ANNUAL REPORT 2022

MULPHA

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Run the QR Code Reader app and point your camera at the QR Code.

The online version of Mulpha International Bhd.'s Annual Report 2022 is available on the website. Go to https://www.mulpha.com.my or scan the QR Code with your smartphone.

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49TH ANNUAL GENERAL MEETING

MULPHA INTERNATIONAL BHD

Day/Date: Thursday, 8 June 2023

Time: 2.30 p.m.

Broadcast Venue:
Bale Club, Multi-Purpose Hall
No. 1, Jalan Polo, Leisure Farm
81560 Gelang Patah
Johor Darul Takzim, Malaysia

01

About Us

MULPHA

INTERCONTINENTAL SYDNEY

Mulpha's flagship asset overlooking the Sydney Harbour and Opera House has completed its extensive refurbishment to all guest rooms, suites and public spaces.

At A Glance

REVENUE
970.92
RM MILLION

PROFIT BEFORE TAX
102.46
RM MILLION

MARKET CAPITALISATION
669.03
RM MILLION

CASH AND DEPOSITS
231.13
RM MILLION

SHARE PRICE
2.15
RM

TOTAL ASSETS
5.92
RM BILLION

Corporate Profile



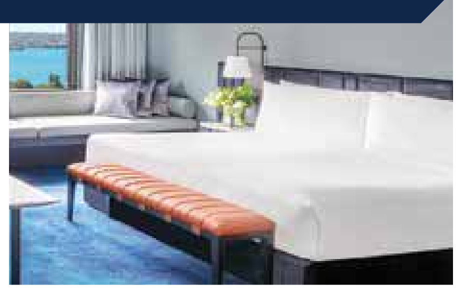
Mulpha International Bhd. ("Mulpha" or "the Company") is committed to long-term value creation with its focus on high-end property development, property investment, hospitality and education. Mulpha invests in some of the fastest-growing and most vibrant economies in the region, including Malaysia, Australia, New Zealand, United Kingdom and Singapore.

In Malaysia, Mulpha is the developer of the award winning 1,765-acre Leisure Farm in Iskandar Malaysia. Mulpha is Malaysia's largest real estate investor and developer in Australia. Assets in Australia include the world renowned, resort-styled Sanctuary Cove on the Gold Coast; Norwest Business Park, Sydney; InterContinental Sydney Hotel; Transport House, Sydney; and InterContinental Hayman Island, Great Barrier Reef.

In the United Kingdom, Mulpha has a strategic investment in the London Marriott Hotel Grosvenor Square, a landmark hotel in the heart of London's Mayfair district.

Listed on the Main Market of Bursa Malaysia Securities Berhad, Mulpha's total assets are in excess of RM5.91 billion, with shareholders' funds in excess of RM3.52 billion.

www.mulpha.com.my

Corporate Information

AUDIT AND RISK MANAGEMENT COMMITTEE
Chew Hoy Ping *(Chairman)*
Loong Caesar
Geoffrey Earl Grady

NOMINATION COMMITTEE
Loong Caesar *(Chairman)*
Chew Hoy Ping
Geoffrey Earl Grady

REMUNERATION COMMITTEE
Geoffrey Earl Grady *(Chairman)*
Chew Hoy Ping
Loong Caesar

COMPANY SECRETARIES
Lee Eng Leong *(MIA 7313)*
(SSM PC No. 201908003732)

Lee Suan Choo *(MAICSA 7017562)*
(SSM PC No. 202008003634)

REGISTERED OFFICE
D'Rimbunan
No. 8, Jalan Peranginan
Leisure Farm
81560 Gelang Patah
Johor Darul Takzim
Malaysia
Tel No : (607) 556 3003
Fax No : (607) 556 3160

SHARE REGISTRAR
Boardroom Share Registrars Sdn. Bhd.
Registration No. 199601006647 (378993-D)
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel No : (603) 7890 4700
Fax No : (603) 7890 4670
Helpdesk Email :
BSR.Helpdesk@boardroomlimited.com

AUDITORS
KPMG PLT
Chartered Accountants

PRINCIPAL BANKERS
Alliance Bank Malaysia Berhad
AmBank (M) Berhad
Bank of New Zealand
Bank of Queensland
CIMB Bank Berhad
Industrial and Commercial Bank of China Limited
National Australia Bank
OCBC Bank
United Overseas Bank Limited
Westpac Banking Corporation

STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia Securities Berhad
Stock Name : MULPHA
Stock Code : 3905

WEBSITE ADDRESS
www.mulpha.com.my

INVESTOR RELATIONS
Email : irmulpha@mulpha.com.my
Tel No : (603) 7718 6368 / (603) 7718 6266

BOARD OF DIRECTORS

Non-Independent Executive Chairman
Lee Seng Huang

Senior Independent Non-Executive Director
Chew Hoy Ping

Non-Independent Executive Director
Lee Eng Leong

Independent Non-Executive Directors
Loong Caesar
Geoffrey Earl Grady
Josephine Phan Su Han

02 Leadership

NORWEST QUARTER,
SYDNEY

Norwest Quarter (formerly known as The Greens, Norwest City) comprises a series of 9 high-rise towers, ranging from 8 to 26 storeys, housing a total of 864 residential apartments. Designed with sustainability in mind, Norwest Quarter is intended to be carbon neutral by incorporating state-of-the-art technology throughout the design and development process.

MULPHA

Profile of Board of Directors

LEE SENG HUANG

Non-Independent Executive Chairman
Male | Malaysian | Aged 48

Mr Lee was educated at the University of Sydney in Australia and has wide ranging financial services and real estate investment experience in the Asian region.

Mr Lee is the Executive Chairman of Mulpha International Bhd. ("**the Company**") (a Malaysian listed conglomerate with operations in Malaysia, Australia, New Zealand, United Kingdom and Singapore), as well as the Chairman of Mulpha Australia Limited, a wholly-owned subsidiary of the Company. He was previously the Non-Executive Chairman (resigned in November 2019) of Aveo Group Limited ("**AVEO**"), a company which was listed on the Australian Securities Exchange until it was privatised and delisted in December 2019. Mr Lee is also the Group Executive Chairman of Sun Hung Kai & Co. Limited, a leading alternative investment company listed on the Hong Kong Stock Exchange.

Mr Lee was appointed to the Board as Executive Chairman on 15 December 2003.

Mr Lee has no directorships in other listed issuers or non-listed public companies in Malaysia.

LEE ENG LEONG

Non-Independent Executive Director
Male | Malaysian | Aged 55

Mr Lee is a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. He attained his INSEAD Global Executive Master of Business Administration (MBA) in 2018.

Mr Lee was formerly the Group Chief Financial Officer of Alliance Bank Malaysia Berhad from 4 January 2010 to 2 October 2012. Prior to joining Alliance Bank Malaysia Berhad, he was the Chief Financial Officer for Microsoft, a major global company where he oversaw their finance operations covering the Asia region. For over 25 years, he has held various leadership roles in management positions within both local companies and multinational companies in Asia. Prior to Mr Lee's appointment as Executive Director of the Company, he was the Group Chief Financial Officer since 3 October 2012.

Mr Lee was appointed to the Board as Executive Director on 3 July 2017.

Mr Lee's directorships in other listed issuers in Malaysia are Mudajaya Group Berhad and Thriven Global Berhad. His directorship in non-listed public company in Malaysia is Mudajaya Corporation Berhad.

Profile of Board of Directors

CHEW HOY PING

Senior Independent Non-Executive Director

Male | Malaysian | Aged 65

Mr Chew is a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants.

Mr Chew had a professional career with PricewaterhouseCoopers ("**PwC**") spanning 30 years, including 15 years as a partner of the firm. Whilst at PwC, he engaged in a diverse range of professional services encompassing auditing, corporate finance and business recovery services. He held various leadership roles including the chair of its financial advisory services for the Asia Pacific region and in risk, governance and management functions. Mr Chew had work secondment experiences with PwC Houston, Texas and with Bank Negara Malaysia in the 1980's.

Mr Chew was appointed to the Board on 16 May 2007 and he also serves as Chairman of the Audit and Risk Management Committee as well as a member of the Nomination Committee and Remuneration Committee. Mr Chew was redesignated as Senior Independent Non-Executive Director of the Company on 7 June 2018. He is also a Director of Mulpha Australia Limited, a wholly-owned subsidiary of the Company.

Mr Chew is currently an Independent Non-Executive Director of Mudajaya Group Berhad and Carlsberg Brewery Malaysia Berhad where he is the Chair of their respective Audit Committees. He is the Chairman of the Board of Ge-Shen Corporation Berhad where he is also a member of its Audit Committee. He has no directorships in non-listed public companies in Malaysia.

LOONG CAESAR

Independent Non-Executive Director

Male | Malaysian | Aged 63

Mr Loong was trained at Raffles Institution, Singapore, the London School of Economics and Political Science (LSE) and Gonville and Caius College, Cambridge University. He was admitted as a Barrister of the Middle Temple, London in 1983 and as an Advocate and Solicitor of the High Court of Malaya in 1985. In 1994, he was admitted as an Advocate and Solicitor of the Supreme Court of Singapore.

Mr Loong is a Senior Advocate and Solicitor practising at Raslan Loong, Shen & Eow, a medium sized law firm that handles corporate, commercial, banking, finance and property work, amongst others. He is a corporate and commercial lawyer with extensive experience in all areas of corporate and commercial law including mergers and acquisitions, investment funds, capital markets, securities, listings, public offerings, corporate banking, structured finance, power and corporate restructuring. He is a Director and Exco member of the Malaysia-Australia Business Council (MABC), and was a former Director and Exco member of the EU-Malaysia Chamber of Commerce and Industry.

Mr Loong was appointed to the Board on 13 July 2011 and he also serves as Chairman of the Nomination Committee as well as a member of the Audit and Risk Management Committee, and Remuneration Committee.

Mr Loong has no directorships in other listed issuers in Malaysia. His directorships in non-listed public companies in Malaysia are Edunity Foundation, Yayasan KCT and Badan Warisan Malaysia.

Profile of Board of Directors

GEOFFREY EARL GRADY

Independent Non-Executive Director

Male | Australian | Aged 63

Mr Grady graduated from Queensland University with degrees in Commerce and Law (Hons) and is a Chartered Accountant. He was admitted to practice as a solicitor of the Supreme Court of Queensland.

Mr Grady is an independent company director and retirement consultant. He was until recently the Chief Executive Officer ("**CEO**") of Easycare Technology, an Australian assisted-living technology platform for approximately 1 year until December 2022. Previously, he has performed a number of high-profile roles including as the Executive Director and CEO of AVEO, one of Australia's largest retirement and aged care operators and its most innovative and expansive operator, from July 2013 to November 2019. In November 2019, AVEO was sold to Brookfield Property Group for AUD2 billion introducing large institutional capital into the sector for the first time. From 2009, he was AVEO's Chief Operating Officer and on becoming its CEO, he transformed AVEO from being an integrated property developer to a dedicated retirement and aged care operation. Before joining AVEO, Mr Grady was the CEO of the Mulpha Sanctuary Cove Group of companies following the sale of the resort to the Mulpha Australia Limited Group in 2002. Prior to this, he was a partner in the corporate recovery practice at KPMG Brisbane.

Mr Grady was appointed to the Board as an Independent Non-Executive Director on 1 April 2020. He also serves as Chairman of the Remuneration Committee as well as a member of the Audit and Risk Management Committee, and Nomination Committee.

Mr Grady has no directorships in other listed issuers or non-listed public companies in Malaysia.

Profile of Board of Directors

JOSEPHINE PHAN SU HAN

Independent Non-Executive Director
Female | Malaysian | Aged 58

Ms Phan graduated with a Bachelor of Economics (Accounting and Computer Science) Degree from Monash University, Melbourne, Australia. She is a fellow member of the Certified Practising Accountant (CPA), Australia and a member of the Malaysian Institute of Accountants ("**MIA**"). She is also an alumni of INSEAD Business School and Harvard Business School, as well as a platinum member of Information Systems Audit and Controls Association (ISACA), Malaysia Chapter.

Prior to her retirement as Senior Partner in PwC Malaysia, Ms Phan led the Information Technology ("**IT**") Risk Assurance Practice in providing assurance and advisory services to clients on their IT systems and financial processes. She has more than 30 years of professional experience working with clients across various industries, both locally and overseas. Her experience includes financial statutory audits, IT governance, IT internal and external audits, information security, IT risk and regulatory compliance, IT and operational due diligence.

Ms Phan was the past President of CPA Australia (Malaysia Division) and past Vice President of Information Systems Audit and Control Association (Malaysia Chapter) as well as past Member of the Auditing and Assurance Standards Board, MIA Disciplinary Appeal Board and CPA Australia Board Nomination Committee respectively.

Ms Phan is currently a member of MIA Education Board and MIA Digital Technology Implementation Committee. She is also a panel member for MIA Accreditation of Local Universities Accounting Degrees.

Ms Phan was appointed to the Board as an Independent Non-Executive Director on 1 April 2023.

Ms Phan has no directorships in other listed issuers or non-listed public companies in Malaysia.

NOTES:

1. **Family Relationship with Director and/or Major Shareholder**
   Mr Lee Seng Huang, the Executive Chairman and major shareholder of the Company, is the son of Mr Lee Ming Tee, who is a major shareholder of the Company.

   Save as disclosed above, none of the other Directors has any family relationship with any director and/or major shareholder of the Company.

2. **Conflict of Interest**
   None of the Directors has any conflict of interest with the Company.

3. **Conviction for Offences**
   None of the Directors has any conviction for offences within the past 5 years (other than traffic offences, if any). There were no public sanctions and/or penalties imposed on the Directors by the relevant regulatory bodies during the financial year.

4. **Attendance of Board Meetings**
   The attendance of the Directors at Board Meetings held during the financial year ended 31 December 2022 is disclosed in the Corporate Governance Overview Statement.

Profile of Key Senior Management

GREGORY DAVID SHAW

Chief Executive Officer
Male | Australian | Aged 63

Mr Shaw graduated with a Bachelor of Commerce Degree from University of Queensland, Australia.

Mr Shaw was previously the Chief Executive Officer of 3 public listed companies in Australia namely Koala Corporation Australia from 1990 to 1998, Port Douglas Reef Resorts from 1998 to 2002 and Ardent Leisure Group from 2002 to 2015. He was appointed as Chief Executive Officer of Mulpha Australia Limited, a wholly-owned subsidiary of the Company in 2015.

Mr Shaw was appointed as Chief Executive Officer of the Company on 2 December 2016.

Mr Shaw has no directorships in any listed issuers or non-listed public companies in Malaysia.

LIM SAY KIEN

Head of Finance
Female | Malaysian | Aged 55

Madam Lim holds a Master Degree in Business Administration from University of Strathclyde Graduate School of Business, Scotland and a Bachelor of Commerce (double major in Accounting & Finance) from University of New South Wales, Australia. She is a fellow member of the Certified Practising Accountants (CPA) Australia and a member of the Malaysian Institute of Accountants.

Madam Lim joined Mulpha in December 2008. She has over 25 years of working experience and has held various finance leadership roles in managing investment, property development, hospitality and leisure and gaming operation. In her capacity, she is overall responsible for all corporate and financial matters of Mulpha Group including strategic and financial planning, financial reporting and operations, corporate finance, treasury, tax and various corporate functions. Prior to joining Mulpha, she was with Magnum Corporation Berhad, a Malaysian public listed company from 1995 to 2008 where she managed all aspects of treasury and financial management for Magnum group.

Madam Lim was appointed as Head of Finance of the Company on 3 July 2017.

Madam Lim has no directorships in any listed issuers or non-listed public companies in Malaysia.

NOTES:

1. **Family Relationship with Director and/or Major Shareholder**
   None of the key senior management has any family relationship with any director and/or major shareholder of the Company.

2. **Conflict of Interest**
   None of the key senior management has any conflict of interest with the Company.

3. **Conviction for Offences**
   None of the key senior management has any conviction for offences within the past 5 years (other than traffic offences, if any). There were no public sanctions and/or penalties imposed on the key senior management by the relevant regulatory bodies during the financial year.

4. **Shareholdings in the Company or its subsidiaries**
   None of the key senior management has any shareholding in the Company or its subsidiaries during the financial year.

03 Our Performance

BEACHFRONT PAVILIONS,
HAYMAN ISLAND

Set on a private beach, these new unique standalone structures were designed as an adult-only haven as an additional room type for the InterContinental Hayman Island Resort.

MULPHA

Financial Calendar

ANNOUNCEMENT OF QUARTERLY RESULTS

30 MAY 2022

Announcement of the unaudited consolidated results for the 1st quarter ended 31 March 2022

26 AUG 2022

Announcement of the unaudited consolidated results for the 2nd quarter ended 30 June 2022

29 NOV 2022

Announcement of the unaudited consolidated results for the 3rd quarter ended 30 September 2022

24 FEB 2023

Announcement of the unaudited consolidated results for the 4th quarter and financial year ended 31 December 2022

ANNUAL REPORT & ANNUAL GENERAL MEETING

28 APR 2023

Notice of 49th Annual General Meeting and issuance of Annual Report 2022

8 JUN 2023

49th Annual General Meeting

Group's 5-Year Financial Highlights

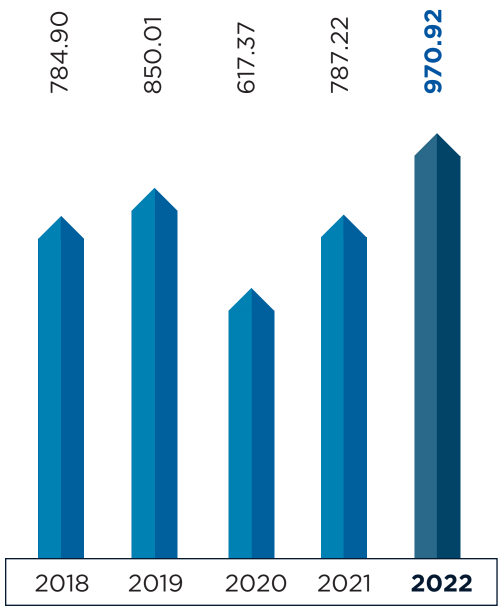
	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000
ASSETS					
Non-current assets	**4,497,803**	3,969,013	3,757,338	3,393,188	4,362,739
Current assets	**1,419,879**	1,474,543	1,609,231	1,912,188	1,540,998 **
Total assets	**5,917,682**	5,443,556	5,366,569	5,305,376	5,903,737
EQUITY AND LIABILITIES					
Capital and Reserves					
Share Capital	**1,983,858**	2,036,698	2,036,698	2,037,459	2,037,459
Reserves	**1,543,629**	1,406,943	938,325	832,252	1,179,881
Equity attributable to owners of the Company	**3,527,487**	3,443,641	2,975,023	2,869,711	3,217,340
Non-controlling interests	**25,940**	26,298	22,761	20,898	(81)
Total equity	**3,553,427**	3,469,939	2,997,784	2,890,609	3,217,259
Liabilities					
Non-current liabilities	**1,612,691**	1,263,330	605,995	798,602	1,590,813 **
Current liabilities	**751,564**	710,287	1,762,790	1,616,165	1,095,665 **
Total liabilities	**2,364,255**	1,973,617	2,368,785	2,414,767	2,686,478
Total equity and liabilities	**5,917,682**	5,443,556	5,366,569	5,305,376	5,903,737
GROUP RESULTS					
Profit/(Loss) before tax	**102,463**	422,559	(78,878)	(214,857)	308,614
Tax (expense)/benefit	**(15,959)**	10,871	21,749	3,739	(72,885)
Profit/(Loss) after tax	**86,504**	433,430	(57,129)	(211,118)	235,729
Non-controlling interests	**(1,625)**	(535)	(1,237)	(757)	(30)
Net Profit/(Loss) attributable to owners of the Company	**84,879**	432,895	(58,366)	(211,875)	235,699
SELECTED RATIOS					
Earnings/(Loss) per share (Sen)	**27.28**	136.99	(18.27)	(66.32)	73.78
Net assets per share (RM)	**11.34**	11.07	9.31	8.98	10.07
SHARE PERFORMANCE					
Year high (RM) *	**2.48**	2.56	1.88	2.65	2.62
Year low (RM) *	**2.04**	1.23	1.17	1.62	1.63
Year close (RM) *	**2.15**	2.44	1.34	1.89	1.75
Trading volume ('000) *	**26,891**	61,850	21,971	23,330	19,690
Market capitalisation as at 31 December (RM'000) *	**669,034**	759,275	428,085	604,080	559,333

** *Comparatives for 2018 have been restated to reflect the reversal of prior years' income tax benefit relating to the recognition of losses as a deferred tax asset which exceeded the actual losses available for recognition.*

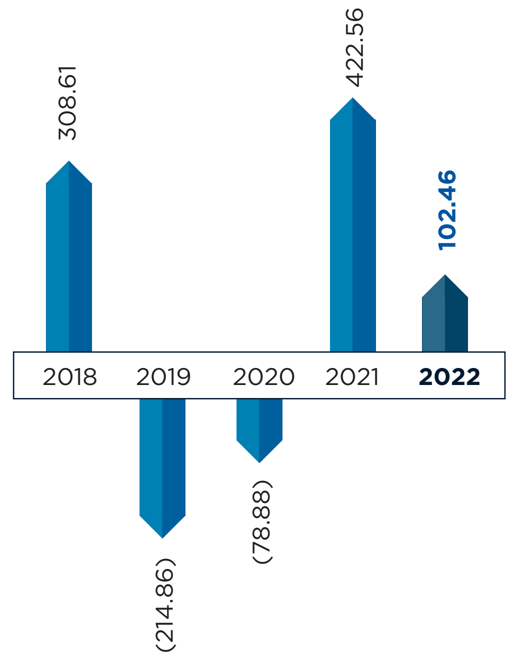
* *Source: Investing.com*

Group's 5-Year Financial Highlights

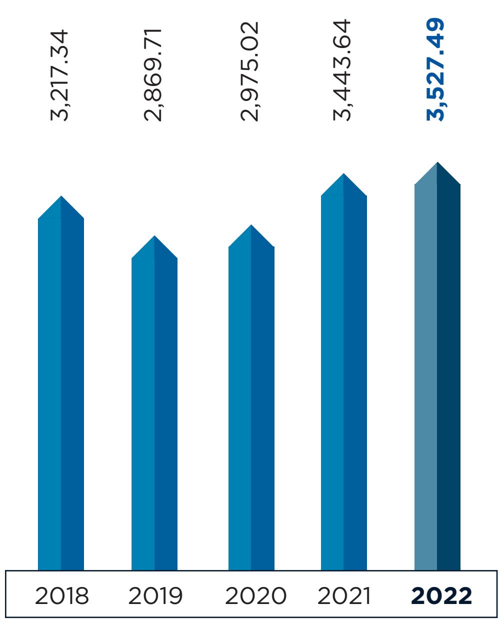
REVENUE
RM Million



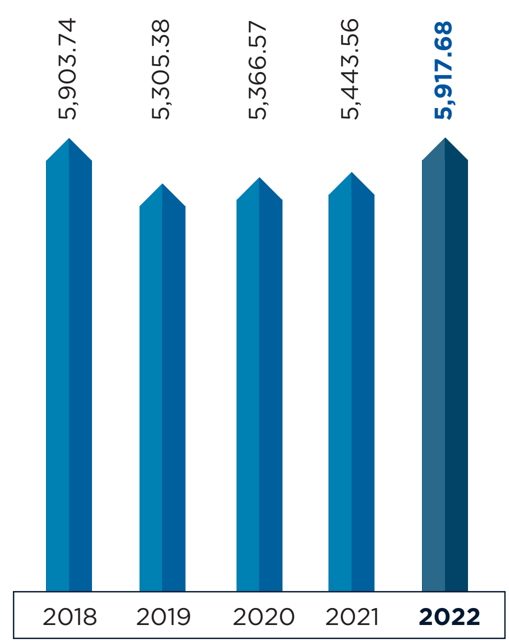
PROFIT/(LOSS) BEFORE TAX
RM Million



SHAREHOLDERS' FUNDS
RM Million



TOTAL ASSETS
RM Million



Awards & Achievements 2022

InterContinental Hayman Island Resort

- Resort of the Year for Accommodation Excellence, Hotel Management Awards 2022
- Silver Award for Luxury Tourism Provider, Queensland Tourism Awards 2022

InterContinental Sanctuary Cove Resort

- Fireplace – Best Restaurant in a Hotel/Resort, Restaurant & Catering Industry Association 2022 Awards for Excellence - Southeast Queensland
- Finalist for Resort Meetings and Conferencing Property, Hotel Restaurant - The Fireplace and Service to Community, Hotel Management Awards 2022

InterContinental Sydney

- Rochak Karki, Housekeeper of the Year, Tourism Accommodation Australia Awards for Excellence NSW 2022

Leisure Farm Corporation Sdn Bhd – Malaysia

- Des Prix Infinitus Media ASEAN Property Developer Awards Malaysia 2021 / 2022 – Innovative Developer Award

Bimbadgen Hunter Valley

- 2022 Hunter Valley Vermentino, Best Other White Varietals & White Blends and Gold Award, Hunter Valley Wine Show
- 2022 Signature Semillon, Gold Award, Hunter Valley Wine Show
- 2022 Growers Tempranillo Rosé, Gold Award, Hunter Valley Wine Show
- Most Respected Wineries in the Hunter Valley, Wine Selectors 2022
- 2023 Halliday Wine Companion Ratings (announced in August 2022)
  - 5 Star Winery
  - 95 Points – 2018 Signature Shiraz (uncorked)
  - 93 Points – 2021 McDonalds Road Semillon
  - 92 Points – 2021 Palmers Lane Semillon
  - 92 Points – 2015 Blanc de Blancs
  - 92 Points – 2019 Palmers Lane Shiraz
  - 92 Points – 2019 McDonalds Road Shiraz
  - 92 Points – 2019 Palmers Lane Chardonnay
  - 91 Points – 2019 Semillon
  - 90 Points – 2019 Blanc de Blancs
  - 87 Points – 2020 Vermentino
  - 86 Points – 2019 Shiraz
  - 84 Points – 2021 Shiraz Tempranillo Rose

Sanctuary Cove

- Sanctuary Cove Marina
  - Five Gold Anchor Platinum, Marine Industries Association
  - Superyacht Ready accredited marina, Marine Industries Association
  - Level 3 accreditation for an International Clean and Fish Friendly Marina, Marine Industry Association

Management Discussion & Analysis

Total Revenue

RM**970.92**
million

Cash And Deposits

RM**231.13**
million

GREGORY DAVID SHAW
Chief Executive Officer

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Mulpha International Bhd. ("**Mulpha**" or "**the Group**") reported a 23% increase in revenue year on year from RM787.22 million to RM970.92 million in financial year ("**FY**") 2022. The Group recorded a profit after tax of RM86.50 million.

The hospitality segment has recovered to pre-pandemic levels and contributed significantly to the Group's revenue in FY2022. Mulpha's strategic decisions taken during the pandemic years at both macro and operational levels have ensured that the hotel assets were well positioned to recover from COVID-19 impacts.

Domestic leisure travel outperformed business and resumed international travels in FY2022 delivered strong performance at our resort properties with higher room rates boosting profitability. The Group anticipates that the domestic leisure market will be more subdued in 2023 with higher interest rates and cost of living pressures.

The Australian property market slowed down in FY2022, following strong sales throughout the COVID-19 period. Multiple interest rate hike made buyers more conservative after steep increase of property prices in the prior years. Construction delays through supply chain disruptions and labour shortages caused several project settlements being delayed to 2023. FY2022 experienced an almost complete absence of foreign buyers in the market.

Management Discussion & Analysis

The residential market in Johor, Malaysia which traditionally faces high competition from an oversupply of competing products has seen a renewed appetite for completed freehold properties from domestic buyers on the back of increased building costs and rising rents and property prices in Singapore.

The Group's investment properties has maintained solid occupancies consistent with pre-pandemic levels with most tenants reported a strong rebound in retail sales. In June 2022, the Group completed the acquisition of Capri on Via Roma shopping centre in Gold Coast, Queensland, Australia. This shopping centre has a strong focus on grocery and food & beverage tenants and benefits from an affluent neighbourhood in the Northern Gold Coast, Australia. Management is confident of delivering steady increases in earnings through ongoing active management and strategic growth initiatives.

REVIEW OF OPERATING ACTIVITIES

Mulpha has a diversified business operating across a range of industry segments. Our assets are segmented based on the following business categories: (i) Hospitality; (ii) Property Development; (iii) Property Investment; (iv) Principal Investments; (v) Education; and (vi) Financial Services.

HOSPITALITY

The hospitality segment had a robust year with diminishing pandemic impacts in FY2022. This positive trend in the hospitality segment has been particularly evident at our resort assets, InterContinental Hayman Island and InterContinental Sanctuary Cove achieving a record trading year. Since the re-opening in late 2022, InterContinental Sydney is experiencing strong growth in both occupancy and room rate as corporate travels and international travels returned gradually.

InterContinental Sydney Hotel

The InterContinental Sydney completed its AUD120.00 million refurbishment of all guest rooms, suites and public spaces in late 2022. Mulpha worked with leading architects, Woods Bagot and InterContinental Hotel & Resorts to deliver a contemporary and operationally efficient design which includes upgrades to the historical Treasury Building built in 1851. A brand-new signature rooftop bar called Aster has opened on Level 32 with unparalleled views of Sydney Harbour, Opera House, Harbour Bridge, Royal Botanic Gardens and Circular Quay.

InterContinental Hayman Island Resort

Located on Hayman Island, one of Australia's most iconic private islands in the Whitsundays, InterContinental Hayman Island Resort is continually recognised as one of Australia's leading resorts.

FY2022 saw the opening of 12 exclusive adults-only luxury beachfront resort's pavilions at the resort and these have extended the resort's offer with a unique accommodation category. The resort achieved a record profitability and extremely strong average room rates despite the lack of international tourists entering Australia through the year 2022. We anticipate that the domestic demand will soften in 2023 while the international market rebuilds to pre-COVID levels.

InterContinental Sanctuary Cove Resort

InterContinental Sanctuary Cove Resort is located approximately 60 kilometers from Brisbane airport and is the centrepoint of the prestigious Sanctuary Cove development. Positive performance in FY2022 presents the first real opportunity for the resort's results to reflect the impact of the refurbishment of guest rooms and food & beverage facilities which was completed prior to the pandemic.

The hotel is looking forward to another strong year of corporate group business which has been the traditional midweek market segment for the hotel combined with strong leisure travel over holiday periods. Once again, the resort benefited from the very successful Sanctuary Cove International Boat Show, now in its 34th year and attracting upwards of 45,000 visitors to the Sanctuary Cove precinct.

London Marriott Hotel Grosvenor Square

The London Marriott Hotel Grosvenor Square is located in Mayfair, one of the most sought-after locations in London and home to Gordon Ramsay's restaurant, the Lucky Cat. Mayfair is located in the heart of the city and renowned for its luxury shopping, world-class restaurants, and exclusive hotels. The hotel market in Mayfair caters to high-end clientele, including business travelers, affluent tourists and celebrities.

The Mayfair hotel market has shown resilience and the London Marriott Hotel Grosvenor Square was able to conclude FY2022 with record trading results despite the inflationary pressures impacting the British market since early 2022.

Nesuto Stadium Hotel, Auckland New Zealand

Nesuto Stadium Hotel is located approximately 25 kilometers from Auckland airport in the central business district of Auckland, a short walk from the Spark Arena and the Britomart district adjacent to the Port of Auckland.

Nesuto Stadium Hotel secured a contract from the New Zealand Government to accommodate selected groups on their arrival into New Zealand before they were provided alternative housing. The hotel was fully occupied with these groups for the majority of FY2022.

New Zealand reopened to the world in August 2022, following one of the most stringent lockdowns. The country is experiencing an economic slowdown with significant cost of living pressures. It is however expected that the market will see a solid recovery in accommodation occupancy and room rates throughout 2023.

Bimbadgen Estate, Hunter Valley Australia

Bimbadgen Estate which now includes neighbouring properties, Palmers Lane and Emma's Cottage, has expanded its offerings to deliver: (i) wine-making, food & beverage; (ii) weddings; (iii) events; and (iv) accommodation.

The weddings and events sector enjoyed strong growth and anticipates hosting over 200 events at the Palmers Lane Wedding Centre in 2023. The current year will also see the return of large-scale concerts and the opening of Palmers Retreat, being 60 luxury studio rooms providing unique accommodation to visitors of the region, weddings and events guests.

Management Discussion & Analysis

PROPERTY DEVELOPMENT

MALAYSIA

Leisure Farm Resort, Johor Bahru

Established in 1991, Leisure Farm is an award-winning township development covering 1,765 acres of strategically located freehold land. Its proximity to the Malaysia-Singapore Second Link and connectivity to an extensive network of highways provide easy access to Singapore and Johor Bahru.

Leisure Farm's unique features include a wide range of well-designed estates and residences within gated communities, supported by quality amenities. Leisure Farm is also seen as an attractive lifestyle option for families with children attending the quality educational facilities including Marlborough College, Raffles American School and Education City within an easy drive from the development.

The Leisure Farm product is targeted at the luxury market purchasers looking to benefit from the maturity of the development, a secure gated community and its convenient connectivity to Singapore. Year 2022 saw positive trading conditions with strong interest from many families moving into the area looking for better value for money when compared to the higher cost Singapore market.

AUSTRALIA

Mulpha Norwest, Sydney

Mulpha Norwest is a diverse portfolio of property assets strategically located in the north-west growth corridor of Sydney. The Group's award-winning Norwest Business Park is an integrated commercial and residential estate comprising of Watermark and Haven apartments, Bella Vista Waters and Edgewater land subdivisions. Outside of Norwest, the Group's other projects include Essentia Land and Townhouses at Bella Vista, and a strategic partnership in Mt Taurus, Menangle in south-western Sydney.

Mulpha Norwest's real estate projects were partially insulated from construction cost increases due to fortunate timing and execution. However as seen in the industry, there were delays in delivery mainly due to wet weather conditions and supply chain challenges. The Bond office project was fully leased and sold, pending completion due in the first half of year 2023. Norwest Quarter is one of the largest apartment projects undertaken by the Group and pre-sales of 30% have already been achieved in the early stages of the construction.

Mulpha Sanctuary Cove, Queensland

Situated on the Gold Coast of Queensland, Sanctuary Cove is one of Australia's premier golfing, lifestyle and marina resort communities. It provides a self-contained residential environment with its own shopping and dining precinct, entertainment facilities and 24-hour land and water security.

Horizon, a collection of 23 homes in a quiet cul-de-sac, commenced construction in early 2022 with completion on track for mid-2023. These homes, all with individual elevators are designed for downsizing in mind, offer a low maintenance, high quality product that is well suited to local market demand.

With continued expansion of the marina, Mulpha Sanctuary Cove commenced construction of Harbour One, a new complex of Marine Village Apartments & Townhouses. The project has attracted considerable interest from existing residents looking to downsize, with record breaking pre-sales.

Since launching in 1988, the Sanctuary Cove International Boat Show has evolved to become one of the largest boating showcases in Australia. The 2022 event was a standout success with all exhibition spaces sold out, 600 boats on water and land, and attracted more than 45,000 visitors across the event.

PROPERTY INVESTMENT

Our investment portfolio of commercial and retail properties comprises of Norwest City and Transport House in Sydney, Sanctuary Cove Marine Village and Marina, Capri on Via Roma, Brimbank Shopping Centre and Enacon, a car wash and parking operator.

In FY2022, the Group completed the acquisition of Capri on Via Roma, located on the Isle of Capri, one of the Gold Coast's most prestigious and affluent neighbourhoods, approximately 1.5 kilometers southwest of Surfers Paradise. This strategic acquisition complements the Group's existing portfolio, as the Group will be able to leverage on its expertise in food & beverage, carparking, leisure and development.

Transport House saw 2 major new tenants sign long-term leases to achieve 100% occupancy while all retail shopping centres maintained high occupancies with support from our internal leasing team. Despite macroeconomic challenges, our shopping centres focus largely on non-discretionary retail tenants with a large focus of grocery, fresh food and quality food & beverage tenants.

Management Discussion & Analysis

PRINCIPAL INVESTMENTS

Mulpha is directing its global private equity and venture capital activities through Mulpha Principal Investments. This segment leverages Mulpha's unique combination of operational experience, management expertise and investment track-record across a range of asset classes, industries, and businesses where it can make a strategic difference, as well as being a source of capital. Key investment areas include technology venture capital, child care, identification and promotional products and hospitality software.

EDUCATION

The Hotel School Sydney, Melbourne, Brisbane & Hayman Island

The Hotel School continued to face a challenging environment in 2022. There was continued competition from job opportunities in the tourism industry as well as large universities in Australia for domestic students. Although we saw unrestricted international travels. The processing of student visas was and continues to be slow. The new government has also introduced new hurdles in high volume markets that had negatively impacted the enrolments. Operationally, the development of a new Bachelor of Business in Hotel Management was completed last year with the plan to transition to the new course in early 2023.

FINANCIAL SERVICES

Mulpha Finance Group

Pindari Capital successfully rebranded to Mulpha Funds Management ("**MFM**") in FY2022, bringing further alignment and integration with the wider group. This has opened up opportunities to collaborate with Mulpha's core business channels to unlock opportunities for direct property investment.

The establishment of a real estate investment pipeline allows MFM to build relationships with distribution platforms and partners, family offices and private clients to add to the existing sources of capital from the Significant Investor Visa (SIV) and Investor Visa (IV) related programs.

Mulpha Finance acts as an underwriter of real estate backed debt providing direct exposure to quality real estate investment and development opportunities in a secured, typically first mortgage debt position. These positions are diversified across a range of opportunities in key capital city market exposures.

SUSTAINABILITY REPORTING

Mulpha's aspiration to deliver long-term value creation is centred on a strong sustainability focus. Sustainability is driven by a triple bottom-line comprising environment, social and governance ("**ESG**") matters that is supported by a comprehensive ESG framework.

As a responsible corporate citizen, Mulpha's business strategies continue to be both financial and ESG driven with considerations and objectives embedded into the Group's business model.

Further details on our approach to sustainability and value creation are set out in the Sustainability Statement of this Annual Report.

DISCUSSION AND ANALYSIS OF THE FINANCIAL RESULTS AND FINANCIAL CONDITION OF THE GROUP

The Group's financial results and financial condition are delivered in the following tables that present the Group's Profit and Loss Analysis, Financial Position Analysis and Cash Flow Analysis.

PROFIT AND LOSS ANALYSIS

	2022 RM'000	2021 RM'000	Change RM'000	% Change
Revenue	970,918	787,217	183,701	23%
Profit from operations	157,027	463,376	(306,349)	(66%)
Profit before interest and tax	169,877	487,243	(317,366)	(65%)
Profit before tax	102,463	422,559	(320,096)	(76%)
Profit after tax	86,504	433,430	(346,926)	(80%)
Profit attributable to				
Owners of the Company	84,879	432,895	(348,016)	(80%)

Revenue by Business Segment

	2022 RM'000	2021 RM'000	% Change
Property	314,686	431,036	(27%)
Hospitality	583,464	310,082	88%
Investment & others	72,768	46,099	58%
TOTAL	970,918	787,217	23%

Profit/(Loss) Before Tax by Business Segment

	2022 RM'000	2021 RM'000	% Change
Property	91,138	211,237	(57%)
Hospitality	78,677	(95,709)	>100%
Investment & others	(12,788)	347,848	>(100%)
Results from operating activities	157,027	463,376	(66%)
Finance Cost	(67,414)	(64,684)	4%
Profit after interest before tax	89,613	398,692	(78%)
Share of results of association and joint ventures	12,850	23,867	(46%)
TOTAL	102,463	422,559	(76%)

In FY2022, Mulpha's revenue increased by RM183.70 million which was mainly attributed to the favourable performance of hospitality segment. The Group recorded lower pre-tax profit by RM320.10 million attributed to a one-off gain in the previous year which arose from the disposal of an associate, Education Perfect Group Limited, a New Zealand company involved in online education sector, amounted to RM421.05 million.

Property Segment Results

Property segment reported a lower revenue of RM116.35 million and pre-tax profit decreased by RM120.10 million mainly due to the overall lower settlements in Mulpha Norwest and Sanctuary Cove developments during the year and a one-off sale of a pad site at Lexington drive, Norwest, Australia in the previous year.

Management Discussion & Analysis

Construction delays resulting from materials and labour shortages and inclement weather have negatively impacted specific projects in Sanctuary Cove and Norwest, Australia. Positively, the margin on these projects has either maintained or improved across the year albeit against delayed settlement timing. Leisure Farm development in Malaysia was generally positive with stronger interest in luxury villas portfolio due to the rising construction cost for new dwellings as well as the spill over demand from Singapore.

Property investment segment has seen strong growth in the current year with retail shopping centres at Marine Village in Queensland, Australia, as well as Norwest City and Transport House in Sydney, Australia achieving more than 90% of occupancies. Enacon Parking, multiple carparks operator in Sydney Central Business District, Australia had a rebound year with employees returning to their offices and the re-opening of InterContinental Sydney.

Hospitality Segment Results

The hospitality segment reported a higher revenue of RM273.38 million for FY2022 as compared to the previous year, backed by strong demand from the leisure market and pent-up demand from the corporate and sports groups and wedding events. InterContinental Hayman Island and InterContinental Sanctuary Cove in Australia achieved higher occupancies and record-breaking room rates. The opening of 12 exclusive adults-only luxury beachfront pavilions in September further boosted the InterContinental Hayman Island Resort performance during the year. The current year has also seen increased pressures on operating cost including labour rates, food & beverage purchases and fuel costs.

Investment and Others Segment Results

The investment and others segment revenue increased by RM26.67 million as compared to the previous year mainly due to a higher volume of debt financing deals and new promotional merchandises and car wash businesses in the current year. This was partly offset by lower student enrolments in The Hotel School in the current year due to challenging visa processing for international students and local students leaving for full-time jobs due to the high demand for workforce in the hospitality industry.

The decrease in the investment and others segment pre-tax profit by RM360.64 million was mainly attributed to a one-off gain in the previous year which arose from the disposal of an associate, Education Perfect Group Limited, a New Zealand company involved in online education sector, amounted to RM421.05 million as mentioned above.

FINANCIAL POSITION ANALYSIS

Total Assets	2022 RM'000	2021 RM'000
Property, plant and equipment	1,481,514	1,494,013
Investment properties	1,470,278	928,902
Investment in associates	104,651	100,663
Investment securities	686,821	643,927
Inventories	1,355,125	1,379,219
Cash and deposits	231,129	370,927
Others	588,164	525,905
Total	5,917,682	5,443,556

The Group's assets increased by 9% to RM5.92 billion as at 31 December 2022 mainly attributable to the increase in investment properties and offset by the decrease in cash and deposits (see Cash Flow Analysis). The increase of investment properties was mainly due to the acquisition of Capri on Via Roma, a shopping centre in Gold Coast, Queensland, Australia for a total consideration of RM211.42 million as well as the accounting reclassification of a commercial property in Sydney, Australia from property, plant and equipment to investment properties amounting to RM337.78 million. The reclassification was due to the fact that the Group no longer occupies a significant area of the property for its administrative use and has been leased the property to third parties, thereby requiring the reclassification for financial reporting purposes.

Total Liabilities	2022 RM'000	2021 RM'000
Loans and borrowings	1,951,191	1,615,449
Others	413,064	358,168
Total	2,364,255	1,973,617

The Group's total liabilities increased by 20% to RM2.36 billion as at 31 December 2022, mainly attributable to loan and borrowings drawdown during the year for the Group's investing activities and working capital requirements.

Total Equity	2022 RM'000	2021 RM'000
Share capital	1,983,858	2,036,698
Treasury shares	-	(17,586)
Reserves	180,345	181,378
Retained earnings	1,363,284	1,243,151
Total equity attributable to owners of the Company	3,527,487	3,443,641
Non-controlling interests	25,940	26,298
Total	3,553,427	3,469,939

The Group's total equity increased by 2% to RM3.55 billion as at 31 December 2022 mainly attributable to the profit generated for the year amounting to RM86.50 million. During the financial year, the Company cancelled the entire treasury shares of 8,288,200 units pursuant to Section 127 of the Companies Act 2016 which was purchased from the open market in the previous financial year.

CASH FLOW ANALYSIS

	2022 RM'000	2021 RM'000	% Change
Net cash from/(used in) operating activities	42,667	(88,824)	>100%
Net cash (used in)/from investing activities	(559,521)	525,313	>(100%)
Net cash from/(used in) financing activities	343,082	(352,173)	>100%
Net (decrease)/increase in cash and cash equivalents	(173,772)	84,316	>(100%)
Effect of exchange rate fluctuations on cash held	(2,175)	(3,378)	(36%)
Cash and cash equivalents at 1 January	340,298	259,360	31%
Cash and cash equivalents at 31 December	164,351	340,298	(52%)

The Group's cash and cash equivalents position at RM164.35 million with a decrease of 52% was mainly due to higher cash utilisation in investing activities and offset against cash from financing activities. Net cash used in investing activities amounting to RM559.52 million was mainly for the acquisition of Capri on Via Roma as mentioned in Total Assets, InterContinental Sydney refurbishments and the construction of boutique cabins at Palmers Lane in Hunter Valley, New South Wales, Australia totalling to RM477.38 million. Net cash from financing activities amounting to RM343.08 million was mainly due to the drawdown of revolving credits and term loans for the Group's investing activities and working capital requirements.

ANTICIPATED OR KNOWN RISKS

The Group remains vigilant of its risk factors, which comprise business, corporate, financial and industry risks. The Group maintains a Risk Register, which is updated on a regular basis and adopts a triple defence mechanism towards managing and mitigating its risks.

The Board of Directors has oversight on risks through its Audit and Risk Management Committee and appropriate measures have been put in place towards identifying and addressing risks at all levels of the Group, including at divisional level as well as operational levels.

Following are the Group's primary risk factors and mitigation measures. Further information on risk management including the Group's risk framework, systems and processes are detailed in the Statement on Risk Management and Internal Control of this Annual Report.

GENERAL RISKS

RISK FACTOR (S)	MITIGATION MEASURES
Internal and External Factors	
Internal factors include operational risks, while external factors include political, economic, social, environmental, legal, demographics, intercultural, and ethical aspects. Geopolitical risks including terrorism threats and changes in immigration policies such as induced by Brexit and others. These risks translate into local and global economic conditions that affect inflation, foreign currency exchange rates, tightening of borrowings rules of financial institutions, reduced consumer buying power, unavailability and increasing prices of resources and materials, including utilities.	The Group continues to operate based on its dynamic business plans, which takes into account the respective market conditions and sentiments in both Australia, Malaysia, United Kingdom, and New Zealand. Business and operational strategies are developed specifically to the unique local conditions of each geographical location such as buying power, market demand, demographics, currency fluctuations and other variables. Internally, the Group continues to undertake detailed SWOT analysis to continuously bolster its competencies and capabilities as well as develop appropriate measures to address emerging threats. Scenario planning is also undertaken regularly to ensure the Group is well prepared to deal with various types of risks.
Environmental Factors	
Climate change and other environment-related risks can cause or contribute to extreme weather conditions such as typhoons, cyclones, flooding, and El Nino and La Nina effects. These can lead to delays and late delivery, or even damage and destruction to properties, incurring additional resources and costs for mitigating measures. Extreme weather conditions could affect shoreline resorts as well as those in sensitive weather zones.	The Group's property development team always considers environmental developments that may potentially disrupt business operations. Group assets are also covered by comprehensive insurance protection. As a responsible corporate citizen, the Group continues to operate in an environmentally sustainable manner to reduce its contribution to climate change, global warming and other issues. Details of our sustainability related measures are given in the Sustainability Statement of this annual report.

PROPERTY SEGMENT

RISK FACTOR (S)	MITIGATION MEASURES
Geographical Market Risks: Johor, Malaysia	
The Johor property market continues to follow the national downward trend as Malaysia's real estate sector remains mired amidst an oversupply of properties in key segments, lack of market liquidity due to stringent financing requirements and lack of buying sentiment due to issues of stagnating wages and lack of affordability.	The Group has adopted various strategic measures to continue driving interests and sales during the softening of the Johor property market. This includes target demographic diversification, attractive ownership packages as well as community building within Leisure Farm Resort to stimulate buyer interest. The Group continues to emphasise the strong selling points and overall value proposition of the product such as its strategic location, the ample greenery afforded to buyers and its close proximity to Singapore.
Geographical Market Risks: Australia	
Australia continues to see imposition of stricter rules, fees and taxes for property purchase by foreigners as a protectionist mechanism in addressing escalating house prices. This impact foreign purchasing power and results in slower uptake of our properties. Other factors include tighter Chinese capital controls, weaker market conditions and additional taxes.	We are cognisant of operating conditions and changes in the Australian regulatory environment. These are supported by the Audit and Risk Management Committee. The Australia projects are strategically located and cater to a wide range of buyer segments. The Group is not dependent on any particular buyer segment, with multiple revenue streams generated from a wide range of projects at various stages of maturity. The Group offers a wide range of products at different price levels. Some of our projects are targeted at affluent, foreign buyers who generally have a high buying propensity, irrespective of local market conditions. The Group also draw confidence from the inherent strength of our projects such as Norwest, which benefits from having two metro stations, is well located and is highly regarded as the new up and coming location for urban development in Sydney.

PROPERTY INVESTMENT & OTHERS

RISK FACTOR (S)	MITIGATION MEASURES
Uneven lease expiries, late or defaulted lease payments, renewal of leases at less favourable terms, non-renewal of leases, early termination of leases and the inability to secure new tenants.	The Group performs independent assessment of all feasibilities and return calculations on every project undertaken to reduce the investment risks. In this regard, continuous monitoring, review and analysis of current investments is an on-going process. Stakeholder concerns such as our tenants are also factored in when assessing viability of potential investments and in continuing or divesting out of existing investments. Fund allocations for our investments are provided for possible injection into undertaking of mitigating measures to safeguard our investments.

Management Discussion & Analysis

HOSPITALITY SEGMENT

RISK FACTOR (S)	MITIGATION MEASURES
Seasonal occupancy due to local and international tourism demands;	The Group continues to actively market our hotels, to customers both locally and abroad and offer a wide range of promotions and incentive packages during off-demand periods. In particular, the business segment is tapped to hold events during such times. The Group also continues to explore non-traditional markets who would be inclined to travel abroad during off-peak periods. Efforts are also being made to synergise our hospitality portfolio with our other assets in the group such as the addition of the Vera Wang licence, Bimbadgen vineyard wines and venue to make complete offerings to the wedding market segment. Technology is becoming more prominent in our business model towards generating more direct bookings (that offer higher earnings margins compared to third party sites) as well as the use of social media to directly reach out to potential customers.
Operational risks affecting quality, health safety and security;	Regular audits and joint inspections with local authorities are conducted at all premises towards ensuring the health, safety and security ("HSS") of all stakeholders. The Group abides by all state and federal laws in the countries, which we operate. This includes organising fire and evacuation drills, where needed, ensuring all assets are equipped with safety equipment and relevant personnel have been given training. SOPs have been drawn up for various HSS situations. The Group continues to work closely with all authorities to ensure regulatory compliance.
Value chain risks such as sustainable procurement for products, packaging and supplies such as toiletries, food & beverage, and also energy, water and waste management.	The Group's hospitality operations continues to develop a sustainable supply chain ensuring that all vendors meet environmental and social standards as required by law and the Group's own procurement policies. The Group continues to work with suppliers, vendors and business partners towards continuously reducing its environmental footprint. For example, Norwest Quarter (formerly known as the Greens) has been designed with carbon-zero initiatives across all parts of the value chain. Further details are captured in the Sustainability Statement.
Staff / service related risks such as poor customer service rendered, which can impact sales and business performance.	Training and development as well as acculturation of values and service standards are a regular part of the overall approach to staff training and development. Frontline staff in particular are constantly provided with training, not just at their induction, but also throughout their career with the Group's hospitality assets. Our hospitality assets are integrated with our Hotel School education portfolio which provides natural synergies and opportunities. Remuneration and rewards for staff are tied to performance, towards motivating staff to deliver exemplary customer experience at all times.

FINANCING AND FOREIGN EXCHANGE RISK

RISK FACTOR (S)	MITIGATION MEASURES
Mulpha's operations and investments, being located globally, uses Malaysian Ringgit and foreign currencies, especially Australian Dollars, New Zealand Dollars, Singapore Dollars, US Dollars, and British Pounds, for transactions and interest-bearing borrowings. The dynamic global economic conditions, influenced by geopolitics, significant events, changes in public policy, and other uncertainties can be aspects that lead to high risk in terms of fluctuations in interest rates as well as in foreign exchange rates, particularly when transacted back to Malaysian Ringgit. Such fluctuations could impact the earnings of the Group, which are stated in Ringgit Malaysia.	In view of such risks the Group constantly monitors all its borrowings, looking for possible refinancing opportunities in order to reduce the costs associated with such borrowings. There is also active treasury monitoring of foreign currency exchange rates and any local or global conditions that are likely to impact the interest and exchange rates of borrowings.

GROUP OUTLOOK AND PROSPECTS

Domestic leisure demand is seen to soften as outbound travel gradually increases. These trends are expected to be gradually offset by the return of international tourists. Expected headwinds for the hospitality industry include pressure on operating costs including labour rates, food & beverage purchases and fuel costs. Electricity prices have also materially increased in 2023 across all Australian markets.

Rising interest rates have also caused the Australian real estate market conditions to soften. As the Group's real estate products typically target mature buyers and owner-occupiers, this market is less impacted than first home buyers and investors. Steady sales have been achieved at the new Norwest Quarter project which comprises 196 apartment units that were released in early 2022. Land sales have remained slow at Sanctuary Cove with the local market now seeing prices decline following exceptional sales in 2021. However, it is pleasing that the first waterfront apartment building in Sanctuary Cove, Harbour One, has achieved strong sales and price growth since its release in 2022.

The Group's pipeline in FY2023 includes the completion of The Bond, a 6-storey commercial office and medical building adjacent to the Norwest private hospital and Swing City, a golf entertainment facility at Norwest. As noted above, 60 boutique cabins at Palmers Lane in the Hunter Valley will complement and complete Bimbadgen Estate's offerings.

As the Group enters 2023, there is uncertainty about the path to economic recovery and stability. Economists are divided on whether the global markets are heading towards a recession, and there may be continued inflation and geopolitical conflicts. While a global recession can be a challenging time for both individuals and businesses, there will be opportunities for dynamic groups such as Mulpha who is well capitalised and able to effectively mitigate market risks to add quality businesses and assets to its portfolio.

GREGORY DAVID SHAW
Chief Executive Officer

31 March 2023

04 Our Commitment to Good Governance

RESIDENSI BAYOU,
LEISURE FARM

The latest addition to Leisure Farm's series of Waterfront Lifestyle Homes. Residensi Bayou is a three-storey residence that takes eco-living concepts to a higher plateau with state-of-the-art quality and design. Contemporary waterfronts Semi-D, Super Links as well as Garden Link homes located in 8.7 acres of serene natural living.

Corporate Governance Overview Statement

The Board of Directors ("**the Board**") of Mulpha (or "**the Company**") is pleased to provide an overview of the Company's corporate governance practices during the financial year ended 31 December 2022 with reference to the 3 key Principles as set out in the updated Malaysian Code on Corporate Governance 2021 ("**MCCG 2021**") namely (a) Board leadership and effectiveness; (b) Effective audit and risk management; and (c) Integrity in corporate reporting and meaningful relationship with stakeholders. The Company's application of each Practice set out in MCCG 2021 during the financial year 2022 is disclosed in the Company's Corporate Governance Report ("**CG Report**") which is available on the Company's website at *www.mulpha.com.my* as well as via the Company's announcement made to Bursa Malaysia Securities Berhad ("**Bursa Securities**").

The Board remains committed to high standards of corporate governance driven by the ultimate objective of protecting and enhancing shareholder value and the financial performance of the Company and its subsidiaries ("**the Group**").

The Board recognises that maintaining good corporate governance is critical to business integrity and performance, and key to delivering shareholder value. The Board continuously evaluates and adapts existing corporate governance practices in line with other known best practices and developments in the corporate sector.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

The Board has general oversight of management of the Group. The Board provides direction to Management on the Group's strategy and overall policies for long-term value creation for all stakeholders including shareholders and employees. It endeavours to do this by taking into account the interests of all stakeholders in its decisions.

The Board is not directly involved in the day-to-day management of the Group but implements and monitors adequate guidelines and policies to ensure that Management acts in the best interest of the Group and its stakeholders, and observes and conforms to proper ethical, regulatory and legal requirements. In doing so, the Board has set limits of authority and boundaries for the actions that may be taken by Management and matters that it considers sufficiently material for its deliberation and approval.

In the interest of business efficacy, the Board may delegate authority to achieve the corporate objectives of the Group to the Executive Chairman, Executive Director and Chief Executive Officer ("**CEO**"). The Executive Chairman, Executive Director and CEO remain accountable to the Board for all actions taken by them pursuant to any such authority as well as for their performance in accordance with their contracts of service. Notwithstanding, the Board reserves the authority to consider and make decisions on any matter that it deems of significance to stakeholders and the Group. Furthermore, the Board may establish Key Performance Indicators (KPI) for Management to ensure that they meet performance and delivery targets for the Group and will provide incentives for performance, and link remuneration and benefits to performance.

The role of the Independent Directors is to take into account the interest of all shareholders and adopt an independent and objective stand on all matters before the Board. Independent Directors must vocalise their views on all matters and act in the best interest of the Group as a whole.

The Board has established an Audit and Risk Management Committee ("**ARMC**"), a Nomination Committee and a Remuneration Committee to assist the Board with specific matters within their respective terms of reference. The terms of reference of these Board Committees have been approved by the Board but are continuously evaluated to ensure that they are adequate and relevant. Although specific powers are delegated to the Board Committees, the Board keeps itself abreast through the reports from the respective Chairmen of the Board Committees and the minutes of the Board Committee meetings. The ultimate responsibility for decision-making, however, lies with the Board.

Corporate Governance Overview Statement

Separation of Positions of the Chairman and CEO

There is a clear division of responsibilities between the Executive Chairman and the CEO to ensure that there is a balance of power and authority such that neither individual has unfettered power over decision-making.

The Executive Chairman is primarily responsible for the vision and strategic direction of the Group as well as leadership of the Board. The Executive Chairman moderates and guides all meetings, and encourages active participation and contribution from all members of the Board. He engages directly with the CEO to monitor performance and oversees the implementation of strategies.

The CEO is responsible for the day-to-day management of the Group's operations and businesses as well as implementation of the Board's policies and decisions.

The Executive Chairman is not a member of any Board Committee in compliance with Practice 1.4 of the MCCG 2021.

Company Secretaries

The Board is supported by suitably qualified Company Secretaries who manage and direct the flow of information to the Board and its Committees. They are responsible for developing and maintaining the processes that enable the Board to fulfil its roles, ensuring compliance with the Company's Constitution and the relevant guidelines, regulatory and statutory requirements, and advising the Board on all governance matters.

The Board is regularly updated and advised by the Company Secretaries on new statutory and regulatory requirements, and the implications on the Group and the Directors in relation to their duties and responsibilities. The Company Secretaries also oversee the adherence to Board policies and procedures.

Board Meetings and Access to Information and Advice

Each Director has full and unrestricted access to all information pertaining to the Group's business affairs, whether as a full Board or in their individual capacity, to enable them to discharge their duties.

The Board meets quarterly to review financial, operational and business performances, with additional meetings convened when necessary. The Board endeavours to deliberate on all important and material matters at physical/virtual meetings, however where urgent and unforeseen matters require a decision of the Board and a physical meeting is not possible, the available Directors endeavour to arrive at a consensus by conferring via telephone or other electronic means. The Board may make routine or administrative decisions via circular resolutions. In all cases, the Board decides after receiving the information it requires for an informed decision.

All Directors are provided with an agenda and a set of agenda papers at least 5 business days prior to the Board and Committee meetings to enable the Directors to review and consider the items to be deliberated at the meetings. The Directors may seek advice from Management, or request further explanation, information or updates, where necessary. Additionally, the Board may receive further updates, reports and information to ensure that it is apprised of the latest key business, financial and operational matters.

Board Charter

The Board is guided by the Board Charter which sets out amongst others, the roles and responsibilities of the Board, Board Committees, individual Directors and Management in upholding good corporate governance standards and practices. The Board Charter also covers the composition of the Board; division of responsibilities between the Chairman and Executive Director/CEO; procedures for convening Board meetings; Directors' remuneration and training; financial reporting; investor relations; and shareholder communication. The Board Charter is accessible in Mulpha's website at *www.mulpha.com.my*.

Corporate Governance Overview Statement

Corporate Code of Conduct

The Board has a formalised Corporate Code of Conduct ("**the Code**") which reflects Mulpha's vision and core values of integrity, respect, trust and openness. The Code provides clear direction on the conduct of business, workplace behaviour, relations with stakeholders and the wider community. It also includes guidance on disclosure of conflict of interests; maintaining confidentiality and disclosure of information; compliance with relevant laws and regulations; and the duty to report where there is a breach of the Code, amongst others. The Code is made available on Mulpha's website at *www.mulpha.com.my*.

Conflict of Interest Policy

The Board also has a formalised Conflict of Interest Policy which sets out the process and procedures for employees to disclose any conflict of interest situation, and contains a Conflict of Interest Declaration Form to be used for the declaration of conflict of interest by employees in the event the employee is given a responsibility or assignment which may lead to a real or potential conflict of interest.

The Conflict of Interest Policy was revised in year 2020 to cover broader conflicts involving employees as well as transactions entered into by the entities under the Group. The disclosure procedure and process have also been clearly defined to provide guidance to employees in making a disclosure of any actual or potential conflict of interest. The revised Conflict of Interest Policy was approved by the Board on 28 August 2020.

Whistleblowing Policy

Mulpha has in place a Whistleblowing Policy to provide an avenue and mechanism to all employees and stakeholders of the Group to report concerns in strict confidence, about any suspected wrongdoing, inappropriate behaviour or misconduct relating to fraud, corrupt practices and/or other forms of inappropriate or unethical behaviour. Reports can be made anonymously without fear of retaliation or repercussions and will be treated confidentially. There is a process in place to independently investigate all reports received to ensure the appropriate follow-up actions are taken.

The Whistleblowing Policy was revised in year 2020 to streamline certain definitions to be consistent with the Conflict of Interest Policy. The whistleblowing reporting, communication channels and investigation process have also been clearly defined. The revised Whistleblowing Policy which was approved by the Board on 28 August 2020, is published on Mulpha's website at *www.mulpha.com.my*.

Anti-Bribery and Corruption Policies

In compliance with the new Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 and guided by the principles under the Guidelines for Adequate Procedures and Paragraph 15.29 of the Main Market Listing Requirements of Bursa Securities in relation to anti-bribery, the Board has on 28 August 2020, approved the new Anti-Bribery and Corruption Policy, and the Gift and Entertainment Policy.

The Anti-Bribery and Corruption Policy and the Gift and Entertainment Policy set out the procedures and measures implemented by Mulpha to prevent the occurrence of corruption in connection with its business and to ensure compliance with anti-corruption laws in the countries in which the Group operates. These policies serve as control measures to address and manage the risks of fraud, bribery, corruption, misconduct and unethical practices for the benefit of long-term success of the Company.

The Anti-Bribery and Corruption Policy is published on Mulpha's website at *www.mulpha.com.my*.

Directors' Fit and Proper Policy

In compliance with Paragraph 15.01A of the Main Market Listing Requirements of Bursa Securities, the Board has on 30 May 2022, approved the new Directors' Fit and Proper Policy for the appointment and re-election of directors.

Corporate Governance Overview Statement

The objective of the Directors' Fit and Proper Policy is to guide the Nomination Committee and the Board in their review and assessment of potential candidates for appointment as Directors as well as Directors who are seeking for re-election at the Annual General Meeting ("**AGM**") of the Company. This Policy also aims to ensure that Directors possess the character, integrity, relevant range of skills, knowledge, experience, competence and time commitment to carry out their roles and responsibilities effectively in the best interest of the Company and its stakeholders.

The Directors' Fit and Proper Policy is published on Mulpha's website at *www.mulpha.com.my*.

Sustainability Governance

The Board together with Management are responsible for the governance of sustainability in the Company, including setting the Company's sustainability strategies, priorities and targets. The Management team, led by the CEO is continuously enhancing the sustainability management framework and processes to ensure effective implementation and execution of the environmental, social and governance ("**ESG**") initiatives. A sustainability team was assigned to provide assistance and oversight for a smooth and progressive implementation of the organisation's sustainability strategies. Progress of execution of the strategies and initiatives are regularly reported to the CEO and Management team as well as quarterly reporting to the Board.

To ensure the long-term expectations of stakeholders are met, Mulpha continues to monitor its sustainability priorities, including taking the necessary actions to minimise the environmental impact. The senior leadership team is accountable for embedding sustainability initiatives and targets throughout business operations (such as in the product design and project developments) and overseeing the execution.

II. BOARD COMPOSITION

As at the date of this Statement, the Board has 6 members, comprising the Executive Chairman, Executive Director and 4 Independent Non-Executive Directors. A majority of the Board members consists of Independent Non-Executive Directors, who account for more than half of the members and this allows for more effective oversight of management. The Board composition also complies with Paragraph 15.02(1)(a) of the Main Market Listing Requirements of Bursa Securities, which states that at least 2 directors or one-third of the Board members, whichever is higher, are Independent Directors.

On 1 April 2023, Ms Josephine Phan Su Han was appointed as Independent Non-Executive Director of the Company in compliance with Paragraph 15.02(1)(b) of the Main Market Listing Requirements of Bursa Securities, which states that at least one Director on the Board must be a woman.

The Board has an appropriate mix of relevant skills, knowledge and experience in the areas of business, accounting, finance, law, real estate investment, information technology, property development and investment, of which are skill sets relevant to the Group. A brief profile of each Director is set out under the Profile of Board of Directors section of this Annual Report.

The Board is satisfied that the current composition of Directors provides the appropriate size, diversity and balance of expertise, skills and core competencies among the Directors, which are necessary to lead the Group effectively. The Independent Directors provide independent judgement, objectivity, and check and balance on the Board.

Nomination Committee

The Nomination Committee comprises all Independent Non-Executive Directors. In conformity with MCCG 2021, the Nomination Committee is chaired by an Independent Non-Executive Director, Mr Loong Caesar.

The Nomination Committee has written terms of reference dealing with its authority, duties and responsibilities, which is accessible in Mulpha's website at *www.mulpha.com.my*.

The activities of the Nomination Committee during the financial year are summarised as follows:-

(a) Reviewed the evaluation results of the Board and Board Committees, and independence assessment of the Independent Directors.

(b) Reviewed the results of the Director's Self & Peer Evaluation and mix of skills, competencies and experience of Directors.

(c) Reviewed the term of office, competency and performance of the ARMC and its members.

(d) Reviewed the evaluation results of the performance and contribution of the CEO.

(e) Reviewed and recommended the re-election of Directors and the retention of 2 Independent Directors who have served on the Board for a cumulative term of 9 years and above.

(f) Reviewed the training programmes attended by the Directors and assessed the training needs of Directors.

The Nomination Committee reports its proceedings and recommendations to the Board for its consideration and approval.

Appointment of New Directors to the Board

The Nomination Committee is responsible to ensure that the procedures for appointing new Directors are transparent and rigorous, and that appointments are based on merit. The Nomination Committee is guided by the Directors' Fit and Proper Policy in evaluating the suitability of individuals for appointment as new Directors. The Nomination Committee ensures that the Board comprises individuals with the necessary background, skills, knowledge, experience and competencies to complement the existing Board and meet its future needs.

A proposed candidate is first considered by the Nomination Committee which takes into account, among others, the skills, knowledge, experience, competence, integrity and time commitment of the candidate, before making a recommendation to the Board for approval. A formal procedure and process has been established for the nomination and appointment of new Directors. The process includes conducting an interview or engagement session with the shortlisted candidate, if necessary. Candidates could be sourced through the recommendation of existing Directors, senior management, shareholders, external registries of corporate directors, internal database of potential candidates, third party referrals or from executive search firms.

Diversity of gender, ethnicity and age within the Board is also important, and this includes appropriate mix of skills, experience and competencies which are relevant to enhance the Board's composition. The Board recognises that the evolution of this mix is a long-term process that is deliberated each time a vacancy arises to ensure a balanced and diverse Board composition is maintained.

The Board does not have a specific policy on gender diversity but the Nomination Committee is mindful of its responsibilities to conduct all Board appointment processes in a manner that promotes gender diversity pursuant to the recommendation stated in MCCG 2021. The Nomination Committee will endeavour to consider both suitable male and women candidates, and candidates of all ethnicities in the recruitment exercise, when the need arises. The Board had on 1 April 2023, appointed a female Director namely Ms Josephine Phan Su Han, which represents about 17% of the Board.

Tenure of Independent Directors and Annual Assessment of Independence

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

Corporate Governance Overview Statement

In its annual assessment, the Nomination Committee reviewed the independence of Independent Directors. Based on the assessment, the Board is of the opinion that the Independent Directors consistently provided independent and objective judgement in all Board and Board Committee deliberations, and is satisfied with the level of independence demonstrated by the Independent Directors and their ability to act in the best interest of the Company.

Re-election of Directors

The Company's Constitution provides that one-third of the Directors for the time being, or if their number is not 3 or a multiple of 3, then the number nearest to one-third, shall retire from office at each AGM. Each Director shall retire once at least in each 3 years but shall be eligible for re-election. The Directors to retire in each year are those who have been longest in office since their last election or appointment. As for Directors who are appointed by the Board during the year, they are subject to re-election at the next AGM following their appointment.

The performance of those Directors who are subject to re-election at the AGM will be subject to assessment conducted by the Nomination Committee, whereupon the Committee's recommendations are made to the Board on the proposed re-election of the Directors concerned for shareholders' approval at the AGM. The re-election of each Director is voted as a separate resolution during the AGM.

Annual Evaluation of Directors

The Board annually evaluates its performance and governance processes with the aim of improving individual Director's contributions, and effectiveness of the Board and its Committees.

During the financial year, a Board evaluation exercise was carried out to assess the performance and effectiveness of the Board, Board Committees and the contribution of each Director based on a set of pre-determined criteria.

The Nomination Committee reviewed the overall results of the evaluations conducted and subsequently tabled the same to the Board and highlighted those areas which required further and continuous improvement.

Time Commitment

During the financial year, the level of time commitment given by the Directors was satisfactory, which was evidenced by the attendance record of the Directors at the Board and Board Committees' meetings held.

To facilitate the Directors' time planning, a schedule of meetings comprising the dates of Board and Board Committees' meetings and AGM, would be prepared and circulated to them at the end of every year.

A total of 9 Board meetings were held during the financial year ended 31 December 2022 and the record of attendance of the Directors is as follows:-

Name of Directors	Number of Meetings Attended	Percentage of Attendance (%)
Lee Seng Huang	7/9	78
Lee Eng Leong	9/9	100
Chew Hoy Ping	8/9	89
Loong Caesar	8/9	89
Geoffrey Earl Grady	9/9	100

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

Corporate Governance Overview Statement

In compliance with Paragraph 15.06 of the Main Market Listing Requirements of Bursa Securities, the Directors of the Company hold not more than 5 directorships in public listed companies. This enables them to discharge their duties effectively by ensuring that their commitment, resources and time are focused on the affairs of the Group.

Directors' Training, Development and Induction

The Board acknowledges that continuous education is vital to gain insight into the state of economy, technological advances, regulatory updates and management strategies to enhance the skills and knowledge in discharging its responsibilities.

All the Directors, apart from attending the Mandatory Accreditation Programme as required by Bursa Securities, have also attended other training programmes organised by the relevant regulatory authorities or professional bodies to broaden their knowledge and to keep abreast with the relevant changes in laws, regulations and the business environment. The Directors are mindful that they should continue to update their skills and knowledge to sustain their active participation in Board deliberations and maximise their effectiveness during their tenure.

The Directors have ongoing access to continuing education programmes as they are kept informed of relevant training programmes by the Company Secretary. The records of all training programmes attended by the Directors are maintained by the Company Secretary.

Annually, the Board (through the Nomination Committee) reviewed the training programmes attended by the Directors and assessed the training needs of its members to assist them in the discharge of their duties as Directors. Details of the training programmes (eg. conferences, workshops, seminars and webinars) attended by the Directors during the financial year ended 31 December 2022 are as follows:-

Name of Directors	Training Programmes Attended	Organiser	Date
Lee Seng Huang	Board of Directors ESG Training	AECOM Asia Company Limited	25 May 2022
Lee Eng Leong	1) Corporate Governance Guide 4th Edition: Rise Together	Malaysian Institute of Corporate Governance	17 March 2022
	2) Banking on Islamic Finance for a Sustainable Future	Malaysian Institute of Certified Public Accountants	17 May 2022
	3) MIA International Accountants Conference 2022	Malaysian Institute of Accountants	8 & 9 June 2022
	4) Pre-Budget 2023 Dialogue with Minister of Finance	Kuala Lumpur Business Club	26 August 2022
	5) Dialogue with Hon. Mr Lawrence Wong, Singapore Deputy Prime Minister & Minister of Finance – Global Headwinds: A Singapore Perspective	Kuala Lumpur Business Club	5 September 2022
	6) Sustainable Finance Series "Towards a Zero Carbon Future: The New Funding Landscape and Supply Chain Opportunities"	Malaysian Institute of Certified Public Accountants & Sustainable Finance Institute Asia	6 September 2022

Corporate Governance Overview Statement

Name of Directors	Training Programmes Attended	Organiser	Date
Chew Hoy Ping	1) Tax Governance: It's Time to Embrace It	Malaysian Institute of Certified Public Accountants	13 January 2022
	2) TCFD Climate Disclosure Training Programme	Bursa Malaysia Securities Berhad	2 & 9 March 2022
	3) Digital Awareness and Upskilling for Board	Institute of Corporate Directors Malaysia	23 March 2022
	4) 2022 Board and Audit Committee Priorities	KPMG	31 May 2022
	5) Digital Signature – Understanding its Principles and Applications	Malaysian Institute of Accountants	7 June 2022
	6) Conversations on Climate Governance #3: Climate Change – Directors' Duties and Governance (Part 1)	ASEAN Climate Governance Network & Sustainable Finance Institute Asia	7 June 2022
	7) Sustainability Management and Reporting	Malaysian Institute of Accountants	22 June 2022
	8) Complying with International Labour Standards	PricewaterhouseCoopers	28 June 2022
	9) Conversations on Climate Governance #4: Climate Change – Directors' Duties and Governance (Part 2)	ASEAN Climate Governance Network & Sustainable Finance Institute Asia	5 July 2022
	10) Navigating through the Evolution of Corporate Governance with Introduction of Tax Corporate Governance Framework	KPMG	13 July 2022
	11) ESG Disclosure at a Glance: Key Developments and Future Trends	Institute of Corporate Directors Malaysia	27 July 2022
	12) Advocacy Session for Directors and Senior Management of Main Market Listed Issuers	Bursa Malaysia Securities Berhad	9 August 2022
	13) Risk Management Conference 2022	Malaysian Institute of Accountants	10 October 2022
	14) The Effective Board – Integral Components Required for Board Effectiveness	Institute of Corporate Directors Malaysia	11 October 2022
	15) Audit Committee: Megatrends and Priorities for Boards	Institute of Corporate Directors Malaysia & KPMG	8 November 2022
	16) Audit Oversight Board – Conversation with Audit Committees	Securities Commission	6 December 2022
	17) Anti-Bribery Management System for ISO37001: Refresher Briefing for Directors	Mudajaya Corporation Berhad	9 December 2022

Corporate Governance Overview Statement

Name of Directors	Training Programmes Attended	Organiser	Date
Loong Caesar	1) TCFD Climate Disclosure Training Programme	Bursa Malaysia Securities Berhad	2 & 9 March 2022
	2) Audit Oversight Board – Conversation with Audit Committees	Securities Commission	6 December 2022
Geoffrey Earl Grady	Audit Oversight Board – Conversation with Audit Committees	Securities Commission	6 December 2022

III. REMUNERATION

Remuneration Policies and Procedures

The objective of Mulpha's remuneration policies is to attract and retain Directors and key senior management of high calibre needed to run the Company successfully. The remuneration of the Executive Directors is structured on the basis of linking rewards to corporate and individual performance. For Non-Executive Directors, the level of remuneration reflects their experience, expertise and level of responsibilities undertaken by the Non-Executive Directors concerned.

Market survey data on the remuneration practices of comparable companies is taken into consideration in determining the remuneration packages for the Directors and key senior management.

Remuneration Committee

The role of the Remuneration Committee is to assist the Board in overseeing the remuneration policies of the Group. The Remuneration Committee consists of all Independent Non-Executive Directors.

The Remuneration Committee has written terms of reference which deals with its authority, duties and responsibilities, and are available on Mulpha's website at *www.mulpha.com.my*. The Remuneration Committee is authorised to commission independent advice for the purpose of discharging its duties and responsibilities.

During the financial year, the Remuneration Committee evaluated the Executive Chairman and Executive Director against the set performance criteria, and reviewed and recommended their compensation packages for the Board's approval, with the Directors concerned abstaining from deliberation and voting on the same. The Remuneration Committee also reviewed the compensation package and performance incentives of the key senior management and recommended the same for the Board's approval.

The Board collectively determined the remuneration for the Non-Executive Directors based on the recommendation from the Remuneration Committee. Each of the Non-Executive Directors abstained from deliberating and voting in respect to his individual remuneration. Directors' fees and benefits payable to the Non-Executive Directors are subject to the approval of shareholders at the AGM.

Corporate Governance Overview Statement

Details of Directors' Remuneration

Details of remunerations of the Directors of Mulpha (received from the Company and on a group basis respectively) for the financial year ended 31 December 2022 are as follows:-

Name of Directors	Directors' Fees RM'000	Salaries RM'000	Bonuses RM'000	Defined Contribution Plan RM'000	Fixed Allowances RM'000	Meeting Attendance Allowances RM'000	Benefits-in-kind & Other Emoluments RM'000	Total RM'000
Executive Director								
Lee Seng Huang	-	743	287	124	-	-	6	1,160
Non-Executive Directors								
Chew Hoy Ping	100	-	-	-	50	57	-	207
Loong Caesar	90	-	-	-	15	54	-	159
Geoffrey Earl Grady	90	-	-	-	15	60	-	165
Received from the Company	**280**	**743**	**287**	**124**	**80**	**171**	**6**	**1,691**
Executive Directors								
Lee Seng Huang	-	1,053	416	10	-	-	-	1,479
Lee Eng Leong	-	726	-	88	-	-	123	937
Received from a subsidiary	**-**	**1,779**	**416**	**98**	**-**	**-**	**123**	**2,416**
Total Group	**280**	**2,522**	**703**	**222**	**80**	**171**	**129**	**4,107**

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. ARMC

The Board is assisted by the ARMC in governing its oversight of the Group's financial reporting, the quality and integrity of its financial reporting as well as its overall risk management. The quarterly results and audited financial statements are reviewed by the ARMC and the external auditors (for audited financial statements) and approved by the Board before being released to Bursa Securities.

The ARMC comprises 3 members, all of whom are Independent Non-Executive Directors. The ARMC is chaired by Mr Chew Hoy Ping, the Senior Independent Non-Executive Director, who is not the Chairman of the Board. All members of the ARMC are financially literate and well-equipped with relevant knowledge and experience to effectively discharge their duties and responsibilities as members of the ARMC. They also have sufficient understanding of the Company's businesses.

During the financial year, the Board reviewed the term of office and assessed the performance of the ARMC and its members through the annual evaluation exercise. The Board was satisfied with the performance of the ARMC in discharging its duties and responsibilities in accordance with its terms of reference.

In 2022, the ARMC members had attended training programmes to keep themselves abreast of the latest developments in accounting/auditing, risk management, regulatory requirements, sustainability and corporate governance.

The ARMC Report as set out in this Annual Report, provides the details of the ARMC's activities which among others, include the annual assessment on the suitability, objectivity and independence of the external auditors.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Sound Framework to Manage Risks

The Board has the ultimate responsibility of approving the risk management framework and policy as well as overseeing the Group's risk management and internal control framework.

Mulpha has in place an ongoing process for identifying, evaluating and managing significant risks that may affect the achievement of the business objectives of the Group. The Board through oversight of the ARMC and Risk Management Committee (a Management-level Committee) and reports received from these Committees, makes high level assessments of the key risks inherent in the Group and proposes or endorses mitigating measures for any identified risks, including business disruption risks and investment risks.

The Statement on Risk Management and Internal Control as set out in this Annual Report, provides an overview of the state of internal controls and risk management within the Group.

Internal Audit and Risk Management Functions

The Board has the ultimate responsibility for the Group's system of internal controls which includes the establishment of an appropriate control environment and framework, and the review of its effectiveness, adequacy and integrity. A sound system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable rather than absolute assurance against material misstatement, loss or fraud.

The Board has established procedures to review the key financial, operational and compliance controls. These procedures, which are subject to regular review, provide an ongoing process for identifying, evaluating and managing the significant risks faced by the Group.

The Group has an established internal audit and risk management functions performed in-house by the Internal Audit & Risk Management Department ("**IARMD**"), which reports directly to the ARMC. The main role of the IARMD is to undertake regular reviews of the Group's systems of internal control, risk management and governance so as to provide assurance to the ARMC that the internal control system is sound, adequate and operating effectively in all material respects.

The ARMC Report as set out in this Annual Report, outlines the details of the activities of the internal audit function.

Directors' Responsibilities Statement in respect of the Audited Financial Statements

The Directors are required by the Companies Act 2016 to prepare financial statements which are in accordance with applicable approved accounting standards and give a true and fair view of the financial position of the Company and the Group at the end of the financial year, as well as of the financial performance and cash flows of the Company and the Group for the financial year.

In preparing the financial statements, the Directors have:

(a) ensured that the financial statements are in accordance with the provisions of the Companies Act 2016, the applicable financial reporting standards and the Main Market Listing Requirements of Bursa Securities;

(b) adopted the appropriate accounting policies and applied them consistently; and

(c) made judgements and estimates that are prudent and reasonable.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy, the financial position of the Company and the Group which enable them to ensure that the financial statements comply with the relevant statutory requirements.

Corporate Governance Overview Statement

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

I. ENGAGEMENT WITH STAKEHOLDERS

Periodic and Continuous Disclosure

The Board acknowledges the need for shareholders and other stakeholders to be informed of all material matters affecting the business and performance of the Company. Announcements to Bursa Securities are made on developments or events significantly affecting the Group. Financial results are released on a quarterly basis to provide shareholders and other stakeholders with a regular overview of the Group's performance. All announcements made by the Company to Bursa Securities are also available to shareholders and the market on the Investor Relations section of Mulpha's website.

The Company also arranges press interviews and briefings, and releases press announcements to provide information on the Group's business activities, performance and major developments, as and when necessary.

Company Website

The Company's website, *www.mulpha.com.my* provides detailed information on the Group's businesses and latest development, as well as the profiles of the Board and senior management. The website has a dedicated section on investor relations and corporate governance which contains announcements to Bursa Securities, quarterly financial results, annual reports and stock information, among others.

Shareholders and Investors Queries

Whilst the Company aims to provide sufficient information to shareholders and investors about Mulpha and its activities, it also recognises that shareholders and investors may have specific queries and require additional information.

To ensure that shareholders and investors can obtain all relevant information about the Group, they are encouraged to direct their queries to:

Investor Relations
Mulpha International Bhd
PH2, Menara Mudajaya
No. 12A, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan
Tel No : (603) 7718 6368 / (603) 7718 6266
Email : irmulpha@mulpha.com.my

II. CONDUCT OF GENERAL MEETINGS

Encourage Shareholder Participation at General Meetings

General meetings represent the principal forum for dialogue and interaction with shareholders. The Board fully recognises the rights of shareholders and encourages them to exercise their rights at the AGM.

Corporate Governance Overview Statement

The Company conducted a virtual AGM on 9 June 2022 from the broadcast venue by leveraging technology in accordance with Section 327 of the Companies Act 2016 and the Securities Commission's 'Guidance and FAQs on the Conduct of General Meetings for Listed Issuers'. The AGM was conducted through live streaming and online remote voting via Remote Participation and Voting ("**RPV**") facilities provided by the Company's share registrar, Boardroom Share Registrars Sdn Bhd. The Notice of AGM with sufficient information of businesses to be dealt with thereat, together with the Proxy Form, Administrative Guide for AGM and Request Form (for printed copy of Annual Report and/or Share Buy-Back Statement), were sent to shareholders more than 28 days ahead of the meeting date. The Notice of AGM was published in one national newspaper to provide for wider dissemination of such notice to encourage shareholder participation. In addition, the Notice of AGM, Proxy Form, Administrative Guide and Request Form were posted on the websites of Mulpha and Bursa Securities.

Each item of special business included in the Notice of AGM was accompanied by an explanatory statement for the proposed resolution to facilitate better understanding and evaluation of issues involved.

The minutes of the AGM (including the questions raised at the AGM and the answers thereto) were made available on Mulpha's website.

Effective Communication and Proactive Engagements with Shareholders

At the general meetings, shareholders have direct access to the Board and senior management, and they are encouraged to participate in the questions and answers session. To further encourage engagement between the Directors and shareholders, shareholders were also invited to submit questions before the AGM to Boardroom Smart Investor Portal in relation to the agenda items of the AGM. Questions that were submitted prior to the AGM were addressed during the AGM.

At the said AGM, the CEO presented an overview of the Group's performance and strategies. During the AGM, shareholders and proxies were encouraged to pose their questions using the message icon via the RPV facilities and the questions posed by shareholders were made visible to all meeting participants. The Chairman, Executive Director and CEO responded to all the questions raised by the shareholders and proxies. In addition, the external auditors, KPMG PLT were in attendance remotely via video conferencing to answer questions on the audited financial statements.

Electronic Poll Voting

All the Company's shareholders are entitled to appoint proxy/proxies or corporate representatives to vote on their behalf in their absence at general meetings.

To strengthen transparency and efficiency in the voting process, the Company adopted electronic poll voting at the AGM in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Securities. An independent scrutineer for the electronic poll voting process was appointed to verify the votes. The Chairman then announced the poll results which were also displayed on the screen and declared that all the resolutions were carried. Subsequently, the poll results were announced to Bursa Securities via Bursa LINK on the same day for the benefit of all shareholders.

This Corporate Governance Overview Statement together with the CG Report were approved by the Board on 10 April 2023.

Additional Compliance Information

The information set out below is disclosed in compliance with the Main Market Listing Requirements of Bursa Securities:

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

The Company did not undertake any corporate proposal to raise proceeds during the financial year ended 31 December 2022.

2. AUDIT AND NON-AUDIT FEES

The audit and non-audit fees paid/payable to the external auditors for services rendered to the Company and/or its subsidiaries for the financial year ended 31 December 2022 are as follows:

	Group RM'000	Company RM'000
Audit fees		
KPMG PLT, Malaysia	320	171
Overseas affiliates of KPMG PLT, Malaysia	1,813	-
Other auditors	65	-
Subtotal:	**2,198**	**171**
Non-audit fees		
KPMG PLT, Malaysia	16	13
Subtotal:	**16**	**13**
Total:	**2,214**	**184**

3. MATERIAL CONTRACTS INVOLVING THE INTEREST OF DIRECTORS, CHIEF EXECUTIVE AND MAJOR SHAREHOLDERS

Other than those disclosed in the audited financial statements, there were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiaries involving the interest of directors, chief executive who is not a director, or major shareholders during the financial year ended 31 December 2022.

Audit and Risk Management Committee Report

CONSTITUTION AND COMPOSITION

The Audit Committee which has been assisting the Board in carrying out, among others, the responsibility of overseeing the Group's risk management framework and policies, was renamed as 'Audit and Risk Management Committee' ("**ARMC**") on 27 February 2019, as approved by the Board.

As at the end of the financial year ended 31 December 2022, the ARMC comprises 3 members, all of whom are Independent Non-Executive Directors and none of them is an alternate director. The members are as follows:-

1. Chew Hoy Ping (Chairman)
   (Senior Independent Non-Executive Director)

2. Loong Caesar (Member)
   (Independent Non-Executive Director)

3. Geoffrey Earl Grady (Member)
   (Independent Non-Executive Director)

All members of the ARMC are financially literate and well-equipped with relevant knowledge and experience to effectively discharge their duties and responsibilities as members of the ARMC. In particular, the ARMC Chairman, Mr Chew Hoy Ping is a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants, as required under Chapter 15, Paragraph 15.09(1)(c)(i) of the Main Market Listing Requirements of Bursa Securities. Mr Chew Hoy Ping being the ARMC Chairman, is also an Independent Non-Executive Director, as required under Chapter 15, Paragraph 15.10 of the Main Market Listing Requirements of Bursa Securities.

The Board has reviewed the terms of office of the ARMC and conducted an annual assessment of the composition, performance and effectiveness of the ARMC and its members based on the recommendations of the Nomination Committee. The Board is satisfied that the ARMC and its members have discharged their functions, duties and responsibilities in accordance with the ARMC's terms of reference, supporting the Board in ensuring the Group upholds appropriate corporate governance standards.

The profile of each member of the ARMC is set out in the Profile of Board of Directors section of this Annual Report.

TERMS OF REFERENCE

The ARMC's terms of reference, which outlines the ARMC's composition, meetings and minutes, authority as well as duties and responsibilities are published on Mulpha's website at *www.mulpha.com.my*.

The revised terms of reference (to be in line with the updated MCCG 2021) was reviewed by the ARMC on 23 February 2022 and approved by the Board on 25 February 2022.

MEETINGS AND ATTENDANCE

During the financial year ended 31 December 2022, the ARMC held 5 meetings. The details of attendance of the ARMC members are as follows:-

Name of ARMC Members	Number of Meetings Attended
Chew Hoy Ping	5/5
Loong Caesar	5/5
Geoffrey Earl Grady	5/5

The Executive Director, CEO, Head of Finance and Head of Group Internal Audit & Risk were invited to attend the meetings for the purpose of briefing the ARMC on the activities involving their areas of responsibilities.

The external auditors were present at 3 of the meetings held. The ARMC also met with the external auditors without the presence of the executive board member and Management at 2 of those meetings.

The ARMC Chairman would brief the Board on the proceedings of each ARMC meeting. Minutes of each ARMC meeting were also tabled for confirmation at the following ARMC meeting and subsequently tabled to the Board for notation.

Audit and Risk Management Committee Report

SUMMARY OF ACTIVITIES OF THE ARMC

During the financial year up to the issuance date of this Annual Report, the ARMC carried out its activities in line with the ARMC's terms of reference, which are summarised as follows:-

1. Financial Reporting

- Reviewed and discussed with Management, the financial and cash flows reports (including bank facilities and bank covenants) of the Company and the Group at the ARMC meetings held on 23 February 2022, 25 May 2022, 24 August 2022, 25 November 2022 and 20 February 2023. The financial and cash flows reports were also tabled to the Board for notation.

- Reviewed the quarterly financial results for the 4th quarter of 2021 and the annual audited financial statements of 2021 for recommendation to the Board for approval and release to Bursa Securities, at the ARMC meetings held on 23 February 2022 and 6 April 2022 respectively.

- Reviewed the quarterly financial results for the 1st, 2nd, 3rd and 4th quarters of 2022, and the annual audited financial statements of 2022 for recommendation to the Board for approval and release to Bursa Securities, focusing particularly on:

  - compliance with accounting and financial reporting standards, legal and other regulatory requirements;
  - changes in or adoption of accounting policies and practices changes;
  - significant matters including financial reporting issues, significant judgements made by Management, as well as significant and unusual events or transactions including the latest status of the ongoing material litigation;
  - the outlook and prospects of the Group;
  - cash flow, financing and going concern assumptions; and
  - significant audit issues and adjustments arising from audit

  at the ARMC meetings held on 25 May 2022, 24 August 2022, 25 November 2022, 20 February 2023 and 29 March 2023 respectively.

  At the said ARMC meetings, matters discussed included the impact of the COVID-19 pandemic on the Group's business operations and actions taken by Management to mitigate such impact, standard operating procedures imposed in Malaysia and international border closures in Australia, United Kingdom and New Zealand, being the regions where the Group's hospitality and hotel school businesses operate, and subsequent recovery of the Group's businesses during the endemic phase and re-opening of the international borders.

- Discussed with Management the impairment and fair value assessment of the Group's investment and development properties, inventories, property, plant & equipment and intangible assets, at the ARMC meeting held on 23 February 2022 and 25 November 2022.

- Discussed with Management the key financial related matters briefed by the Head of Finance at the ARMC meetings held on 23 February 2022, 25 May 2022, 24 August 2022, 25 November 2022 and 20 February 2023 where matters discussed, amongst others, included reclassification of assets, assessment of fair value and impairment of assets, assessment of going concern, acquisition accounting, statutory reporting, reporting segments of certain assets and entities, and accounting system and technology.

2. Annual Report Requirements

- Reviewed and recommended to the Board for approval, the Statement on Risk Management and Internal Control for inclusion in the 2021 Annual Report, at the ARMC meeting held on 23 February 2022.

  The ARMC was informed that the external auditors had reviewed the Statement on Risk Management and Internal Control to ensure that the disclosures were in compliance with the requirements under paragraphs 41 & 42 of the *Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers* ("**Guidelines**").

- Reviewed and approved the ARMC Report for inclusion in the 2021 Annual Report, at the ARMC meeting held on 6 April 2022.

Audit and Risk Management Committee Report

- Reviewed and recommended to the Board for approval, the Corporate Governance Overview Statement and Notice of AGM for inclusion in the 2021 Annual Report, as well as the CG Report for submission to Bursa Securities, at the ARMC meeting held on 6 April 2022.

- Reviewed and recommended to the Board for approval, the Statement on Risk Management and Internal Control for inclusion in the 2022 Annual Report, at the ARMC meeting held on 20 February 2023.

  The ARMC was informed that the external auditors had reviewed the Statement on Risk Management and Internal Control to ensure that the disclosures were in compliance with the Guidelines.

- Reviewed and approved the ARMC Report for inclusion in the 2022 Annual Report, at the ARMC meeting held on 29 March 2023.

- Reviewed and recommended to the Board for approval, the Corporate Governance Overview Statement, Sustainability Statement and Notice of AGM for inclusion in the 2022 Annual Report, as well as the CG Report for submission to Bursa Securities, at the ARMC meeting held on 29 March 2023.

3. Internal Audit

- Reviewed the internal audit reports presented by the IARMD that detailed the audit findings and recommended corrective actions, as well as Management's responses and action plans in addressing the identified risks and internal control deficiencies, at the ARMC meetings held on 23 February 2022, 25 May 2022, 24 August 2022, 25 November 2022 and 20 February 2023. A total of 9 audit engagements were completed in 2022.

  Risk-based audits were performed on selected business units within the Group, as included in the approved internal audit plan. The key areas of focus in 2022 included the review of key financial and operating controls within InterContinental Sanctuary Cove Hotel and Hayman Island Hotel, Mulpha Events, The Hotel School and the governance processes in relation to IT Disaster Recovery. Additionally, assurance reviews were conducted on Capital Expenditures, Fixed Assets accounting and Workers Compensation processes. The IARMD also conducted a follow-up audit on Tax Governance.

  At each ARMC meeting, the IARMD provided an update on audit activities and progress against the 2022 internal audit plan. Where appropriate, the ARMC was also apprised of key initiatives and continuous improvement activities being undertaken by the IARMD.

- Reviewed and approved the internal audit plan for 2023 which covered key business and operational units within the Group, at the ARMC meeting held on 25 November 2022. At the said meeting, the ARMC also reviewed and approved the 2023-2024 rolling 1+1 internal audit plan which provided an indication of those key risk areas and business operations to be reviewed by the IARMD over the next 2 years.

  At the ARMC meeting held on 20 February 2023, the 2023 internal audit plan was updated with the inclusion of 6 substitute audits namely the reviews on the operations, safety and compliance review of Soak City; Signal Group; Hospitality IT; Kinda Mindi joint venture; InterContinental Hotels Group ("**IHG**") recharge; and overseas hotel income.

4. External Audit

- Reviewed with the external auditors, the audit report, issues, reservations and Management responses arising from their audit of the financial statements for the year ended 31 December 2021, at the ARMC meeting held on 23 February 2022.

  The external auditors briefed the ARMC among others, on the audit status and outstanding matters, audit focus areas and audit findings in relation to the financial statements for the year ended 31 December 2021. At the same meeting, the external auditors confirmed that they have been independent throughout the conduct of the audit engagement in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("**By-Laws**") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants ("**IESBA Code**"), and they have fulfilled other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Audit and Risk Management Committee Report

- Reviewed with the external auditors on 23 February 2022, 25 November 2022 and 20 February 2023 without the presence of the executive board member and Management, the extent of assistance rendered by Management and issues arising from their audit. The ARMC was satisfied with the openness in communication and interaction with the engagement partners and their teams, which demonstrated their independence and professionalism.

  In addition, the Chairman and members of the ARMC periodically held informal discussions with the engagement partners of the external auditors to ensure audit issues were addressed on a timely basis.

- In February 2022, the ARMC undertook an assessment of the suitability and independence of the external auditors for their re-appointment as Auditors of the Company at the 2022 AGM, which included a structured evaluation questionnaire completed by each member of the ARMC. The questionnaires which are used as an assessment tool, are based on a 4-scale rating or 'Yes' and 'No' answer, whichever is applicable for each question. The areas which were covered in the assessment encompassed the external auditors' performance in terms of skills, expertise and competencies, calibre of the external audit firm, independence and objectivity, audit scope and planning, reasonableness of audit fees, provision of non-audit services and quality of communications with the ARMC. This annual evaluation provides the ARMC with a disciplined approach for maintaining effective oversight of the external auditors' performance.

  The ARMC reviewed the external auditors' performance having regard to factors such as the audit firm's service quality, adequacy of experience, technical competency, reasonableness of fees and provision of non-audit services, and was satisfied with the overall performance. The evaluation results were tabled at the ARMC meeting held on 23 February 2022. The external auditors have also provided written confirmation on their independence in accordance with the terms of the relevant professional and regulatory requirements. The ARMC was satisfied with the suitability and independence of the external auditors and thereby recommended to the Board for their re-appointment at the AGM of the Company.

  The Board at its meeting held on 25 February 2022, approved the ARMC's recommendation for the re-appointment of external auditors, subject to the shareholders' approval being sought at the AGM of the Company. The shareholders had duly approved the re-appointment of external auditors at the AGM held on 9 June 2022.

- Reviewed with the external auditors on 6 April 2022, the annual audited financial statements including the Independent Auditors' Report for the financial year ended 31 December 2021, where relevant disclosures in the annual audited financial statements were deliberated.

- Reviewed and recommended to the Board for approval, the audit and non-audit fees of the external auditors for the financial year ended 31 December 2021, at the ARMC meeting held on 23 February 2022.

  The non-audit services comprised the reviews of the Statement on Risk Management and Internal Control, and the Housing Development Account of a subsidiary. The amount of non-audit fees was not significant as compared to the amount of audit fees. In this respect, the ARMC was satisfied that the provision of non-audit services by the external auditors did not impair their objectivity and independence as external auditors.

- Reviewed with the external auditors, their audit plan, scope of audit, audit timeline, focus areas on potential key audit matters and other significant audit matters in relation to the audit of the financial statements for the year ended 31 December 2022, at the ARMC meeting held on 25 November 2022.

  At the same meeting, the external auditors confirmed that they have been independent throughout the conduct of the audit engagement in accordance with the By-Laws and the IESBA Code, and they have fulfilled other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

- Reviewed with the external auditors, the audit report, issues, reservations and Management responses arising from their audit of the financial statements for the year ended 31 December 2022, at the ARMC meeting held on 20 February 2023.

Audit and Risk Management Committee Report

The external auditors briefed the ARMC among others, on the audit status and outstanding matters, audit timeline, audit focus areas (i.e. key audit matters and other significant audit matters) and audit findings.

Pursuant to the new and revised Auditor Reporting Standards which took effect from 16 December 2016, the ARMC reviewed the key audit matters raised by the external auditors and ensured that adequate work had been done to support the audit conclusions and overall impact on the financial statements. The 4 key audit matters which were highlighted to the ARMC (as disclosed in the Independent Auditors' Report contained in the Audited Financial Statements) were:

(a) Valuation of property, plant & equipment;
(b) Valuation of investment properties;
(c) Recoverability of development inventory; and
(d) Valuation of investment securities.

- In February 2023, the ARMC assessed the suitability and independence of the external auditors for their re-appointment as Auditors of the Company at the forthcoming 2023 AGM, via the same assessment tool as described above. In its assessment, the ARMC also considered the information in the external auditors' Transparency Report with reference to Guidance 9.3 of MCCG 2021. The evaluation results were tabled at the ARMC meeting held on 20 February 2023, and the ARMC was satisfied with the suitability and independence of the external auditors and thereby recommended to the Board for their re-appointment at the forthcoming AGM of the Company. The external auditors have also provided written confirmation on their independence in accordance with the terms of the relevant professional and regulatory requirements.

  The Board at its meeting held on 24 February 2023, approved the ARMC's recommendation based on the evaluation results, for the re-appointment of external auditors, subject to the shareholders' approval being sought at the forthcoming AGM of the Company.

- Reviewed with the external auditors on 29 March 2023, the annual audited financial statements including the Independent Auditors' Report for the financial year ended 31 December 2022, where relevant disclosures in the annual audited financial statements were deliberated.

- Reviewed and recommended to the Board for approval, the audit and non-audit fees of the external auditors for the financial year ended 31 December 2022, at the ARMC meeting held on 20 February 2023.

  The non-audit services comprised the reviews of the Statement on Risk Management and Internal Control, and the Housing Development Account of a subsidiary. The amount of non-audit fees was not significant as compared to the amount of audit fees. In this respect, the ARMC was satisfied that the provision of non-audit services by the external auditors did not impair their objectivity and independence as external auditors.

5. Risk Management

- Reviewed and adopted amendments to the Mulpha Enterprise Risk Management Framework & Policy, in line with the International Organisation for Standardisation's risk management guidelines, ISO 31000:2018 and Principle B of MCCG 2021, at the ARMC meeting held on 23 February 2022.

- Reviewed and adopted the Enterprise Risk Management Report articulating the Group's material business risks and the updated Mulpha Group's Enterprise Risk Register that enumerates the risk description, causes, consequences, risk commentary and key controls utilised to manage risks, as well as the Risk Profile Heat Map showing trends in risk exposures and any emergent or new risks/opportunities, at the ARMC meetings held on 23 February 2022 and 20 February 2023.

- Reviewed and approved the risk management plan for 2023, covering the areas of enterprise risk management; divisional and operational risk registers; and health, safety and environment ("**HSE**") integration, at the ARMC meeting held on 25 November 2022.

Audit and Risk Management Committee Report

- Reviewed and discussed the high and critical HSE risks/issues, at the ARMC meetings held on 23 February 2022, 25 May 2022, 24 August 2022, 25 November 2022 and 20 February 2023. The ARMC was informed that necessary actions were being undertaken proactively to mitigate these risks, and consultants were being engaged to determine the appropriate course of actions required. A gap analysis was undertaken by the HSE team, in consultation with other stakeholders to provide an improvement plan to identify the gaps, improvement actions, timelines and resources required to deliver the necessary improvements.

- Approved the establishment of a new HSE Risk Management Committee for new subsidiaries of the Company, at the ARMC meeting held on 25 May 2022. The purpose for setting up the HSE Risk Management Committee is to provide greater ongoing oversight of the Group's systems of internal control, risk management and governance in relation to issues of occupational HSE; strategic and operational approach to the environment and sustainability; and strategic and operational approach to asset management.

- Reviewed and endorsed the revised HSE Risk Management Committee Charter at the ARMC meetings held on 25 May 2022 and 24 August 2022.

6. Related Party Transactions

- Reviewed the related party transactions entered into by the Company and the Group to ensure that the transactions entered into were at arm's length basis and on normal commercial terms, at the ARMC meetings held on 23 February 2022, 25 May 2022, 24 August 2022, 25 November 2022 and 20 February 2023.

7. Other Matters

- Reported to the Board at its quarterly meetings on significant issues and concerns discussed during the ARMC meetings together with applicable recommendations. Minutes of the ARMC meetings were tabled and noted by the Board.

- The Chairman and members of the ARMC have held informal sessions and interactions with Management throughout the year which were aimed at obtaining a better understanding of business operations and risks related issues, and the resolution of issues.

- Discussed with Management the tax updates briefed by the Tax Director at the ARMC meetings held on 23 February 2022, 25 May 2022, 24 August 2022, 25 November 2022 and 20 February 2023 where matters discussed, amongst others, included tax returns lodgement, updates on the streamlined assurance review and combined assurance review by Australian Taxation Office, effective tax rate, significant global entity, goods & services tax compliance, foreign source income in Malaysia, tax automation, thin capitalisation in Australia, income tax refund and input tax credits.

- The ARMC has the responsibility in overseeing the implementation and monitoring of the Whistleblowing Policy, and ensuring effective administration thereof. There was no complaint received during the financial year 2022 up to the issuance date of this Annual Report.

INTERNAL AUDIT AND RISK MANAGEMENT FUNCTIONS

Mulpha Group has an established independent internal audit function performed in-house by the IARMD, which reports directly to the ARMC.

As at 31 December 2022, the IARMD has 2 full-time personnel, comprising the Head of Group Internal Audit & Risk and the Internal Audit Manager. The name and qualification of each member of the IARMD are set out below:

1. Mr Sean Milne holds the position of Head of Group Internal Audit & Risk. He has a Bachelor Degree in Business Economics and is a member of the Institute of Internal Auditors ("**IIA**"). He is also a Certified Internal Auditor and holds a Certification in Risk Management Assurance, both governed by the IIA.

2. Mr Marc Gempes holds the position of Internal Audit Manager. He has a Bachelor Degree in Accountancy and is a member of the IIA. He is also a Certified Public Accountant and Certified Internal Auditor.

Audit and Risk Management Committee Report

Both of the IARMD personnel have no relationships or conflicts of interest that would impair the objectivity or independence of the function in the performance of their duties.

The main role of the IARMD is to undertake regular reviews of Mulpha Group's systems of internal control, risk management and governance so as to provide assurance to the ARMC that the internal control system is sound, adequate and operating effectively in all material respects.

The IARMD adopts a risk-based approach as guided by established policies and other relevant professional standards, in developing the annual internal audit plan for approval by the ARMC. The ARMC receives quarterly internal audit reports from the IARMD and discusses these reports to ensure recommendations in the reports are duly acted upon by Management.

Apart from the aforesaid internal audit mandate, the IARMD is also responsible for facilitating and assisting Management in maintaining a structured risk management framework to identify, evaluate and manage material risks facing the Group. The IARMD also monitors the effectiveness of the Group's risk management processes and reports quarterly to the ARMC on the risk management activities of the Group.

The IARMD's scope of responsibilities extends to all business and operational units within the Group. In fulfilling its mandate, the IARMD conducted the following activities during the financial year up to the issuance date of this Annual Report:

(a) Performed and completed risk-based audits on selected business units and key business processes within the Group as included in the approved internal audit plan. In financial year 2022, the IARMD completed 9 assurance engagements. The key areas of focus in 2022 included the review of key financial and operating controls within InterContinental Sanctuary Cove Hotel and Hayman Island Hotel, Mulpha Events, The Hotel School and the governance processes in relation to IT Disaster Recovery. Additionally, assurance reviews were conducted on Capital Expenditures, Fixed Assets accounting and Workers Compensation processes. The IARMD also conducted a follow-up audit on Tax Governance.

(b) Tabled the completed audit reports to the ARMC at its quarterly meetings, detailing the audit findings, audit recommendations and Management responses. As per IARMD's methodology, follow-up audits/activities were also undertaken to ascertain the implementation status of agreed action plans within the required timeframes; the results of which were reported to the ARMC.

(c) Prepared and tabled the Statement on Risk Management and Internal Control for inclusion in the 2021 Annual Report, at the ARMC meeting held on 23 February 2022.

(d) Prepared and tabled for the ARMC's adoption, amendments to the Mulpha Enterprise Risk Management Framework & Policy, in line with the International Organisation for Standardisation's risk management guidelines, ISO 31000:2018 and Principle B of MCCG 2021, at the ARMC meeting held on 23 February 2022.

(e) Prepared and tabled for the ARMC's adoption, the Enterprise Risk Management Report articulating the Group's material business risks and the updated Mulpha Group's Enterprise Risk Register that enumerates the risk description, causes, consequences, risk commentary and key controls utilised to manage risks, as well as the Risk Profile Heat Map showing trends in risk exposures and any emergent or new risks/opportunities, at the ARMC meetings held on 23 February 2022 and 20 February 2023.

(f) Prepared and tabled for the ARMC's approval, the internal audit plan for 2023 which covered key business and operational units within the Group, at the ARMC meeting held on 25 November 2022. At the said meeting, the 2023-2024 rolling 1+1 internal audit plan which provided an indication of those key risk areas and business operations to be reviewed by the IARMD over the next 2 years, was also tabled for the ARMC's approval.

    At the ARMC meeting held on 20 February 2023, the 2023 internal audit plan was updated with the inclusion of 6 substitute audits namely the reviews on the operations, safety and compliance review of Soak City; Signal Group; Hospitality IT; Kinda Mindi joint venture; IHG recharge; and overseas hotel income.

(g) Prepared and tabled for the ARMC's approval, the risk management plan for 2023, covering the areas of enterprise risk management; divisional and operational risk registers; and HSE integration, at the ARMC meeting held on 25 November 2022.

Audit and Risk Management Committee Report

(h) Tabled the high and critical HSE risks/issues, at the ARMC meetings held on 23 February 2022, 25 May 2022, 24 August 2022, 25 November 2022 and 20 February 2023.

(i) Prepared and tabled the Statement on Risk Management and Internal Control for inclusion in the 2022 Annual Report, at the ARMC meeting held on 20 February 2023.

In February 2022, the ARMC carried out an evaluation of the effectiveness of the internal audit function in respect of financial year 2021. The appraisal covered the adequacy of IARMD's scope, its functions, resources, authority and independence, as well as the competency of internal audit staff. The results of the evaluation were tabled at the ARMC meeting held on 23 February 2022. In general, the ARMC was satisfied that the IARMD has been operating satisfactorily.

In February 2023, the ARMC also undertook an evaluation of the effectiveness of the internal audit function for financial year 2022, which covered the areas mentioned above. The results of the evaluation were tabled at the ARMC meeting held on 20 February 2023. The ARMC was satisfied that the IARMD continues to operate satisfactorily.

The costs incurred by IARMD in discharging its functions and responsibilities during the financial year ended 31 December 2022 amounted to RM911,932.

Statement on Risk Management and Internal Control

INTRODUCTION

Pursuant to Main Market Listing Requirements of Bursa Securities and Principle B of the MCCG 2021, the Board affirms its commitment to maintaining a sound risk management framework and internal control system that safeguards shareholders' investment and the Group's assets.

Having regard to this, and the requirements included in the *Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers*, the Board makes the following disclosures in accordance with Chapter 15, Paragraph 15.26(b) of the Listing Requirements for the financial year ended 31 December 2022:

PURPOSE, RESPONSIBILITY AND MONITORING

The Board acknowledges its responsibility for establishing and maintaining a sound system of risk management and internal control. This encompasses the approval and review of the Group's risk management strategy, risk appetite and policy, and internal audit programme. The Board is assisted in this function by the ARMC, as a delegated sub-committee.

The Board recognises that the system is designed to mitigate rather than to eliminate risks or events which may significantly impact the achievement of the Group's business objectives and strategies. Accordingly, such systems can only provide reasonable but not absolute assurance against any material misstatement, loss or fraud.

The Group's system of risk management and internal control comprises key control activities and oversight mechanisms concerning governance, risk management, financial, operational, strategic, compliance and regulatory matters. At all times, the Group conducts its operations in accordance with the Board's mandate for effective and efficient management of risk in the pursuit of organisational strategy and achievement of business objectives.

To this end, the system of risk management and internal control acts to protect shareholders' investment, the Group's assets and reputation, and the health and safety of workers and customers, as well as safeguarding against material misstatement, loss and fraud.

Senior management and the ARMC review the adequacy, appropriateness, and integrity of the system of risk management and internal control employed across the Group on an annual basis. During the financial year, the ARMC concluded that the Group's risk management and internal control activities remain appropriate, and that suitable and sufficient information is provided to those charged with governance, and that the Group's material business risks are being properly managed.

All internal control and risk management matters that warrant further scrutiny or the attention of the Board are escalated as and when appropriate by the Chairman of the ARMC and/or executive management. Minutes of all ARMC meetings are circulated to the full Board, and the Chairman of the ARMC reports to the Board after each ARMC meeting.

RISK MANAGEMENT

Risk management is considered an integral part of the Group's business operations and a key management capability.

In pursuing its strategy, the Group has established an Enterprise Risk Management ("**ERM**") Framework encompassing a group-wide risk policy and appetite statement, roles and responsibilities for the oversight and management of risk, and formalised risk management and reporting processes.

The Group's ERM Framework aligns with the Standard ISO 31000:2018 – Risk Management Principles and Guidelines.

The Group has adopted a two-pronged approach to risk management, whereby (1) Group-level risks are articulated and reviewed by senior management and the General Manager, Group Internal Audit & Risk; and (2) divisional-level risks are addressed in a decentralised approach by which individual Risk Management Units ("**RMUs**"), led by a Head of Division, are responsible for the systematic identification, assessment and management of risk within their respective business units. In both cases, the identification, assessment, management and monitoring of risk is conducted in accordance with the Group's risk management methodology, as approved by the Board.

In addition to the day-to-day management of risk as part of business-as-usual activities, RMUs are required to formally profile their risk environment on a semi-annual basis. This is achieved through the completion of a detailed risk register that captures risk items, their classification and description, risk ratings, mitigating controls and any action plans and responsible owner(s).

Statement on Risk Management and Internal Control

Both the enterprise risks and the consolidated RMU risk registers are reviewed by the IARMD and are used to produce an Enterprise Risk Report articulating the Group's material business risks and risk profiles, highlighting trends in risk ratings and provides insight on any new or emergent exposures.

The Enterprise Risk Report is tabled at the Mulpha Group Risk Management Committee, a management committee chaired by the CEO, for discussion prior to being escalated to the ARMC and Board.

INTERNAL AUDIT

The IARMD is responsible for the independent appraisal of the Group's system of risk management and internal control.

Led by the General Manager, Group Internal Audit & Risk, the IARMD reports to the ARMC Chairman and provides the Board with assurance over the adequacy, effectiveness and efficiency of risk management, control and governance processes employed across the Group. To assist Management, the IARMD also provides insight and recommendations on business process improvement and the management of material business risks.

The IARMD conducts audit engagements as part of a Board approved programme of work, comprising risk advisory and assurance services. The primary responsibility of the IARMD is to provide the Board with assurance that the internal control system and risk management framework of the Group are sound, adequate and operating satisfactorily. Where improvement opportunities are identified, the IARMD agrees corrective actions with Management and tracks these through to completion. The outcome of each audit engagement and the status of corrective actions are reported to the ARMC regularly.

In financial year 2022, the IARMD completed 9 assurance engagements. Key areas of focus in 2022 included the review of key financial and operating controls within InterContinental Sanctuary Cove and Hayman Island Hotels, Mulpha Events, The Hotel School, and the governance processes in relation to IT Disaster Recovery. Additionally, assurance reviews were conducted on Capital Expenditures, Fixed Assets accounting and Workers Compensation processes. Lastly, a follow-up audit was conducted on Tax Governance.

KEY ELEMENTS OF INTERNAL CONTROL

Other key elements of the Group's internal control system include:

- Clearly defined roles and responsibilities, organisation structure and appropriate delegated authority limits approved by the Board for both the Board sub-committees and Management.
- Operational policies and procedures, which are updated as and when required.
- Whistleblowing Policy is in place to provide employees and stakeholders with confidential reporting channels to escalate suspected inappropriate behaviour or misconduct relating to fraud, bribery and/or corruption.
- A Conflict of Interest Policy is in place to manage, address and report on any actual or potential conflict of interest faced by Management.
- Reporting systems are in place that provide Directors and senior management with suitable, sufficient and regular financial, operational, legal and strategic information. Comprehensive board papers are prepared by senior management and circulated to Directors prior to each Board/ Committee meeting; with monthly management meetings held to discuss business performance and to formulate action plans.
- Annual business plans and budgets are prepared by individual entities and business units within the Group. Actual performance is monitored against budget monthly, with significant variances flagged for investigation and follow-up.
- The design and operating effectiveness of key internal controls is periodically assessed by the IARMD. Where control weaknesses are identified, remedial action plans are developed in consultation with Management.
- Management self-assesses the effectiveness of key controls as part of the Group's annual enterprise risk reporting process.
- Sufficient insurance cover is held to reduce the financial impact of any significant insurable losses.

Statement on Risk Management and Internal Control

SCOPE AND ATTESTATION

This Statement on Risk Management and Internal Control does not extend to any associated companies, as the Group does not have management control over their operations.

The Board has received assurance from the CEO and the Executive General Manager, Finance that the Group's risk management and internal controls system is operating adequately and effectively, in all material aspects.

Pursuant to Chapter 15, Paragraph 15.23 of the Listing Requirements, the external auditors have reviewed this Statement for inclusion in the 2022 Annual Report and have reported to the Board that nothing came to their attention that would suggest this Statement has not been prepared, in all material aspects, with the disclosures required under paragraphs 41 and 42 of the *Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers*.

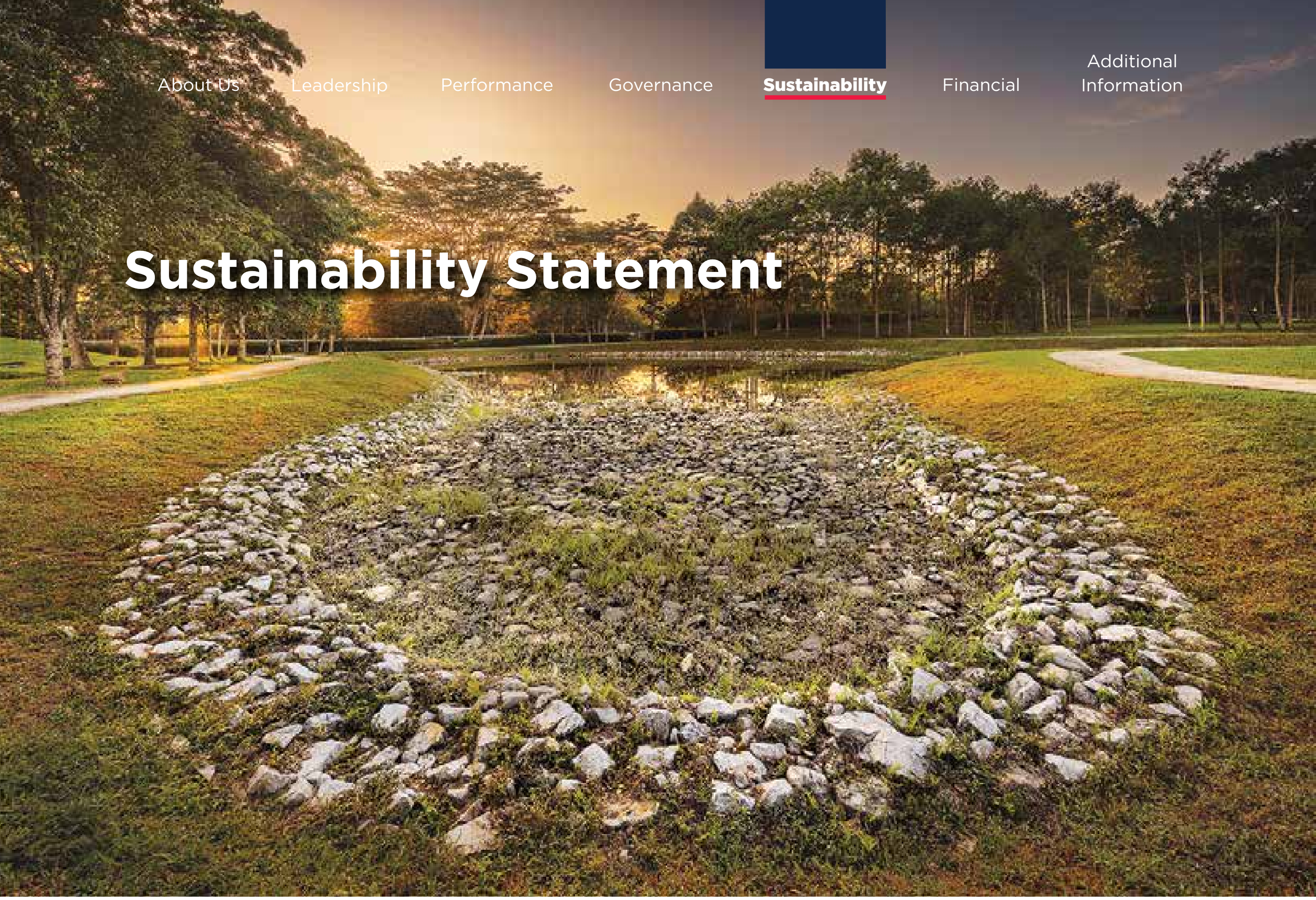
This Statement on Risk Management and Internal Control was approved by the Board on 24 February 2023.

05 Our Commitment to Business Sustainability

BALE CLUBHOUSE,
LEISURE FARM

Located within Leisure Farm, the Bale Clubhouse is home to all major activities including tennis, basketball, swimming, gym, a restaurant and plentiful green spaces for our residents to use.

MULPHA



Sustainability Statement

Our diversified portfolio enables Mulpha to be cognizant of sustainability across several industries. It is critical for progressive corporate organisations like ours to always consider sustainability to thrive in today's ever-changing operating landscape. We are also aware that driving sustainability in a tangible and meaningful manner requires promotion and transformation in each and every part of our value chain, guided by international benchmarks and industry best practices.

In tandem with this understanding, sustainability is an integral part when developing our corporate strategies. It is also present in the way we operate our assets such as hotels where there are international hotel brand partners involved in the conversation. Mulpha also recognises the threat posed by climate change and is committed to put in place mitigation efforts to minimise our operation's carbon footprint while embracing the recommendations put forth by the Task Force on Climate-Related Financial Disclosures ("**TFCD**").

Our sustainability strategy is predicated on the 3 core areas of Environment, Social and Governance ("**ESG**") and is in line with our role as a real estate developer and hospitality investor that puts the needs and considerations of all our stakeholders front and centre.

Environment — Minimise our operation's carbon footprint and adopt a culture of conservation & preservation across our value chain

Social — Enrich the lives of our employees and people within communities where we operate in; while delivering value and growth to our shareholders

Governance — Maintain high level of corporate governance and comply with all relevant laws and regulations

Sustainability Statement

SUSTAINABILITY ACTION PLAN

In line with our sustainability strategy, Mulpha has put in place a 3-year Sustainability Action Plan to embed sustainability initiatives into our brand identity, our operations, assets and partnerships.

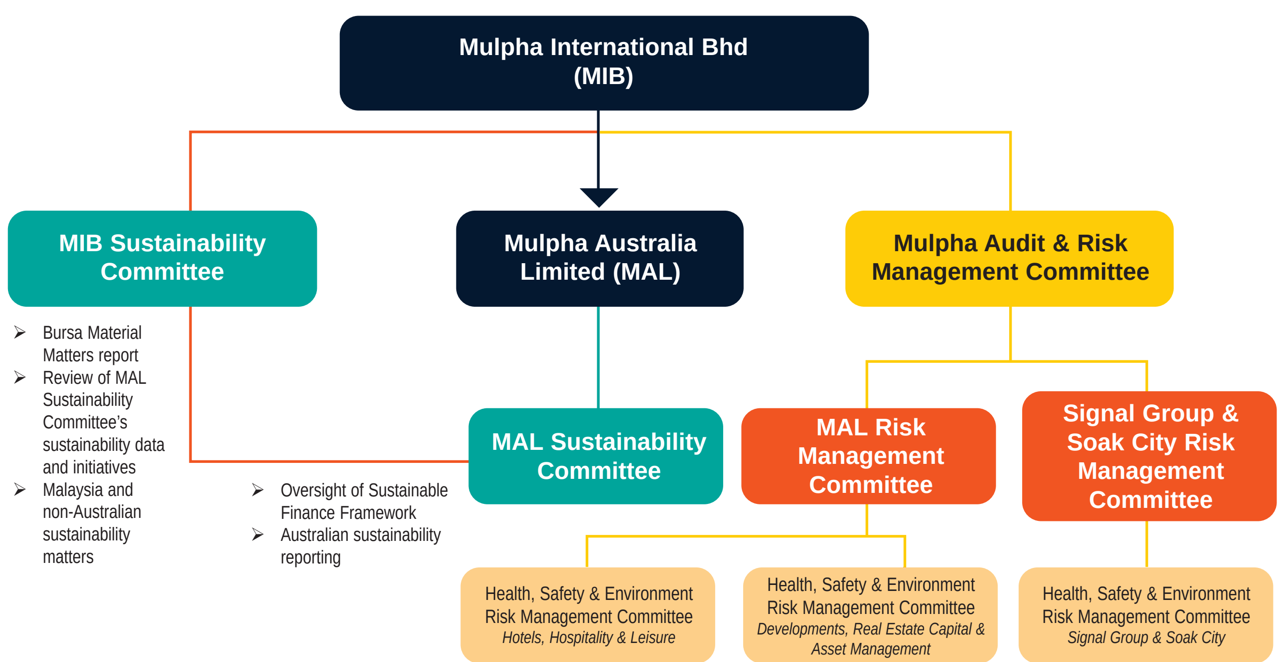
The Sustainability Action Plan specifically outlines the strategic sustainability objectives of the Group, encompassing key elements of our materiality matters, and provides actionable deliverables and deadlines to achieve these objectives. The intention is to help the Group guide, execute and monitor our sustainability agenda in a structured and quantitative manner within an immediate to medium time frame. The Sustainability Action Plan will be critical in creating an organised structure to integrate the flow of information, direction and compliance in accordance with relevant legislative frameworks both in Malaysia and Australia.

SUSTAINABILITY GOVERNANCE

We have put in place a clear and comprehensive Sustainability Governance Structure. This structure will facilitate the development and implementation of sustainable policies and procedures including the development of our Sustainability Action Plan as well as to ensure compliance with all regulatory requirements in countries and localities where we operate in.

The Board of Mulpha International Bhd. ("**MIB**") has overall responsibility of setting the Group's sustainability strategy and has oversight on all sustainability matters. The Board is responsible for reviewing and approving the Group's Sustainability Action Plan and empowers the CEO to ensure the successful implementation of the Sustainability Action Plan from an executive level.

Further to previously issued Sustainability Statements, Mulpha has improved and developed the governance reporting framework to the following:



Mulpha Australia Limited, a wholly-owned subsidiary of MIB that undertakes the Group's real estate developments, hospitality and property investment in Australia has established its own sustainability committee ("**MAL Sustainability Committee**").

The role and responsibilities of the MAL Sustainability Committee is governed by the Sustainability Committee Charter and is aligned to the overall sustainability strategy of its parent company. The MAL Sustainability Committee will be ultimately assisting and supporting the Board of MIB (through the MIB Sustainability Committee) and Mulpha Australia Limited respectively to carry out sustainability initiatives, providing oversight in terms of compliance while facilitating responsible business reporting.

The MIB Sustainability Committee is led by the General Manager of Malaysian Operations and the MAL Sustainability Committee is led by the Head of Real Estate Capital and overseen by the CEO. On a day-to-day operational perspective, the MIB and MAL Sustainability Committees are supported by selected executives across departments to implement sustainability initiatives and report progress ultimately to the Board of MIB.

Sustainable Finance Framework

Within the MAL Sustainability Committee, a Sustainable Finance Framework ("**SFF**") was developed and put into place, outlining the governance framework that will apply to the use of proceeds of loans where funds borrowed are used exclusively for assets or activities that help to achieve sustainability goals.

The SFF aims to provide guidance on how assets are selected to participate in Mulpha's green loan and social loan financings; the way in which proceeds from any green loan or social loan secured against an eligible asset will be used and managed; and the method of reporting to green and social project financiers on the use, management and allocation of proceeds.

REPORTING SCOPE AND GUIDELINES

Our Sustainability Statement is prepared in accordance with the Sustainability Reporting Guide issued by Bursa Securities as required under the Listing Requirements of Bursa Securities [Paragraph 29, Part A of Appendix 9C of the Main Market Listing Requirements (supplemented by Practice Note 9)].

This sustainability disclosure in this statement covers Mulpha's business operations and activities of the holding company and major subsidiaries in Malaysia, Singapore and Australia, for which Mulpha has control. Accordingly, the sustainability disclosure on associate companies and joint ventures of Mulpha have been excluded.

In this Sustainability Statement, we present our approach to sustainability and report on new initiatives carried out across our operations, which are categorised into 4 sustainability pillars of Marketplace, Workplace, Community and Environment. Details on our commitment towards high levels of corporate governance are disclosed in our Corporate Governance Overview Statement section within this Annual Report.

MATERIALITY MATTERS

Mulpha's Material Assessment Process

Mulpha's materiality matters are identified through the review of national and international benchmarks and framework including the United Nations Sustainable Development Goals, Global Reporting Initiative (GRI) as well as various industry related publications and reports.

Sustainability Statement

We also engage our key external and internal stakeholders to identify their interest and concerns in relation to our business operations where appropriate. Our key stakeholders include those from within and outside the Group, as well as those that can significantly impact or influence the performance of our organisation, identified as follows:

Materiality Matrix

Following the feedback from our engagement with key internal and external stakeholders, we then identify ways to address, manage and prioritise our material issues. The understanding and prioritising of key impacts, risks and opportunities is an ongoing process. The following materiality matrix displays the relevancy of the above-mentioned materiality issues to Mulpha as well as its importance to our stakeholders. The key elements highlighted in this Materiality Matrix forms the strategic sustainability objectives enclosed in our Sustainability Action Plan.

Sustainability Statement

Our engagement activities and impacts on our key stakeholder groups are reviewed from time to time to enable us to make more strategic business decisions and prioritise our focus areas with reasonable adjustments taking into account the nature of each business unit and asset type.

MARKETPLACE

- Managing Risks
- Buying Local
- Business Ethics
- Quality Products and Services
- Customer/Resident Satisfaction
- Customer/Resident Privacy

WORKPLACE

- Employee Benefits
- Occupational Safety and Health **("OSH")**
- Responsible Operations
- Employee Engagement
- Career Development and Training

COMMUNITY

- Building Communities

ENVIRONMENT

- Green Building
- Environmental Compliance
- Biodiversity
- Waste
- Energy
- Water
- Air Emissions

MARKETPLACE

Mulpha is committed towards continuously adding value to the marketplace by supporting the growth of local businesses and talent, striving towards achieving true customer satisfaction and contributing towards the development of the industries in which we operate.

Support Ethical Local Businesses and Supply Value Chain

"Buy local" has remained a priority in our decision-making process when it comes to procuring materials, products and services for our operations. We take pride in having built a strong and lasting relationship with an extensive network of local contractors, professional service providers and suppliers over the years across the different localities which we operate in while still being competitive for the business.

In furthering the sustainability agenda, we expect all our potential and current business partners to embrace similar ideals through proactive engagements, strong governance and consistent evaluation.

In line with the Modern Slavery Act in Australia, we are also continuing our robust supplier due diligence process as part of our procurement procedures. We also demonstrate our commitment alongside InterContinental Hotels Group ("**IHG**") to understand modern slavery risks within our hotels.

Quality Products and Services

Mulpha's reputation in the real estate and hospitality sector is premised on our ability to deliver quality products and services consistently to our guests, residents and tenants alike.

By working together with international hospitality brands over the decades, we can leverage on each other's best practices to spearhead innovations in quality delivery and develop industry leading sustainable processes.

Sustainability Statement

As a developer of 3 estates, Leisure Farm Resort (Johor, Malaysia); Sanctuary Cove (Gold Coast, Australia); and Norwest (Sydney, Australia), Mulpha has been recognised for the quality of its finished homes, innovation of the respective build environment and distinction in service delivery throughout the sales and after-sales process. Mulpha will continue to strive for excellence in this area and we will not spare any efforts in delivering the highest standards of product and service quality.

Customer Satisfaction

In our commitment towards superior customer satisfaction, Mulpha looks at every detail of our engagement journey with our customers and then we look at ways to improve their experience through the value chain, from product or service conceptualisation to after-sales services.

We understand that we also have to ensure that customer satisfaction is translated into brand loyalty and have consistently strived to build a lasting and meaningful relationship with those who have purchased our homes or visited our hotels.

WORKPLACE

Mulpha firmly believes that our employees form the cornerstone of our growth and success and will continue to invest in recruiting, retaining, training and developing our talent while striving to embed best practices in the workplace.

In maintaining our dynamic talent pool, we offer competitive remuneration packages based on merit and backed by a progressive talent development program. Our work culture has always been performance driven and given our commitment towards sustainability, we have put in place initiatives that encourages our employees to understand and embrace the key tenets of a sustainable organisation.

For the year under review, our Malaysian headcount marginally decreased from 62 to 59 in the previous corresponding year while total headcount in our Australian operations stood at 1,210 as of 31 December 2022, up from 994 in 2021. We have recently set up a Singapore office with a current headcount of 2.

Mulpha in Malaysia is committed in providing employment to a diverse group of employees, representing every aspect of race, gender and age group. In terms of racial background for our Malaysian operations, the majority remains those who are of ethnic-Chinese (49%), followed by Bumiputera at 29%, ethnic-Indians at 20% and others at 2%. In terms of gender, the male employees make up 37% while female accounts for 63%.

Workplace Health & Safety

Our Group has a Workplace Health & Safety Policy that is constantly updated, monitored, audited and reviewed so that the latest and most up-to-date practices and processes are in place. This is particularly more relevant to ongoing construction and development projects, hotels and commercial buildings which we own/operate.

Whilst 2022 has seen an endemic trading environment, the emphasis on both physical and mental health & safety are important to Mulpha. Flexible arrangements are being considered on a case-to-case basis, with more frequent reviews as an ongoing conversation between employer and employee.

COMMUNITY

As Mulpha continues to be heavily present in Leisure Farm Resort (Johor, Malaysia); Sanctuary Cove (Gold Coast, Australia); and Norwest (Sydney, Australia), involvement with the community to restore confidence to pre-pandemic levels is important. Examples include organising and sponsoring events such as cultural, Easter, Halloween and Christmas markets at Leisure Farm; and bringing back the headlining Sanctuary Cove International Boat Show by engaging directly with the community surrounding Sanctuary Cove.

In 2022, the Malaysian office organised a donation drive for our supporting workforce at Leisure Farm Resort and some local non-governmental organisations. Donation items include clothes, electrical appliances, toys, books and stationeries. This meaningful exercise allowed items to be repurposed for the better.

Sustainability Statement

ENVIRONMENT

Climate change presents a clear and present danger to our global society. As a key participant in the property and hospitality industries, Mulpha is paving the way with our net zero-carbon development in Sydney Norwest Quarter.

As Norwest Quarter continues to progress, we are happy to have incorporated initiatives such as rainwater and storm water re-use, on-site organic waste treatment, organic waste separation and urban heat island effect minimisation.

Minimising Our Carbon Footprint

At the operational level, Mulpha has strived to minimise our carbon footprint to achieve net zero-carbon emissions objective through the implementation of specific reduction targets for total carbon emissions, total waste generation and water intensity consumption, as well as increasing total recycling and tree-planting initiatives. For example, we are conscious about how waste is being handled on-site, to avoid construction waste and to incorporate zero-waste terms into our tenancy agreements.

The Group is currently evaluating the TFCD recommendations in the context of our business and will identify and disclose key indicators and targets within our Sustainability Action Plan.

Embracing Sustainable Operations

All our hotels use the IHG Green Engage system, an innovative online environmental sustainability system that gives our hotels the means to measure and manage their impact on the environment. The hotels can select from over 200 ‘Green Solutions’ that are designed to help them reduce their energy, water and waste.

At other assets, we are conducting lighting, consumption and waste reviews to plan the next phase of upgrades, for example integrating more solar energy usage and LED lighting upgrades while making plans to reduce gas usage by transitioning towards electrification.

In terms of water conservation, we plan to roll out grey water and rainwater collection audits while conducting water submetering and monitoring on our project sites. Waste audits are also being carried out within our properties and we are now reviewing alternative solutions including the installation of waste to water systems and sourcing for more sustainable waste management approach.

06 Financial Statements

CAPRI ON VIA ROMA,
QUEENSLAND

Capri on Via Roma is located in an affluent suburb on the footsteps of the Gold Coast's primary residential and commercial hot spot, Surfers Paradise. The Centre features a hand-picked tenancy mix including Harris Farm Markets, premium waterfront dining, convenience and services retailers and an established professional office precinct.

MULPHA

Financial Statements

Directors' Report
for the year ended 31 December 2022

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	84,879	26,947
Non-controlling interests	1,625	-
	86,504	26,947

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year under review.

DIVIDENDS

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Lee Seng Huang
Lee Eng Leong
Chew Hoy Ping
Loong Caesar
Geoffrey Earl Grady

The list of Directors in Company's respective subsidiaries is disclosed in Note 6 to the financial statements.

Directors' Report
for the year ended 31 December 2022

DIRECTORS' INTERESTS IN SHARES

The direct and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
The Company	**At 1.1.2022**	**Acquired**	**Sold**	**At 31.12.2022**
Direct interest				
Lee Seng Huang	12,000,000	-	-	12,000,000
Deemed interest				
Lee Seng Huang	143,650,108	56,772,294	-	200,422,402

By virtue of Lee Seng Huang's substantial interest in the shares of the Company, he is also deemed interested in the shares of all the subsidiaries during the financial year to the extent that the Company has an interest.

None of the other Directors holding office at 31 December 2022 has any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

The Director's benefits paid to or receivable by Directors in respect of the financial year ended 31 December 2022 are as follows:

	Company RM'000	**Subsidiaries RM'000**
Directors of the Company:		
Remuneration	1,281	2,313
Fees	280	-
Defined contribution plans	124	98
Estimated money value of benefits-in-kind	6	5
	1,691	2,416

There were no arrangements during and at the end of the financial year which had the object of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued share capital of the Company during the financial year.

There were no debentures issued during the financial year.

TREASURY SHARES

On 1 April 2022, the Company cancelled its entire treasury shares of 8,288,200 units pursuant to Section 127 of the Companies Act 2016. After the cancellation, the Company's issued share capital decreased from RM2,036,698,000 to RM1,983,858,000.

As at 31 December 2022, the Company has no treasury shares. The total number of ordinary shares in issue is 311,178,230. Further relevant details are disclosed in Note 19 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of insurance premium paid for the Directors and officers of the Group was RM764,236.

QUALIFICATION OF SUBSIDIARIES' FINANCIAL STATEMENTS

The auditors' report on the audit of the financial statements of the Company's subsidiaries did not contain any qualification.

OTHER STATUTORY INFORMATION

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

i) all known bad debts have been written off and adequate provision have been made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

Directors' Report
for the year ended 31 December 2022

OTHER STATUTORY INFORMATION (Cont'd)

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2022 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

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

The total auditors' remuneration of the Group and of the Company during the year are RM2,214,000 and RM184,000 respectively.

Further details of auditors' remuneration are set out in Note 27 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Lee Seng Huang
Director

Lee Eng Leong
Director

Date: 31 March 2023

Statements of Financial Position

as at 31 December 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Assets					
Property, plant and equipment	3	**1,481,514**	1,494,013	**-**	6
Right-of-use assets	4	**24,186**	14,571	**-**	-
Investment properties	5	**1,470,278**	928,902	**-**	-
Investment in subsidiaries	6	**-**	-	**1,644,982**	1,668,614
Investment in associates	7	**104,651**	100,663	**12,924**	15,622
Investment in joint ventures	8	**66,383**	59,809	**-**	-
Investment securities	9	**686,821**	643,927	**1,043**	1,043
Other investments	10	**5,090**	5,086	**5,061**	5,057
Goodwill	11	**45,359**	12,443	**-**	-
Inventories	12	**585,423**	677,029	**-**	-
Trade and other receivables	13	**4,978**	8,386	**603,676**	312,152
Other non-current assets	14	**22,503**	23,408	**-**	-
Deferred tax assets	15	**617**	776	**-**	-
Total non-current assets		**4,497,803**	3,969,013	**2,267,686**	2,002,494
Inventories	12	**769,702**	702,190	**-**	-
Trade and other receivables	13	**388,102**	365,351	**135,874**	419,487
Other current assets	17	**16,735**	18,265	**27**	27
Current tax assets		**14,211**	17,810	**1,005**	-
Cash and deposits	18	**231,129**	370,927	**54,941**	253
Total current assets		**1,419,879**	1,474,543	**191,847**	419,767
Total assets		**5,917,682**	5,443,556	**2,459,533**	2,422,261

Statements of Financial Position

as at 31 December 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Equity					
Share capital	19	**1,983,858**	2,036,698	**1,983,858**	2,036,698
Treasury shares	19	**-**	(17,586)	**-**	(17,586)
Reserves	20	**180,345**	181,378	**107**	107
Retained earnings		**1,363,284**	1,243,151	**359,950**	297,749
Total equity attributable to owners of the Company		**3,527,487**	3,443,641	**2,343,915**	2,316,968
Non-controlling interests	6	**25,940**	26,298	**-**	-
Total equity		**3,553,427**	3,469,939	**2,343,915**	2,316,968
Liabilities					
Loans and borrowings	21	**1,445,499**	1,149,169	**-**	-
Lease liabilities		**55,518**	47,075	**-**	-
Trade and other payables	22	**14,950**	-	**-**	-
Contract liabilities	16	**12,791**	14,266	**-**	-
Provision for liabilities	23	**5,671**	5,705	**-**	-
Deferred tax liabilities	15	**78,262**	47,115	**1,574**	-
Total non-current liabilities		**1,612,691**	1,263,330	**1,574**	-
Loans and borrowings	21	**505,692**	466,280	**73,448**	86,915
Lease liabilities		**5,339**	3,859	**-**	-
Trade and other payables	22	**158,610**	142,745	**40,596**	18,161
Contract liabilities	16	**38,606**	50,008	**-**	-
Current tax liabilities		**738**	284	**-**	217
Provision for liabilities	23	**42,579**	47,111	**-**	-
Total current liabilities		**751,564**	710,287	**114,044**	105,293
Total liabilities		**2,364,255**	1,973,617	**115,618**	105,293
Total equity and liabilities		**5,917,682**	5,443,556	**2,459,533**	2,422,261

The notes on pages 82 to 186 are an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Revenue	24	**970,918**	787,217	**21,125**	19,154
Other income	25	**96,609**	565,895	**40,987**	14,902
Land and property development costs		**(127,789)**	(200,934)	**-**	-
Finished goods and services rendered		**(114,458)**	(61,223)	**-**	-
Employee benefits expenses		**(307,141)**	(264,305)	**(1,186)**	(17,408)
Depreciation and amortisation		**(67,915)**	(60,361)	**(6)**	(26)
Net loss on impairment of financial instruments		**(319)**	(2,595)	**-**	-
Other expenses		**(292,878)**	(300,318)	**(24,685)**	(18,077)
Results from operating activities		**157,027**	463,376	**36,235**	(1,455)
Finance costs	26	**(67,414)**	(64,684)	**(2,886)**	(3,464)
Share of profit of associates		**9,295**	1,621	**-**	-
Share of profit of joint ventures		**3,555**	22,246	**-**	-
Profit/(Loss) before tax		**102,463**	422,559	**33,349**	(4,919)
Tax (expense)/benefit	28	**(15,959)**	10,871	**(6,402)**	(2,004)
Profit/(Loss) for the year	27	**86,504**	433,430	**26,947**	(6,923)

Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Other comprehensive (expense)/income					
Items that will not be reclassified subsequently to profit or loss					
Revaluation of property, plant and equipment upon transfer of properties to investment properties		**20,899**	-	**-**	-
Net change in fair value of equity investments designated at fair value through other comprehensive income		**22,541**	106,984	**-**	-
		43,440	106,984	**-**	-
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		**(43,685)**	(50,574)	**-**	-
Share of other comprehensive income of associates		**-**	130	**-**	-
		(43,685)	(50,444)	**-**	-
Other comprehensive (expense)/income for the year		**(245)**	56,540	**-**	-
Total comprehensive income/(expense) for the year		**86,259**	489,970	**26,947**	(6,923)
Profit/(Loss) attributable to:					
Owners of the Company		**84,879**	432,895	**26,947**	(6,923)
Non-controlling interests		**1,625**	535	**-**	-
Profit/(Loss) for the year		**86,504**	433,430	**26,947**	(6,923)
Total comprehensive income/(expense) attributable to:					
Owners of the Company		**84,268**	485,955	**26,947**	(6,923)
Non-controlling interests		**1,991**	4,015	**-**	-
Total comprehensive income/(expense) for the year		**86,259**	489,970	**26,947**	(6,923)
Earnings per ordinary share (sen)	29	**27.28**	136.99		

The notes on pages 82 to 186 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2022

	Attributable to owners of the Company								
	Non-distributable					*Distributable*			
	Share capital RM'000	Exchange reserve RM'000	Revaluation reserve RM'000	Other reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group									
At 1 January 2021	2,036,698	78,283	68,545	(19,411)	-	810,908	2,975,023	22,761	2,997,784
Net change in fair value of equity investments designated at fair value through other comprehensive income	-	-	-	102,882	-	-	102,882	4,102	106,984
Foreign currency translation differences for foreign operations	-	(49,952)	-	-	-	-	(49,952)	(622)	(50,574)
Share of other comprehensive income of an associate	-	130	-	-	-	-	130	-	130
Total other comprehensive (expense)/ income for the year	-	(49,822)	-	102,882	-	-	53,060	3,480	56,540
Profit for the year	-	-	-	-	-	432,895	432,895	535	433,430
Total comprehensive (expense)/income for the year	-	(49,822)	-	102,882	-	432,895	485,955	4,015	489,970
Purchase of treasury shares	-	-	-	-	(17,586)	-	(17,586)	-	(17,586)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(478)	(478)
Total transactions with owners of the Company	-	-	-	-	(17,586)	-	(17,586)	(478)	(18,064)
Share of other reserve of an associate	-	-	-	249	-	-	249	-	249
Transfer upon the disposal of an associate	-	-	-	652	-	(652)	-	-	-
At 31 December 2021	2,036,698	28,461	68,545	84,372	(17,586)	1,243,151	3,443,641	26,298	3,469,939
	Note 19	**Note 20**	**Note 20**	**Note 20**	**Note 19**				

Consolidated Statement of Changes in Equity

for the year ended 31 December 2022

	Attributable to owners of the Company								
	Non-distributable					Distributable			
	Share capital RM'000	Exchange reserve RM'000	Revaluation reserve RM'000	Other reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group									
At 1 January 2022	2,036,698	28,461	68,545	84,372	(17,586)	1,243,151	3,443,641	26,298	3,469,939
Revaluation of property, plant and equipment upon transfer of properties to investment properties	-	-	20,899	-	-	-	20,899	-	20,899
Net change in fair value of equity investments designated at fair value through other comprehensive income	-	-	-	21,828	-	-	21,828	713	22,541
Foreign currency translation differences for foreign operations	-	(43,338)	-	-	-	-	(43,338)	(347)	(43,685)
Total other comprehensive (expense)/ income for the year	-	(43,338)	20,899	21,828	-	-	(611)	366	(245)
Profit for the year	-	-	-	-	-	84,879	84,879	1,625	86,504
Total comprehensive (expense)/income for the year	-	(43,338)	20,899	21,828	-	84,879	84,268	1,991	86,259
Cancellation of treasury shares	(52,840)	-	-	-	17,586	35,254	-	-	-
Capital returned to non-controlling interests	-	-	-	-	-	-	-	(1,684)	(1,684)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(665)	(665)
Total transactions with owners of the Company	(52,840)	-	-	-	17,586	35,254	-	(2,349)	(2,349)
Share of other reserve of an associate	-	-	-	(422)	-	-	(422)	-	(422)
At 31 December 2022	1,983,858	(14,877)	89,444	105,778	-	1,363,284	3,527,487	25,940	3,553,427
	Note 19	Note 20	Note 20	Note 20	Note 19				

The notes on pages 82 to 186 are an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 31 December 2022

	Non-distributable			*Distributable*	
	Share capital RM'000	**Other reserve RM'000**	**Treasury shares RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
Company					
At 1 January 2021	2,036,698	107	-	304,672	2,341,477
Loss and total comprehensive expense for the year	-	-	-	(6,923)	(6,923)
Purchase of treasury shares	-	-	(17,586)	-	(17,586)
At 31 December 2021/ 1 January 2022	2,036,698	107	(17,586)	297,749	2,316,968
Profit and total comprehensive income for the year	-	-	-	26,947	26,947
Cancellation of treasury shares	(52,840)	-	17,586	35,254	-
At 31 December 2022	**1,983,858**	**107**	**-**	**359,950**	**2,343,915**
	Note 19	**Note 20**	**Note 19**		

The notes on pages 82 to 186 are an integral part of these financial statements.

Statements of Cash Flows

for the year ended 31 December 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Cash flows from/(used in) operating activities					
Profit/(Loss) before tax		**102,463**	422,559	**33,349**	(4,919)
Adjustments for:					
Amortisation on other non-current assets		**-**	1,602	**-**	-
Change in fair value of investment properties	5	**30,681**	(52,368)	**-**	-
Dividend income		**(44,381)**	(150)	**(21,125)**	(19,154)
Exchange reserve transfer to profit or loss upon disposal of an associate	20.1	**-**	1,119	**-**	-
Fair value gain on assets classified as held for sale		**-**	(1,062)	**-**	-
Fair value gain on financial assets at fair value through profit or loss		**-**	(1,501)	**-**	-
Gain on disposal of investment in an associate		**-**	(421,047)	**-**	-
Net (reversal)/impairment loss on investments in:					
- associates		**-**	-	**2,698**	-
- joint ventures		**(307)**	3,371	**-**	-
- subsidiaries		**-**	-	**(3,443)**	-
Net impairment loss on trade and other receivables		**319**	2,595	**-**	-
Interest expense	26	**67,414**	64,684	**2,886**	3,464
Interest income		**(14,885)**	(24,574)	**(23,732)**	(14,772)
Inventories written down		**5,765**	478	**-**	-
Net unrealised foreign exchange loss/(gain)		**297**	(324)	**5,889**	6,394
Property, plant and equipment:					
- Depreciation	3	**63,173**	55,215	**6**	26
- Net gain on disposal		**(70)**	(346)	**-**	-
- Written off	3	**1,759**	71,161	**-**	-
Provision for staff benefits	23	**32,221**	40,489	**-**	-
Net (reversal of provision)/provision for repairs	23	**(1,089)**	2,319	**-**	-
Right-of-use assets:					
- Depreciation	4	**4,742**	3,544	**-**	-
- Gain on disposal		**-**	(26)	**-**	-
Share of profit of associates	7	**(9,295)**	(1,621)	**-**	-
Share of profit of joint ventures	8	**(3,555)**	(22,246)	**-**	-
Waiver of amount due from a subsidiary		**-**	-	**-**	232

Statements of Cash Flows

for the year ended 31 December 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Cash flows from/(used in) operating activities (continued)					
Operating profit/(loss) before changes in working capital		**235,252**	143,871	**(3,472)**	(28,729)
Inventories		**(103,410)**	(8,532)	**-**	-
Receivables		**(23,015)**	(109,416)	**18**	(13)
Other current assets		**1,316**	851	**-**	10
Other non-current assets		**608**	(10,950)	**-**	-
Payables		**18,159**	(26,150)	**(14,718)**	17,376
Contract liabilities		**(12,375)**	6,310	**-**	-
Other non-current liabilities		**15,250**	(6,850)	**-**	-
Intercompany balances		**-**	-	**28,697**	60,822
Cash generated from/(used in) operations		**131,785**	(10,866)	**10,525**	49,466
Interest paid		**(66,830)**	(64,468)	**(2,886)**	(3,464)
Interest received		**2,095**	16,000	**18,370**	14,299
Net income tax refund/(paid)		**10,705**	(9,068)	**(6,050)**	(2,437)
Staff benefits paid		**(35,088)**	(20,422)	**-**	-
Net cash from/(used in) operating activities		**42,667**	(88,824)	**19,959**	57,864
Cash flows (used in)/from investing activities					
Acquisition of property, plant and equipment	3	**(265,966)**	(255,835)	**-**	-
Acquisition of investment properties	5	**(211,417)**	-	**-**	-
Capital expenditure of investment properties	5	**(47,400)**	(10,559)	**-**	-
Acquisition of a subsidiary	6	**-**	-	**-**	(8,268)
Additional investment in subsidiaries	6	**-**	-	**(554,225)**	(151,704)
Additional investment in an associate	7.1	**-**	(7,484)	**-**	-
Acquisition of joint ventures	8	**(9,463)**	-	**-**	-
Acquisition of businesses, net of cash and cash equivalents acquired	36	**(35,754)**	(16,993)	**-**	-
Acquisition of investment securities		**(17,748)**	(8,615)	**-**	-
Acquisition of other investments		**-**	-	**(4)**	-
Proceeds from disposal of:					
- Property, plant and equipment		**89**	69,371	**-**	-
- Investment in an associate	7.2	**-**	450,345	**-**	-
- Assets classified as held for sale		**-**	81,158	**-**	-
Redemption of redeemable preference shares	6	**-**	-	**581,300**	106,635
Redemption of investment securities		**-**	210,516	**-**	-
Dividend received		**50,188**	13,409	**21,125**	19,154
Placement of fixed deposits with maturity profile more than three months		**(22,050)**	-	**(22,050)**	-
Net cash (used in)/from investing activities		**(559,521)**	525,313	**26,146**	(34,183)

Statements of Cash Flows
for the year ended 31 December 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Cash flows from/(used in) financing activities					
Capital returned to non-controlling interests		**(1,684)**	-	**-**	-
Dividend paid to non-controlling interests of subsidiaries		**(665)**	(478)	**-**	-
Payment of lease liabilities	21.5	**(3,791)**	(3,514)	**-**	-
(Placement)/Withdrawal of pledged deposits		**(15,539)**	4,951	**-**	-
Purchase of treasury shares		**-**	(17,586)	**-**	(17,586)
Net drawdown/(repayment) of borrowings	21.5	**364,761**	(335,546)	**(12,027)**	(5,525)
Net cash from/(used in) financing activities		**343,082**	(352,173)	**(12,027)**	(23,111)
Net (decrease)/increase in cash and cash equivalents		**(173,772)**	84,316	**34,078**	570
Effect of exchange rate fluctuations on cash held		**(2,175)**	(3,378)	**-**	-
Cash and cash equivalents at 1 January		**340,298**	259,360	**(1,187)**	(1,757)
Cash and cash equivalents at 31 December		**164,351**	340,298	**32,891**	(1,187)

Statements of Cash Flows
for the year ended 31 December 2022

Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

		Group		Company	
	Note	2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Cash and bank balances	18	**113,986**	272,936	**498**	253
Deposits with licensed banks	18	**117,143**	97,991	**54,443**	-
		231,129	370,927	**54,941**	253
Less: Pledged bank balances and deposits		**(44,728)**	(29,189)	**-**	-
Less: Fixed deposits with maturity profile more than three months		**(22,050)**	-	**(22,050)**	-
Bank overdrafts	21	**-**	(1,440)	**-**	(1,440)
		164,351	340,298	**32,891**	(1,187)

Cash outflows for leases as a lessee

		Group		Company	
	Note	2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Included in net cash from operating activities					
Interest paid in relation to lease liabilities	26	**3,560**	3,445	**-**	-
Included in net cash from financing activities					
Payment of lease liabilities	21.5	**3,791**	3,514	**-**	-
Total cash outflows for leases		**7,351**	6,959	**-**	-

The notes on pages 82 to 186 are an integral part of these financial statements.

Notes to the Financial Statements

Mulpha International Bhd. is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business
PH2, Menara Mudajaya
No.12A, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan

Registered office
No. 8, Jalan Peranginan
Leisure Farm
81560 Gelang Patah
Johor Darul Taksim

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”) and the Group’s interest in associates and joint ventures. The financial statements of the Company as at and for the financial year ended 31 December 2022 also include joint operations.

The Company is principally engaged in investment holding activities while the other Group entities are as stated in Note 6.

These financial statements were authorised for issue by the Board of Directors on 31 March 2023.

1. BASIS OF PREPARATION

(a) Statement of compliance

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

The following are accounting standard and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts**
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information**
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendment to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

1. BASIS OF PREPARATION (Cont'd)

(a) Statement of compliance (Cont'd)

The Group and the Company plan to apply the abovementioned accounting standards and amendments:

- from the annual period beginning on 1 January 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for those marked with "*" which are not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2024 for the amendments that are effective for annual periods beginning on or after 1 January 2024.

The initial application of the accounting standard or amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 3 – valuation of property, plant and equipment
- Note 4 – valuation of right-of-use assets
- Note 5 – valuation of investment properties
- Note 9 – valuation of investment securities
- Note 12 – recoverability of development inventories

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive.

The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

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

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(a) Basis of consolidation (Cont'd)

(iv) Loss of control

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

(v) Associates

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

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

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

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate increase but does not result in a change in status from an associate, any retained interest is not remeasured. Any difference between the cost of the investment and the entity's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as follows:

- Goodwill relating to an associate is included in the carrying amount of the investment. Amortisation of that goodwill is not permitted.
- Any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associates' profit or loss in the period in which the investment is acquired.

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

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(a) Basis of consolidation (Cont'd)

(vi) Joint arrangements

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

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group accounts for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.

- A joint arrangement is classified as "joint venture" when the Group or the Company has rights only to the net assets of the arrangements. The Group accounts for its interests in the joint venture using the equity method. Investments in joint venture are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(vii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(viii) Transactions eliminated on consolidation

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

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) Foreign currency (Cont'd)

(i) Foreign currency transactions (Cont'd)

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2011 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

Notes To The Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Financial instruments (Cont'd)

(i) Recognition and initial measurement (Cont'd)

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(l)(i)) where the effective interest rate is applied to the amortised cost.

(b) Fair value through other comprehensive income ("FVOCI")

(i) Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(l)(i)) where the effective interest rate is applied to the amortised cost.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial assets (Cont'd)

(b) Fair value through other comprehensive income ("FVOCI") (Cont'd)

(ii) Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

(c) Fair value through profit or loss ("FVTPL")

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 2(l)(i)).

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

(a) Fair value through profit or loss ("FVTPL")

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

(a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;

(b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or

Notes To The Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial liabilities (Cont'd)

(a) Fair value through profit or loss ("FVTPL") (Cont'd)

(c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Financial instruments (Cont'd)

(iv) Derecognition (Cont'd)

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

Notes To The Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Property, plant and equipment (Cont'd)

(iii) Depreciation (Cont'd)

The estimated useful lives for the current and comparative periods are as follows:

• Aircraft	18 years
• Buildings	14 - 99 years
• Land improvements	10 - 40 years
• Plant, machinery, office equipment, furniture and fittings	3 - 20 years
• Motor vehicles	4 - 8 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

(e) Investment in works of art

Works of art are measured at cost less any accumulated impairment losses. Works of art are deemed inexhaustible and are not depreciated.

(f) Leases

(i) Definition of a lease

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

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Leases (Cont'd)

(ii) Recognition and initial measurement

(a) As a lessee

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

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

* fixed payments, including in-substance fixed payments less any incentives receivable;
* variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
* amounts expected to be payable under a residual value guarantee;
* the exercise price under a purchase option that the Group is reasonably certain to exercise; and
* penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

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

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

Notes To The Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Leases (Cont'd)

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the lease. The Group aims to allocate finance income over the lease term on a systematic and rational basis. The Group applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the lease is subject to impairment requirements in MFRS 9, *Financial Instruments* (see note 2(l)(i)).

(g) Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates and joint venture, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates and joint venture.

(ii) Amortisation

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that they may be impaired.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(h) Investment property

(i) Investment property carried at fair value

Investment properties are properties which are owned or right-of-use asset held under a lease contract to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of-use assets.

Subsequently, investment properties are measured at fair value with any changes therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

The fair value of investment properties held by the Group as a right-of-use asset reflects the expected cash flows. Accordingly, where valuation obtained for a property is net of all payments expected to be made, the Group added back any recognised lease liability to arrive at the carrying amount of the investment property using the fair value model.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting. Any difference between the carrying amount of the property before transfer and its fair value on the date of transfer is recognised in profit or loss in the same way as any other change in fair value of investment property.

Notes To The Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) Inventories

(i) Properties held for development

Properties held for development consists of land or such portions thereof on which no development activities have been carried out or where development activities are not expected to be completed within the Group's operating cycle of 2 to 3 years. Such land is classified as non-current asset and is measured at cost less any accumulated impairment losses.

Properties held for development is classified as property under development at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the Group's operating cycle of 2 to 3 years.

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.

(ii) Properties under development

Properties under development comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. Borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Cost of properties under development not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value.

(iii) Completed properties

Completed properties held for sale are measured at the lower of cost and net realisable value. The cost of completed properties includes expenditures incurred in the acquisition of land, direct cost and appropriate proportions of common cost attributable to developing the properties to completion and borrowing costs.

(iv) Others

Other inventories are measured at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their existing location and condition are accounted for as follows:

* Raw material: Purchase costs on a first-in-first-out/weighted average basis.

* Finished goods and work-in-progress: Costs of direct materials and labour, and a proportion of production overheads based on normal operating capacity. These costs are assigned on a first-in-first-out/weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Contract asset/Contract liability

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* (see Note 2(l)(i)).

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(l) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

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

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Notes To The Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(l) Impairment (Cont'd)

(i) Financial assets (Cont'd)

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

(ii) Other assets

The carrying amounts of other assets (except for inventories, contract assets, lease receivables, deferred tax asset and investment property measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each period at the same time.

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

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

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

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

(m) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

Notes To The Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Equity instruments (Cont'd)

(i) Issue expense

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(n) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group or the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's or the Company's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(o) Provisions

A provision is recognised if, as a result of a past event, the Group or the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(p) Revenue and other income

(i) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

Notes To The Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(p) Revenue and other income (Cont'd)

(i) Revenue from contracts with customers (Cont'd)

The Group or the Company transfers control of a good or service at a point in time unless one of the following over time criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;

(b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

(ii) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as other income.

(iii) Government grants

The Group deducts the government grant in calculating the carrying amount of the asset when there is reasonable assurance that it will be received and that the Group will comply with the conditions associated with the grant. The grant is recognised in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same period in which the expenses are recognised.

(iv) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(vi) Management fee income

Management fee income from the provision of management services is recognised when services are rendered.

(q) Borrowing costs

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(q) Borrowing costs (Cont'd)

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

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

(r) Income tax

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

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

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

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(h), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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

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

(s) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(s) Earnings per ordinary share (Cont'd)

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(t) Operating segments

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

(u) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

(v) Fair value measurements

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

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

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

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

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

Notes To The Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT

Group	Note	Land RM'000	Land improvements RM'000	Buildings RM'000	Plant and equipment* RM'000	Aircraft RM'000	Capital work-in-progress RM'000	Total RM'000
Cost								
At 1 January 2021		164,608	25,354	980,214	684,021	100,662	131,969	2,086,828
Additions		-	81	7,462	1,649	-	246,643	255,835
Acquisition of businesses		2,712	-	4,752	730	-	-	8,194
Disposals	3.2	-	-	-	(4,678)	(103,411)	-	(108,089)
Written off		-	-	(86,601)	(121,564)	-	(35)	(208,200)
Transfer from investment property	3.5, 5	247,888	12	61,920	3,833	-	277	313,930
Transfer from inventories		21,415	-	-	-	-	-	21,415
Reclassifications		-	1,284	24,754	35,583	-	(61,621)	-
Effect of movements in exchange rates		(10,631)	(608)	(22,015)	(12,810)	2,749	(7,744)	(51,059)
At 31 December 2021/1 January 2022		**425,992**	**26,123**	**970,486**	**586,764**	**-**	**309,489**	**2,318,854**
Additions		**9,963**	**56**	**1,826**	**13,469**	**-**	**240,652**	**265,966**
Acquisition of businesses:								
- Addition	36	**-**	**-**	**-**	**3,458**	**-**	**144**	**3,602**
- Fair value adjustment	11	**-**	**-**	**(2,595)**	**-**	**-**	**-**	**(2,595)**
Disposals		**-**	**-**	**-**	**(1,188)**	**-**	**-**	**(1,188)**
Written off		**-**	**-**	**(2,375)**	**(5,213)**	**-**	**(144)**	**(7,732)**
Transfer to investment property:								
- Offset of accumulated depreciation		**-**	**-**	**(5,686)**	**(3,094)**	**-**	**-**	**(8,780)**
- Revaluation of property transferred	3.5	**29,857**	**-**	**-**	**-**	**-**	**-**	**29,857**
- Transfer of carrying amount	5	**(272,963)**	**-**	**(58,266)**	**(728)**	**-**	**(5,822)**	**(337,779)**
Transfer from inventories	3.6	**39,938**	**235,801**	**52,991**	**13,485**	**-**	**-**	**342,215**
Reclassifications		**(2,360)**	**3,479**	**344,078**	**104,869**	**-**	**(450,066)**	**-**
Effect of movements in exchange rates		**(1,729)**	**(5,053)**	**(19,048)**	**(9,927)**	**-**	**149**	**(35,608)**
At 31 December 2022		**228,698**	**260,406**	**1,281,411**	**701,895**	**-**	**94,402**	**2,566,812**

Notes To The Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Group	Note	Land RM'000	Land improvements RM'000	Buildings RM'000	Plant and equipment* RM'000	Aircraft RM'000	Capital work-in-progress RM'000	Total RM'000
Depreciation and impairment losses								
At 1 January 2021								
Accumulated depreciation		-	17,669	221,462	275,243	24,188	-	538,562
Accumulated impairment losses		8,587	-	164,896	243,566	5,949	1,823	424,821
		8,587	17,669	386,358	518,809	30,137	1,823	963,383
Depreciation for the year		-	8,188	11,818	31,238	3,971	-	55,215
Disposals	3.2	-	-	-	(4,307)	(34,757)	-	(39,064)
Written off		-	-	(18,865)	(118,174)	-	-	(137,039)
Reclassifications		-	(13,855)	14,498	1,185	-	(1,828)	-
Effect of movements in exchange rates		(194)	(252)	(8,752)	(9,110)	649	5	(17,654)
At 31 December 2021								
Accumulated depreciation		-	11,750	223,885	181,575	-	-	417,210
Accumulated impairment losses		8,393	-	161,172	238,066	-	-	407,631
		8,393	11,750	385,057	419,641	-	-	824,841

3. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Group	Note	Land RM'000	Land improvements RM'000	Buildings RM'000	Plant and equipment* RM'000	Aircraft RM'000	Capital work-in-progress RM'000	Total RM'000
Depreciation and impairment losses								
At 1 January 2022								
Accumulated depreciation		**-**	**11,750**	**223,885**	**181,575**	**-**	**-**	**417,210**
Accumulated impairment losses		**8,393**	**-**	**161,172**	**238,066**	**-**	**-**	**407,631**
		8,393	**11,750**	**385,057**	**419,641**	**-**	**-**	**824,841**
Depreciation for the year		**-**	**10,116**	**16,788**	**36,269**	**-**	**-**	**63,173**
Disposals		**-**	**-**	**-**	**(1,169)**	**-**	**-**	**(1,169)**
Written off		**-**	**-**	**(1,130)**	**(4,843)**	**-**	**-**	**(5,973)**
Offset of accumulated depreciation on property transferred to investment property		**-**	**-**	**(5,686)**	**(3,094)**	**-**	**-**	**(8,780)**
Transfer from inventories	**3.6**	**-**	**229,238**	**-**	**-**	**-**	**-**	**229,238**
Reclassifications		**-**	**(8,262)**	**8,262**	**-**	**-**	**-**	**-**
Effect of movements in exchange rates		**(110)**	**(4,701)**	**(5,339)**	**(5,882)**	**-**	**-**	**(16,032)**
At 31 December 2022								
Accumulated depreciation		**-**	**13,413**	**238,907**	**206,037**	**-**	**-**	**458,357**
Accumulated impairment losses		**8,283**	**224,728**	**159,045**	**234,885**	**-**	**-**	**626,941**
		8,283	**238,141**	**397,952**	**440,922**	**-**	**-**	**1,085,298**
Carrying amounts								
At 1 January 2021		156,021	7,685	593,856	165,212	70,525	130,146	1,123,445
At 31 December 2021/1 January 2022		417,599	14,373	585,429	167,123	-	309,489	1,494,013
At 31 December 2022		**220,415**	**22,265**	**883,459**	**260,973**	**-**	**94,402**	**1,481,514**

* *Plant and equipment comprise plant, machinery, office equipment, motor vehicles, furniture and fittings.*

3. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Company	Plant and equipment* RM'000
Cost	
At 1 January 2021/31 December 2021/1 January 2022/31 December 2022	**1,093**
Accumulated depreciation	
At 1 January 2021	1,061
Depreciation for the year	26
At 31 December 2021/1 January 2022	**1,087**
Depreciation for the year	**6**
At 31 December 2022	**1,093**
Carrying amounts	
At 1 January 2021	32
At 31 December 2021/1 January 2022	6
At 31 December 2022	**-**

* *Plant and equipment comprise office equipment, motor vehicles, furniture and fittings.*

3.1 Security

Net carrying amounts of assets pledged as security for bank borrowings as disclosed in Note 21.2 are as follows:

		Group	
	Note	2022 RM'000	2021 RM'000
Land		**147,715**	329,820
Land improvements		**22,090**	5,649
Buildings		**841,989**	514,113
Plant and equipment		**235,611**	130,751
Capital work-in-progress	a	**84,068**	305,922
		1,331,473	1,286,255

Note a

During the financial year, capital work-in-progress mainly comprise of a golf entertainment facility and boutique cabins located in Sydney, Australia. In the previous financial year, the capital work-in-progress mainly comprise of marina expansion and refurbishment of hotel assets located in Sydney and Sanctuary Cove, Australia.

3. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

3.2 Disposal of an aircraft

In the previous financial year, the Group entered into an Aircraft Purchase Agreement with a third party to dispose an aircraft for a cash consideration amounting to RM66.50 million (equivalent to USD16.50 million).

3.3 Land

Included in the total carrying amounts of land are:

	Group	
	2022	2021
	RM'000	RM'000
Freehold land	**220,415**	417,599
Leasehold land with unexpired lease period of more than 50 years	**8,283**	8,393
Less: Accumulated impairment losses	**(8,283)**	(8,393)
	-	-
	220,415	417,599

3.4 Land and building subject to operating lease

The Group leases some of its land and building to third parties under short-term lease up to 1 year. The following is recognised in profit or loss:

	Group	
	2022	2021
	RM'000	RM'000
Lease income	**11,458**	14,781

3.5 Transfer to/from investment property

During the financial year, a commercial property was transferred to investment property as it was no longer used by the Group and it was leased to third parties.

Immediately before the transfer, the Group remeasured the property at fair value and recognised a gain net of tax of RM20,899,000 in other comprehensive income (see Note 20). The valuation techniques and significant unobservable inputs used in measuring the fair value of the property at the date of transfer were the same as those applied to investment property at the reporting date.

In the previous financial year, the Group redesignated the usage of the investment property for own use. The property was then transferred to property, plant and equipment at its fair value at date of transfer.

3.6 Transfer from inventories

During the financial year, the Group redesignated the usage of the land held for property development for own use. The property was then transferred to property, plant and equipment at its carrying amount at date of transfer.

3.7 Acquisition of businesses

In the previous financial year, the Group acquired 100% of a business trading as Emma's Cottage for a total cash consideration of RM9,664,000. This is a cellar door, vineyard and accommodation business. In the previous financial year, the Group also acquired a business involved in promotional and corporate merchandise for a cash consideration of RM7,329,000 and contingent consideration of RM2,409,000.

Notes To The Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

3.8 Judgement and assumptions in relation to valuation of property, plant and equipment

The Group reviews the carrying value of property, plant and equipment against its recoverable amount, where indicators of impairment exist. The valuation process involves judgement in determining the appropriate valuation methodology to be used, and in estimating the appropriate key assumptions to be applied.

The valuation methods adopted by the Group are:

i) valuation by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued; and

ii) internal value-in-use calculation based on key assumptions used in the discounted cash flows, such as revenue growth, capital expenditure and discount rate, against external market data and the historical performance of the asset, adjusted for expected market conditions.

4. RIGHT-OF-USE ASSETS

	Note	2022 RM'000	2021 RM'000
Group			
At 1 January		**14,571**	14,269
Addition		**-**	2,191
Acquisition of a business	36	**14,747**	2,176
Depreciation	4.1	**(4,742)**	(3,544)
Disposal		**-**	(182)
Effect of movements in exchange rates		**(390)**	(339)
At 31 December		**24,186**	14,571

The Group leases a number of properties, including car wash site, car park, education facility, offices and office signage that run between 1 year and 12 years, with an option to renew the lease after that date. Lease payments are increased annually to reflect current market rentals.

4.1 Depreciation of right-of-use assets

	2022 RM'000	2021 RM'000
Group		
Recognised in profit or loss	**4,742**	3,544

4.2 Extension options

Some leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where applicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

4. RIGHT-OF-USE ASSETS (Cont'd)

4.3 Judgements and assumptions in relation to leases

The Group applies judgement at the commencement of lease, to determine whether the Group is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the assets if an option to extend is not exercised, in determining the lease term.

5. INVESTMENT PROPERTIES

	Note	Group 2022 RM'000	2021 RM'000
At 1 January		**928,902**	1,199,693
Addition		**211,417**	-
Capital expenditure capitalised		**47,400**	10,559
Change in fair value of investment properties		**(30,681)**	52,368
Transfer from/(to) property, plant and equipment	3	**337,779**	(313,930)
Effect of movements in exchange rates		**(24,539)**	(19,788)
At 31 December		**1,470,278**	928,902
Included in the above are:			
Freehold land and buildings		**1,233,993**	677,146
Leasehold land and building		**236,285**	251,756
		1,470,278	928,902

Reconciliation between valuation obtained and carrying amount:

Valuation obtained is reconciled to the investment properties' carrying amount as follows:

	Note	Group 2022 RM'000	2021 RM'000
As at 31 December			
Carrying amount		**1,470,278**	928,902
Add:			
Accrued income	13.1	**3,880**	3,086
Deferred lease incentive	14.1	**-**	7,864
Deferred revenue		**(47)**	(48)
Advance deposits		**(977)**	(511)
Lease liabilities	21.5	**(32,439)**	(33,020)
Valuation obtained		**1,440,695**	906,273

Investment properties mainly comprise of commercial properties that are leased to third parties for a period of 1 to 11 years, with an option to renew the lease after that date and annual rental increases either fixed, indexed to consumer prices or market rental reviews.

Investment properties of the Group with carrying amount of RM1,454,411,000 (2021: RM912,539,000) is pledged as security for bank borrowings as disclosed in Note 21.2.

Notes To The Financial Statements

5. INVESTMENT PROPERTIES (Cont'd)

During the financial year, the Group acquired a shopping centre namely Capri on Via Roma shopping centre in Gold Coast, Queensland, Australia for a consideration of RM211,417,000.

In addition, a commercial property amounting to RM337,779,000 was reclassified from property, plant and equipment to investment property as the Group no longer occupied significant area of the property for its administrative use and has been leased to third parties.

In the previous financial year, a commercial property amounted to RM313,930,000 was reclassified from investment property to property, plant and equipment as the Group occupied significant area of the property for its administrative use.

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2022	**2021**
	RM'000	**RM'000**
Lease income	**75,083**	60,237
Direct operating expenses:		
- income generating investment properties	**24,311**	23,651
- non-income generating investment properties	**251**	214

The operating lease payments to be received under non-cancellable leases are as follows:

	Group	
	2022	**2021**
	RM'000	**RM'000**
Less than one year	**67,136**	34,746
One to five years	**194,687**	97,080
More than five years	**136,182**	61,779
Total undiscounted lease payments	**398,005**	193,605

5.1 Fair value information

Fair value of investment properties is categorised as follows:

	2022		2021	
	Level 3	**Total**	**Level 3**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Group				
Freehold land and buildings	**1,236,849**	**1,236,849**	687,537	687,537
Leasehold land and building	**203,846**	**203,846**	218,736	218,736
	1,440,695	**1,440,695**	906,273	906,273

5. INVESTMENT PROPERTIES (Cont'd)

5.1 Fair value information (Cont'd)

Level 3 fair value

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

	Group	
	2022	**2021**
	RM'000	**RM'000**
At 1 January	**906,273**	1,175,043
Addition	**211,417**	-
Capital expenditure capitalised	**47,400**	10,559
Transfer from/(to) property, plant and equipment	**337,779**	(313,930)
Accrued income	**794**	(1,995)
Deferred lease incentive	**(7,864)**	3,088
Deferred revenue	**1**	(7)
Advance deposits	**(466)**	238
Lease liabilities	**581**	697
Change in fair value of investment properties	**(30,681)**	52,368
Effect of movements in exchange rates	**(24,539)**	(19,788)
At 31 December	**1,440,695**	906,273

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

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Sale comparison approach: Sale price of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.	Price per square foot from RM79 to RM1,309 (2021: RM84 to RM1,309)	The estimated fair value would increase/(decrease) if the price per square foot is higher/(lower).
Capitalisation approach: The capitalisation rates were determined with regards to recent market transactions of similar properties in similar locations to the Group's investment properties, capitalised rental returns/passing income and assessment of development potential.	Capitalisation rate range from 5.25% to 7.79% (2021: 5.25% to 7.07%)	The estimated fair value would increase/(decrease) if the expected capitalisation rate was (lower)/ higher.

Notes To The Financial Statements

5. INVESTMENT PROPERTIES (Cont'd)

5.1 Fair value information (Cont'd)

Valuation processes applied by the Group for Level 3 fair value

The fair value of investment properties is determined based on:

i) external valuation performed by independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. Capitalisation rate is the rate of return on investment properties based on the income that the property is expected to generate. It is determined with regard to recent market transactions of similar properties in similar locations to the Group's investment properties, capitalised rental returns/passing income and assessment of development potential; and

ii) internal valuation using a combination of capitalisation rates, market sales comparisons and discounted cash flows (as appropriate).

Assessment of the fair values of the Group's investment properties is undertaken annually. The changes in Level 3 fair values are analysed by the management based on the assessment undertaken.

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2022	**2021**
	RM'000	**RM'000**
At cost		
Unquoted shares in Malaysia	**507,589**	536,149
Foreign unquoted shares	**1,194,595**	1,193,110
	1,702,184	1,729,259
Less: Accumulated impairment losses	**(57,202)**	(60,645)
	1,644,982	1,668,614

Movements in the cost of investments are as follows:

		Company	
	Note	**2022**	**2021**
		RM'000	**RM'000**
At 1 January		**1,729,259**	1,675,922
Acquisition of a subsidiary		**-**	8,268
Additional investment in subsidiaries	6.2	**554,225**	151,704
Redemption of redeemable preference shares	6.3	**(581,300)**	(106,635)
At 31 December		**1,702,184**	1,729,259

6. INVESTMENTS IN SUBSIDIARIES (Cont'd)

Movements in the accumulated impairment losses are as follows:

	Note	Company 2022 RM'000	Company 2021 RM'000
At 1 January		**60,645**	60,645
Addition	6.4	**387**	-
Reversal	6.5	**(3,830)**	-
At 31 December		**57,202**	60,645

Details of the subsidiaries are as follows:

Name of entity	Country of incorporation/ establishment	Principal activities	Effective ownership interest 2022 %	Effective ownership interest 2021 %	Directors [6]
Subsidiaries of Mulpha International Bhd.					
Leisure Farm Corporation Sdn. Bhd.	Malaysia	Property development, property investment and resort operation	**100**	100	LEL ML
M Sky Services Sdn. Bhd.	Malaysia	Dormant	**100**	100	LEL ML
Mulpha Land & Property Sdn. Bhd.	Malaysia	Property development	**100**	100	LEL ML
Mulpha Ventures Sdn. Bhd.	Malaysia	Licensed money lending and trading in securities	**100**	100	LEL ML
Mulpha Capital Holdings Sdn. Bhd.	Malaysia	Investment holding	**100**	100	LEL ML
Mulpha Far East Sdn. Bhd.	Malaysia	Investment holding	**100**	100	LEL LSK
Mulpha Group Services Sdn. Bhd.	Malaysia	Investment holding and provision of management services	**100**	100	LEL ML
Mulpha SPV Limited	Malaysia (Labuan)	Investment holding	**100**	100	LEL ML

Notes To The Financial Statements

6. INVESTMENTS IN SUBSIDIARIES (Cont'd)

Details of the subsidiaries are as follows: (Cont'd)

Name of entity	Country of incorporation/ establishment	Principal activities	Effective ownership interest 2022 %	Effective ownership interest 2021 %	Directors [6]
Subsidiaries of Mulpha International Bhd. (Cont'd)					
Mulpha Australia Limited [1]	Australia	Investment holding	**100**	100	LSH CHP AJ LEL GS
Rosetec Investments Limited [2]	British Virgin Islands	Investment holding	**100**	100	LEL ML
Mulpha Global Investment Holdings Pte. Ltd. [1] [4]	Singapore	Investment holding	**100**	100	LEL ML OBH
Subsidiaries of Leisure Farm Corporation Sdn. Bhd.					
Leisure Farm Resort Services Sdn. Bhd.	Malaysia	Provision of maintenance services and facilities management services	**100**	100	ML LEL
Leisure Farm Equestrian Sdn. Bhd.	Malaysia	Investment holding, property development and property investment	**100**	100	LSK LEL
Subsidiaries of Mulpha Capital Holdings Sdn. Bhd.					
Mulpha Capital Markets Sdn. Bhd.	Malaysia	Investment holding	**100**	100	LEL ML
Hub OS Holdings Singapore Pte. Ltd. [10]	Singapore	Investment holding	**-**	100	ML OBH ARA

6. INVESTMENTS IN SUBSIDIARIES (Cont'd)

Details of the subsidiaries are as follows: (Cont'd)

Name of entity	Country of incorporation/ establishment	Principal activities	Effective ownership interest 2022 %	Effective ownership interest 2021 %	Directors [6]
Subsidiary of Mulpha Capital Markets Sdn. Bhd.					
Mulpha Credit Sdn. Bhd.	Malaysia	Investment holding	**100**	100	LEL ML
Subsidiary of Mulpha Group Services Sdn. Bhd.					
Mulpha Strategic Limited [2]	British Virgin Islands	Investment holding	**100**	100	ML AL RDH
Subsidiary of Hub OS Holdings Singapore Pte. Ltd.					
Mulpha Investments (Hong Kong) Limited [11]	Hong Kong	Dormant	**-**	100	LEL ML
Subsidiaries of Mulpha Global Investment Holdings Pte. Ltd.					
Mulpha Promotional Products Pty. Limited [1]	Australia	Investment holding	**100**	100	AJ GS LEL
Soak City Pty. Limited [1]	Australia	Car wash business	**100**	100	AJ GS LEL
Mulpha Child Care Pty. Limited [1]	Australia	Child care business	**100**	100	GS JTB
Mulpha Investments (Hong Kong) Limited [1] [11]	Hong Kong	Dormant	**100**	-	LEL ML

Notes To The Financial Statements

6. INVESTMENTS IN SUBSIDIARIES (Cont'd)

Details of the subsidiaries are as follows: (Cont'd)

Name of entity	Country of incorporation/ establishment	Principal activities	Effective ownership interest 2022 %	Effective ownership interest 2021 %	Directors [6]
Subsidiary of Mulpha Promotional Products Pty. Limited					
Mulpha Signal Group Pty. Limited [1]	Australia	Promotional and corporate merchandiser	**100**	100	GS JTB
Subsidiaries of Mulpha Australia Limited					
Bimbadgen Estate Pty. Limited [1]	Australia	Winery and vineyard	**100**	100	AJ LEL GS
Mulpha Australia (Holdings) Pty. Limited [1]	Australia	Investment holding	**100**	100	AJ LEL GS
Caldisc Pty. Limited [1]	Australia	Administration	**100**	100	AJ LEL GS
Enacon Parking Pty. Limited [1]	Australia	Car park operator	**100**	100	AJ LEL GS
HD Diesels Pty. Limited [1]	Australia	Investment holding and hotelier	**100**	100	AJ LEL GS
Mulpha Investments Pty. Limited [1]	Australia	Investment holding	**100**	100	AJ LEL GS
Mulpha Sanctuary Cove Pty. Limited [1]	Australia	Investment holding	**100**	100	AJ LEL GS
Mulpha Hotel Investments (Australia) Pty. Limited [1]	Australia	Investment holding	**100**	100	AJ LEL GS

6. INVESTMENTS IN SUBSIDIARIES (Cont'd)

Details of the subsidiaries are as follows: (Cont'd)

Name of entity	Country of incorporation/ establishment	Principal activities	Effective ownership interest 2022 %	2021 %	Directors [6]
Subsidiaries of Mulpha Australia Limited (Cont'd)					
Mulpha Hotel Management Pty. Limited [1]	Australia	Mulpha Hotel Trust manager	**100**	100	AJ LEL GS
Swing City Pty. Limited (formerly known as Swing City Norwest Pty. Limited) [1]	Australia	Hospitality operations	**100**	100	AJ LEL GS
Mulpha Core Plus Trust [1] [7]	Australia	Investment holding	**100**	100	N/A
Mulpha Core Plus Pty. Limited [1]	Australia	Trustee	**100**	100	AJ LEL GS
Mulpha Education Group Pty. Limited [1]	Australia	Education and investment holding	**100**	100	AJ LEL GS
Norwest City Pty. Limited [1]	Australia	Trustee	**100**	100	AJ LEL GS
MAL Hayman Pty.Limited [1]	Australia	Property management	**100**	100	LEL GS
Norwest Flexi Pty. Limited [1]	Australia	Trustee	**100**	100	AJ LEL GS
Mulpha Funds Services Pty. Limited (formerly known as Mulpha Funds Management Pty. Limited) [1] [9]	Australia	Trustee/asset management	**100**	100	AH GS
Circa 1 Pty. Limited [1]	Australia	Property development	**100**	100	AJ LEL GS

Notes To The Financial Statements

6. INVESTMENTS IN SUBSIDIARIES (Cont'd)

Details of the subsidiaries are as follows: (Cont'd)

Name of entity	Country of incorporation/ establishment	Principal activities	Effective ownership interest 2022 %	Effective ownership interest 2021 %	Directors [6]
Subsidiaries of Mulpha Australia Limited (Cont'd)					
Cairns Esplanade Operations Pty. Limited [1]	Australia	Dormant (Hotelier on Blueprint)	**100**	100	AJ LEL GS
Mulpha Finance Pty. Limited [1]	Australia	Financial services provider	**100**	100	LEL GS
Mulpha Cairns Esplanade Fund [1] [7]	Australia	Dormant	**100**	100	N/A
Mulpha Finance Holdings Pty. Limited [1]	Australia	Investment holding	**100**	100	AJ LEL GS
Mulpha MTN Limited [1]	British Virgin Islands	Medium Term Note issuer	**100**	100	ML AL RDH
Mulpha Asset Services Pty. Limited [1]	Australia	Asset management	**100**	100	GS AH
Mulpha Land Holdings Pty. Limited [1]	Australia	Trustee	**100**	100	AJ LEL GS
Mulpha Property Holdings Pty. Limited [1]	Australia	Trustee	**100**	100	AH LSK GS
Soak City Victoria Land Pty. Limited [1]	Australia	Trustee	**100**	100	AH LSK GS
Mulpha Development Holdings Pty. Limited [1]	Australia	Investment holding	**100**	100	GS TBS
Mulpha Queensland Property Pty. Limited [1]	Australia	Trustee	**100**	100	GS AH LSK

6. INVESTMENTS IN SUBSIDIARIES (Cont'd)

Details of the subsidiaries are as follows: (Cont'd)

Name of entity	Country of incorporation/ establishment	Principal activities	Effective ownership interest 2022 %	Effective ownership interest 2021 %	Directors [6]
Subsidiaries of Mulpha Australia Limited (Cont'd)					
Mulpha Property Holdings Trust [1]	Australia	Investment holding	**100**	100	N/A
Mulpha Cambridge Park Pty. Limited [1] [5]	Australia	Trustee	**100**	-	AH LSK GS
Mulpha Education Investments Pty. Limited [1] [5]	Australia	Investment holding	**100**	-	LSK GS
Mulpha Hospitality Pty. Limited [1] [5]	Australia	Investment holding	**100**	-	MA GS
Subsidiary of Mulpha Hospitality Pty. Limited					
Mulpha Hospitality OpCo Pty. Limited [1] [5]	Australia	Hospitality operations	**100**	-	MA GS
Subsidiaries of Mulpha Sanctuary Cove Pty. Limited					
Mulpha Sanctuary Cove (Developments) Pty. Limited [1]	Australia	Property development	**100**	100	JH AJ LEL GS
Mulpha Events Pty. Limited [1]	Australia	Event operator	**100**	100	AJ LEL GS
Sanctuary Cove (Real Estate) Pty. Limited [1]	Australia	Investment holding	**100**	100	AJ LEL GS
Mulpha Sanctuary Cove Hotel Operations Pty. Limited [1]	Australia	Hotelier	**100**	100	AJ LEL GS

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6. INVESTMENTS IN SUBSIDIARIES (Cont'd)

Details of the subsidiaries are as follows: (Cont'd)

Name of entity	Country of incorporation/ establishment	Principal activities	Effective ownership interest 2022 %	Effective ownership interest 2021 %	Directors [6]
Subsidiaries of Mulpha Sanctuary Cove Pty. Limited (Cont'd)					
Mulpha Sanctuary Cove Marine Village Pty. Limited [1]	Australia	Property ownership	**100**	100	AJ LEL GS
Mulpha Sanctuary Cove Marina Pty. Limited [1]	Australia	Marina operations	**100**	100	AJ LEL GS
Mulpha Sanctuary Cove Hotel Investments Pty. Limited [1]	Australia	Property ownership	**100**	100	AJ LEL GS
Mulpha Sanctuary Cove Rec Club Pty. Limited [1]	Australia	Recreation club operator	**100**	100	AJ LEL GS
Mulpha Sanctuary Cove Investments Pty. Limited [1]	Australia	Property ownership	**100**	100	AJ LEL GS
Subsidiary of Mulpha Sanctuary Cove (Developments) Pty. Limited					
Mulpha Sanctuary Cove (Alpinia) Pty. Limited [1]	Australia	Property development	**100**	100	AJ LEL GS
Subsidiary of HD Diesels Pty. Limited					
Salzburg Apartments (Perisher Valley) Pty. Limited [1]	Australia	Service apartment operator	**100**	100	AJ LEL GS
Subsidiaries of Mulpha Hotel Investments (Australia) Pty. Limited					
Mulpha Hotels Holdings Trust [1] [7]	Australia	Investment holding	**100**	100	N/A

6. INVESTMENTS IN SUBSIDIARIES (Cont'd)

Details of the subsidiaries are as follows: (Cont'd)

Name of entity	Country of incorporation/ establishment	Principal activities	Effective ownership interest 2022 %	Effective ownership interest 2021 %	Directors [6]
Subsidiaries of Mulpha Hotel Investments (Australia) Pty. Limited (Cont'd)					
Mulpha Hotels Holdings Pty. Limited [1]	Australia	Trustee	**100**	100	AJ LEL GS
Subsidiaries of Mulpha Hotels Holdings Trust					
Mulpha Hotels Australia Trust [1] [7]	Australia	Investment holding	**100**	100	N/A
Mulpha Hotels Australia Pty. Limited [1]	Australia	Trustee	**100**	100	AJ LEL GS
Subsidiaries of Mulpha Australia (Holdings) Pty. Limited					
Mulpha Hotel (Sydney) Pty. Limited [1]	Australia	Trustee	**100**	100	AJ LEL GS
Mulpha Transport House Pty. Limited [1]	Australia	Property ownership	**100**	100	AJ LEL GS
Mulpha Hotel (Sydney) Trust [1] [7]	Australia	Property ownership	**100**	100	N/A
Mulpha Hotel Operations Pty. Limited [1]	Australia	Hotelier	**100**	100	AJ LEL GS
Subsidiary of Mulpha Investments Pty. Limited					
Mulpha Norwest Pty. Limited [1]	Australia	Property development	**100**	100	AJ LEL GS

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6. INVESTMENTS IN SUBSIDIARIES (Cont'd)

Details of the subsidiaries are as follows: (Cont'd)

Name of entity	Country of incorporation/ establishment	Principal activities	Effective ownership interest 2022 %	Effective ownership interest 2021 %	Directors [6]
Subsidiaries of Mulpha Education Group Pty. Limited					
iLead Training Pty. Limited [1]	Australia	Education	**100**	100	AJ LEL GS
Mulpha HTMi Australia Pty. Limited [1]	Australia	Education	**100**	100	AJ LEL GS
Subsidiaries of Mulpha Development Holdings Pty. Limited					
Mulpha Sanctuary Cove Harbour One Pty. Limited [1]	Australia	Property development	**100**	100	JH AJ LEL GS
Mulpha Norwest Quarter Development Pty. Limited [1]	Australia	Property development	**100**	100	GS TBS
Mulpha Sussex Developments Pty. Limited [1]	Australia	Property development	**100**	100	GS TBS
Subsidiary of Mulpha Property Holdings Trust					
Soak City Victoria Land Trust [1][7]	Australia	Property ownership	**100**	100	N/A
Subsidiaries of Mulpha Hotels Australia Trust					
Mulpha Hotel Pty. Limited [1]	Australia	Hotelier	**100**	100	AJ LEL GS
Mulpha Hotel Trust [1][7]	Australia	Property ownership	**100**	100	N/A

6. INVESTMENTS IN SUBSIDIARIES (Cont'd)

Details of the subsidiaries are as follows: (Cont'd)

Name of entity	Country of incorporation/ establishment	Principal activities	Effective ownership interest 2022 %	Effective ownership interest 2021 %	Directors [6]
Subsidiaries of Mulpha Norwest Pty. Limited					
Norwest Real Estate Pty. Limited [1]	Australia	Dormant	**100**	100	LEL GS AJ TBS
Mulpha Menangle Pty. Limited [1]	Australia	Property development	**100**	100	AJ LEL GS
Subsidiaries of Mulpha Hotel Trust					
Hotel Land Trust [1][7]	Australia	Property ownership	**100**	100	N/A
Mulpha Hotel Bonds (Holdings) Pty. Limited [1]	Australia	Dormant	**100**	100	AJ LEL GS
Bistrita Pty. Limited [1]	Australia	Trustee	**100**	100	AJ LEL GS
Subsidiary of Mulpha Hotel Bonds (Holdings) Pty. Limited					
Mulpha Hotel Bonds Pty. Limited [1]	Australia	Bond issuer	**100**	100	AJ LEL GS
Subsidiaries of Mulpha Core Plus Trust					
Norwest City Trust [1][7]	Australia	Property ownership and development	**100**	100	N/A
Flexi Trust [1][7]	Australia	Property ownership	**100**	100	N/A
Norwest Quarter Land Trust (formerly known as Norwest Retail Trust) [1][7]	Australia	Property development	**100**	100	N/A

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6. INVESTMENTS IN SUBSIDIARIES (Cont'd)

Details of the subsidiaries are as follows: (Cont'd)

Name of entity	Country of incorporation/ establishment	Principal activities	Effective ownership interest 2022 %	Effective ownership interest 2021 %	Directors [6]
Subsidiaries of Mulpha Core Plus Trust (Cont'd)					
Mulpha Queensland Property Trust [1] [7]	Australia	Property development	**100**	100	N/A
Mulpha Cambridge Park Trust [1] [5] [7]	Australia	Property ownership	**100**	-	N/A
Subsidiaries of Mulpha Finance Holdings Pty. Limited					
Multiple Capital Pty. Limited [1]	Australia	Financial services provider	**80**	80	AH GS
Pindari Capital Capri Fund [1] [5] [7]	Australia	Holding trust	**100**	-	N/A
Mulpha Funds Management Pty. Limited (formerly known as Pindari Capital Pty. Limited) [1] [9]	Australia	Fund manager	**100**	100	EHT GS AH MM
Mulpha Funds Asset Management Pty. Limited (formerly known as Pindari Capital Assets Management Pty. Limited) [1] [9]	Australia	General partner	**100**	100	GS AH MM
Mulpha Private Wealth Pty. Limited (formerly known as Pindari Private Wealth Pty. Limited) [1] [9]	Australia	Advisory	**100**	100	EHT AH GS
Mulpha Capri Retail Pty. Limited (formerly known as Pindari Capital Capri Retail Pty. Limited) [1] [9]	Australia	Trustee	**100**	100	AH EHT GS MM

6. INVESTMENTS IN SUBSIDIARIES (Cont'd)

Details of the subsidiaries are as follows: (Cont'd)

Name of entity	Country of incorporation/ establishment	Principal activities	Effective ownership interest 2022 %	Effective ownership interest 2021 %	Directors [6]
Subsidiaries of Mulpha Finance Holdings Pty. Limited (Cont'd)					
Mulpha Sussex Holdings Pty. Limited [1]	Australia	Investment holding	**100**	100	GS TBS
Pindari Capital Sussex Street Pty. Limited [1]	Australia	Trustee	**100**	100	AH
Subsidiaries of Mulpha Funds Management Pty. Limited (formerly known as Pindari Capital Pty. Limited)					
Pindari (Shenzhen) Commercial Information Consulting Limited [1]	China	Advisory	**100**	100	KS [8]
Mulpha Investment Management Pty. Limited (formerly known as Pindari Investment Management Pty. Limited) [1] [9]	Australia	Funds management	**100**	100	AH EHT MM GS
Subsidiary of Pindari Capital Capri Fund					
Capri Retail Trust [1] [5] [7]	Australia	Property ownership	**100**	-	N/A
Subsidiaries of Mulpha Sussex Holdings Pty. Limited					
Sussex St Operations Holdings Pty. Limited [1]	Australia	Hotelier	**100**	100	MA GS
Pindari Capital Hotel Fund [1] [7]	Australia	Investment holding	**100**	100	N/A

Notes To The Financial Statements

6. INVESTMENTS IN SUBSIDIARIES (Cont'd)

Details of the subsidiaries are as follows: (Cont'd)

Name of entity	Country of incorporation/ establishment	Principal activities	Effective ownership interest 2022 %	Effective ownership interest 2021 %	Directors [6]
Subsidiary of Pindari Capital Hotel Fund					
Sussex St Trust [1] [7]	Australia	Property ownership	**100**	100	N/A
Subsidiary of Rosetec Investments Limited					
AOG Limited Partnership [4] [7]	Bermuda	Investment holding	**96**	96	N/A
Subsidiaries of Mulpha Strategic Limited					
AFO Assets Limited [3]	Malaysia (Labuan)	Leasing business	**100**	100	LEL ML
Jumbo Hill Group Limited [2]	British Virgin Islands	Investment holding and property ownership	**100**	100	LEL ML
Flame Gold Group Limited [2]	British Virgin Islands	Investment holding	**100**	100	LEL ML
View Link Global Limited [2]	British Virgin Islands	Investment holding	**100**	100	LEL ML

[1] *Subsidiaries audited by other member firms of KPMG International.*
[2] *Not required to be audited pursuant to the relevant regulations of the country of incorporation.*
[3] *On 1 March 2022, the subsidiary has resolved by a special resolution to be wound up voluntarily pursuant to Section 131(1) of Labuan Companies Act 1990, applying Section 439(1)(b) of the Companies Act 2016. On 22 February 2023, the subsidiary has been dissolved.*
[4] *Subsidiaries not audited by other member firms of KPMG International.*
[5] *Subsidiary incorporated/established during the financial year.*
[6] *The Directors who served as at date of report.*
[7] *The Trusts/Limited Partnership do not have Directors.*
[8] *There is no director officially registered to-date. Karen Song (KS) as the key responsible officer is the acting director of the subsidiary.*
[9] *Subsidiaries have changed name during the financial year.*
[10] *Subsidiary was restructured as joint venture of Flame Gold Group Limited during the financial year.*
[11] *Shares were transferred by Hub OS Holdings Singapore Pte. Ltd. to Mulpha Global Investment Holdings Pte. Ltd..*

6. INVESTMENTS IN SUBSIDIARIES (Cont'd)

6.1 Directors in the subsidiaries

Lee Eng Leong (LEL)
Marc Lee Shi Lin (ML)
Lim Say Kien (LSK)
Lee Seng Huang (LSH)
Chew Hoy Ping (CHP)
Alan Jones (AJ)
Gregory David Shaw (GS)
Ong Beng Hong (OBH)
Andrew Hall (AH)
Edward Hewitt-Taylor (EHT)
Mark Marcos (MM)
Timothy Bruce Spencer (TBS)
Marcus Charles Anketell (MA)
John Hughes (JH)
Joshua Thomas Bolot (JTB)
Anna-Lee Arelis Thomas (AL)
Rexella Diann Hodge (RDH)
Alexandre Ridaura Ayats (ARA)

6.2 Additional investment in subsidiaries

During the financial year, the Company has acquired further equity interest in its subsidiaries by subscribing additional ordinary shares and redeemable preference shares for total consideration of RM554,225,000.

6.3 Redemption of redeemable preference shares ("RPS")

During the financial year, the Company redeemed preference shares issued by its subsidiaries. The RPS were redeemed at its issuance cost amounting to RM581,300,000.

6.4 Additional impairment loss on investments in a subsidiary

During the financial year, the Company conducted impairment assessment of its subsidiary and has noted that the recoverable amount was lower than its carrying amount. Management estimated the recoverable amount of the investment based on fair value less cost to sell ("FVLCS") method. Accordingly, impairment loss of RM387,000 was recognised in profit or loss.

6.5 Reversal of impairment loss on investments in a subsidiary

During the financial year, the recoverable amount of a subsidiary has increased due to the disposal of investment in an associate previously held by its wholly owned subsidiary to a third party at a gain. This has resulted in the reversal of impairment losses previously recognised and it was recognised in profit or loss.

In the previous financial year, the Company conducted impairment assessment of its subsidiary and has noted that the recoverable amount was lower than its carrying amount. Management estimated the recoverable amount of the investment based on FVLCS method. Accordingly, impairment loss of RM3,830,000 was recognised in profit or loss.

Notes To The Financial Statements

6. INVESTMENTS IN SUBSIDIARIES (Cont'd)

6.6 Non-controlling interests in subsidiaries

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

	AOG Limited Partnership RM'000
2022	
NCI percentage of ownership interest and voting interest	**4%**
Carrying amount of NCI	**25,940**
Profit allocated to NCI	**1,625**
Summarised financial information before intra-group elimination	
As at 31 December	
Non-current assets	**653,566**
Current assets	**13,996**
Non-current liabilities	**-**
Current liabilities	**(46)**
Net assets	**667,516**
Year ended 31 December	
Revenue	**56,695**
Profit for the year	**41,775**
Total comprehensive income	**60,105**
Net movement in cash and cash equivalents	**(30,205)**
Dividends paid to NCI	**(665)**

6. INVESTMENTS IN SUBSIDIARIES (Cont'd)

6.6 Non-controlling interests in subsidiaries (Cont'd)

	AOG Limited Partnership RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
2021			
NCI percentage of ownership interest and voting interest	4%		
Carrying amount of NCI	26,298	-	26,298
Profit allocated to NCI	495	40	535
As at 31 December			
Non-current assets	633,025		
Current assets	44,066		
Non-current liabilities	-		
Current liabilities	(453)		
Net assets	676,638		
Year ended 31 December			
Revenue	14,279		
Profit for the year	12,719		
Total comprehensive income	118,181		
Net movement in cash and cash equivalents	44,007		
Dividends paid to NCI	-		

Notes To The Financial Statements

7. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At cost:				
Quoted shares in Malaysia	**30,779**	30,779	**22,876**	22,876
Foreign unquoted shares	**127,822**	127,822	**-**	-
Exchange difference	**(508)**	4,377	**-**	-
	158,093	162,978	**22,876**	22,876
Share of post-acquisition reserves	**(35,946)**	(44,819)	**-**	-
	122,147	118,159	**22,876**	22,876
Less: Accumulated impairment losses	**(17,496)**	(17,496)	**(9,952)**	(7,254)
	104,651	100,663	**12,924**	15,622
At market value:				
Quoted shares				
- In Malaysia	**13,343**	17,588	**13,343**	17,588

Movement in the accumulated impairment losses is as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 January	**17,496**	17,496	**7,254**	7,254
Addition	**-**	-	**2,698**	-
At 31 December	**17,496**	17,496	**9,952**	7,254

Details of the associates are as follows:

Name of entity	Country of incorporation	Principal activities	Effective ownership interest 2022 %	Effective ownership interest 2021 %
Held by Mulpha International Bhd.				
Thriven Global Berhad ("Thriven") [1]	Malaysia	Investment holding, property development and property investment	**22.18**	22.18
Held through View Link Global Limited				
New Pegasus Holdings Limited ("New Pegasus") [1]	British Virgin Islands	Investment holding	**33.00**	33.00

[1] *Associates not audited by other member firms of KPMG International.*

7. INVESTMENTS IN ASSOCIATES (Cont'd)

The following table summarises the information of the Group's associates and reconciles the information to the carrying amount of the Group's interest in the associates:

Group	Thriven RM'000	New Pegasus RM'000	Total RM'000
2022			
Summarised financial information as at 31 December			
Non-current assets	184,594	543,208	
Current assets	147,824	84,725	
Total assets	332,418	627,933	
Non-current liabilities	(29,785)	(325,850)	
Current liabilities	(142,025)	(26,102)	
Total liabilities	(171,810)	(351,952)	
Net assets	160,608	275,981	
Year ended 31 December			
(Loss)/Profit for the year	(7,532)	33,722	
Total comprehensive (expense)/income	(7,532)	33,722	
Included in the total comprehensive (expense)/income is:			
Revenue	81,035	154,012	
Reconciliation of net assets to carrying amount as at 31 December			
Group's share of net assets	13,577	91,074	104,651
Group's share of results for the year ended 31 December			
Group's share of (loss)/profit	(1,568)	10,863	9,295
Group's share of other comprehensive income	-	-	-
Group's share of total comprehensive (expense)/income	(1,568)	10,863	9,295
Group's share of other reserve	(422)	-	(422)
Other information			
Dividends received	-	-	-

7. INVESTMENTS IN ASSOCIATES (Cont'd)

The following table summarises the information of the Group's associates and reconciles the information to the carrying amount of the Group's interest in the associates: (Cont'd)

Group	Thriven RM'000	New Pegasus RM'000
2021		
Summarised financial information as at 31 December		
Non-current assets	71,241	595,749
Current assets	300,466	43,452
Total assets	371,707	639,201
Non-current liabilities	(9,888)	(343,817)
Current liabilities	(192,864)	(37,514)
Total liabilities	(202,752)	(381,331)
Net assets	168,955	257,870
Year ended 31 December		
Loss for the year	(14,227)	(13,689)
Total comprehensive expense	(14,227)	(13,689)
Included in the total comprehensive expense is:		
Revenue	85,880	53,672

Group	Thriven RM'000	New Pegasus RM'000	Education Perfect RM'000	Total RM'000
2021				
Reconciliation of net assets to carrying amount as at 31 December				
Group's share of net assets	15,566	85,097	-	100,663
Group's share of results for the year ended 31 December				
Group's share of (loss)/profit	(4,504)	(2,175)	8,300	1,621
Group's share of other comprehensive income	-	-	130	130
Group's share of total comprehensive (expense)/income	(4,504)	(2,175)	8,430	1,751
Group's share of other reserve	-	-	249	249
Other information				
Dividends received	-	-	-	-

7. INVESTMENTS IN ASSOCIATES (Cont'd)

7.1 Additional investment in an associate

In previous financial year, the Group made a capital contribution of RM7,484,000 (equivalent to GBP1,320,000) in New Pegasus. There is no change in the Group's ownership interest in New Pegasus after the capital contribution.

7.2 Disposal of an associate

In the previous financial year, the Group disposed its entire equity interest in Education Perfect Group Limited, a company incorporated in New Zealand that is involved in online education sector for proceeds of NZD156,369,000 (equivalent to RM450,345,000).

7.3 Additional impairment loss on investment in an associate

During the financial year, the Company conducted impairment assessment of its associate and has noted that the recoverable amount was lower than its carrying amount. Accordingly, impairment loss of RM2,698,000 was recognised in profit or loss.

8. INVESTMENTS IN JOINT VENTURES

	Group	
	2022	**2021**
	RM'000	**RM'000**
Unquoted shares at cost	**58,763**	49,721
Share of post-acquisition reserve	**10,560**	12,812
Exchange differences	**(297)**	647
	69,026	63,180
Less: Accumulated impairment losses	**(2,643)**	(3,371)
	66,383	59,809

The movements of investments in joint ventures are as follows:

	Group	
	2022	**2021**
	RM'000	**RM'000**
Carrying amount at 1 January	**59,809**	55,530
Addition	**9,463**	-
Share of net results from investments in joint ventures	**3,555**	22,246
Dividend received	**(5,807)**	(13,259)
Reversal/(Provision) of impairment loss	**307**	(3,371)
Exchange differences	**(944)**	(1,337)
Carrying amount at 31 December	**66,383**	59,809

Notes To The Financial Statements

8. INVESTMENTS IN JOINT VENTURES (Cont'd)

Details of the joint ventures are as follows:

Name of entity	Country of incorporation	Principal activities	Effective ownership interest 2022 %	2021 %
Held through Mulpha Norwest Pty. Limited				
Spamb Pty. Limited [1]	Australia	Property development	**60**	60
Held through Mulpha Finance Holdings Pty. Limited				
JY Mulpha BB Level 3 Pty. Limited [1]	Australia	Trustee	**20**	20
JY Mulpha Brimbank Level 3 Trust [1]	Australia	Investment holding	**20**	20
JY Mulpha BB Level 2 Pty. Limited [1]	Australia	Trustee	**20**	20
JY Mulpha Brimbank Level 2 Trust [1]	Australia	Debt financing	**20**	20
JY Mulpha BB Level 1 Pty. Limited [1]	Australia	Trustee	**20**	20
JY Mulpha Brimbank Level 1 Trust [1]	Australia	Property ownership	**20**	20
Held through Leisure Farm Corporation Sdn. Bhd.				
Gerbang Leisure Park Sdn. Bhd. [3]	Malaysia	Property development	**-**	50
Held through Mulpha Capital Markets Sdn. Bhd.				
Hub OS Australia Pty. Limited. [4]	Australia	Hospitality software licensee	**-**	50
Held through Flame Gold Limited				
Hub OS Holdings Singapore Pte. Ltd. [1] [2]	Singapore	Investment holding	**50**	-
Subsidiaries of Hub OS Holdings Singapore Pte. Ltd				
Hub OS Australia Pty. Limited [1] [4]	Australia	Hospitality software licensee	**50**	-
Hub OS Asia Pte. Ltd. [1] [5]	Singapore	Hospitality software licensee	**50**	-

Notes To The Financial Statements

8. INVESTMENTS IN JOINT VENTURES (Cont'd)

Details of the joint ventures are as follows: (Cont'd)

Name of entity	Country of incorporation	Principal activities	Effective ownership interest 2022 %	2021 %
Held through Sanctuary Cove (Real Estate) Pty. Limited				
SC Realty Pty. Limited [1]	Australia	Real estate business	**50**	50
Harchelma Pty. Limited [1]	Australia	Real estate agency	**50**	50
Held through Mulpha Child Care Pty. Limited				
Kinda-Mindi Pty. Limited [2]	Australia	Child Care Business	**33**	-

[1] *Joint ventures not audited by other member firms of KPMG International.*
[2] *Joint ventures acquired during the financial year.*
[3] *Joint venture had applied to Companies Commission of Malaysia for striking off pursuant to Section 550 of the Companies Act 2016. On 3 March 2022, the joint venture was struck off from the register of companies and dissolved following the publication of the notice of striking off in the Gazette pursuant to Section 551(3) of the Companies Act 2016.*
[4] *Joint ventures was restructured as subsidiary of Hub OS Holdings Singapore Pte. Ltd. during the financial year.*
[5] *Subsidiary of joint venture incorporated during the financial year.*

The following table summarises the financial information of joint ventures and reconciles the summarised financial information to the carrying amount of the Group's interests in joint ventures, which are accounted for using the equity method.

	Group 2022 RM'000	Group 2021 RM'000
Summarised financial information as at 31 December		
Non-current assets	**530,713**	511,238
Current assets	**44,712**	42,188
Non-current liabilities	**(318)**	(455)
Current liabilities	**(263,495)**	(278,778)
Net assets	**311,612**	274,193
Included in the current assets is:		
Cash and cash equivalent	**9,969**	7,812

Notes To The Financial Statements

8. INVESTMENTS IN JOINT VENTURES (Cont'd)

The following table summarises the financial information of joint ventures and reconciles the summarised financial information to the carrying amount of the Group's interests in joint ventures, which are accounted for using the equity method. (Cont'd)

	Group	
	2022	**2021**
	RM'000	**RM'000**
Included in the non-current liabilities is:		
Non-current financial liabilities (excluding trade and other payables and provisions)	**-**	(455)
Included in the current liabilities is:		
Current financial liabilities (excluding trade and other payables and provisions)	**(255,096)**	(257,550)
Year ended 31 December		
Total comprehensive income	**17,720**	86,198
Included in the total comprehensive income are:		
Revenue	**72,230**	40,703
Interest income	**9**	1,284
Interest expense	**(7,865)**	(5,724)
Income tax (expense)/benefit	**(3,120)**	2,458
Reconciliation of net assets to carrying amount as at 31 December		
Group's share of net assets	**66,383**	59,809
Group's share of results for the year ended 31 December		
Group's share of total comprehensive income	**3,555**	22,246
Other information		
Dividends received	**5,807**	13,259

9. INVESTMENT SECURITIES

	Note	Shares RM'000	Loan notes RM'000	Total RM'000
Group				
2022				
Non-current				
Fair value through other comprehensive income	9.1	**452,697**	**-**	**452,697**
Amortised cost	9.2	**-**	**234,124**	**234,124**
		452,697	**234,124**	**686,821**
2021				
Non-current				
Fair value through other comprehensive income	9.1	417,745	-	417,745
Amortised cost	9.2	-	226,182	226,182
		417,745	226,182	643,927
Company				
2022				
Non-current				
Fair value through other comprehensive income		**1,043**	**-**	**1,043**
2021				
Non-current				
Fair value through other comprehensive income		1,043	-	1,043

9.1 Equity investments designated at fair value through other comprehensive income

As a result of privatisation of AVEO Group ("AVEO") on 29 November 2019, the Group continues to retain indirect effective equity interest of approximately 15.5% in AVEO. The ownership structure is such that the Group holds direct equity interest of approximately 96.1% in AOG L.P. ("AOG"), which in turn holds a direct equity interest of approximately 16.1% in Hydra RL TopCo Pty. Limited ("TopCo"). TopCo securities were issued to AOG on the basis of 1 TopCo share and 1 TopCo loan note. The Group effectively holds 178,580,181 units of equity securities with an issue price of AUD0.57 each (equivalent to RM1.73).

The Group designated the investments in equity securities as fair value through other comprehensive income as they represent investments that the Group intends to hold for long-term strategic purpose.

Judgements and assumptions in relation to fair value measurement of equity investments designated at FVOCI

The fair value of this unquoted equity investment involves a significant degree of estimation uncertainty and judgement. The main underlying assets comprise of retirement portfolios which are carried at fair value.

9.2 Loan notes at amortised cost

In the previous financial year, TopCo has partially redeemed the TopCo loan notes by an amount of AUD14,523,000 (equivalent to RM45,166,000). After the said redemption, the Group effectively holds 149,446,088 units of loan notes at AUD0.48 each (equivalent to RM1.45) with an interest of 5.44% per annum.

Notes To The Financial Statements

10. OTHER INVESTMENTS

	Club memberships RM'000	Investments in works of art RM'000	Total RM'000
Group			
2022			
Fair value through profit or loss	**969**	**-**	**969**
At cost	**-**	**4,121**	**4,121**
	969	**4,121**	**5,090**
2021			
Fair value through profit or loss	965	-	965
At cost	-	4,121	4,121
	965	4,121	5,086
Company			
2022			
Fair value through profit or loss	**940**	**-**	**940**
At cost	**-**	**4,121**	**4,121**
	940	**4,121**	**5,061**
2021			
Fair value through profit or loss	936	-	936
At cost	-	4,121	4,121
	936	4,121	5,057

11. GOODWILL

	Note	Goodwill on consolidation RM'000	Purchased goodwill RM'000	Total RM'000
Group				
At 1 January 2021		1,921	208	2,129
Acquisition of business		-	10,591	10,591
Exchange differences		-	(277)	(277)
At 31 December 2021/ 1 January 2022		1,921	10,522	12,443
Acquisition of business	36	-	31,123	31,123
Fair value adjustment	3	-	2,595	2,595
Exchange differences		-	(802)	(802)
At 31 December 2022		**1,921**	**43,438**	**45,359**

11. GOODWILL (Cont'd)

Impairment tests for goodwill

Allocation of goodwill

Goodwill has been allocated to the Group's cash-generating units identified according to the country of operation and business segment as follows:

	Malaysia RM'000	Australia RM'000	Total RM'000
At 31 December 2022			
Boat show	**-**	**201**	**201**
Car wash businesses	**-**	**4,867**	**4,867**
Food and beverage businesses	**-**	**25,173**	**25,173**
Promotional merchandise business	**-**	**13,197**	**13,197**
Investment business	**1,921**	**-**	**1,921**
	1,921	**43,438**	**45,359**
At 31 December 2021			
Boat show	-	203	203
Promotional merchandise business	-	10,319	10,319
Investment business	1,921	-	1,921
	1,921	10,522	12,443

Current year goodwill was finalised based on the consideration paid which represents the best evidence of the fair value less cost to sell since there was no significant adverse events between the date of acquisition until the end of the reporting period.

Where there is no observable market price for investment, the recoverable amount is based on fair value less cost to sell by estimating the fair value of the underlying assets and liabilities of the investment.

Notes To The Financial Statements

12. INVENTORIES

	Group 2022 RM'000	Group 2021 RM'000
Non-current		
Properties held for development		
- Cost of acquisition for freehold land	**328,733**	390,656
- Capitalised development cost	**256,690**	286,373
Total non-current inventories	**585,423**	677,029
Current		
Properties under development		
- Cost of acquisition for freehold land	**115,112**	132,083
- Capitalised development cost	**428,355**	327,318
	543,467	459,401
Completed properties	**195,381**	224,300
Finished goods	**23,761**	11,531
Work-in-progress	**7,093**	6,958
	226,235	242,789
Total current inventories	**769,702**	702,190
Total inventories	**1,355,125**	1,379,219
Recognised in profit or loss:		
Write-down to net realisable value	**5,765**	478

The write-down is included in the cost of sales.

Included in properties under development of the Group is interest capitalised during the financial year amounting to RM2,649,000 (2021: RM364,000).

Certain properties held for development and properties under development amounting to RM548,457,000 (2021: RM745,952,000) are pledged to financial institutions as security for banking facilities granted as disclosed in Note 21.2.

Judgement and assumptions in relation to carrying value of development inventories

Judgement by management is involved in applying key underlying assumptions upon which the feasibility of projects are determined. The critical assumptions used by management includes forecast cost, future sales rates and prices.

13. TRADE AND OTHER RECEIVABLES

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Non-current					
Trade					
Accrued income	13.1	**4,978**	3,787	**-**	-
Loan receivables held at FVOCI		**-**	3,505	**-**	-
		4,978	7,292	**-**	-
Non-trade					
Amounts due from subsidiaries	13.2	**-**	-	**603,676**	312,152
Financial assets at FVTPL		**-**	1,094	**-**	-
		-	1,094	**603,676**	312,152
Total non-current trade and non-trade		**4,978**	8,386	**603,676**	312,152
Current					
Trade					
Trade receivables		**108,470**	129,793	**-**	-
Less: Allowance for impairment losses		**(3,678)**	(4,758)	**-**	-
		104,792	125,035	**-**	-
Accrued income	13.1	**2**	-	**-**	-
Loan receivables held at FVOCI		**126,630**	80,020	**-**	-
		231,424	205,055	**-**	-
Non-trade					
Other receivables		**150,890**	156,709	**103,506**	103,206
Deposits		**3,301**	3,587	**47**	47
Amounts due from subsidiaries	13.2	**-**	-	**32,308**	316,234
Amounts due from a joint venture	13.3	**2,487**	-	**13**	-
		156,678	160,296	**135,874**	419,487
Total current trade and non-trade		**388,102**	365,351	**135,874**	419,487
Total trade and other receivables		**393,080**	373,737	**739,550**	731,639

13.1 Accrued income

Included in accrued income are rental income of investment properties amounting to RM3,880,000 (2021: RM3,086,000) recognised on a straight-line basis over the lease term.

Notes To The Financial Statements

13. TRADE AND OTHER RECEIVABLES (Cont'd)

13.2 Amounts due from subsidiaries

	Company	
	2022	2021
	RM'000	RM'000
Interest bearing	**630,818**	628,253
Non-interest bearing	**5,166**	133
	635,984	628,386

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

The non-current amounts due from subsidiaries consist of the unsecured loan owing by Mulpha Australia Limited ("MAL") and unsecured advances owing by Leisure Farm Corporation Sdn. Bhd. amounting to RM305,104,000 (2021: RM31,331,000) and RM298,572,000 (2021: RM280,821,000) which are subject to interest ranging from 5.30% to 6.11% (2021: 5.30%) per annum and 5.55% (2021: 4.55%) per annum respectively. The repayment terms granted to the subsidiaries ranges from 2 to 3 years (2021: 2 years).

In the previous financial year, the amounts due from subsidiaries consisted of 40,454,615 foreign unquoted cumulative redeemable preference shares ("CRPS") issued by MAL which was subject to dividend of 7.50% per annum amounted to RM245,155,000 and accrued dividend payables on CRPS.

During the financial year, the Company acquired 30,350,685 CRPS issued by MAL which was subject to dividend of 7.50% per annum from a subsidiary at RM189,833,000 (equivalent to AUD62,037,000). Subsequently, MAL entered into a Share Buy Back Agreement with the Company to repurchase entire 70,805,300 CRPS for a total consideration of RM433,327,000 (equivalent to AUD141,610,000).

The remaining current amounts due from subsidiaries are unsecured, non-interest bearing and expected to be realised within twelve months after the end of the reporting period except for amounts due from subsidiaries amounting to RM27,142,000 (2021: RM70,946,000) which are subject to interest of 3.25% (2021: 2.25%) per annum.

13.3 Amounts due from joint ventures

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Interest bearing	**684**	-	**-**	-
Non-interest bearing	**1,803**	-	**13**	-
	2,487	-	**13**	-

The amounts due from joint ventures are unsecured, non-interest bearing and expected to be realised within twelve months after the end of the reporting period except for amounts due from joint venture amounting to RM684,000 (2021: RMNil) which are subject to interest of 6.49% per annum.

14. OTHER NON-CURRENT ASSETS

	Note	Group 2022 RM'000	Group 2021 RM'000
Deferred lease incentive	14.1	**488**	8,478
Prepayments and others		**22,015**	14,930
		22,503	23,408

14.1 Deferred lease incentives

Included in deferred lease incentives are rent related incentives of investment properties amounting to RMNil (2021: RM7,864,000) recognised on a straight-line basis over the lease term.

15. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Assets				
Provision for liabilities and other payables	**36,356**	35,061	**-**	-
Lease liabilities	**22,251**	2,344	**-**	-
Unutilised tax losses	**46,551**	44,719	**-**	-
Unabsorbed capital allowances	**89,275**	111,515	**-**	-
Capital losses	**94,149**	93,654	**-**	-
Tax assets	**288,582**	287,293	**-**	-
Set off of tax	**(287,965)**	(286,517)	**-**	-
Net tax assets	**617**	776	**-**	-
Liabilities				
Right-of-use assets	**(21,692)**	(3,066)	**-**	-
Investment properties	**(8,452)**	(6,413)	**-**	-
Fair value adjustment	**(71,493)**	(72,586)	**-**	-
Accelerated capital allowances	**(118,568)**	(165,649)	**-**	-
Receivables and others	**(146,022)**	(85,918)	**(1,574)**	-
Tax liabilities	**(366,227)**	(333,632)	**(1,574)**	-
Set off of tax	**287,965**	286,517	**-**	-
Net tax liabilities	**(78,262)**	(47,115)	**(1,574)**	-
Net	**(77,645)**	(46,339)	**(1,574)**	-

15. DEFERRED TAX ASSETS/(LIABILITIES) (Cont'd)

Unrecognised deferred tax assets

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

	Note	2022 RM'000	2021 RM'000
Group			
Unutilised tax losses	15.1	**126,808**	209,317
Unabsorbed capital allowances/capital losses		**770,171**	763,442
Other deductible temporary differences		**156,386**	138,791
		1,053,365	1,111,550
Company			
Unutilised tax losses	15.1	**335**	335
Unabsorbed capital allowances/capital losses		**3,607**	3,607
		3,942	3,942

The unabsorbed capital allowances/capital losses and other deductible temporary differences do not expire under the current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available in subsidiaries against which the Group can utilise the benefits there from.

15.1 Unutilised tax losses

The unutilised tax losses can only be carried forward up to 10 consecutive years of assessment. The table below shows the unutilised tax losses expires in respective year of assessment ("YA"):

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000	10-year time limit to carry forward
YA 2018	**63,518**	101,248	**335**	335	YA 2028
YA 2019	**17,933**	35,921	**-**	-	YA 2029
YA 2020	**17,787**	38,291	**-**	-	YA 2030
YA 2021	**18,865**	33,857	**-**	-	YA 2031
YA 2022	**8,705**	-	**-**	-	YA 2032
	126,808	209,317	**335**	335	

Pursuant to guidelines issued by the Malaysian tax authorities in 2022, the Ministry of Finance has exempted all companies from the provision of Section 44(5A) and Paragraph 75A of Schedule 3 except dormant companies. Therefore, all active subsidiaries are allowed to carry forward their unabsorbed capital allowances and business losses (subject to the 10-year time limit).

15. DEFERRED TAX ASSETS/(LIABILITIES) (Cont'd)

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

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
At 1 January	(46,339)	(60,007)	-	-
Recognised in profit or loss	(22,797)	12,026	(1,574)	-
Recognised in equity	(9,908)	-	-	-
Acquisition of business	79	613	-	-
Exchange adjustments	1,320	1,029	-	-
At 31 December	(77,645)	(46,339)	(1,574)	-

16. CONTRACT LIABILITIES

The following table provides information about contract liabilities from contracts with customers:

	Group	
	2022	2021
	RM'000	RM'000
Non-current		
Contract liabilities	(12,791)	(14,266)
Current		
Contract liabilities	(38,606)	(50,008)

The contract liabilities primarily relate to the advance considerations received for a service to be rendered to the customer and are to be recognised as revenue over a period of contract. Included in the contract liabilities of the Group amounting to RM12,791,000 (2021: RM15,653,000) are mainly contributions from hotel operator towards the hotel renovation programmes undertaken by the Group and are to be recognised as income over the period of the hotel management agreement entered into between the Group and the hotel operator.

Changes in the contract liabilities balances during the financial year are as follows:

	Group	
	2022	2021
	RM'000	RM'000
Contract liabilities at the beginning of the year recognised as revenue	50,008	43,345

Notes To The Financial Statements

17. OTHER CURRENT ASSETS

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deferred lease incentive	**118**	159	**-**	-
Prepayments	**16,617**	18,106	**27**	27
	16,735	18,265	**27**	27

18. CASH AND DEPOSITS

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash and bank balances	**113,986**	272,936	**498**	253
Deposits with licensed banks	**117,143**	97,991	**54,443**	-
	231,129	370,927	**54,941**	253

Cash and deposits of the Group amounting to RM44,728,000 (2021: RM29,189,000) are pledged to licensed banks as security for banking facilities granted to certain subsidiaries of the Company as disclosed in Note 21.2.

Included in deposits with licensed banks of the Group and of the Company with maturity profile above three months amounting to RM22,050,000 (2021: RMNil) are excluded from cash and cash equivalents.

Included in cash and bank balances of the Group is an amount of RM210,000 (2021: RM8,000) maintained under the Housing Developers Accounts pursuant to the Housing Developers (HDA) Regulations 1991, which are restricted from use in other operations.

The weighted average effective interest rate of deposits with licensed banks as at 31 December 2022 for the Group and the Company are 4.27% (2021: 0.04%) and 4.82% (2021: Nil) per annum.

The average maturity of deposits with licensed banks at reporting date for the Group and the Company are 104 days (2021: 34 days) and 116 days (2021: Nil) respectively.

19. SHARE CAPITAL AND TREASURY SHARES

	Group and Company			
	Number of shares		Amount	
	Share capital	Treasury shares	Share capital	Treasury shares
	'000	'000	RM'000	RM'000
Issued and fully paid shares with no par value classified as equity instruments:				
At 1 January 2021	319,466	-	2,036,698	-
Purchase of treasury shares	-	(8,288)	-	(17,586)
At 31 December 2021/ 1 January 2022	**319,466**	**(8,288)**	**2,036,698**	**(17,586)**
Cancellation of treasury shares	**(8,288)**	**8,288**	**(52,840)**	**17,586**
At 31 December 2022	**311,178**	**-**	**1,983,858**	**-**
	Note 19.1	**Note 19.2**		

19.1 Ordinary shares

The holders of ordinary 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.

19.2 Treasury shares

The purpose of current share buyback scheme is to allow the Company to buy back its shares when the market does not fully reflect the value of its shares. As at 31 December 2022, the details of the Company's share purchase and cancellation are as follows:

		Number of shares purchased	Total consideration	Average price
			RM'000	RM
2021	Purchased	8,288,200	17,586	2
2022	Cancelled	**(8,288,200)**	**(17,586)**	**2**
		-	-	-

The purchase of shares was funded by internal funds. The shares purchased were retained as treasury shares.

During the financial year, the Company cancelled the entire treasury shares of 8,288,200 units pursuant to Section 127 of the Companies Act 2016 which was purchased from the open market in the previous financial year.

Notes To The Financial Statements

20. RESERVES

	Note	2022 RM'000	2021 RM'000
Group			
Non-distributable			
Exchange reserve	20.1	**(14,877)**	28,461
Revaluation reserve	20.2	**89,444**	68,545
Other reserve	20.3	**105,778**	84,372
		180,345	181,378
Company			
Non-distributable			
Other reserve		**107**	107

The movements in reserves are shown in the statements of changes in equity.

The nature and purpose of each category of reserve are as follows:

20.1 Exchange reserve

The exchange reserve represents foreign exchange differences arising from the translation of the financial statements of foreign operations including subsidiaries, as well as from the translation of net investment in foreign operations.

In the previous financial year, the Group recognised RM1,119,000 cumulative exchange differences to profit or loss upon disposal of its foreign associate.

20.2 Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment prior to its reclassification to investment properties and also arises from a business combination in the previous financial year.

During the financial year, the Group recognises revaluation gain net of tax of RM20,899,000 to other comprehensive income upon reclassification of a commercial property from property, plant and equipment to investment property as per disclosed in Note 5.

20.3 Other reserve

Other reserve comprises mainly share of post-acquisition reserve of associates and cumulative net change in the fair value of equity designated at fair value through other comprehensive income ("FVOCI").

During the financial year, the net change in fair value for FVOCI has resulted in a gain of RM21,828,000 recognised in other reserve.

In the previous financial year, the Group transferred RM652,000 reserve to retained earnings upon disposal of its foreign associate.

Notes To The Financial Statements

21. LOANS AND BORROWINGS

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Non-current					
Finance lease liability	21.4	**8,283**	8,393	**-**	-
Bonds	21.3	**58,465**	69,253	**-**	-
Revolving credit		**418,600**	302,091	**-**	-
Term loans		**960,151**	769,432	**-**	-
		1,445,499	1,149,169	**-**	-
Current					
Bank overdrafts		**-**	1,440	**-**	1,440
Bonds	21.3	**10,948**	5,814	**-**	-
Revolving credit		**162,052**	116,567	**73,448**	81,000
Term loans		**332,692**	342,459	**-**	4,475
		505,692	466,280	**73,448**	86,915
Total borrowings		**1,951,191**	1,615,449	**73,448**	86,915

21.1 Obligations under finance lease

This obligation is secured by the leased asset as disclosed in Note 3. The finance lease payable is subjected to interest of 7.0% (2021: 7.0%) per annum during the financial year.

21.2 Security

All loans and borrowings are secured by the following:

(i) Corporate guarantee by the Company;

(ii) Pledge of land, buildings and plant and equipment of certain subsidiaries, as disclosed in Note 3.1;

(iii) Pledge of investment properties of certain subsidiaries as disclosed in Note 5;

(iv) Pledge of inventories of certain subsidiaries as disclosed in Note 12;

(v) Deposits and interest reserve account of certain subsidiaries as disclosed in Note 18; and

(vi) Floating charge over assets of certain subsidiaries.

21.3 Bonds

In 1999, a subsidiary in Australia issued bonds for a term of 30 years. The bonds have an effective interest rate of 7.93% (2021: 7.92%) per annum and is payable quarterly in arrears. These bonds are secured against the freehold land of a subsidiary as disclosed in Note 3.1.

Notes To The Financial Statements

21. LOANS AND BORROWINGS (Cont'd)

21.4 Finance lease liability

Finance lease liability is payable as follows:

	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
Group			
2022			
Current			
Less than one year	**580**	**580**	**-**
Non-current			
Between one and five years	**2,319**	**2,319**	**-**
More than five years	**8,283**	**-**	**8,283**
	10,602	**2,319**	**8,283**
Total	**11,182**	**2,899**	**8,283**
2021			
Current			
Less than one year	588	588	-
Non-current			
Between one and five years	2,350	2,350	-
More than five years	8,393	-	8,393
	10,743	2,350	8,393
Total	11,331	2,938	8,393

21. LOANS AND BORROWINGS (Cont'd)

21.5 Reconciliation of movement of liabilities to cash flows arising from financing activities

	At 1.1.2021 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	Other changes RM'000	Foreign exchange movement RM'000	At 31.12.2021/ 1.1.2022 RM'000	Net changes from financing cash flows RM'000	Acquisition of business RM'000	Foreign exchange movement RM'000	At 31.12.2022 RM'000
Group										
Finance lease liability	8,587	-	-	-	(194)	**8,393**	**-**	**-**	**(110)**	**8,283**
Bonds	363,373	(293,585)	-	-	5,279	**75,067**	**(4,758)**	**-**	**(896)**	**69,413**
Revolving credit	559,694	(135,685)	-	-	(5,351)	**418,658**	**169,897**	**-**	**(7,903)**	**580,652**
Term loans	1,040,453	93,724	-	-	(22,286)	**1,111,891**	**199,622**	**-**	**(18,670)**	**1,292,843**
Total loans and borrowings	1,972,107	(335,546)	-	-	(22,552)	**1,614,009**	**364,761**	**-**	**(27,579)**	**1,951,191**
Lease liabilities*	51,399	(3,514)	4,367	(208)	(1,110)	**50,934**	**(3,791)**	**14,747**	**(1,033)**	**60,857**
Total liabilities from financing activities	2,023,506	(339,060)	4,367	(208)	(23,662)	**1,664,943**	**360,970**	**14,747**	**(28,612)**	**2,012,048**
								Note 36		
Company										
Revolving credit	91,000	(10,000)	-	-	-	**81,000**	**(7,552)**	**-**	**-**	**73,448**
Term loans	-	4,475	-	-	-	**4,475**	**(4,475)**	**-**	**-**	**-**
Total liabilities from financing activities	91,000	(5,525)	-	-	-	**85,475**	**(12,027)**	**-**	**-**	**73,448**

* *Included in lease liabilities is the long-term ground rent payable on a parcel of leasehold land amounting to RM32,439,000 (2021: RM33,020,000).*

Notes To The Financial Statements

22. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current					
Non-trade					
Other payables	22.3	**14,950**	-	**-**	-
Current					
Trade					
Trade payables	22.1	**29,847**	33,574	**-**	-
Non-trade					
Other payables	22.3	**125,458**	105,122	**3,367**	18,074
Amounts due to subsidiaries	22.2	**-**	-	**37,229**	87
Deferred revenue		**3,305**	4,049	**-**	-
		158,610	142,745	**40,596**	18,161
Total trade and other payables		**173,560**	142,745	**40,596**	18,161

22.1 Trade payables

Trade payables are generally non-interest bearing. The normal credit terms granted to the Group ranges from 7 to 60 (2021: 7 to 60) days.

22.2 Amounts due to subsidiaries

The non-trade amounts due to subsidiaries are non-interest bearing, unsecured and are expected to be realised within 12 months after the end of the reporting period.

22.3 Other payables

The other payables comprise of accruals and non-interest bearing transactions that are normally settled on commercial terms.

Included in the other payables is the deferred consideration payables for the acquisition of an investment property. The payables is non-interest bearing with RM7,475,000 due for repayment within 1 year and RM14,950,000 due for repayment on financial year 2024.

23. PROVISION FOR LIABILITIES

	Note	Group 2022 RM'000	Group 2021 RM'000
Provision for staff benefits	23.1	**46,187**	49,643
Others	23.2	**2,063**	3,173
		48,250	52,816
Analysed as:			
Current		**42,579**	47,111
Non-current		**5,671**	5,705
		48,250	52,816

23.1 Provision for staff benefits

	Group 2022 RM'000	Group 2021 RM'000
At 1 January	**49,643**	30,661
Provision for the year	**32,221**	40,489
Acquisition of business	**9**	127
Payments during the year	**(35,088)**	(20,422)
Exchange adjustments	**(598)**	(1,212)
At 31 December	**46,187**	49,643

Provision for staff benefits is in relation to accrual of unutilised annual leave for employees in the Group's Australia subsidiaries. The employees are also entitled for a two-month paid leave after having served ten years of continuous employment.

23.2 Others

	Group 2022 RM'000	Group 2021 RM'000
At 1 January	**3,173**	3,070
Net (reversal of provision)/provision for the year	**(1,089)**	2,319
Acquisition of business	**-**	128
Payments during the year	**-**	(2,277)
Exchange adjustments	**(21)**	(67)
At 31 December	**2,063**	3,173

Included in other provisions are warranty repair costs provided for development properties sold to customers.

Notes To The Financial Statements

24. REVENUE

	2022 RM'000	2021 RM'000
Group		
Revenue from contracts with customers		
Sale of goods and rendering of services	**633,524**	342,471
Sale of properties	**242,739**	367,324
	876,263	709,795
Other revenue		
Rental income	**77,157**	66,598
Interest income from money lending activities	**17,498**	10,824
	94,655	77,422
	970,918	787,217
Company		
Dividend income	**21,125**	19,154

Notes To The Financial Statements

24. REVENUE (Cont'd)

24.1 Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical markets, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's three strategic division, which are its reportable segments (see Note 30).

	Property		Hospitality		Investment and others		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Primary geographical markets								
Australia	**289,324**	410,907	**564,900**	294,828	**69,853**	45,889	**924,077**	751,624
Malaysia	**25,362**	20,129	**-**	-	**2,915**	210	**28,277**	20,339
New Zealand	**-**	-	**18,564**	15,254	**-**	-	**18,564**	15,254
	314,686	431,036	**583,464**	310,082	**72,768**	46,099	**970,918**	787,217
Major products and services lines								
Sale of goods and rendering of services	**13,354**	16,814	**564,900**	290,382	**55,270**	35,275	**633,524**	342,471
Sale of properties	**242,739**	367,324	**-**	-	**-**	-	**242,739**	367,324
	256,093	384,138	**564,900**	290,382	**55,270**	35,275	**876,263**	709,795
Timing of recognition								
At a point in time	**256,093**	384,138	**564,900**	290,382	**25,587**	1,800	**846,580**	676,320
Over time	**-**	-	**-**	-	**29,683**	33,475	**29,683**	33,475
	256,093	384,138	**564,900**	290,382	**55,270**	35,275	**876,263**	709,795
Revenue from contracts with customers	**256,093**	384,138	**564,900**	290,382	**55,270**	35,275	**876,263**	709,795
Other revenue	**58,593**	46,898	**18,564**	19,700	**17,498**	10,824	**94,655**	77,422
Total revenue	**314,686**	431,036	**583,464**	310,082	**72,768**	46,099	**970,918**	787,217

Notes To The Financial Statements

24. REVENUE (Cont'd)

24.2 Nature of goods and services

The following information reflects the typical transactions of the Group during the financial year:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Sale of goods and rendering of services	(i) Revenue is recognised at a point in time when goods are delivered and accepted by customers.	Credit term is up to 30 days.	Not applicable.	Not applicable.	Not applicable.
	(ii) Revenue is recognised at a point in time when services are performed and accepted by the customers.	Cash term; credit term is up to 30 days.	Not applicable.	Not applicable.	Not applicable.
	(iii) Revenue is recognised over time when services are performed over the semester terms.	Payment in advance.	Not applicable.	Not applicable.	Not applicable.
Sale of completed properties	Revenue is recognised at a point in time using the completion method when vacant possession has been delivered.	The credit terms are:- i) 3-month from the Sales and Purchase Agreement ("SPA") for local purchaser (Malaysia); ii) 3-month from the SPA or 1 month from the State Consent is obtained, whichever is later, for foreign buyer (Malaysia); or iii) payment is due at settlement (Australia).	Discount or incentives or rental guarantee given to buyers.	Not applicable.	Defect liability period is as per stipulated terms in the sales and purchase agreement.

24. REVENUE (Cont'd)

24.3 Transaction price allocated to the remaining performance obligations

The Group only has contracts that have a duration of less than a year. The Group applies the following practical expedients:

- exemption on disclosure of information on remaining obligations that have original expected durations of one year or less;
- exemption not to adjust the promised amount of consideration for the effects of a significant financing component when the period between the transfer of a promised good or service to a customer and when the customer pay for that good or service is one year or less.

25. OTHER INCOME

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Dividend income from unquoted shares	**44,381**	150	**-**	-
Fair value gain on disposal of asset held for sale	**-**	1,062	**-**	-
Fair value gain on financial assets measured at fair value through profit or loss	**-**	1,501	**-**	-
Fair value gain on investment properties	**-**	53,419	**-**	-
Gain on disposal of property, plant and equipment	**70**	525	**-**	-
Gain on disposal of right-of-use assets	**-**	26	**-**	-
Gain on foreign exchange	**166**	334	**13,425**	-
Interest income:				
- Deposits with licensed banks	**2,391**	239	**396**	9
- Subsidiaries	**-**	-	**23,336**	14,763
- Investment securities	**12,386**	24,320	**-**	-
- Others	**108**	15	**-**	-
Lease surrender income	**-**	4,338	**-**	-
Rental income and reimbursable expenses from:				
- Investment properties	**5,833**	4,083	**-**	-
- Land and buildings	**11,458**	14,781	**-**	-
Reversal of provision for repairs and others	**1,121**	69	**-**	-
Reversal of impairment losses on investment in joint ventures	**307**	-	**-**	-
Reversal of impairment losses on investments in a subsidiary	**-**	-	**3,830**	-
Shared services income	**1,753**	4,065	**-**	-
Gain on disposal of an associate	**-**	421,047	**-**	-
Dirt remediation income	**-**	12,440	**-**	-
Government subsidies received *	**-**	8,014	**-**	-
Break fee	**-**	-	**-**	124
Miscellaneous income	**16,635**	15,467	**-**	6
	96,609	565,895	**40,987**	14,902

* *In the previous financial years, the Group has received JobKeeper Payment scheme, a subsidy for businesses significantly impacted by COVID-19 from the Australian Government.*

Notes To The Financial Statements

26. FINANCE COSTS

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Interest expense on:				
- overdrafts	**10**	56	**10**	30
- bonds	**4,820**	18,884	**-**	-
- revolving credit and term loans	**67,322**	46,490	**2,876**	3,434
- lease liabilities	**3,560**	3,445	**-**	-
- others	**-**	26	**-**	-
	75,712	68,901	**2,886**	3,464
Less: Interest expense capitalised	**(8,298)**	(4,217)	**-**	-
Total finance costs	**67,414**	64,684	**2,886**	3,464

27. PROFIT/(LOSS) FOR THE YEAR

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Profit/(Loss) for the year is arrived at after charging/ (crediting):				
Auditors' remunerations				
Audit fees:				
- KPMG PLT	**320**	297	**171**	149
- Overseas affiliates of KPMG PLT	**1,813**	1,617	**-**	-
- Other auditors	**65**	105	**-**	-
Non-audit fees:				
- KPMG PLT	**16**	14	**13**	12
Material expenses/(income)				
Amortisation on other non-current assets	**-**	1,602	**-**	-
Exchange reserve transfer to profit or loss upon disposal of an associate	**-**	1,119	**-**	-
Impairment loss on investments in a subsidiary	**-**	-	**387**	-
Impairment loss on investments in an associate	**-**	-	**2,698**	-
Impairment loss on investments in joint ventures	**-**	3,371	**-**	-
Inventories written down	**5,765**	478	**-**	-
Investment properties:				
- Fair value loss	**30,681**	1,051	**-**	-
Loss on disposal of CRPS of a subsidiary	**-**	-	**4,087**	-
Loss on foreign exchange	**4,111**	6,809	**5,889**	11,990

27. PROFIT/(LOSS) FOR THE YEAR (Cont'd)

	Group		Company	
	2022	2021	**2022**	2021
	RM'000	RM'000	**RM'000**	RM'000
Profit/(Loss) for the year is arrived at after charging/ (crediting): (Cont'd)				
Material expenses/(income) (Cont'd)				
Management fee paid:				
- Intercompany	**-**	-	**3,259**	2,730
- External	**12,998**	5,231	**-**	-
Minimum operating lease payments:				
- Land and buildings	**103**	116	**-**	-
- Plant and equipment	**3,404**	2,377	**-**	-
Property, plant and equipment:				
- Depreciation	**63,173**	55,215	**6**	26
- Loss on disposal	**-**	179	**-**	-
- Written off	**1,759**	71,161	**-**	-
Provision for repairs and others	**32**	2,388	**-**	-
Provision for staff benefits	**32,221**	40,489	**-**	-
Right-of-use assets:				
- Depreciation	**4,742**	3,544	**-**	-
Waiver of amount due from a subsidiary	**-**	-	**-**	232
Employee benefits expenses (including key management personnel):				
- Wages, salaries and others	**281,253**	245,950	**1,060**	15,544
- Pension costs - defined contribution plans	**22,257**	17,917	**126**	1,864
- Short-term accumulating compensated absences	**3,631**	438	**-**	-
Net loss on impairment of financial instruments				
Financial assets at amortised cost	**319**	2,595	**-**	-

Notes To The Financial Statements

28. TAX EXPENSE/(BENEFIT)

Recognised in profit or loss

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current tax expense				
Malaysian - current year	**5,462**	2,467	**4,807**	2,000
- prior year	**22**	44	**21**	4
Overseas - current year	**729**	(1,255)	**-**	-
- prior year	**(13,051)**	(101)	**-**	-
	(6,838)	1,155	**4,828**	2,004
Deferred tax expense				
Original and reversal of temporary differences	**24,202**	(11,896)	**1,574**	-
Over provision in prior year	**(1,405)**	(130)	**-**	-
	22,797	(12,026)	**1,574**	-
Total income tax expense/(benefit)	**15,959**	(10,871)	**6,402**	2,004

Reconciliation of tax expense/(benefit)

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit/(Loss) before tax	**102,463**	422,559	**33,349**	(4,919)
Income tax calculated using Malaysian tax rate of 24% (2021: 24%)	**24,591**	101,414	**8,004**	(1,181)
Different tax rates in other countries	**500**	(4,117)	**-**	-
Non-deductible expenses	**54,182**	17,813	**4,962**	8,289
Income not subject to taxation	**(31,833)**	(111,684)	**(6,585)**	(5,108)
Effect from unrecognised deferred tax assets	**(13,964)**	(8,382)	**-**	-
Over provision of deferred tax in prior year	**(1,405)**	(130)	**-**	-
(Over)/Under provision of income tax in prior year	**(13,029)**	(57)	**21**	4
Share of tax of associates and joint ventures	**(3,083)**	(5,728)	**-**	-
Income tax expense/(benefit) recognised in profit or loss	**15,959**	(10,871)	**6,402**	2,004

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the year. The corporate tax rates applicable to foreign subsidiaries located in Australia and New Zealand are 30% and 28% respectively (2021: 30% and 28% respectively).

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

29. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2022	**2021**
	RM'000	**RM'000**
Profit attributable to ordinary shareholders	**84,879**	432,895

	Group	
	2022	**2021**
	'000	**'000**
Weighted average number of ordinary shares at 1 January	**311,178**	319,466
Effect of share buy back	**-**	(3,453)
Weighted average number of ordinary shares at 31 December	**311,178**	316,013

	Group	
	2022	**2021**
	Sen	**Sen**
Basic earnings per ordinary share	**27.28**	136.99

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share was based on profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

There were no potential dilution effects on ordinary shares of the Company for the current and previous financial years. Accordingly, the diluted earnings per ordinary share for the current and previous years are equal to the basic earnings per ordinary share.

30. OPERATING SEGMENTS

Business segments

For management purposes, the Group is organised into three main business segments in the Asia Pacific region as follows:

Property	property development and real estate investment
Hospitality	hotel and service apartment ownership and/or operation, food and beverage operation, entertainment and events
Investment and others	investment holding, investment in securities, licensed money lending, financial service provider, education and others

None of the other operations are of sufficient size to be reported separately.

Performance is measured based on segment revenue and profit before tax as included in the internal management reports that are reviewed by the Executive Committee (the Group's chief operating decision maker).

The operating results of its business units are monitored 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.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate expenses and finance costs.

Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

Notes To The Financial Statements

30. OPERATING SEGMENTS (Cont'd)

Business segments (Cont'd)

The following tables provide analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	Property		Hospitality		Investment and others		Adjustments and eliminations				
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	Note	2022 RM'000	2021 RM'000
Revenue											
External customer	**314,686**	431,036	**583,464**	310,082	**72,768**	46,099	**-**	-		**970,918**	787,217
Total revenue	**314,686**	431,036	**583,464**	310,082	**72,768**	46,099	**-**	-		**970,918**	787,217
Results											
Inventories written down	**(5,641)**	(313)	**-**	-	**(124)**	(165)	**-**	-		**(5,765)**	(478)
Property, plant and equipment written off	**(978)**	(35)	**-**	(71,120)	**(781)**	(6)	**-**	-		**(1,759)**	(71,161)
Share of profit from associates and joint ventures	**-**	-	**-**	-	**12,850**	23,867	**-**	-		**12,850**	23,867
Depreciation and amortisation	**(4,681)**	(9,816)	**(54,722)**	(38,034)	**(8,512)**	(12,511)	**-**	-		**(67,915)**	(60,361)
Segment profit/(loss)	**91,138**	211,237	**78,677**	(95,709)	**377**	406,124	**(67,729)**	(99,093)	(i)	**102,463**	422,559
Assets and liabilities											
Investments in associates and joint ventures	**-**	-	**-**	-	**171,034**	160,472	**-**	-		**171,034**	160,472
Additions to non- current assets #	**257,698**	29,527	**206,407**	224,571	**13,278**	1,737	**-**	-		**477,383**	255,835
Segment assets	**2,723,955**	2,518,023	**1,781,511**	1,439,975	**3,028,136**	3,230,509	**(1,615,920)**	(1,744,951)	(ii)	**5,917,682**	5,443,556
Segment liabilities	**1,090,253**	761,880	**497,754**	459,698	**2,392,184**	2,926,095	**(1,615,936)**	(2,174,056)	(ii)	**2,364,255**	1,973,617

Additions to non-current assets consist of additions to property, plant and equipment and investment properties.

Notes To The Financial Statements

30. OPERATING SEGMENTS (Cont'd)

Business segments (Cont'd)

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

(i) Unallocated corporate expenses and finance costs are deducted from segment profit/(loss) to arrive at "profit before tax" presented in the consolidated statement of profit or loss and other comprehensive income.

(ii) Inter-segment balances are eliminated on consolidation.

Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of the business segments. The Group operates in three main geographical areas in the Asia Pacific region.

Australia	-	mainly property development and investment, hospitality and financial service provider.
Malaysia	-	property development and investment, licensed money lending and investment in securities.
New Zealand	-	property investment.

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		**Non-current assets**	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Australia	**924,077**	751,624	**3,035,950**	2,552,602
Malaysia	**28,277**	20,339	**334,525**	322,600
New Zealand	**18,564**	15,254	**236,285**	251,756
	970,918	787,217	**3,606,760**	3,126,958

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	2022	**2021**
	RM'000	**RM'000**
Property, plant and equipment	**1,481,514**	1,494,013
Right-of-use assets	**24,186**	14,571
Investment properties	**1,470,278**	928,902
Goodwill	**45,359**	12,443
Inventories	**585,423**	677,029
	3,606,760	3,126,958

31. FINANCIAL INSTRUMENTS

31.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Fair value through profit or loss ("FVTPL")
- Designated upon initial recognition ("DUIR")

(b) Amortised cost ("AC")

(c) Fair value through other comprehensive income ("FVOCI")
- Equity instrument designated upon initial recognition ("EIDUIR")
- Debt instrument ("DI")

	Carrying amount RM'000	AC RM'000	FVTPL -DUIR RM'000	FVOCI -EIDUIR RM'000	FVOCI -DI RM'000
2022					
Financial assets					
Group					
Investment securities	686,821	234,125	-	452,696	-
Other investments	969	-	969	-	-
Trade and other receivables	393,080	266,450	-	-	126,630
Cash and deposits	231,129	231,129	-	-	-
	1,311,999	731,704	969	452,696	126,630
Company					
Investment securities	1,043	-	-	1,043	-
Other investments	940	-	940	-	-
Trade and other receivables	739,550	739,550	-	-	-
Cash and deposits	54,941	54,941	-	-	-
	796,474	794,491	940	1,043	-
Financial liabilities					
Group					
Loans and borrowings	(1,951,191)	(1,951,191)	-	-	-
Trade and other payables net of deferred revenue	(170,255)	(170,255)	-	-	-
	(2,121,446)	(2,121,446)	-	-	-
Company					
Loans and borrowings	(73,448)	(73,448)	-	-	-
Trade and other payables	(40,596)	(40,596)	-	-	-
	(114,044)	(114,044)	-	-	-

Notes To The Financial Statements

31. FINANCIAL INSTRUMENTS (Cont'd)

31.1 Categories of financial instruments (Cont'd)

	Carrying amount RM'000	AC RM'000	FVTPL -DUIR RM'000	FVOCI -EIDUIR RM'000	FVOCI -DI RM'000
2021					
Financial assets					
Group					
Investment securities	643,927	226,182	-	417,745	-
Other investments	965	-	965	-	-
Trade and other receivables	373,737	289,118	1,094	-	83,525
Cash and deposits	370,927	370,927	-	-	-
	1,389,556	886,227	2,059	417,745	83,525
Company					
Investment securities	1,043	-	-	1,043	-
Other investments	936	-	936	-	-
Trade and other receivables	731,639	731,639	-	-	-
Cash and deposits	253	253	-	-	-
	733,871	731,892	936	1,043	-
Financial liabilities					
Group					
Loans and borrowings	(1,615,449)	(1,615,449)	-	-	-
Trade and other payables net of deferred revenue	(138,696)	(138,696)	-	-	-
	(1,754,145)	(1,754,145)	-	-	-
Company					
Loans and borrowings	(86,915)	(86,915)	-	-	-
Trade and other payables	(18,161)	(18,161)	-	-	-
	(105,076)	(105,076)	-	-	-

31. FINANCIAL INSTRUMENTS (Cont'd)

31.2 Net gains and losses arising from financial instruments

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Net gains/(losses) on:				
Financial assets at amortised cost	**10,816**	18,276	**52,327**	21,555
Financial liabilities at amortised cost	**(63,432)**	(63,728)	**(2,886)**	(3,465)
Financial assets at fair value through profit or loss:				
- Designated upon initial recognition	**-**	1,501	**-**	-
Equity instruments designated at fair value through other comprehensive income:				
- Recognised in profit or loss	**44,381**	(133)	**75**	150
- Recognised in other comprehensive income	**13,049**	106,984	**-**	-
	4,814	62,900	**49,516**	18,240

31.3 Financial risk management

The Group has exposure to the following risks from its financial instruments:

- Credit risk
- Liquidity risk
- Market risk

31.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and investment in debt securities. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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

There are no significant changes compared to previous year.

Notes To The Financial Statements

31. FINANCIAL INSTRUMENTS (Cont'd)

31.4 Credit risk (Cont'd)

Trade receivables (Cont'd)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amount in the statement of financial position.

Concentration of credit risk

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

	Group	
	2022	**2021**
	RM'000	**RM'000**
Australia	**42,839**	23,425
Malaysia	**61,953**	101,610
	104,792	125,035

Recognition and measurement of impairment losses

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, the Group's normal credit terms range from 7 to 90 days. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The Group uses an allowance matrix to measure ECLs of trade receivables for all segments. Consistent with the debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to 90 days past due.

Loss rates are based on actual credit loss experience over the past three years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

31. FINANCIAL INSTRUMENTS (Cont'd)

31.4 Credit risk (Cont'd)

Trade receivables (Cont'd)

Recognition and measurement of impairment losses (Cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivables.

	2022			2021		
	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Group						
Current (not past due)	**19,326**	**-**	**19,326**	58,757	-	58,757
1 - 30 days past due	**19,319**	**-**	**19,319**	5,290	-	5,290
31 - 60 days past due	**3,695**	**-**	**3,695**	3,101	-	3,101
More than 60 days past due	**66,130**	**(3,678)**	**62,452**	62,645	(4,758)	57,887
	108,470	**(3,678)**	**104,792**	129,793	(4,758)	125,035
Trade receivables	**108,470**	**(3,678)**	**104,792**	129,793	(4,758)	125,035

	Trade receivables Lifetime ECL RM'000
Balance at 1 January 2021	5,862
Amounts written off	(3,597)
Net remeasurement of loss allowance	2,493
Balance at 31 December 2021/1 January 2022	4,758
Amounts written off	(1,359)
Net remeasurement of loss allowance	279
Balance at 31 December 2022	**3,678**

Cash and deposits

The cash and deposits are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Notes To The Financial Statements

31. FINANCIAL INSTRUMENTS (Cont'd)

31.4 Credit risk (Cont'd)

Other receivables

Credit risks on other receivables are mainly arising from a third-party receivable which is secured by land titles and an irrevocable Power of Attorney on the land deal.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

As at the end of the reporting period, the Group did not recognised any allowance for impairment losses.

Investment in debt securities

At the end of the reporting period, the Group only invested in high quality bonds. The maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

There is no history of default on these bonds and there are no indicators that these bonds may default. The Group is of the view that the loss allowance is not material and hence, it is not provided for.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to service their loans on an individual basis.

The Company has undertaken to provide financial support to certain subsidiaries to enable them to continue to operate as going concerns.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM136,395,000 (2021: RM106,775,000) representing the outstanding banking facilities of the subsidiaries as at end of the reporting period.

The financial guarantees are provided as credit enhancements to the subsidiaries' secured loans.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

31. FINANCIAL INSTRUMENTS (Cont'd)

31.4 Credit risk (Cont'd)

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the loans and advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in Note 13. The Company has undertaken to provide financial support to certain subsidiaries to enable them to continue to operate as going concerns.

Recognition and measurement of impairment losses

Generally, the Company considers advances to subsidiary has low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiary's advances when they are payable, the Company considers the loans and advances to be in default when the subsidiary is not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when:

- The subsidiary is unlikely to repay its advance to the Company in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these advances individually using internal information available.

As at the end of the reporting period, there was no indication that the amounts due from the inter-companies are not recoverable.

31.5 Liquidity risk

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.

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Notes To The Financial Statements

31. FINANCIAL INSTRUMENTS (Cont'd)

31.5 Liquidity risk (Cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate/ Discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 – 5 years RM'000	More than 5 years RM'000
2022						
Group						
Non-derivative financial liabilities						
Bonds	69,413	8.04 - 8.31	92,437	15,606	48,370	28,461
Revolving credit	580,652	3.87 - 5.39	610,735	185,150	425,585	-
Term loans	1,292,843	4.17 - 7.09	1,370,560	393,097	974,317	3,146
Finance lease liability	8,283	7.00	11,182	580	2,319	8,283
Lease liabilities	60,857	2.01 - 6.55	295,031	8,463	26,540	260,028
Trade and other payables net of deferred revenue	170,255	-	170,255	155,305	14,950	-
	2,182,303		2,550,200	758,201	1,492,081	299,918
Company						
Revolving credit	73,448	4.15 - 5.39	76,821	76,821	-	-
Other payables	40,596	-	40,596	40,596	-	-
Financial guarantees	-	-	136,395	136,395	-	-
	114,044		253,812	253,812	-	-

Notes To The Financial Statements

31. FINANCIAL INSTRUMENTS (Cont'd)

31.5 Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments: (Cont'd)

	Carrying amount RM'000	Contractual interest rate/ Discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 – 5 years RM'000	More than 5 years RM'000
2021						
Group						
Non-derivative financial liabilities						
Bank overdrafts	1,440	6.70	1,440	1,440	-	-
Bonds	75,067	8.04 - 8.31	104,276	10,603	54,229	39,444
Revolving credit	418,658	0.91 - 4.37	429,803	121,682	308,121	-
Term loans	1,111,891	1.92 - 5.31	1,150,359	362,040	784,742	3,577
Finance lease liability	8,393	7.00	11,331	588	2,350	8,393
Lease liabilities	50,934	3.74 - 6.55	288,834	6,721	21,394	260,719
Trade and other payables net of deferred revenue	138,696	-	138,696	138,696	-	-
	1,805,079		2,124,739	641,770	1,170,836	312,133
Company						
Bank overdrafts	1,440	6.70	1,440	1,440	-	-
Revolving credit	81,000	3.25 - 4.37	81,000	81,000	-	-
Term loans	4,475	5.31	4,475	4,475	-	-
Other payables	18,161	-	18,161	18,161	-	-
Financial guarantees	-	-	106,775	106,775	-	-
	105,076		211,851	211,851	-	-

Notes To The Financial Statements

31. FINANCIAL INSTRUMENTS (Cont'd)

31.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

31.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases, cash and deposits and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily Australian Dollar ("AUD"), U.S. Dollar ("USD"), Great Britain Pound ("GBP") and New Zealand Dollar ("NZD").

Risk management objectives, policies and processes for managing the risk

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period are as follows:

	Denominated in			
	AUD	**USD**	**GBP**	**NZD**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Group				
2022				
Trade and other receivables	**50**	**437**	**1**	**22**
Cash and deposits	**15,605**	**49,903**	**1,809**	**23,603**
Trade and other payables	**-**	**(46)**	**-**	**-**
	15,655	**50,294**	**1,810**	**23,625**
2021				
Trade and other receivables	455	2,090	-	14
Cash and deposits	82,287	49,636	1,911	73,483
Bank loans	-	(21,567)	-	-
Trade and other payables	-	(97)	-	-
	82,742	30,062	1,911	73,497

31. FINANCIAL INSTRUMENTS (Cont'd)

31.6 Market risk (Cont'd)

31.6.1 Currency risk (Cont'd)

Exposure to foreign currency risk (Cont'd)

	Denominated in	
	AUD	USD
	RM'000	RM'000
Company		
2022		
Amounts due from subsidiaries	**310,269**	**-**
Trade and other receivables	**22**	**307**
Cash and deposits	**9,342**	**44,100**
Amounts due to subsidiaries	**(29,931)**	**(4,493)**
	289,702	**39,914**
2021		
Amounts due from subsidiaries	276,607	-
Cash and deposits	1	-
Amounts due to subsidiaries	-	(74)
	276,608	(74)

Currency risk sensitivity analysis

A 5% (2021: 5%) strengthening of the Ringgit Malaysia against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remained constant.

	Profit or loss			
	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
AUD	**(595)**	(3,144)	**(11,009)**	(10,511)
USD	**(1,911)**	(1,142)	**(1,517)**	3
GBP	**(69)**	(73)	**-**	-
NZD	**(898)**	(2,793)	**-**	-

A 5% (2021: 5%) weakening of Ringgit Malaysia against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

Notes To The Financial Statements

31. FINANCIAL INSTRUMENTS (Cont'd)

31.6 Market risk (Cont'd)

31.6.2 Interest rate risk

The Group's placement of fixed rate deposits with licensed banks and its fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's placement of variable rate deposits with licensed banks and its variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. The Company's exposure to interest rate risk arises principally from its amounts due from subsidiaries. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fixed rate instruments				
Financial assets	**479,919**	409,720	**54,443**	276,486
Financial liabilities	**(138,553)**	(134,394)	**-**	-
	341,366	275,326	**54,443**	276,486
Floating rate instruments				
Financial assets	**-**	-	**630,818**	351,767
Financial liabilities	**(1,873,495)**	(1,531,989)	**(73,448)**	(86,915)
	(1,873,495)	(1,531,989)	**557,370**	264,852

Interest rate risk sensitivity analysis

(a) *Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

31. FINANCIAL INSTRUMENTS (Cont'd)

31.6 Market risk (Cont'd)

31.6.2 Interest rate risk (Cont'd)

Interest rate risk sensitivity analysis (Cont'd)

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remained constant.

	Profit or loss			
	Group		Company	
	50bp increase RM'000	50bp decrease RM'000	50bp increase RM'000	50bp decrease RM'000
2022				
Floating rate instruments	**(7,119)**	**7,119**	**2,118**	**(2,118)**
2021				
Floating rate instruments	(5,822)	5,822	1,006	(1,006)

31.6.3 Other price risk

Equity price risk arises from the Group's investments in equity securities.

Risk management objectives, policies and processes for managing the risk

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors of the Group.

The Group does not have significant exposure to equity price risk.

31.7 Fair value information

The carrying amounts of cash and deposits, short term receivables and payables and short term borrowings reasonably approximate fair values due to the relatively short term nature of these financial instruments.

Notes To The Financial Statements

31. FINANCIAL INSTRUMENTS (Cont'd)

31.7 Fair value information (Cont'd)

The table below analyses financial instruments carried at fair value.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2022										
Group										
Financial assets										
Quoted shares	12,077	-	-	12,077	-	-	-	-	12,077	12,077
Unquoted shares	-	-	440,620	440,620	-	-	-	-	440,620	440,620
Unquoted loan notes	-	-	-	-	-	-	246,309	246,309	246,309	234,124
	12,077	-	440,620	452,697	-	-	246,309	246,309	699,006	686,821
Financial liabilities										
Loans and borrowings	-	-	-	-	-	-	(1,955,673)	(1,955,673)	(1,955,673)	(1,951,191)
Company										
Financial assets										
Unquoted shares	-	-	1,043	1,043	-	-	-	-	1,043	1,043
Financial liabilities										
Loans and borrowings	-	-	-	-	-	-	(73,448)	(73,448)	(73,448)	(73,448)

Notes To The Financial Statements

31. FINANCIAL INSTRUMENTS (Cont'd)

31.7 Fair value information (Cont'd)

The table below analyses financial instruments carried at fair value. (Cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2021										
Group										
Financial assets										
Quoted shares	2	-	-	2	-	-	-	-	2	2
Unquoted shares	-	-	417,743	417,743	-	-	-	-	417,743	417,743
Unquoted loan notes	-	-	-	-	-	-	239,070	239,070	239,070	226,182
	2	-	417,743	417,745	-	-	239,070	239,070	656,815	643,927
Financial liabilities										
Loans and borrowings	-	-	-	-	-	-	(1,620,301)	(1,620,301)	(1,620,301)	(1,615,449)
Company										
Financial assets										
Unquoted shares	-	-	1,043	1,043	-	-	-	-	1,043	1,043
Financial liabilities										
Loans and borrowings	-	-	-	-	-	-	(86,915)	(86,915)	(86,915)	(86,915)

31. FINANCIAL INSTRUMENTS (Cont'd)

31.7 Fair value information (Cont'd)

Level 3 fair value

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

	2022 RM'000	2021 RM'000
Group		
Unquoted shares		
At 1 January	**417,743**	312,165
Addition	**8,598**	8,615
Fair value gain recognised in other comprehensive income	**20,324**	106,984
Exchange differences	**(6,045)**	(10,021)
At 31 December	**440,620**	417,743
Company		
Unquoted shares		
At 1 January/31 December	**1,043**	1,043

Financial instruments carried at fair value

Type	Description of valuation technique and inputs used
Unquoted shares	The fair value of unquoted shares is based on share of net assets at reporting date.

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Unquoted bond, unquoted loan notes and loans and borrowings	Discounted cash flows using a rate based on the current market rate of bond, loan notes and borrowing of the respective Group entities at the reporting date.

Valuation processes applied by the Group for Level 3 fair value

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. The market rate of interest of loans and borrowings is determined by reference to similar borrowing arrangements.

32. CAPITAL MANAGEMENT

The Group's financial risk management objective seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions or expansion plans of the Group. The Group may adjust the capital structure by issuing new shares or returning capital to shareholders.

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 up to 50%. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and deposits. Capital includes equity attributable to the owners of the parent.

	Note	2022 RM'000	2021 RM'000
Group			
Loans and borrowings	21	**1,951,191**	1,615,449
Trade and other payables	22	**173,560**	142,745
Lease liabilities		**60,857**	50,934
Less: Cash and deposits	18	**(231,129)**	(370,927)
Net debt		**1,954,479**	1,438,201
Equity attributable to the owners of the Company		**3,527,487**	3,443,641
Total capital		**3,527,487**	3,443,641
Capital and net debt		**5,481,966**	4,881,842
Gearing ratio		**36%**	29%

There was no change in the Group's approach to capital management during the financial year.

33. CAPITAL COMMITMENTS

	Group 2022 RM'000	Group 2021 RM'000
Capital expenditure commitments		
Property, plant and equipment		
Authorised but not contracted for	**1,618**	26,324
Contracted but not provided for*	**88,303**	179,923
	89,921	206,247

* *The current capital commitments are mainly for development of golf and hospitality venue, Swing City in Norwest, Australia and accommodation cabins at Bimbadgen Palmers Lane, Australia.*

34. CONTINGENCIES

Contingent assets

As part of the disposal contract for land located at Norwest, the Group remains entitled to receive future compensation payable to the purchaser from the local roads authority for acquisition of a portion of the disposed land for road expansion. The affected land is an undeveloped portion of the site. The compensation is considered probable but not virtually certain as the authority has developed detailed plans for the site but has not yet committed to a timeline for implementation. The amount of compensation is subject to negotiation and review. The best estimate of the current value is RM4,485,000 (equivalent to AUD1,500,000) (2021: RM4,545,000).

Contingent liabilities

	Group	
	2022	**2021**
	RM'000	**RM'000**
Guarantees and letters of credit to third parties entered into in the normal course of business	**18,463**	18,966
Litigation in progress	**598**	-
Put options* issued to third parties for which exercise is subject to uncertain conditions precedent	**18,608**	18,857
Total contingent liabilities	**37,669**	37,823

It is not considered probable that these guarantees will result in a loss to the Group.

* *Exercise of the put options by the landholder would result in payment by the Group to the landholder for the acquisition of land that would be recorded as development property.*

35. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the parties are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group and certain members of senior management of the Group.

The Group has related party relationship with its subsidiaries, associates, joint ventures, other related parties and key management personnel.

35. RELATED PARTIES (Cont'd)

Significant related party transactions

The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Note 13 and Note 22.

		Group		Company	
		2022	**2021**	**2022**	**2021**
		RM'000	**RM'000**	**RM'000**	**RM'000**
A.	**Subsidiaries**				
	Interest income	**-**	-	**23,336**	14,763
	Dividend income	**-**	-	**21,050**	19,004
	Break fee	**-**	-	**-**	124
	Management fee expense	**-**	-	**3,259**	2,730
	Acquisition of CRPS	**-**	-	**189,833**	-
	Disposal of CRPS	**-**	-	**433,327**	-
	Redemption of RPS	**-**	-	**581,300**	-
	Waiver of amount due from a subsidiary	**-**	-	**-**	232
B.	**Associates**				
	Director fees	**-**	165	**-**	-
C.	**Joint ventures**				
	Dividend income	**5,807**	13,259	**-**	-
D.	**Other related parties**				
	Companies related to a director:				
	- Administration fee	**807**	708	**-**	-
	- Interest expenses	**-**	1,945	**-**	-
	- Interest income	**2,735**	44	**-**	-
	- Rental expense	**671**	694	**-**	-
	- Share service income	**-**	389	**-**	-
	- Service expenses	**2,327**	-	**2,327**	-
	Companies related to a person connected to a director:				
	- Rental income	**234**	268	**-**	-

Notes To The Financial Statements

35. RELATED PARTIES (Cont'd)

Significant related party transactions (Cont'd)

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
E. Key management personnel				
Directors				
- Remuneration	**3,594**	17,566	**1,281**	15,745
- Fees	**280**	280	**280**	280
- Defined contribution plans	**222**	1,961	**124**	1,864
- Estimated money value of benefits-in-kind	**11**	10	**6**	6
	4,107	19,817	**1,691**	17,895
Other key management personnel				
- Remuneration	**55,797**	56,934	**-**	-
- Defined contribution plans	**3,201**	2,793	**-**	-
	58,998	59,727	**-**	-

Other key management personnel comprise persons other than the Directors of the Company, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

36. ACQUISITION OF BUSINESS

During first half of the financial year, the Group acquired 100% share of various businesses totalling RM35,754,000 detailed as below:

	Note	RM'000
Food and beverage businesses	a	24,983
Car wash businesses	b	7,120
Promotional merchandise business	c	3,651
		35,754

a. Restaurants namely Ioesco, Cove Tavern, Anchor Buoy and Edge Water in Queensland, Australia.
b. Car wash sites at Brunswick, Mordialloc and Preston in Victoria, Australia.
c. Promotional merchandise namely Just Coolers in Queensland, Australia.

In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred.

36. ACQUISITION OF BUSINESS (Cont'd)

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	Note	2022 RM'000
Property, plant and equipment	3	**3,602**
Right-of-use assets	4	**14,747**
Deferred tax assets	15	**79**
Inventories		**1,342**
Lease liabilities	21.5	**(14,747)**
Other liabilities		**(392)**
Total identifiable net assets		**4,631**
Goodwill	11	**31,123**
Total consideration of acquisition of business, net of cash and cash equivalents acquired		**35,754**

37. INTEREST IN JOINT OPERATIONS

Details of the joint operations are as follows:

Name of entity	Country of incorporation	Principal activities	Effective ownership interest 2022 %	Effective ownership interest 2021 %
Held through Mulpha Education Group Pty. Limited				
The Hotel School Sydney	Australia	Education	**57**	57
The Hotel School Melbourne	Australia	Education	**51**	51
The Hotel School Brisbane	Australia	Education	**51**	51
The Hotel School Hayman Island	Australia	Education	**51**	51
Held through Circa 1 Pty. Limited				
The Bond (formerly known as JV6014)	Australia	Commercial property development	**50**	50
Held through Mulpha Menangle Pty. Limited				
MPlace	Australia	Integrated land development and subdivision	**50**	50

Notes To The Financial Statements

38. MATERIAL LITIGATION

In September 2012, the Company disposed of the entire equity interest in its wholly-owned subsidiary, Bestari Sepang Sdn. Bhd. ("Bestari") for a cash consideration of RM1.0 million to Mula Holdings Sdn. Bhd. ("Mula"). As part of this transaction, the Company also entered into a Settlement Agreement with Mula whereby Mula shall pay a settlement sum ("Settlement Sum") of RM104.0 million on or before 15 December 2012, as full and final settlement of the advances that the Company had previously made to Bestari and its subsidiaries, Spanstead Sdn. Bhd. ("Spanstead") and Seri Ehsan (Sepang) Sdn. Bhd. ("Seri Ehsan"), failing which, additional payments will apply until the final settlement date of 15 December 2013 ("final settlement date").

Mula failed to pay the Settlement Sum on the final settlement date. Accordingly, the Settlement Agreement automatically terminated and the Company's right to receive payment of the full amount of RM301,506,429 as at 30 June 2012 ("Full Outstanding Amount") that the Company had previously advanced to Bestari, Spanstead and Seri Ehsan (collectively "Bestari Group") was reinstated, the Full Outstanding Amount is secured by land titles belonging to Seri Ehsan ("the Land") and an irrevocable Power of Attorney to deal with the Land.

As Bestari Group failed to settle the Full Outstanding Amount, the Company filed a Writ of Summons and Statement of Claim against Mula and Bestari Group on 30 January 2015 claiming for, amongst others, a declaration that the Full Outstanding Amount of RM301,506,429 as at 30 June 2012 together with interest thereon is due and owing by Bestari Group.

Mula and Bestari Group then filed their Defence and Counterclaim on 9 February 2015. Thereafter, the Company filed its Reply and Defence to Counterclaim on 18 February 2015. The Trial commenced on 15 February 2016 until 1 August 2019 with a total of 17 days of trial. Both parties have closed their case on 1 August 2019 and thus ending the Trial. The parties have filed and exchanged their written submissions. Subsequently, the parties have completed the oral submissions on 24 February 2020 and 25 February 2020. The judgment was delivered on 17 July 2020, subject to any appeals and further legal proceedings. The judge found that Mula had breached the Settlement Agreement and that the said agreement was terminated on 15 December 2013. The Judge declared the amount due and payable to the Company to be RM301 million plus interest and held that the Power of Attorney is valid. Further, the defendants are restrained from dealing with the Sepang Land. The Company was successful in defending the relevant counterclaim and the Judge dismissed Mula's counterclaim with costs.

On 30 July 2020, Mula has filed a notice of appeal against the entire decision made by the High Court. On 24 June 2022, the panel Court of Appeal dismissed Mula's appeal with costs. Mula has since applied to the Federal Court for leave to appeal further and this was heard on 15 November 2022. The Federal Court panel of judges has dismissed Mula's leave application. The Directors are obtaining advice from Company solicitors to action the demands of amount due.

Statement by Directors

pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 71 to 186 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2022 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Lee Seng Huang
Director

Lee Eng Leong
Director

Date: 31 March 2023

Statutory Declaration

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

I, **Lim Say Kien**, the officer primarily responsible for the financial management of Mulpha International Bhd., do solemnly and sincerely declare that the financial statements set out on pages 71 to 186 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Notaries Public Act 1984.

Subscribed and solemnly declared by the abovenamed Lim Say Kien, NRIC: 680222-07-5422, MIA CA 9788, at Sydney, New South Wales, Australia on 31 March 2023.

Lim Say Kien

I, **Martin Joseph O'Connor, Notary Public**, duly authorised admitted and sworn and practising in the city of Sydney in the State of New South Wales in the Commonwealth of Australia, do hereby certify that Lim Say Kien appeared before me today, identified herself to me to my satisfaction, swore and made the declaration according to Australia Law, and I witnessed her signature appearing above.

Before me:

Martin Joseph O'Connor,
Notary Public

31 March 2023

Independent Auditors' Report

to the members of Mulpha International Bhd.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Mulpha International Bhd., which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 71 to 186.

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 2022, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of property, plant and equipment

Refer to Note 2(d) - Significant accounting policy: Property, plant and equipment and Note 3 - Property, plant and equipment.

The key audit matter

The Group's property, plant and equipment are predominantly hotels across Australia, which form a significant component of property, plant and equipment with a total carrying amount of RM1,481,514,000 as at 31 December 2022.

An assessment of the carrying value of these assets compared against its recoverable amount is required to be performed where indications of impairment exist. The Directors and management performed a value-in-use calculation and/or obtained a valuation from an external independent expert to support the recoverable amounts of the assets.

The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the appropriate key underlying assumptions to be applied.

KEY AUDIT MATTERS (cont'd)

How the matter was addressed in our audit

We performed the following audit procedures, among others:

For property, plant and equipment valued by external experts engaged by the Group:
- Assessed the competence and objectivity of external independent experts engaged by the Directors and management;
- Assessed whether the valuation methodology was appropriate and in accordance with the requirements of accounting standards;
- Corroborated key assumptions, such as forecast cash flows, discount rate and growth rate with available market data and our knowledge of historical performance of the asset, adjusted for expected market conditions; and

For internally valued property, plant and equipment:
- Evaluated Directors' and management's processes and controls for preparing, reviewing and approving the Group's valuations based on Group policies;
- Assessed whether the underlying calculation methodology was performed in accordance with the requirements of the accounting standards; and
- Benchmarked key assumptions used in the discounted cash flows, such as revenue growth, capital expenditure and discount rate, against external market data and the historical performance of the asset, adjusted for expected market conditions.

Valuation of investment properties

Refer to Note 2(h) - Significant accounting policy: Investment property and Note 5 - Investment properties.

The key audit matter

The Group's investment properties are predominantly commercial properties across Australia, which form a significant component of investment properties with a total carrying amount of RM1,470,278,000 as at 31 December 2022.

These investment properties are stated at their fair values based on independent external and internal valuations.

The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the appropriate key underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied in deriving at the capitalisation rates i.e. a small change in the assumptions can have a significant impact to the valuation.

How the matter was addressed in our audit

We performed the following audit procedures, among others:

For investment properties valued by external experts engaged by the Group:
- Assessed the competence and objectivity of external independent valuer engaged by the Directors and management;
- Assessed whether the valuation methodology was appropriate and in accordance with the requirements of accounting standards; and
- Corroborated key assumptions, such as capitalisation rate and annual net market growth rent rate with available market data and our knowledge of historical performance of the asset, adjusted for expected market conditions.

For internally valued investment properties:
- Evaluated Directors' and management's processes and controls for preparing, reviewing and approving the Group's valuations based on Group policies;
- Assessed whether the underlying calculation methodology was performed in accordance with the requirements of the accounting standards; and
- Assessed key valuation and the underlying assumptions, including:
  - Comparing the capitalisation rate to market data; and
  - Agreeing passing rental income to the property manager's retail tenancy schedule as well as major tenants to the underlying lease agreements.

Independent Auditors' Report

to the members of Mulpha International Bhd.

KEY AUDIT MATTERS (cont'd)

Recoverability of development inventory

Refer to Note 2(i) - Significant accounting policy: Inventories and Note 12 - Inventories.

The key audit matter

The Group capitalises development costs into inventory over the life of its projects including the purchase of land, site infrastructure costs, construction costs and borrowing costs. Development inventory is carried at the lower of cost and net realisable value.

Recoverability of development inventory is identified as a key audit matter because of the significant judgement involved in applying the key underlying assumptions on which the feasibility of the projects are premised upon.

Accordingly, a change in the key underlying assumptions of Group's project feasibility could have a material impact on the carrying value of development inventory in the Group's financial statements.

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- Selected sample of development projects based on quantitative and qualitative factors such as size and risk.
- For the sample selected, depending on the size and risk of the project, we performed some or all of the following procedures in relation to the key judgements in Group's assessment of development inventory recoverability:
  - reviewed management's development feasibility and assessed the reasonableness of significant judgements and assumptions in the model, including forecast costs and future sales rates and prices;
  - discussed with management on project status and results.

Valuation of investment securities

Refer to Note 2(c) - Significant accounting policy: Financial instruments and Note 9 - Investment securities.

The key audit matter

The Group invests in unquoted shares and loan notes. These investments in unquoted shares and loan notes are classified as Level 3 financial instruments, measured at fair value through other comprehensive income and amortised cost respectively.

Valuation on these investments is performed based on methodologies that applied unobservable inputs, which involves significant degree of estimation uncertainty and management judgment.

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- Updated our understanding of management's processes and control over valuation model used.
- Ascertained the accounting policies applied is in accordance with requirements of relevant accounting standards.
- Evaluated the reasonableness of management's key judgements and estimates made to determine the fair value of investments in unquoted shares, and tested the post-fair value adjustment.
- Assessed recoverability of investments in unquoted loan notes and reasonableness of expected credit losses provided for, if any.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' Report and Statement of Risk Management and Internal Control 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 remaining parts of the annual report, which are expected to be made available to us after that date.

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information 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 remaining parts of 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 actions in accordance with approved standards on auditing in Malaysia and International Standards on Auditing.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company 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 internal control of the Group and of the Company.

Independent Auditors' Report

to the members of Mulpha International Bhd.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (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 ability of the Group or of the Company 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 gives a true and fair view.

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 6 to the financial statements.

OTHER MATTER

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.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Petaling Jaya, Selangor

Date: 31 March 2023

Chew Beng Hong
Approval Number: 02920/02/2024 J
Chartered Accountant

Material Properties of The Group

as at 31 December 2022

	Location / Address	Year of Acquisition/ Completion/ Revaluation (R)	Tenure	Year Lease Expiring	Age of Building	Land Area/ Built Up Area	Description/ Existing Use	Net Book Value RM'000
1.	117 Macquarie Street Sydney New South Wales Australia	2004	Freehold	N/A	37 years	3,909.00 sq. metres	5-star hotel	793,545
2.	Lot 7, 8, 679 Mukim Pulai Lot 1141, 1541 Tanjung Kupang Daerah Johor Bahru	1991	Freehold	N/A	N/A	365.84 hectares	Land being used for a resort & recreation, residential and commercial developments	558,525
3.	Sanctuary Cove Gold Coast Queensland Australia	2002 and 2018 2022 (R)	Freehold	N/A	34 to 35 years	68.08 hectares	Integrated resort with hotel, shopping precinct, retail/office, clubs & marina and residential development	551,619*
4.	Norwest Marketown Norwest Boulevard Baulkham Hills New South Wales Australia	2015 2022 (R)	Freehold	N/A	23 years	4.40 hectares	Shopping centre	428,589*
5.	99-113 Macquarie Street Sydney New South Wales Australia	2004 2022 (R)	Freehold	N/A	84 years	1,600.00 sq. metres	Commercial property	363,815*
6.	Hayman Island Great Barrier Reef Queensland Australia	2004 2019 (R)	Leasehold	Perpetuity	34 years	291.48 hectares	5-star island resort and residential development	344,248
7.	Nesuto Stadium Apartment Hotel Auckland New Zealand	2018 2022 (R)	Leasing	2146	14 years	2,450.00 sq. metres	4-star hotel	236,285*
8.	Norwest Quarter, Haven and Neo Baulkham Hills New South Wales Australia	2014 and 2016	Freehold	N/A	N/A	4.13 hectares	High density residential development	227,930
9.	Capri on Via Roma Isle of Capri 15-21 Via Roma Surfers Paradise Queensland Australia	2022 (R)	Freehold	N/A	9 to 34 years	1.13 hectares	Shopping centre	208,239*
10.	The Bond Bella Vista New South Wales Australia	2017 2021 (R)	Freehold	N/A	N/A	1.14 hectares	Commercial development	93,996

Note: The list of properties above shows the particulars of the top 10 properties in terms of highest net book value as at the end of the financial year.

* Included an investment property carried at fair value.

Analysis of Shareholdings
as at 20 March 2023

Total Number of Issued Shares	:	311,178,230 ordinary shares
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share on a poll

DISTRIBUTION OF SHAREHOLDINGS BASED ON RECORD OF DEPOSITORS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
Less than 100	1,180	7.47	23,536	0.01
100 - 1,000	10,798	68.34	3,859,524	1.24
1,001 - 10,000	3,211	20.32	10,682,067	3.43
10,001 - 100,000	503	3.18	13,869,610	4.46
100,001 - 15,558,910 (Less than 5% of issued shares)	106	0.67	71,661,151	23.03
15,558,911 (5%) and above	3	0.02	211,082,342	67.83
Total	15,801	100.00	311,178,230	100.00

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS BASED ON RECORD OF DEPOSITORS

No.	Name of Shareholders	No. of Shares	%
1.	Magic Unicorn Limited	106,792,242	34.32
2.	Nautical Investments Limited	75,507,000	24.26
3.	Phillip Nominees (Asing) Sdn Bhd - Exempt AN for Everbright Securities Investment Services (HK) Limited	28,783,100	9.25
4.	Phillip Nominees (Tempatan) Sdn Bhd - Exempt AN for Everbright Securities Investment Services (HK) Limited (A/C Client)	12,000,000	3.86
5.	Apex Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Paramjit Singh Gill (Margin)	7,344,900	2.36
6.	Klang Enterprise Sendirian Berhad	6,690,660	2.15
7.	Lee Ming Tee	4,815,300	1.55
8.	Phillip Nominees (Asing) Sdn Bhd - Everbright Securities Investment Services (HK) Limited for Lee Ming Tee	4,000,000	1.29
9.	Nautical Investments Limited	2,617,200	0.84
10.	UOB Kay Hian Nominees (Asing) Sdn Bhd - Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	2,474,776	0.80
11.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for The Hongkong And Shanghai Banking Corporation Limited (PB-HKDIV-ACCL)	1,305,000	0.42
12.	Neoh Choo Ee & Company Sdn Berhad	984,400	0.32
13.	RHB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ong Ngoh Ing @ Ong Chong Oon	889,100	0.29
14.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Cheong Chen Yue	884,400	0.28

Analysis of Shareholdings
as at 20 March 2023

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS BASED ON RECORD OF DEPOSITORS (Cont'd)

No.	Name of Shareholders	No. of Shares	%
15.	Chin Kian Fong	822,600	0.26
16.	RHB Nominees (Asing) Sdn Bhd - Pledged Securities Account for Lee Sui Hee	815,855	0.26
17.	Ban Hong Leong & Co Sdn Bhd	800,000	0.26
18.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd - Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	771,370	0.25
19.	HSBC Nominees (Tempatan) Sdn Bhd - Exempt AN for Credit Suisse (SG BR-TST-TEMP)	703,500	0.23
20.	Wilfred Koh Seng Han	703,400	0.23
21.	Kenanga Nominees (Tempatan) Sdn Bhd - Derrick Kong Ying Kit (PCS)	675,400	0.22
22.	HLB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Chang Joon	650,000	0.21
23.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chin Kiam Hsung	610,750	0.20
24.	Phillip Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Cheong Chen Yue	581,200	0.19
25.	Lim Gaik Bway @ Lim Chiew Ah	505,290	0.16
26.	Goh Ah Tee @ Goh Hui Chua	502,200	0.16
27.	Wong Sue Yin	500,000	0.16
28.	Chin Khee Kong & Sons Sendirian Berhad	477,200	0.15
29.	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Oh Kim Sun	450,000	0.14
30.	Ooi Chieng Sim	439,400	0.14

Analysis of Shareholdings
as at 20 March 2023

SUBSTANTIAL SHAREHOLDERS BASED ON REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Direct		Indirect	
Name of Substantial Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
Nautical Investments Limited	78,124,200	25.11	-	-
Magic Unicorn Limited	106,792,242	34.31	-	-
Mountbatten Corporation	-	-	78,124,200 [a]	25.11
Mount Glory Investments Limited	-	-	184,916,442 [b]	59.42
Lee Ming Tee	8,815,300	2.83	191,607,102 [c]	61.57
Lee Seng Huang	12,000,000	3.86	200,422,402 [d]	64.40
Many Merit Asia Limited	23,242,900	7.47	-	-

DIRECTORS' SHAREHOLDINGS IN MULPHA INTERNATIONAL BHD. AND ITS SUBSIDIARIES BASED ON REGISTER OF DIRECTORS' SHAREHOLDINGS

	Direct		Indirect	
Name of Directors	**No. of Shares**	**%**	**No. of Shares**	**%**
Lee Seng Huang	12,000,000	3.86	200,422,402 [d]	64.40
Lee Eng Leong	-	-	-	-
Chew Hoy Ping	-	-	-	-
Loong Caesar	-	-	-	-
Geoffrey Earl Grady	-	-	-	-

By virtue of Lee Seng Huang's substantial interest in the shares of Mulpha International Bhd., he is also deemed interested in the shares of all the subsidiaries to the extent that Mulpha International Bhd. has an interest.

Notes:

a Deemed interest pursuant to Section 8 of the Companies Act 2016 by virtue of its shareholding in Nautical Investments Limited.

b Deemed interest pursuant to Section 8 of the Companies Act 2016 by virtue of its shareholdings in Mountbatten Corporation and Magic Unicorn Limited.

c Deemed interest pursuant to Section 8 of the Companies Act 2016 by virtue of his shareholdings in Mount Glory Investments Limited and Klang Enterprise Sdn Bhd.

d Deemed interest pursuant to Section 8 of the Companies Act 2016 by virtue of his family relationship with Mr Lee Ming Tee and his shareholding in Klang Enterprise Sdn Bhd.

Notice of 49th Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 49th Annual General Meeting ("**AGM**") of Mulpha International Bhd. ("**the Company**") will be held as a virtual meeting on the following date, time and venue for the following purposes:

Day and Date	:	Thursday, 8 June 2023
Time	:	2.30 p.m.
Broadcast Venue	:	Bale Club, Multi-Purpose Hall, No. 1, Jalan Polo, Leisure Farm, 81560 Gelang Patah, Johor Darul Takzim, Malaysia
Online Meeting Platform	:	Lumi AGM provided by Boardroom Share Registrars Sdn Bhd in Malaysia at https://meeting.boardroomlimited.my

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Directors' and Auditors' Reports thereon. *(Please refer to Explanatory Note 1)*

2. To re-elect Mr Lee Eng Leong who retires by rotation pursuant to Clause 106 of the Company's Constitution and being eligible, has offered himself for re-election. *(Ordinary Resolution 1)*

3. To re-elect Mr Geoffrey Earl Grady who retires by rotation pursuant to Clause 106 of the Company's Constitution and being eligible, has offered himself for re-election. *(Ordinary Resolution 2)*

4. To re-elect Ms Josephine Phan Su Han who retires pursuant to Clause 89 of the Company's Constitution and being eligible, has offered herself for re-election. *(Ordinary Resolution 3)*

5. To approve the payment of Directors' fees and benefits to the Non-Executive Directors of the Company (based on the remuneration structure as disclosed in item 4 of the Explanatory Notes on Ordinary and Special Business) for the period from 9 June 2023 until the conclusion of the next AGM of the Company to be held in 2024. *(Ordinary Resolution 4)*

6. To re-appoint Messrs KPMG PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. *(Ordinary Resolution 5)*

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Resolutions:-

7. **ORDINARY RESOLUTION:**
   Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016

   "THAT subject always to the Companies Act 2016 ("**the Act**"), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), the Company's Constitution and the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act:

   (a) to issue and allot new shares in the Company; and/or
   (b) to grant rights to subscribe for shares in the Company; and/or
   (c) to convert any security into shares in the Company; and/or
   (d) to allot shares under an agreement or option or offer,

at any time and from time to time at such price, upon such terms and conditions, for such purposes and to such person(s) whomsoever as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of new shares issued pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months, does not exceed 10% of the total number of issued shares of the Company for the time being (excluding treasury shares, if any) ("**10% General Mandate**").

THAT such approval of the 10% General Mandate shall continue to be in force until:

(a) the conclusion of the next AGM of the Company held after the approval was given;

(b) the expiration of the period within which the next AGM of the Company is required to be held after the approval was given; or

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

whichever is the earlier.

THAT the Directors be and are hereby empowered to obtain the approval from Bursa Securities for the listing of and quotation for such new shares on the Main Market of Bursa Securities.

AND THAT the Directors be further authorised to implement, finalise, complete and take all necessary steps and to do all acts, deeds and things as may be necessary or expedient (including executing such documents as may be required) in order to give full effect to the 10% General Mandate, with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities." *(Ordinary Resolution 6)*

8. **ORDINARY RESOLUTION:**
Proposed Renewal of Authority to Issue and Allot Shares pursuant to the Company's Dividend Reinvestment Plan

"THAT pursuant to the Dividend Reinvestment Plan as approved by the shareholders at the Extraordinary General Meeting held on 27 June 2011 and renewed at the AGM held on 9 June 2022, the Directors be and are hereby authorised to issue and allot new ordinary shares in the Company from time to time as may be required under the Company's Dividend Reinvestment Plan until the conclusion of the next AGM of the Company, upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit and in the interest of the Company.

THAT the Directors and the Secretary be and are hereby authorised to do all such acts and enter into all such transactions, agreements, arrangements and documents as may be necessary or expedient in order to give full effect to the Dividend Reinvestment Plan, with full power to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed or agreed to by any relevant authorities or at the discretion of the Directors in the best interest of the Company." *(Ordinary Resolution 7)*

9. **ORDINARY RESOLUTION:**
Proposed Renewal of Authority for the Purchase by the Company of its Own Shares

"THAT subject to compliance with the Act, the Company's Constitution, the Main Market Listing Requirements of Bursa Securities and any other relevant rules and regulations that may be in force from time to time, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities, upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company PROVIDED THAT:

(a) the aggregate number of ordinary shares in the Company which may be purchased and/or held by the Company shall not exceed 10% of the total number of issued shares of the Company at any point in time; and

(b) the maximum funds to be allocated by the Company for the purpose of purchasing the ordinary shares shall not exceed the latest audited retained profits of the Company.

THAT such authority shall commence upon the passing of this ordinary resolution and shall remain in force until:

(i) the conclusion of the next AGM of the Company at which time such authority shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which 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 of the Company in a general meeting,

whichever occurs first.

THAT authority be and is hereby given to the Directors of the Company to decide in their discretion to retain the ordinary shares in the Company so purchased by the Company as treasury shares and/or to cancel them and/or to resell the treasury shares and/or to distribute them as share dividends and/or subsequently cancel them or such other manner as may be allowed under the Act and the Main Market Listing Requirements of Bursa Securities.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise or to give full effect to the aforesaid with full power to assent to any conditions, modifications, variations and/or amendments as may be required or imposed by the relevant authorities and to do all such acts and things (including executing all documents) as the Directors may deem fit and expedient in the best interest of the Company." *(Ordinary Resolution 8)*

By Order of the Board

LEE ENG LEONG (MIA 7313) (SSM PC No. 201908003732)
LEE SUAN CHOO (MAICSA 7017562) (SSM PC No. 202008003634)
Company Secretaries

Johor Darul Takzim
28 April 2023

Notice of 49th Annual General Meeting

NOTES:

1. The AGM will be conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Electronic Voting facilities ("**RPV**"). Please follow the procedures as set out in the Administrative Guide for the AGM in order to register, participate and vote remotely via RPV.
2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairman of the Meeting to be present at the main venue. No members/proxies from the public shall be physically present at nor admitted to the Broadcast Venue.
3. A member of the Company who is entitled to attend, participate and vote at a general meeting of the Company, may appoint not more than 2 proxies to attend, participate and vote instead of the member at the meeting. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy and the proxy shall have the same rights as the member.
4. Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("**SICDA**"), it may appoint not more than 2 proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 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. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of the SICDA.
6. Where a member or the authorised nominee appoints 2 proxies, or where an exempt authorised nominee appoints 2 or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, otherwise the appointment shall be invalid. An exempt authorised nominee which intends to appoint multiple proxies, must submit separate instruments of proxy.
7. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or if such appointer is a corporation, either under its common seal or under the hand of its officer or attorney duly authorised.
8. The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia either personally, by fax at (603) 7890 4670, by electronic mail to BSR.Helpdesk@boardroomlimited.com, by sending it through the post, or submitted electronically through the Boardroom Smart Investor Portal at https://investor.boardroomlimited.com not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
9. For the purpose of determining who shall be entitled to attend this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at **31 May 2023** and only members whose names appear in the Record of Depositors shall be entitled to attend, participate and vote at this AGM via RPV.
10. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all resolutions set out in the Notice of AGM shall be put to vote by way of poll.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof), and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Notice of 49th Annual General Meeting

EXPLANATORY NOTES ON ORDINARY AND SPECIAL BUSINESS

1. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 December 2022

This agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Act requires the Audited Financial Statements to be laid at the AGM. As such, this agenda item does not require shareholders' approval and hence, is not put forward for voting.

2. Ordinary Resolutions 1 & 2 – Re-Election of Retiring Directors pursuant to Clause 106 of the Company's Constitution

Pursuant to Clause 106 of the Company's Constitution, one-third or the number nearest to one-third of the Directors of the Company shall retire from office by rotation annually and subject to re-election at the AGM. All Directors shall retire from office once at least in each 3 years but shall be eligible for re-election.

Mr Lee Eng Leong and Mr Geoffrey Earl Grady are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at this AGM.

For the purpose of determining the eligibility of the Directors to stand for re-election at this AGM and in line with the Main Market Listing Requirements of Bursa Securities and Practice 5.1 of the Malaysian Code on Corporate Governance 2021 issued by the Securities Commission Malaysia, the Nomination Committee ("**NC**") has reviewed and assessed each of the retiring Directors from the annual assessment and evaluation of the Board for the financial year 2022. The retiring Directors have provided the fit and proper declarations in accordance with the Directors' Fit and Proper Policy. Mr Geoffrey Earl Grady, being the Independent Non-Executive Director, has declared that he satisfied and fulfilled all the criteria of independence as defined under Chapter 1, Paragraph 1.01 of the Main Market Listing Requirements of Bursa Securities. Accordingly, the NC has recommended the re-election of the retiring Directors based on the following considerations:

(a) demonstrated diligence and commitment, satisfactory performance and have met the Board's expectation in discharging their duties and responsibilities;
(b) met the fit and proper criteria with reference to the Directors' Fit and Proper Policy;
(c) their ability to act in the best interest of the Company in decision-making; and
(d) level of independence demonstrated by the Independent Non-Executive Director, Mr Geoffrey Earl Grady.

The Board has endorsed the NC's recommendation subject to the shareholders' approval at this AGM. The retiring Directors had abstained from deliberation and decision on their respective eligibility to stand for re-election at the relevant NC and Board Meetings. The profiles of Mr Lee Eng Leong and Mr Geoffrey Earl Grady are set out in the Profile of Board of Directors section of the Annual Report 2022.

3. Ordinary Resolution 3 – Re-Election of Retiring Director pursuant to Clause 89 of the Company's Constitution

Pursuant to Clause 89 of the Company's Constitution, any Director who is newly appointed shall hold office only until the next AGM and shall then be eligible for re-election but he/she shall not be taken into account in determining the number of Directors who are to retire by rotation at the AGM.

Ms Josephine Phan Su Han who was appointed as Independent Non-Executive Director of the Company on 1 April 2023, is standing for re-election as Director of the Company and being eligible, has offered herself for re-election at this AGM.

The appointment of Ms Josephine Phan Su Han was duly considered by the NC taking into account her background, qualification, experience, integrity, competence, time commitment and independence. Upon the recommendation of the NC, the Board approved the said appointment. Her profile is set out in the Profile of Board of Directors section of the Annual Report 2022.

Notice of 49th Annual General Meeting

4. Ordinary Resolution 4 – Payment of Directors' Fees and Benefits

Section 230(1) of the Act provides amongst others, that the fees and benefits ("**Remuneration**") payable to the Directors of a listed company shall be approved by the shareholders at a general meeting. The Remuneration payable to the Non-Executive Directors of the Company comprises Directors' fees, fixed allowance and meeting attendance allowance.

In March 2023, a review of the Remuneration for Non-Executive Directors was carried out to ensure the Remuneration is comparable with the prevalent market by benchmarking against the remuneration framework of comparable public listed companies. The roles of Directors are becoming more demanding given the heightened responsibilities and accountabilities required of them under the stricter requirements of the Act, Main Market Listing Requirements of Bursa Securities, Malaysian Code on Corporate Governance 2021, Securities Commission guidelines and Malaysian Anti-Corruption Commission Act. In order for the Non-Executive Directors to play a more constructive and forward-looking role, they are required to commit more time and to have a better understanding of the business operations of the Group. The Remuneration for Non-Executive Directors was last reviewed in 2020 and the increase was approved at the AGM of the Company held on 30 July 2020.

In view of the above, it is recommended that the Remuneration payable to the Non-Executive Directors be revised as set out in the table below:

Directors' Fees / Allowances	Existing Fees/ Allowances	Proposed Fees/ Allowances
Directors' Fees *(payable on monthly basis):*		
• For Chairman of Audit and Risk Management Committee ("**ARMC**")	RM100,000 per annum	RM104,000 per annum
• For other Non-Executive Directors	RM90,000 per annum	RM93,600 per annum
Fixed Allowance *(payable on quarterly basis):*		
• For Chairman of ARMC	RM50,000 per annum	RM52,000 per annum
• For Chairman of other Board Committees	RM15,000 per annum	RM15,600 per annum
Meeting Allowance for attendance of Board and Board Committee Meetings *(payable after each meeting)*	RM3,000 per meeting	RM3,200 per meeting

The recommendation for the revised Remuneration payable to the Non-Executive Directors is to commensurate with their duties, responsibilities, commitment and contribution with reference to their statutory duties, the growing and complexity of the Group's businesses and the increased expectations from various stakeholders. The fixed allowances were given to the Chairmen of Board Committees in recognition of their significant roles in leadership and oversight, and their wide-ranging scope of responsibilities as a Committee Chair.

This Resolution is to seek shareholders' approval for payment of the Remuneration to the Non-Executive Directors for the period from 9 June 2023 until the conclusion of the next AGM of the Company to be held in 2024.

5. Ordinary Resolution 5 – Re-Appointment of Auditors

The ARMC has undertaken an annual assessment of the suitability and independence of Messrs KPMG PLT ("**KPMG**") as Auditors of the Company based on the criteria as prescribed under Paragraph 15.21 of the Main Market Listing Requirements of Bursa Securities.

Notice of 49th Annual General Meeting

In its assessment, the ARMC considered several factors which include the following:

(a) Adequacy of experience and resources of KPMG and the level of knowledge, capabilities and experience of the staff assigned to the audit;
(b) Quality of performance and level of engagement of KPMG with the ARMC throughout the year;
(c) Ability to provide constructive observations, implications and recommendations in areas requiring improvements;
(d) Appropriateness of audit approach and the effectiveness of audit planning;
(e) Ability to perform audit work within agreed timeframe; and
(f) Independence and objectivity of KPMG when interpreting standards/policies adopted by the Company.

The ARMC was satisfied with the suitability of KPMG based on the quality of audit, performance, competency and sufficiency of resources that KPMG provided to the Group. The ARMC was also satisfied in its review that the provision of non-audit services by KPMG to the Company for the financial year 2022 did not in any way impair their objectivity and independence as the external auditors.

The Board has approved the ARMC's recommendation for the shareholders' approval to be sought at this AGM on the re-appointment of KPMG as Auditors of the Company.

6. Ordinary Resolution 6 – Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Act

This Resolution is to empower the Directors to issue and allot shares in the Company, grant rights to subscribe for shares in the Company, convert any security into shares in the Company and/or allot shares under an agreement or option or offer, at any time at such price, upon such terms and conditions, for such purposes and to such person(s) as they consider would be in the interest of the Company, provided that the aggregate number of new shares issued, when aggregated with the total number of any such shares issued during the preceding 12 months, does not exceed 10% of the total number of issued shares of the Company for the time being.

The Board is of the view that the general mandate would be in the best interest of the Company and its shareholders as it would allow the Company to raise funds efficiently and expeditiously to meet its funding requirements, should the Company be required to do so. It will provide flexibility to the Company for any possible fund raising activities, including but not limited to placement of shares for the purpose of funding current and future investment(s), project(s), acquisition(s) and/or working capital. The general mandate is sought to avoid any delay and cost involved in convening a general meeting merely to approve such issue of shares.

The authority for this general mandate will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

7. Ordinary Resolution 7 – Proposed Renewal of Authority to Issue and Allot Shares pursuant to the Company's Dividend Reinvestment Plan

This Resolution is to give authority to the Directors to issue and allot new ordinary shares in the Company from time to time as may be required under the Company's Dividend Reinvestment Plan until the conclusion of the next AGM of the Company. A renewal of this authority will be sought at the subsequent AGM.

8. Ordinary Resolution 8 – Proposed Renewal of Authority for the Purchase by the Company of its Own Shares

This Resolution, if passed, will renew the shareholders' mandate for the Company to purchase and/or hold up to 10% of the total number of issued shares of the Company. The details on the proposed renewal of authority for the purchase by the Company of its own shares are set out in the Share Buy-back Statement dated 28 April 2023.

Statement Accompanying Notice of 49th Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Securities)

1. Details of persons who are standing for election as Directors (excluding Directors standing for re-election)

No individual is seeking for election as a Director at the 49th AGM of the Company.

2. A statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Securities

The proposed Ordinary Resolution 6 on the general mandate for issue of securities is a renewal mandate. As at the date of this Notice, no new shares or securities were issued pursuant to the said mandate granted to the Directors at the last AGM held on 9 June 2022.

MULPHA INTERNATIONAL BHD.
Registration No. 197401002704 (19764-T)
Incorporated in Malaysia

No. of Shares held	
CDS Account No.	

PROXY FORM

I/We ______________________________ NRIC No./Company No. ____________________

Tel No. ____________________ of ______________________________

______________________________ being a member of the Company, hereby appoint

____________________ NRIC No. ____________________ Email: ____________________

of ______________________________

and/or ____________________ NRIC No. ____________________ Email: ____________________

of ______________________________

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote on my/our behalf at the 49th Annual General Meeting ("**AGM**") of the Company to be held virtually from the Broadcast Venue at Bale Club, Multi-Purpose Hall, No. 1, Jalan Polo, Leisure Farm, 81560 Gelang Patah, Johor Darul Takzim, Malaysia and via Lumi AGM at https://meeting.boardroomlimited.my on **Thursday, 8 June 2023** at **2.30 p.m.** and at any adjournment thereof.

Please indicate with 'X' in the space below how you wish your votes to be cast. If no specific direction as to voting is given, the proxy/ proxies will vote or abstain from voting at his/their discretion.

ORDINARY RESOLUTIONS		**FOR**	**AGAINST**
Resolution 1	Re-election of Mr Lee Eng Leong		
Resolution 2	Re-election of Mr Geoffrey Earl Grady		
Resolution 3	Re-election of Ms Josephine Phan Su Han		
Resolution 4	Payment of Directors' fees and benefits		
Resolution 5	Re-appointment of KPMG PLT as Auditors		
Resolution 6	Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016		
Resolution 7	Proposed renewal of authority to issue and allot shares pursuant to the Company's Dividend Reinvestment Plan		
Resolution 8	Proposed renewal of authority for the purchase by the Company of its own shares		

Dated this ________ day of ____________________ 2023

____
Signature of Member

For appointment of 2 proxies, the percentage of shareholdings to be represented by the proxies:		
	No. of Shares	**Percentage**
1st Proxy		%
2nd Proxy		%
Total:		100%

Common Seal
(for Corporate Members)

NOTES:

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5. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 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. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of the SICDA.
6. Where a member or the authorised nominee appoints 2 proxies, or where an exempt authorised nominee appoints 2 or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, otherwise the appointment shall be invalid. An exempt authorised nominee which intends to appoint multiple proxies, must submit separate instruments of proxy.
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8. The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia either personally, by fax at (603) 7890 4670, by electronic mail to BSR.Helpdesk@boardroomlimited.com, by sending it through the post, or submitted electronically through the Boardroom Smart Investor Portal at https://investor.boardroomlimited.com not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
9. For the purpose of determining who shall be entitled to attend this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at **31 May 2023** and only members whose names appear in the Record of Depositors shall be entitled to attend, participate and vote at this AGM via RPV.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the Personal Data Privacy terms set out in the Notice of AGM dated 28 April 2023.

FOLD THIS FLAP TO SEAL

2ND FOLD HERE

AFFIX
STAMP
HERE

MULPHA INTERNATIONAL BHD.
Registration No. 197401002704 (19764-T)

c/o Boardroom Share Registrars Sdn Bhd
Registration No. 199601006647 (378993-D)

11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

1ST FOLD HERE

Corporate Directory

1. **Mulpha International Bhd.**
PH1, Menara Mudajaya
No.12A, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan
Malaysia
T: (+603) 7718 6288
www.mulpha.com.my

2. **Leisure Farm Resort**
D'Rimbunan
No. 8, Jalan Peranginan
Leisure Farm
81560 Gelang Patah, Johor
Malaysia
T: (+607) 556 3003
www.leisurefarm.com.my

3. **Mulpha Australia Limited**
Level 9, 117 Macquarie Street
Sydney, New South Wales
2000 Australia
T: (+612) 9239 5500
www.mulpha.com.au

4. **Mulpha Sanctuary Cove**
Jabiru House, Masthead Way
Sanctuary Cove, Queensland
4212 Australia
T: (+617) 5577 6500
www.sanctuarycove.com

5. **Mulpha Norwest Pty. Ltd.**
Level 9, 117 Macquarie Street
Sydney, New South Wales
2000 Australia
T: (+612) 9239 5500
www.mulphanorwest.com.au

6. **Hayman Island**
1 Raintree Avenue
Hayman Island
Great Barrier Reef
Australia
T: (+617) 4940 1234
www.hayman.com.au

7. **InterContinental Sydney**
117 Macquarie Street
Sydney, New South Wales
2000 Australia
T: (+612) 9253 9000
www.icsydney.com.au

8. **InterContinental Sanctuary Cove Resort**
Manor Circle, Sanctuary Cove
Queensland 4212
Australia
T: (+617) 5530 1234
www.intercontinental sanctuarycove.com

9. **Bimbadgen**
790 McDonalds Road
Pokolbin, New South Wales
2320 Australia
T: (+612) 4998 4600
www.bimbadgen.com.au

10. **Transport House**
99 Macquarie Street
Sydney, New South Wales
2000 Australia
T: (+612) 9239 5500

11. **The Hotel School Australia**
60 Philip Street
Sydney, New South Wales
2000 Australia
T: (+612) 8249 3200
www.hotelschool.scu.edu.au

12. **Marritz Hotel**
12 Porcupine Road, Perisher
Valley, New South Wales
2624 Australia
T: (+612) 6457 5220
www.marritzsalzburg.com.au

13. **Salzburg Apartments**
24 Porcupine Road, Perisher
Valley, New South Wales
2624 Australia
T: (+612) 6457 5220
www.marritzsalzburg.com.au

14. **Enacon Carparks**
Level 9, 117 Macquarie Street
Sydney, New South Wales
2000 Australia
T: (+612) 9239 5500
www.enacon.com.au

15. **Norwest Marketown**
4 Century Circuit
Norwest
New South Wales 2153
Australia
T: (+612) 8850 6444
www.norwestmarketown.com.au

16. **Multiple Capital Investment Partners (Australia) Pty Ltd**
Level 20, 41 Exhibition Street
Melbourne VIC 3000
T: (+612) 9239 5500
www.multiplecapital.com.au

17. **Mulpha Funds Management**
Level 9, 117 Macquarie Street
Sydney, New South Wales
2000 Australia
T: (+612) 9958 9008
www.pindaricapital.com.au

18. **Nesuto Stadium Apartment Hotel**
40 Beach Road
Auckland City 1010
New Zealand
T: 0800 700 001
www.nesuto.com

19. **Brimbank Shopping Centre**
Corner Neale and Station
Roads, Deer Park
Victoria 3023
Australia
T: (+613) 9363 5188
www.brimbankshoppingcentre.com.au

20. **Vera Wang Bride Australia**
InterContinental Sydney
Shop 5, 117 Macquarie Street
Sydney, New South Wales
2000 Australia
T: (+614) 2210 8508
www.verawang.com

21. **Bimbadgen Palmers Lane**
409 Palmers Lane
Hunter Valley Pokolbin
New South Wales 2320
Australia
T: (+612) 4998 4604
https://www.bimbadgen.com.au/weddings

22. **The Signal Group**
7/2 Gateway Court
Coomera, Queensland
4209 Australia
T: (+617) 5665 6222
www.signalgroupholdings.com

23. **Emma's Cottage Vineyard**
438 Wilderness Road
Lovedale, Hunter Valley
New South Wales 2320
Australia
T: (+612) 4998 7734
https://emmascottage.com.au

24. **Kinda-Mindi**
Unit 2, 10 Gladstone Road
Castle Hill, New South Wales
2154 Australia
T: (+612) 8850 6022
https://www.kinda-mindi.com.au/norwest-marketown

25. **Mulpha Private Wealth**
Level 9, 117 Macquarie Street
Sydney, New South Wales
2000 Australia
T: (+612) 9239 5500
https://pindariprivatewealth.com.au

26. **Soak City Car Wash**
Level 9, 117 Macquarie Street
Sydney, New South Wales
2000 Australia
T: (+612) 9239 5500
www.soakcity.com.au

27. **Capri on Via Roma**
Isle of Capri, 15-21 Via Roma
Surfers Paradise
Queensland 4217
Australia
T: (+617) 5577 6055
https://caprionviaroma.com.au

28. **Mulpha Funds Services**
Level 9, 117 Macquarie Street
Sydney, New South Wales
2000 Australia
T: (+612) 9239 5500
www.mulpha.com.au

29. **Cove Tavern & Corkers Cellars**
7 Masthead Way, Hope Island
Queensland 4212
Australia
T: (+617) 2214 8511
https://sanctuarycovetavern.com

30. **Ioesco Restaurant**
3a The Marine Village
Masthead Way, Hope Island
Queensland 4212
Australia
T: (+617) 5577 8800
https://ioesco.restaurant

31. **Anchor Buoy Café & Bar**
7b/c The Marine Village
Masthead Way, Hope Island
Queensland 4212
Australia
T: (+617) 5514 8270
https://anchorbuoy.com.au

32. **Edgewater Dining & Lounge Bar**
Shop 3 G7, Capri on Via Roma
Isle of Capri, Surfers Paradise
Queensland 4217
Australia
T: (+617) 5570 1624
https://www.edgewaterdining.com.au

33. **Swing City Golf**
2-6 Norbrik Drive, Bella Vista
New South Wales 2153
Australia
https://swingcitygolf.com.au

34. **Hub OS Australasia**
Level 9, 117 Macquarie Street
Sydney, New South Wales
2000 Australia
T: (+612) 9239 5500
https://hubos.com

35. **Sanctuary Cove Country Club**
Gleneagles Drive
Sanctuary Cove
Queensland 4212
Australia
T: 1300 054 510
https://sanctuarycovecountryclub.com.au

36. **Gold Coast Pilates**
1 Gleneagles Drive
Sanctuary Cove
Queensland 4212
Australia
T: 0499 998 786
https://goldcoastpilates.net

www.mulpha.com.my

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