the 21st AGM together with a proxy appointed by you.

The original Form of Proxy must be deposited at the Company's Share Registrar, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time for holding this meeting or any adjournment thereof. Otherwise the instrument of proxy should not be treated as valid.

Alternately, you may also submit the Form of Proxy electronically via Securities Services e-Portal at https://www.sshsb.net.my/login.

Corporate Shareholder or its authorised representative who wish to participate and vote remotely at the AGM must contact the Share Registrar and will be required to provide the following documents to the Share Registrar not less than forty-eight (48) hours before the time set for holding the meeting:

(a) original certificate of appointment of its Corporate Representative under the seal of the corporation;
(b) copy of the Corporate Representative's MyKad (front and back separately) or valid Passport; and
(c) Corporate Representative's email address and mobile number.

The Share Registrar will respond to your remote participation request upon receipt of these documents.

For the beneficiary who holds shares of the Company under a Nominee Company's Central Depository System ("CDS") account, and who wishes to use the RPV facilities to participate and vote at the AGM remotely, he/she can request his/her Nominee Company to appoint him/her as a proxy. In this respect, he/she must contact the Share Registrar and will be required to provide the following documents to the Share Registrar no later than forty-eight (48) hours before the time set for holding the meeting:

(a) duly executed Form of Proxy by the Nominee Company;
(b) copy of the proxy holder's MyKad (front and back separately) or valid Passport; and
(c) Proxy holder's email address and mobile number.

The Share Registrar will respond to your remote participation request upon receipt of these documents.

PROCEDURES FOR REMOTE PARTICIPATION AND VOTING (RPV)

Please read and follow the procedures and actions reflected below to engage in remote participation through live streaming and online remote voting at the 21st AGM using the RPV facilities:

	Procedures	Actions
	BEFORE AGM	
1	Register as a USER with Securities Services e-Portal	• Visit https://www.sshsb.net.my/login. • Click on 'SIGN UP' to register. You will be prompted to fill up your information and to submit a copy of your MyKad (front and back separately) or valid Passport for verification purposes. • Users must register before 3.00 p.m. on Thursday, 17 June 2021. • You will receive a notification email within one (1) working day. Your email address is your user ID. • Verify your user account within seven (7) days from receiving the notification email. • This is a ONE-TIME registration. If you are already have a user account, you are not required to register again.
2	Submit your request for RPV registration/ e-Proxy Form	Registration will be opened from 3.00 p.m. on Tuesday, 25 May 2021 until 3.00 p.m. on Monday, 21 June 2021. • Registration options: (a) RPV registration - Login with your user ID and password. - Select Company name: Encorp Berhad. - 21st AGM on Wednesday, 23 June 2021 at 3.00 p.m. - Registration for Remote Participation. - Click ">" to register for remote participation at the 21st AGM. (b) Submission of e-Proxy Form - Login in with your user ID and password. - Select Company name: Encorp Berhad. - 21st AGM on Wednesday, 23 June 2021 at 3.00 p.m. - Submission of Proxy Form. - Click ">" to submit your e-Proxy Form for the meeting. - Step 1: Select individual shareholder/corporate/authorised representative of a body corporate. - Step 2: Insert every CDS account number and indicate the number of shares accordingly. - Step 3: Submit your remote participation/e-Proxy Form.

		- Appointed proxies need not register for remote participation, but they will need to be registered users of the Securities Services e-Portal before 3.00 p.m. on Thursday, 17 June 2021. - The proxy will be given access to remote participation at the meeting to which he/she is appointed for instead of the shareholder, provided the proxy must be a registered user of the e-Portal. Failing which, the proxy will not be able to participate at the meeting as the meeting will be conducted on a fully virtual basis. - You will receive a notification email acknowledged receipt your remote participation/e-Proxy Form. - After the General Meeting ROD as at 16 June 2021, you will receive an email that will advise if your registration for remote participation/e-Proxy Form has been approved or rejected. - A copy of your remote participation/e-Proxy Form can be accessed via My Records in the Securities Services e-Portal. - Read and agree to the Terms & Conditions and confirm the Declaration. • Evidence of authority: - For body corporates, the appointed corporate /authorised representative must upload the evidence of authority, such as: - Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority. - Documents that are not in English or Bahasa Malaysia must be accompanied by a certified translation in English in one (1) file. For verification, the original evidence of authority and translation thereof, if required, must be submitted to: Securities Services (Holdings) Sdn. Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia.
	ON THE DAY OF 21st AGM	
3	Login to Securities Services e-Portal	• Login with your user ID and password for remote participation. • Login 30 minutes before the commencement of AGM at 3.00 p.m. on Wednesday, 23 June 2021.
4	Submit questions through live streaming	• Select “Event”. • Select Company name: Encorp Berhad – 21st AGM on Wednesday, 23 June 2021 at 3.00 p.m. – Live Stream Meeting. • Click “>” to join the 21st AGM remotely. • Read and agree to the Terms & Conditions and confirm the Declaration. • Use the text box to submit a question for the Chairman/Board. Your questions will be responded to during the AGM. If there is time constraint, the responses will be emailed to you after the meeting. • NOTE: Quality of the live streaming is dependent on the bandwidth and stability of the internet connection of the remote participants’ location.
5	Online remote voting	• If you are already accessing the Live Stream Meeting, click "Proceed to Vote" under the live stream player. OR • Select “Event”. • Select Company name: Encorp Berhad – 21st AGM on Wednesday, 23 June 2021 at 3.00 p.m. – Remote Voting.

		• Click the radio button against each resolution to review and confirm your vote, then click ">" to submit your votes online for the resolutions tabled. • Voting commences at 3.00 p.m. on Wednesday, 23 June 2021 and will end at the time announced by the Chairman. • Read and agree to the Terms & Conditions and confirm the Declaration prior to submitting your votes. • Your votes casted will apply throughout ALL the CDS accounts you represent as an individual shareholder, corporate/authorised representative and proxy. Where you are attending as a proxy, we will take the shareholder's indicated votes in the Form of Proxy. • A copy of your submitted remote voting record can be accessed via My Records in the Securities Services e-Portal.
6	End of remote participation	• Upon the announcement by the Chairman on the closure of the 21st AGM, the live streaming will end.

POLL VOTING

The voting at the 21st AGM will be conducted by poll in accordance with Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements. Members can submit votes on the resolutions upon commencement of the AGM at 3.00 p.m. on Wednesday, 23 June 2021 until the end of the voting session which will be announced by the Chairman of the meeting. Upon completion of the voting session, the Scrutineers will verify and announce the poll results followed by the Chairman's declaration on whether the resolutions are duly passed.

ANNUAL REPORT 2020 AND CIRCULAR TO SHAREHOLDERS

The Annual Report 2020 is available on the Company's website at **www.encorp.com.my**.

Please note that printed copies of the Annual Report 2020 will be available only upon request. You may submit your request for a printed copy of the Annual Report by completing the enclosed Requisite Form and either send by post to Company's Registered Office address at No. 45-1, Jalan PJU 5/21, Pusat Perdagangan Kota Damansara, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor or email to pauline@encorp.com.my, the printed copy of the Annual Report will be despatched to you by ordinary post within four (4) market days from the date of receipt of your request. However, please consider the environment before you decide to request for the printed copy.

NO DOOR GIFT/FOOD VOUCHER

There will be **NO** distribution of door gift/food voucher to members/proxies who participate in the 21st AGM.

RECORDING OR PHOTOGRAPH

Strictly **NO** unauthorized recording or photography of the proceedings of the 21st AGM.

ENQUIRY

For enquiries prior to the AGM, please contact Company's Share Registrar during office hours on Monday to Friday from 8:30 a.m. to 12:15 p.m. and from 1:15 p.m. to 5:30 p.m. (except public holidays):

Share Registrar: Securities Services (Holdings) Sdn. Bhd.

Contact person: Mr Wong Piang Yoong +603 2084 9168
Ms Lee Pei Yeng +603 2084 9169
Ms Evangeline Yeoh +603 2084 9007
En Saiful +603 2084 9164

Email address: eservices@sshsb.com.my

Show Unit - Clover, Encorp Cahaya Alam

Encorp Cahaya Alam

FORM OF PROXY

No. of Shares Held	
CDS Account No.	
Telephone No.	

ENCORP BERHAD

ENCORP BERHAD
(Company No. 200001004231 (506836-X))
(Incorporated in Malaysia)

*I/We ____
(Full name as per NRIC/Certificate of Incorporation in CAPITAL letters)

Company No./NRIC No. (new) ______________________ (old) ______________________

of ____
(Full Address)

____
(Full Address)

being a member of ENCORP BERHAD, hereby appoint ______________________

____ NRIC No. (new) ______________________
(Full name as per NRIC in CAPITAL letters)

(old) ______________________ or failing *him/her ______________________
(Full name as per NRIC in CAPITAL letters)

NRIC No. (new) ______________________ (old) ______________________

or failing *him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the 21st Annual General Meeting ("AGM") of the Company to be held at the Broadcast Venue at Executive Lounge, Third Floor, Encorp Berhad, No 46-3, Jalan PJU 5/22, Pusat Perdagangan Kota Damansara, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan, on Wednesday, 23 June 2021 at 3.00 p.m. and at any adjournment thereof.

*My/our proxy is to vote as indicated below:

(*Please indicate with an "X" in the appropriate boxes how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he/she thinks fit, or at his/her discretion, abstain from voting.*)

No.	Ordinary Resolutions	For	Against
1.	Approval of Directors' fees of up to RM700,000 for the period from 24 June 2021 until the next AGM of the Company, to be payable on a quarterly basis in arrears.		
2.	Approval of Directors' benefits of up to RM170,000 being meeting attendance allowances and up to RM85,000 for each Director being the medical benefits, from 24 June 2021 until the next AGM of the Company.		
3.	Re-election of Hussein Bin Ismail as Director.		
4.	Re-election of Abdul Rahim Bin Abdul Hamid as Director.		
5.	Re-appointment of Messrs Ernst & Young PLT as Auditors and authority to the Directors to fix the Auditors' remuneration.		
6.	Authority for Directors to Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
7.	Proposed renewal of authority for share buy-back.		
8.	Approval of Proposed Shareholders' Mandate as specified in Section 2.3 of the Circular to Shareholders dated 24 May 2021.		

Dated this .... day of 2021

____
Signature(s)/Common Seal of Member(s)

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

Notes:

1. As part of the initiatives to curb the spread of Covid-19, the 21st AGM of the Company will be conducted on a fully virtual basis by way of live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities available on Securities Services e-Portal of SS E Solutions Sdn. Bhd. at https://www.sshsb.net.my/login. Please follow the procedures in the Administrative Guide in order to participate remotely via RPV.
2. The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. **NO MEMBERS/PROXIES** from the public shall be physically present at the broadcast venue on the day of the 21st AGM.
3. In respect of deposited securities, only members whose names appear in the Record of Depositors on 16 June 2021 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 21st AGM.
4. A proxy may but need not be a member of the Company.
5. If the appointer is a corporation, the form of proxy must be given under its common seal or under the hand of an officer or attorney of the corporation duly authorised.
6. A member shall be entitled to appoint more than one (1) proxy subject always to a maximum of two (2) proxies to attend and vote at the same meeting provided that the provision of Section 294(2) of the Companies Act 2016 is complied with.
7. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
8. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
9. The appointment of proxy may be made in a hardcopy form or by electronic means as follows and must be deposited with the Company's Share Registrar, Securities Services (Holdings) Sdn. Bhd. not less than forty-eight (48) hours before the time for holding this meeting or any adjournment thereof. Otherwise the instrument of proxy should not be treated as valid.

   (a) By Hardcopy Form
   The Form of Proxy or the Power of Attorney or other authority, if any, must be deposited at the office of the Company's Shares Registrar, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia.

   (b) By Online system
   The instrument appointing a proxy can be electronically submitted to the Share Registrar via Securities Services e-Portal at https://www.sshsb.net.my/login (Kindly refer to the Administrative Guide for further information.)

(Fold here)

PLACE
STAMP
HERE

Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Malaysia

(Fold here)

ENCORP BERHAD
Company No: 200001004231
(506836-X)

45G, Jalan PJU 5/21, Pusat Perdagangan Kota Damansara,
Kota Damansara PJU 5, 47810 Petaling Jaya,
Selangor Darul Ehsan.

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