ANNUAL REPORT 2020

MULPHA

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47TH ANNUAL GENERAL MEETING

MULPHA INTERNATIONAL BHD.

DAY/DATE: Thursday, 3 June 2021

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

The online version of **Mulpha International Bhd.'s** Annual Report 2020 is available on the website. Go to **https://www.mulpha.com.my** or scan the QR Code with your smartphone.

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

01 ABOUT US

HAYMAN ISLAND

To get to Hayman Island, guests have the option of taking sea plane, helicopter, or one of our yachts from Hamilton Island. The island is nestled within the Great Barrier Reef, where guests can go diving and sailing in the Coral Sea, indulging in culinary artistry and soulful spa treatments. The golden shores and jungle-topped hills make the island a fantastical paradise.

AT A GLANCE

REVENUE

617.37
RM MILLION

OPERATING PROFIT

12.76
RM MILLION

TOTAL ASSETS

5.37
RM BILLION

CASH AND CASH EQUIVALENTS

259.36
RM MILLION

SHARE PRICE

1.34
RM

MARKET CAPITALISATION

428.09
RM MILLION

CORPORATE PROFILE

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

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 RM5.36 billion, with shareholders' funds in excess of RM2.97 billion.

www.mulpha.com.my

CORPORATE INFORMATION

BOARD OF DIRECTORS

Lee Seng Huang
Non-Independent Executive Chairman

Lee Eng Leong
Non-Independent Executive Director

Chew Hoy Ping
Senior Independent Non-Executive Director

Loong Caesar
Independent Non-Executive Director

Geoffrey Earl Grady
Independent Non-Executive Director

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
CIMB Bank Berhad
Industrial and Commercial Bank of China Limited
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

02 LEADERSHIP

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.

PROFILE OF BOARD OF DIRECTORS

LEE SENG HUANG

Non-Independent Executive Chairman
Male • Malaysian • Aged 46

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, United Kingdom and New Zealand), 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 53

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 20 years, he has held various leadership roles in management positions within both local companies and multi-national 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
(cont'd)

CHEW HOY PING
Senior Independent Non-Executive Director
Male • Malaysian • Aged 63

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")** starting in 1976 and spanning 30 years, including 15 years as a partner of the firm. Whilst at PwC, he was engaged in a diverse range of professional work encompassing auditing, corporate finance and business recovery services. He held leadership roles in PwC in various capacities including the chair of its financial advisory services for the Asia Pacific region, as well as in risk, governance and management functions. Mr Chew also had work secondment experiences with PwC Houston, Texas (1982-1984) and with Bank Negara Malaysia (1986-1988).

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. In his capacity as the Chairman of the Audit and Risk Management Committee, he also has a role as a Director of Mulpha Australia Limited, a wholly-owned subsidiary of the Company.

Mr Chew is currently an Independent Non-Executive Director of Carlsberg Brewery Malaysia Berhad and Mudajaya Group Berhad where he is the Chair of their respective Audit Committees. He also sits on the Board of GE-Shen Corporation Berhad where he is 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 61

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
(cont'd)

GEOFFREY EARL GRADY
Independent Non-Executive Director
Male • Australian • Aged 61

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 the Chief Investment Officer of Better That, an Australian e-commerce platform. Previously, he was the Executive Director and Chief Executive Officer **("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.

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 2020 is disclosed in the Corporate Governance Overview Statement.

PROFILE OF KEY SENIOR MANAGEMENT

GREGORY DAVID SHAW
Chief Executive Officer
Male • Australian • Aged 61

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 53

Madam Lim graduated with 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 started her career in audit with one of the Big Four accounting firms from 1992 to 1995. She then joined Magnum Corporation Berhad, a Malaysian public listed company from November 1995 to November 2008 as Assistant Manager, Treasury where she managed all aspects of treasury and financial management for Magnum Group. In December 2008, she joined Mulpha International Bhd. and her main roles include financial and management reporting, treasury operations, taxation, audit and reporting compliance.

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

THE GREENS, NORWEST CITY

The Greens, Norwest City is a critical part of Mulpha's vision and reflection of its commitment to the area. The Greens comprises a series of nine high-rise towers, ranging from 8 to 26 storeys, housing a total of 864 residential apartments. This project will deliver a unique lifestyle and commercial offering within walking distance to Norwest Station.

AWARDS & ACHIEVEMENTS 2020

INTERCONTINENTAL SYDNEY

- World Travel Awards, Oceania's Leading Hotel Suite – Presidential Opera Suite
- HM Awards – Jennifer Brown, Australian General Manager of the Year

INTERCONTINENTAL SANCTUARY COVE

- TripAdvisor Travellers Choice Award 2020
- Holidays with Kids Top Ten Family Resorts 2020

NORWEST DEVELOPMENTS

- UDIA NSW – Nisha Shankar, Young Leaders Award for Excellence
- UDIA NSW – Finalist, Essentia Townhomes, Sustainability & Environmental Technology
- Sydney Design Awards – Gold, Essentia Townhomes, Architecture-Residential Constructed

SANCTUARY COVE

- 5 Gold Anchors Award, Sanctuary Cove Marina, Residential Harbour-Estates Marina
- Level 3, International Clean Marina Accreditation, Sanctuary Cove Marina

BIMBADGEN

- Esca Bimbadgen – Finalist, NSW Regional Restaurant in a Winery, Savour Australia Restaurant & Catering Awards

- 2021 Halliday Wine Companion Ratings (announced in August 2020)
  - 5 Star Winery
  - 95 Points – 2014 Signature Semillon
  - 95 Points – 2018 Signature Shiraz
  - 95 Points – 2018 McDonalds Road Shiraz
  - 95 Points – 2019 McDonalds Road Semillon
  - 92 Points – 2019 McDonalds Road Chardonnay
  - 92 Points – 2019 Palmers Lane Chardonnay
  - 92 Points – 2019 Vermentino

- Hunter Valley Wine Show
  - 2019 Vermentino - Trophy, Best 'Other White' & Gold Award

- NSW Wine Awards
  - 2020 Single Vineyard Palmers Lane Semillon – Gold Medal

INTERCONTINENTAL HAYMAN ISLAND RESORT

- HM Awards – Winner, Best Resort
- Top 25 Resorts in Conde Nast Traveller's Australia and The South Pacific: Readers' Choice Awards 2020
- TripAdvisor Travellers Choice Award 2020

FINANCIAL CALENDAR

ANNOUNCEMENT OF QUARTERLY RESULTS

28
MAY 2020

Announcement of the unaudited consolidated results for the 1st quarter ended 31 March 2020

28
AUG 2020

Announcement of the unaudited consolidated results for the 2nd quarter ended 30 June 2020

26
NOV 2020

Announcement of the unaudited consolidated results for the 3rd quarter ended 30 September 2020

25
FEB 2021

Announcement of the unaudited consolidated results for the 4th quarter and financial year ended 31 December 2020

ANNUAL REPORT & ANNUAL GENERAL MEETING

30
APR 2021

Notice of 47th Annual General Meeting and issuance of Annual Report 2020

03
JUNE 2021

47th Annual General Meeting

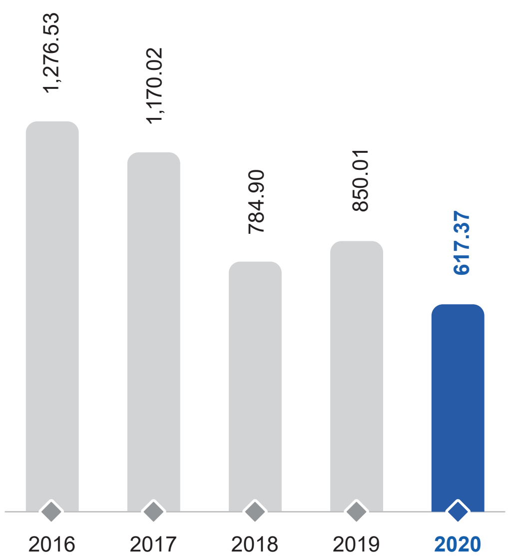
GROUP'S 5-YEAR FINANCIAL HIGHLIGHTS

	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000	2016 RM'000
ASSETS					
Non-current assets	**3,757,338**	3,393,188	4,362,739	4,377,789	4,388,552
Current assets	**1,609,231**	1,912,188	1,540,998 **	1,484,774	1,344,616
Total assets	**5,366,569**	5,305,376	5,903,737	5,862,563	5,733,168
EQUITY AND LIABILITIES					
Capital and Reserves					
Share Capital	**2,036,698**	2,037,459	2,037,459	2,037,459	1,598,096
Reserves	**938,325**	832,252	1,179,881 **	1,234,798 **	1,379,520
Equity attributable to owners of the Company	**2,975,023**	2,869,711	3,217,340	3,272,257	2,977,616
Non-controlling interests	**22,761**	20,898	(81)	(120)	-
Total equity	**2,997,784**	2,890,609	3,217,259	3,272,137	2,977,616
Liabilities					
Non-current liabilities	**605,995**	798,602	1,590,813 **	1,380,944 **	2,258,521
Current liabilities	**1,762,790**	1,616,165	1,095,665 **	1,209,482 **	497,031
Total liabilities	**2,368,785**	2,414,767	2,686,478	2,590,426	2,755,552
Total equity and liabilities	**5,366,569**	5,305,376	5,903,737	5,862,563	5,733,168
GROUP RESULTS					
(Loss)/Profit before tax	**(78,878)**	(214,857)	308,614	452,215	7,903
Tax benefit/(expense)	**21,749**	3,739	(72,885)	(127,711)**	8,897
(Loss)/Profit after tax	**(57,129)**	(211,118)	235,729	324,504	16,800
Non-controlling interests	**(1,237)**	(757)	(30)	126	-
Net (Loss)/Profit attributable to owners of the Company	**(58,366)**	(211,875)	235,699	324,630	16,800
SELECTED RATIOS					
(Loss)/Earnings per share (Sen) ^	**(18.27)**	(66.32)	73.78	101.61	6.29
Net assets per share (RM) ^	**9.31**	8.98	10.07	10.24	9.32
SHARE PERFORMANCE					
Year high (RM) ^*	**1.88**	2.65	2.62	3.05	3.10
Year low (RM) ^*	**1.17**	1.62	1.63	2.09	1.95
Year close (RM) ^*	**1.34**	1.89	1.75	2.59	2.25
Trading volume ('000) ^*	**21,971**	23,330	19,690	61,880	63,500
Market capitalisation as at 31 December (RM'000) ^*	**428,085**	604,080	559,333	827,418	718,846

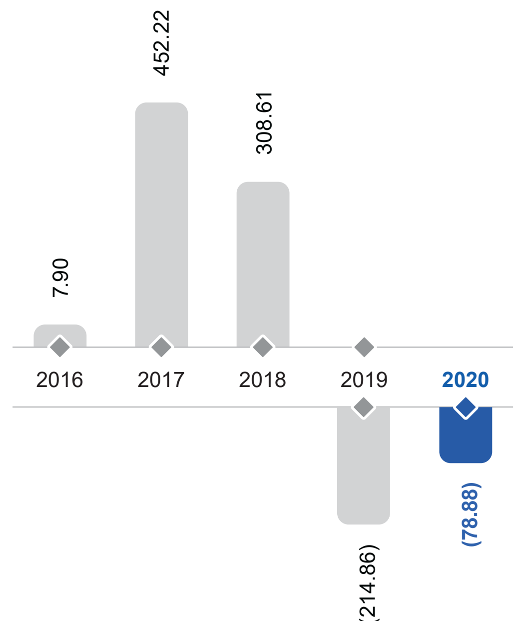
** Comparatives for 2017 and 2018 have been restated to reflect the reversal of prior years' income tax benefit relating to the recognition of losses as a deferred tax asset which exceeded the actual losses available for recognition.
^ Comparatives for 2016 have been restated to reflect the share consolidation implemented in year 2017.
* Source: Bloomberg

GROUP'S 5-YEAR FINANCIAL HIGHLIGHTS
(cont'd)

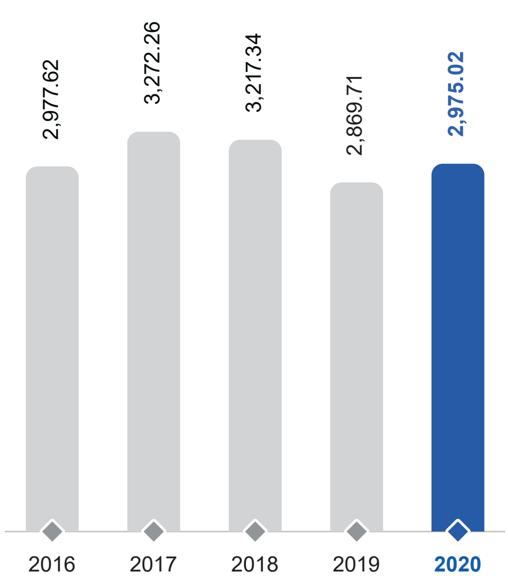
REVENUE
RM Million



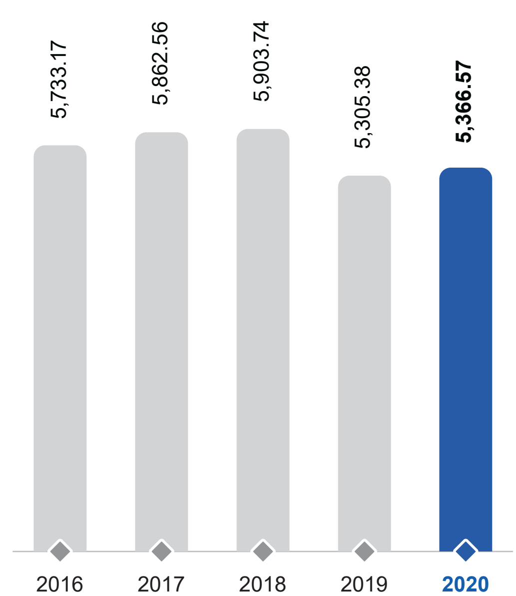
(LOSS)/PROFIT BEFORE TAX
RM Million



SHAREHOLDERS' FUNDS
RM Million



TOTAL ASSETS
RM Million



MANAGEMENT DISCUSSION & ANALYSIS

TOTAL REVENUE

RM617.37 million

CASH AND CASH EQUIVALENTS

RM259.36 million

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Mulpha International Bhd. (**"Mulpha"** or **"the Group"**) reported a 27% decrease in revenue year-on-year from RM850.01 million to RM617.37 million on the back of a year challenged by a global pandemic.

The Group recorded a loss after tax of RM57.13 million for the financial year 2020 (**"FY2020"**) after a significant reduction in earnings of the Hospitality and Investment Property divisions. The extent of losses were minimised through the diversity of the business and the strength of Australian Real Estate divisions' earnings. The Australian Dollar has also seen an uptrend in its value which has boosted RM earnings.

COVID-19 has indiscriminately impacted our hospitality portfolio. As a Group, we acted quickly to undertake an intense review of our operating cost bases, management structures, and sales strategies to minimise the impacts of global events and local disruption ranging from escalating tiered lockdowns in the United Kingdom, intermittent closure of Australian state borders, and the strict measures imposed by the New Zealand Prime Minister.

Our InterContinental Sydney was able to trade as a quarantine hotel, while other hotels moved to target local market segments. The InterContinental Sanctuary Cove and InterContinental Hayman Island Resort saw significant downturns in occupancy with the closure of state borders and stay at home restrictions however, were able to secure greater leisure traffic from domestic markets when state borders were opened. Regular closure of borders without notice created ongoing disruption and travel cancellations with little time for management to plan for reductions of staffing. Compared with other nations, Australia and New Zealand have managed COVID-19 well and the prospects of having travel bubbles with other nations in the region are strong in the short to medium term. We are also starting to see a solid recovery in regional locations as Australians are unable to travel to popular offshore destinations.

Major refurbishment works at InterContinental Sydney have commenced with completion planned for the first half of 2022. We anticipate the refurbished property will benefit from the recovery in travel trends when works are completed. The Group secured an increased syndicated credit facility of AUD342.00 million from OCBC Bank and United Overseas Bank Limited, both Singaporean banks located in Australia. The increase in this facility will finance the refurbishment.

The weakness in the Hospitality division was partly offset by strength in our Property Development division with over 100 settlements from our projects at Norwest, Sydney and Sanctuary Cove combined. We were able to benefit from a

MANAGEMENT DISCUSSION & ANALYSIS
(cont'd)

strong rebound in the Australian property market supported by favourable lending rates. Both sales rates and prices exceeded expectations particularly in the Sydney market which was assisted by supply constraints in certain sectors. Sanctuary Cove saw subdued sales in the first half with a lack of foreign buyers who have been our traditional market. Increased confidence from domestic buyers resulted in the strong rebound in sales towards the final quarter. These results were bolstered by the strength of the Mulpha brand and the quality of our real estate product and design.

Our Investment Property division saw earnings drop as the Group provided rental abatement and deferral in accordance with Government guidelines. Our Melbourne assets were most impacted due to extended lockdowns and strict stay at home measures. The portfolio saw a steady recovery when restrictions eased with Sanctuary Cove in particular recording tenant sales ahead of pre COVID-19 levels.

While the Education division's earnings were impacted in 2020 by reduced new enrolments, the full impact will be seen in 2021 and 2022 when existing students graduate.

With the Group's focus on cash preservation throughout 2020, we are entering 2021 with a strong balance sheet and a refined cost base.

REVIEW OF OPERATING ACTIVITIES

Mulpha is a diversified business group, with operations in Sydney, Melbourne, Brisbane, London, Auckland, and Johor Bahru. Our assets are segmented based on the following business categories: (i) Hospitality; (ii) Property Development; (iii) Property Investment; (iv) Education; (v) Retirement; and (vi) Financial Services.

HOSPITALITY

FY2020 was significantly impacted by COVID-19 with closures occurring across our portfolio prior to the end of first quarter of 2020. We took the opportunity to restructure our hospitality operations to prepare for the immediate challenges when emerging into a disrupted trading environment.

InterContinental Sydney Hotel

The InterContinental Sydney is the Group's flagship hotel strategically located, overlooking the Sydney Harbour, Opera House, Harbour Bridge, Royal Botanic Gardens and Circular Quay.

The InterContinental Sydney commenced a AUD95.00 million refurbishment in early 2021 which will ensure it maintains its position as one of Sydney's premium luxury hotel properties in the CBD. The refurbishment is being led by leading architecture firm Woods Bagot and includes all guest rooms, suites, all hotel public spaces including the signature rooftop club lounge which has previously been awarded the World's Leading Executive Club Lounge by the World Travel Awards in 2017 & 2018. The refurbishment will continue through 2021 with all public spaces and the majority of the rooms completed prior to the end of the year, with the balance of the rooms completed in 2022.

InterContinental Hayman Island Resort

Located in Hayman Island, one of Australia's most iconic private islands in the Whitsundays, Mulpha's InterContinental Hayman Island Resort opened its doors in July 2019 after a AUD135.00 million refurbishment of the Resort.

MANAGEMENT DISCUSSION & ANALYSIS
(cont'd)

After closing in late March 2020, the InterContinental Hayman Island Resort re-opened to strong trading in September 2020 taking advantage of a busy period of regional travel within Australia, particularly to leisure destinations. As Australia's only true, luxury island resort in the traditionally strong Whitsunday region in Queensland's Great Barrier Reef Marine Park, Hayman is perfectly positioned to benefit from an unprecedented period of domestic travel in 2021 with forward bookings indicating very strong occupancies at high average room rates.

InterContinental Sanctuary Cove Resort

InterContinental Sanctuary Cove Resort, located approximately 60 kilometres from Brisbane airport and placed at the heart of our prestigious Sanctuary Cove development, had completed its entire 254-hotel guest room and suite refurbishment exercise in November 2019 and had strong forward group and conference bookings for 2020 prior to its closure in March.

After re-opening in July 2020, the InterContinental Sanctuary Cove Resort benefitted from a buoyant period of domestic travel particularly on weekends and during school holiday periods. Corporate group business which has been a traditional market segment for the Resort was largely absent through 2020, however forward bookings for 2021 are promising as this group corporate business begins to return, and alternate sources of business are developed.

London Marriott Hotel Grosvenor Square

The London Marriott Hotel Grosvenor Square is located in Mayfair, one of the most sought after locations in London. Hotels in London were generally shut down during second and third quarters of FY2020 with the hotel reopening in September 2020, however, subsequently closing once again in December 2020 as a result of the second national lockdown with a view to reopen in March 2021. Revenues were negatively impacted due to minimal conferencing and public trading as a direct result of the Government restrictions. Hotel strategy was to minimise operational expenses not limited to reduce manning guides. Gordon Ramsay's restaurant, the Lucky Cat was also impacted by the various national lockdowns resulting in extensive restaurant closures city-wide.

Nesuto Stadium Apartment Hotel, Auckland New Zealand

The Group acquired the then Waldorf Stadium Apartment Hotel in 2018 and subsequently was rebranded as Nesuto Stadium.

The refurbishment exercise of converting 72 apartments into 144 rooms, installation of a new lift, furniture upgrades and construction of a new restaurant and kitchen was completed in FY2020, bringing the saleable room inventory to 244 rooms. The hotel is currently benefiting from a strong film crew base and newly acquired corporate client base.

With New Zealand's COVID-19 restrictions easing, the strengthening demand is expected in 2021 from the America's Cup, APEC and opening of a new Convention Centre in late 2023. We are upbeat that a Trans-Tasman travel bubble will be established between Australia and New Zealand.

Bimbadgen Estate, Hunter Valley Australia

Bimbadgen has successfully navigated what was a challenging year worldwide in the wine manufacturing segment. Downtime during forced closures was maximised with Esca Bimbadgen restaurant and the Cellar Door tasting rooms being refurbished and re-launched with great success. Both outlets as well as the Wood Fired Pizzeria are now consistently returning higher margins than has been seen across the business in years.

Whilst weddings in 2020 were largely cancelled or postponed Australia wide due to the pandemic, our Palmers Lane wedding centre has established itself as a leader in weddings business in the Hunter Valley, with 125 weddings booked for 2021, 80 secured for 2022 and already 6 locked in for 2023 with very strong inquiry still coming through.

The estate continues its recognition as a premium wine producer, with a continued 5 Star Rating in the prestigious James Halliday wine companion. Numerous wines were awarded gold medals with standouts including Gold Medal and Trophy winner at the HV wine show for the 2019 Vermentino and a gold medal at the NSW Wine awards for the 2020 Palmers Lane Single Vineyard Semillon.

MANAGEMENT DISCUSSION & ANALYSIS
(cont'd)

PROPERTY DEVELOPMENT

The Group's property segment exceeded expectations amidst another turbulent operating environment. Following the improving consumer sentiment in the last quarter of 2019, the Australian property market was forecast and subsequently evidenced, to commence its structural upcycle in 2020. Strong fiscal and pandemic leadership of the Australian Government had boosted confidence for property transactions to escalate. Consumers sought quality and trusted brands emerged, with owner occupiers making strong lifestyle choice decisions.

Amidst a slow first half, Sanctuary Cove experienced a significant turnaround in domestic interest and strong sales results. Initially the market soaked up the large volume of resales that had weighed down the local market. Much of these resales were previous investors from mainland China, now exiting the Australian property market. Once the resale stock dwindled, the local market returned to acquire developers' stock.

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 close 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 purchaser who is keen to benefit from the maturity and stability of the development and its unparalleled location near the second-link highway, which offers unfettered connectivity to Singapore. This access will be further catalysed by the opening of the Gerbang Interchange in 2021.

The challenging trading environment was mainly due to the closure of international borders and strict Government restrictions. A pivot in sales strategy towards the second half of FY2020 was fruitful in concluding multiple contracts which will carry over to financial year 2021 (**"FY2021"**) to capture the domestic Malaysian market.

AUSTRALIA

Mulpha Norwest, Sydney

Mulpha Norwest comprises a diverse portfolio of property assets strategically located in strongly growing economic corridors. Historical focus concentrated in the north west of Sydney in concurrence with the Government's AUD8 billion expenditure on rail connectivity and housing delivery, with new opportunities now secured in the south west of Sydney responding to the Government's construction of Sydney's second international airport and supporting infrastructure.

The Group's Norwest portfolio comprises the award-winning Norwest Business Park, an integrated commercial and residential estate comprising Watermark and Haven apartments, Bella Vista Waters and Edgewater land subdivisions. Additional projects including Essentia Land and Townhouses at Bell Vista, Mulgoa Rise land estate in the foothills of the Blue Mountains and a strategic partnership in Mt Taurus, Menangle. Future developments include the upcoming The Bond and The Greens.

The Bond

The Bond commercial project, which is a series of nine high-rise towers totalling 10,600 square meters, has commenced construction in December 2020. A significant number of pre-sales has been achieved with completion anticipated in 2022.

The strong pre-sales and leasing performance attests to the appeal of the project and its strong lifestyle proposition and investment potential, which have earned the confidence of buyers. The Bond is poised to be a key lifestyle and economic hub with a smart-city vision.

MANAGEMENT DISCUSSION & ANALYSIS
(cont'd)

The Greens

The Greens residential masterplan comprising 864 residential apartments with local council approval received. Detailed designing of the first phase of 188 apartments and 4,500 square meters of commercial and retail is well underway, with an intent to market in late 2021.

Sanctuary Cove, Queensland

Situated on the Gold Coast of Queensland, Sanctuary Cove is Australia's premier golfing, lifestyle, and marina resort community. It provides a self-contained residential environment with its own shopping and dining precinct, entertainment facilities and 24-hour land and water security. The Sanctuary Cove product is targeted at affluent, middle age buyers who are less directly impacted by tightened credit conditions.

The initial strengthening of the domestic buyer market saw a large number of existing sales clear towards fourth quarter of 2020 with buyer interest converting to new developer stock in. This acknowledges a strong signal whereby international buyers/investors historically represented 90% of the buyer mix.

Following the expansion of our Marina, we soft launched "Harbour One", our new Marine Village Apartments & Townhouses. After a successful soft launch programme, we received very strong expressions of interest. Construction is scheduled to commence in 2021.

Although the Sanctuary Cove International Boat Show was cancelled in 2020, the Sanctuary Cove Boating Festival was held in November with over 20,000 people in attendance showcasing the new Marina at Sanctuary Cove. In September 2020, we also hosted the inaugural Hayman Island Yacht Rendesvouz together with Princess Yachts and Horizon Yachts, attracting over 20 superyachts on display.

PROPERTY INVESTMENT

Our investment portfolio of commercial and retail properties comprises Norwest City, Transport House in Sydney, Sanctuary Cove Marine Village and Marina, Brimbank Shopping Centre, and Enacon, a parking operator with four locations in Sydney.

The property investment division recorded a strong, albeit subdued earnings mainly attributed to vacancies at Norwest City (Marketown) and COVID-19 rent waivers. Sanctuary Cove Village retail and food & beverage tenants recorded strong revenues well above pre COVID-19 levels. Following the extended Melbourne lockdown, Brimbank Shopping Centre has reopened with customer traffic to near pre COVID-19 levels, mainly due to its suburban location.

Management was largely guided by and abided to the Commercial Code of Conduct issued by the Australian Federal Government in administering rental reliefs.

EDUCATION

Education Perfect

Education Perfect ("**EP**") is a complete digital toolkit for teaching and learning, which improves student learning outcomes, teacher productivity and student engagement. Established in 2009 with the rollout of foreign languages,

MANAGEMENT DISCUSSION & ANALYSIS
(cont'd)

the business has since introduced core subjects such as English, Mathematics and Science. The Group has a 38% equity interest in EP.

EP has experienced a considerable increase in new customers and user engagement as a result of COVID-19. Over the last 12 months, EP has grown to support new customers in 60 countries. This represents a 30% increase in new schools (2,131 in total) and 50% increase in revenues across the Group compared to 2019.

A successful Asian expansion strategy with a close proximity to a large number of international schools has positioned EP well to expand across the region and resulted in a 400%+ growth in revenue from customers outside Australia and New Zealand. Several individuals in sales and support roles have now been appointed across the United Arab Emirates, Europe, China/Hong Kong and South East Asia.

Alongside the direct to schools model, EP has recently launched a B2C proposition for independent learners - 'EP for Home'. This is a relatively new channel for the business and continues to rapidly gain traction as parents seek additional learning opportunities for their children, particularly during school disruptions.

Through the establishment of quality partnerships such as Amazon Web Services and Google Education, a committed team, and an increasingly globally recognised brand, EP remains exceptionally well-positioned for ongoing scalable growth.

The Hotel School Sydney, Melbourne & Brisbane

The Hotel School is a unique educational partnership between Mulpha and Southern Cross University, an Australian public university. The combination of industry connectivity from Mulpha, together with educational excellence from Southern Cross creates an innovative learning environment at the Hotel School.

Despite disruption in the education sector, The Hotel School performed well in FY2020. The business has maintained healthy attrition rates across all campus locations and delivered a smooth transition from face-to-face learning to online delivery of education. At the same time The Hotel School continued to support students experiencing financial difficulty through several financial aid initiatives.

The lack of clarity around the opening of Australia borders to international students continues to be a concern for the sector. However we are optimistic that FY2021 will see a flow of international students as well as an improvement in internship opportunities for existing students.

FINANCIAL SERVICES

Mulpha Finance Group

Multiple Capital was established by the Mulpha Finance Group to fill the funding gap in the property debt market and to provide investors with access to first mortgage investment opportunities. Multiple Capital draws upon the deep property and finance expertise of Mulpha to assess and manage investments in first ranking mortgage investments in the residential and commercial real estate sector.

Since its inception in September 2017, Multiple Capital has completed over AUD200.00 million of transactions with successful sell down of its positions to Asian family offices, as well as Australian high net worth and institutional investors.

With strong interest from a range of family offices and global credit funds, our focus remains on transaction origination. While there are a significant number of developers seeking financing, we continue to be highly selective in terms of the projects undertaken to ensure that the right mix of risk and return is achieved based on overall risk appetite and financial as well as business objectives.

In 2019, Mulpha acquired Pindari Capital as part of the growth of a broader funds management strategy for the Group across different pools of capital and real estate sectors. Pindari Capital currently has over AUD170.00 million in funds under management.

The funds management acquisition provided the Group with a diverse platform of investment opportunities and growth avenues in the Australian market. The business has a specialised team managing Significant Investor Visa compliant wholesale funds spanning, venture capital and private equity, small cap emerging company listed securities, corporate bonds, Australian Real Estate Investment Trusts as well as two funds that invest in commercial real estate debt.

MANAGEMENT DISCUSSION & ANALYSIS
(cont'd)

We added Pindari Private Wealth as an additional offering, targeting wholesale high net worth investors and family offices, which allows access to all the major investment wrap platforms in Australia (Macquarie, BT, Netwealth and Hub24). The platform will provide a private banking experience to its clients to differentiate it from other providers in the market, and to meet the private client expectations.

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 for both embedded into the Group's business model.

Further details on our approach to sustainability and value creation is given 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

Change	2020 RM'000	2019 RM'000	Change RM'000	%
Revenue	617,374	850,011	(232,637)	(27%)
Profit/(Loss) from operations	12,761	(3,839)	16,600	> 100%
Loss before interest and tax	(9,786)	(118,373)	108,587	92%
Loss before tax	(78,878)	(214,857)	135,979	63%
Loss after tax	(57,129)	(211,118)	153,989	73%
Loss attributable to owners of the Company	(58,366)	(211,875)	153,509	72%

Revenue by Business Segment

	2020 RM'000	2019 RM'000	% Change
Property	345,607	347,659	(1%)
Hospitality	191,881	408,246	(53%)
Investment & other activities	79,886	94,106	(15%)
TOTAL	**617,374**	**850,011**	**(27%)**

MANAGEMENT DISCUSSION & ANALYSIS
(cont'd)

Profit/(Loss) Before Tax by Business Segment

	2020 RM'000	2019 RM'000	% Change
Property	78,960	147,339	(46%)
Hospitality	(43,198)	109,308	> (100%)
Investment & other activities	(23,001)	(260,486)	91%
Results from operating activities	12,761	(3,839)	> 100%
Finance Cost	(69,092)	(96,484)	28%
Loss after interest before tax	(56,331)	(100,323)	44%
Share of results from associates and joint ventures	(22,547)	(114,534)	80%
TOTAL	**(78,878)**	**(214,857)**	**63%**

Group Results

In FY2020, Mulpha's revenue decreased by RM232.64 million mainly attributed to the underperformance in the hospitality segment due to the closure of the hotels during the pandemic. The Group recorded a lower pre-tax loss by RM135.98 million mainly due to the loss relating to the disposal of an associate, AVEO amounting to RM220.53 million in the previous financial year.

Property Segment

The property development segment performed well overall with strong sales at Norwest development offset with a slower year at Sanctuary Cove development, Australia. Total settlements increased from 90 to 105 with the property market performing strongly, despite COVID-19, with the benefit of historically lower interest rate and a resilience Australian economy. Within Norwest, the primary sales drivers were the Mulgoa land lots and Essential townhouses. Sanctuary Cove sales were impacted by the international travel restrictions affecting its primary market however recovered strongly towards the end of the year backed by demand from the domestic market.

The property investment segment registered lower revenue caused by COVID-19 restrictions. The retail shopping centres were impacted by forced closures, reduced foot traffic and the resulting rental abatements and deferrals across the tenancies. Apart from the operational effects to the revenue, the large year-on-year variance in pre-tax profit was mainly driven by fair value adjustments with a gain of RM62.90 million in 2019 offset with a loss of RM13.30 million in 2020.

Hospitality Segment

In FY2020, the hospitality segment was predominantly impacted by COVID-19 disruption across all hotel assets and the sale of Rydges Cairns at the end of 2019. The closure of international borders and travel restriction resulted in the closure of hotels for varying periods from the end of March 2020 onwards. The loss across the hotel portfolio was minimised by a combination of active cost management, government subsidies and strong domestic demand when state borders were open.

Investment and Other Activities Segment

The investment and other activities segment recorded a pre-tax loss of RM23.00 million compared to a loss of RM260.49 million for 2019. The lower pre-tax loss was mainly due to impairment loss on investment in AVEO, which was offset by the transfer of exchange reserves to profit, or loss upon disposal of AVEO in the previous financial year.

MANAGEMENT DISCUSSION & ANALYSIS
(cont'd)

FINANCIAL POSITION ANALYSIS

	2020 RM'000	2019 RM'000
Total Assets		
Property, plant and equipment	1,123,445	1,022,286
Investments in associates	119,043	126,985
Inventories	1,409,476	1,375,288
Investment properties	1,199,693	1,051,756
Investment securities	736,984	701,290
Cash and cash equivalents	296,566	351,851
Others	481,362	675,920
Total Assets	**5,366,569**	**5,305,376**

The Group's asset position increased by 1% from RM5.31 billion to RM5.37 billion, due to the increase in investment properties and property, plant and equipment. This was partially offset by the decrease in trade receivables and cash and cash equivalents.

The increase in investment properties was mainly due to acquisition of Norwest Swim School properties and capitalised expenditure primarily attributed to the Nesuto Stadium Apartments Hotel in New Zealand. The increase in property, plant and equipment was mainly due to the Sanctuary Cove Marina's dredging and expansion of Marina berths and the commencement of InterContinental Sydney refurbishment.

The decrease in trade and other receivables was mainly due to lesser business transactions caused by the COVID-19 pandemic and withholding tax receivable arising from the acceptance of AVEO privatisation scheme was refunded by the Australian Tax Office. The decrease in cash and cash equivalents is as explained below (see Cash Flow Analysis).

	2020 RM'000	2019 RM'000
Total Liabilities		
Loans and borrowings	1,975,173	1,986,597
Others	393,612	428,170
Total	**2,368,785**	**2,414,767**

The Group's total liabilities decreased by 2% to stand at RM2.37 billion for FY2020. The decrease was mainly due to repayment of loans and borrowings and tax liabilities paid for the Group's investment activities.

MANAGEMENT DISCUSSION & ANALYSIS
(cont'd)

	2020 RM'000	2019 RM'000
Total Equity		
Share capital	2,036,698	2,037,459
Treasury shares	-	(318)
Reserves	127,417	(36,376)
Retained earnings	810,908	868,946
Total equity attributable to the owners of the Company	2,975,023	2,869,711
Non-controlling interests	22,761	20,898
Total	**2,997,784**	**2,890,609**

The total equity for the Group increased by 4% to RM3.00 billion as at 31 December 2020 and this was mainly due to increase in foreign exchange reserves arising from the translation gain of foreign subsidiaries. This was partially offset by the loss for the financial year of RM58.37 million.

CASH FLOW ANALYSIS

	2020 RM'000	2019 RM'000	% Change
Net cash from operating activities	198,274	134,932	47%
Net cash (used in)/from investing activities	(160,153)	312,636	> (100%)
Net cash used in financing activities	(108,120)	(248,105)	56%
Net (decrease)/increase in cash and cash equivalents	(69,999)	199,463	> (100%)
Effect of exchange rate fluctuations on cash held	11,049	(5,184)	> 100%
Cash and cash equivalents* at 1 January	318,310	124,031	> 100%
Cash and cash equivalents* at 31 December	**259,360**	**318,310**	**(19%)**

* represents cash and deposits with licensed banks net of overdraft and cash and deposits pledged.

The Group's cash position remained strong at RM259.36 million as operations are financially agile to adapt to the fluid market conditions during the pandemic despite the decrease by 19% in FY2020. Higher utilisation of funds from investing activities mainly attributed to the commencement of major refurbishment works at InterContinental Sydney Hotel and expansion of Sanctuary Cove Marina by adding 67 new berths and the completion of Nesuto Stadium Apartment Hotel renovation. It is anticipated that these improved assets will benefit from the recovery in travel trends and thus contribute positively to the Group's cash flow position when works are completed.

Net cash generated from operating activities increased substantially mainly due to effective working capital management with the focus on cost optimisation initiatives and new operational streamlined strategies implemented across the Group. Negative cash flow from financing activities indicated the Group's improved liquidity position by paying off its bank debts with surplus funds generated from its development settlements.

MANAGEMENT DISCUSSION & ANALYSIS
(cont'd)

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 FACTORS	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, 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 and Malaysia. 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 and so on. 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 that 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.

MANAGEMENT DISCUSSION & ANALYSIS
(cont'd)

PROPERTY SEGMENT

RISK FACTORS	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.	Mulpha 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 financing and ownership packages as well as community building with Leisure Farm Resort to stimulate buyer interest. We continue 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. Our Australia projects are strategically located and cater to a wide range of buyer segments. We are not dependent on any particular buyer segment, with multiple revenue streams generated from a wide range of projects at various stages of maturity. We offer 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. We 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.

MANAGEMENT DISCUSSION & ANALYSIS
(cont'd)

HOSPITALITY SEGMENT

RISK FACTORS	MITIGATION MEASURES
Seasonal occupancy due to local and international tourism demands.	We continue 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. We also continue 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. We abide 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. We continue 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 continue 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, our 168 guest rooms and suites at InterContinental Hayman Island Resort are designed with a smart building automation system called suite control, which uses thermal and motion sensors to automatically adjust lighting, temperature, fans, blinds, and other fixtures within the room.

MANAGEMENT DISCUSSION & ANALYSIS
(cont'd)

RISK FACTORS	MITIGATION MEASURES
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 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. Remuneration and rewards for staff are tied to performance, towards motivating staff to continue delivering exemplary customer experience at all times.

PROPERTY INVESTMENT & OTHERS

RISK FACTORS	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.	An internal investment committee was established in FY2018 to provide an independent assessment of all feasibilities and return calculations on every project undertaken by the Group 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.

FINANCING AND FOREIGN EXCHANGE RISK

RISK FACTORS	MITIGATION MEASURES
Mulpha's operations and investments, being located globally, uses Malaysian Ringgit and foreign currencies, especially Australian Dollars, New Zealand 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.

MANAGEMENT DISCUSSION & ANALYSIS
(cont'd)

GROUP OUTLOOK AND PROSPECTS

COVID-19 has allowed the Group to reset our cost base and work on driving a range of new initiatives that will assist the Group during the recovery phase. During 2020 we also invested in the depth of our management team particularly in the Property Development and Principal Investments divisions where we anticipate the greatest opportunities.

The industries that have suffered earliest, such as international hospitality, we are the first beneficiaries of the recovery as global vaccination and vaccine passport programmes are implemented. We have adopted new technologies into our hotel operations to drive operational efficiencies with a reduced number of full-time employees. We are also fortunate that we operate in stable economies such as Australia and New Zealand with strong Governmental approaches to the pandemic. We envision that the United Kingdom may take longer to return to normalised trading levels. In the medium term we believe that Australia will be a more attractive destination globally as travellers place greater emphasis on safety and security.

At Hayman Island, we have received development approval for the construction of new pavilions to provide further high-end accommodation options for our guests. This investment in additional rooms will leverage existing infrastructure to deliver strong incremental returns. We have launched 48 luxury apartments at Sanctuary Cove called Harbour One Marine Village Apartments which are expected to generate strong interest from existing Sanctuary Cove residents wishing to downsize. Planning is also well advanced in relation to the next two high rise residential towers at Norwest which are scheduled to be released to the market later in 2021. The Group continues to actively pursue development joint ventures with other landowners to fully utilise our specialised expertise.

EP experienced peak levels of inquiry and demand for the platform as parents, teachers and children became accustomed to remote learning. The business continued to grow strongly in Australia and New Zealand and commenced a broader global expansion strategy.

We will continue to work hard at minimising the impact of COVID-19 while actively repositioning the business to accelerate our recovery across the Group.

GREGORY DAVID SHAW
Chief Executive Officer

9 April 2021

04 OUR COMMITMENT TO GOOD GOVERNANCE

BLACK ON WHITE VILLA, LEISURE FARM

The Black on White Villa is part of Leisure Farm's Luxury Villa Collection of eco-chic lifestyle homes that have stunning views of lush verdant lands and exquisitely designed to reflect modern tropical architecture. These villas are nestled in lush green landscapes and further enhanced by meandering waterways and themed sculptures. This Villa could be your next home. Kindly visit *www.leisurefarm.com.my* for more information.

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 2020 with reference to the 3 key Principles as set out in the Malaysian Code on Corporate Governance 2017 **("MCCG 2017")**. The Company's application of each Practice set out in MCCG 2017 during the financial year 2020 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 (KPIs) 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.

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.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT
(cont'd)

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.

Company Secretaries

The Board is supported by suitably qualified and competent 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 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.

Financial year 2020 was a challenging year caused by the COVID-19 pandemic which had impacted the global economy causing a slowdown in global operations and closure of borders resulting in challenges to businesses. Management performed an assessment of the overall impact on the Group's operations and financial performance, including revising the 2020 budget. The key focus areas of the Board for the year under review were to ensure long-term sustainability of the business and the well-being and safety of the Group's employees. The Board noted that the market changes rapidly hence, business needs to be agile to respond to such uncertainty and tough business environment. In order to manage the challenging environment, appropriate systems with adequate capacity, security arrangements, facilities and resources were put in place to mitigate risks that could cause interruptions to the Group's businesses.

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
(cont'd)

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.

During the financial year, the Conflict of Interest Policy was revised 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.

During the financial year, the Whistleblowing Policy was revised 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*.

II. BOARD COMPOSITION

The Board currently has 5 members, comprising the Executive Chairman, Executive Director and 3 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.

CORPORATE GOVERNANCE
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(cont'd)

The Board has an appropriate mix of relevant skills, knowledge and experience in the areas of business, accounting, finance, law, real estate investment and property development, 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 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 2017, 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.

(g) Reviewed and recommended for the Board's approval, the appointment of Mr Geoffrey Earl Grady as an Independent Non-Executive Director, a member of the ARMC and Nomination Committee, and the Chairman of Remuneration Committee.

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. In evaluating the suitability of individuals for Board membership, the Nomination Committee ensures that the Board comprises individuals with the necessary background, skills, knowledge, experience and personal characteristics 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 and experience 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.

CORPORATE GOVERNANCE
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(cont'd)

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 2017. 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.

With the resignation of the Independent Non-Executive Director, Dato' Yusli Bin Mohamed Yusoff on 18 February 2020, the Nomination Committee had carried out the Board recruitment exercise to fill this vacancy. Mr Geoffrey Earl Grady was identified and subsequently appointed as an Independent Non-Executive Director on 1 April 2020.

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.

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 Annual General Meeting **("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, 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.

CORPORATE GOVERNANCE
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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 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 8 Board meetings were held during the financial year ended 31 December 2020 and the record of attendance of the Directors is as follows:-

Name of Directors	Number of Meetings Attended	Percentage of Attendance (%)
Lee Seng Huang	6/8#	75
Lee Eng Leong	8/8	100
Chew Hoy Ping	8/8	100
Loong Caesar	8/8	100
Geoffrey Earl Grady *(Appointed on 1 April 2020)*	7/7*	100

\# *Recused from 2 Board Meetings.*
* *Based on the number of meetings attended during the time the Director held office.*

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.

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.

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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/conferences/workshops/seminars/webinars attended by the Directors during the financial year ended 31 December 2020 are as follows:-

Name of Directors	Training Programmes Attended	Organiser	Date
Lee Seng Huang	Major Recent Changes to the ESG Reporting Guide	The Hong Kong Institute of Directors	3 June 2020
Lee Eng Leong	1) The clear and present risks facing organisations under COVID-19	Federation of Public Listed Companies Bhd	13 May 2020
	2) Dialogue Session with YB Tengku Dato' Sri Zafrul Tengku Abdul Aziz (Minister of Finance, Malaysia): Re-inventing the Malaysian Business Landscape Post-MCO	Kuala Lumpur Business Club	15 May 2020
	3) Captains' Forum: Transformation towards recovery (Session 1: Financial Resilience)	KPMG Malaysia	25 September 2020
	4) Captains' Forum: Transformation towards recovery (Session 2: Operational Resilience)	KPMG Malaysia	9 October 2020
	5) Audit Committee Institute Virtual Roundtable 2020: ESG Perspective – Managing Recovery and Resilience	KPMG Malaysia	12 November 2020
	6) Business Foresight Forum 2020: Evolutionary Change to Revolutionary Impact – Reimagining a New World Post COVID-19	Securities Industry Development Corporation	18 & 19 November 2020
	7) The 2021 Budget: Insights from Dr Veerinderjeet & Members Forum	Malaysian Institute of Certified Public Accountants	20 November 2020
	8) The Importance and Opportunities of Digitalisation During COVID and Beyond	Malaysia Australia Business Council	25 November 2020
	9) Post-Budget Dialogue with YB Tengku Dato' Sri Zafrul Tengku Abdul Aziz (Minister of Finance, Malaysia)	Kuala Lumpur Business Club	7 December 2020
Chew Hoy Ping	1) Cyber & Economic Crime: Fraudsters & cyber criminals too, can work from home	PricewaterhouseCoopers Malaysia	23 April 2020
	2) Presentation of Financial Statements: A Change for Better Comparability and Transparency of Companies' Performance Reporting	Financial Reporting Foundation & Malaysian Accounting Standards Board	27 April 2020
	3) Governance and risk: An uncertain world, a riskier landscape	PricewaterhouseCoopers Malaysia	30 April 2020

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Name of Directors	Training Programmes Attended	Organiser	Date
Chew Hoy Ping (cont'd)	4) COVID-19 impact on financial reporting: Not business as usual	PricewaterhouseCoopers Malaysia	5 May 2020
	5) The clear and present risks facing organisations under COVID-19	Federation of Public Listed Companies Bhd	13 May 2020
	6) Are Boards Ready for Climate Change	Skrine & Co.	4 June 2020
	7) ESG Trends & Regulatory Developments	Iclif Executive Education Center	11 June 2020
	8) Practical Insights on Corporate Liability: 25 Days Later	Skrine & Co.	25 June 2020
	9) Optimising Risk & Resilience Planning to Manage Disruptions	Tricor Malaysia	18 September 2020
	10) Amendments to Listing Requirements 2019/2020 & Analysis of Corporate Governance Report 2019/2020	Tricor Malaysia	16 October 2020
	11) Malaysia's COVID-19 Act 2020	Malaysian Institute of Accountants	22 October 2020
	12) PwC Malaysia's Budget 2021 Webinar: Paving the way towards a resilient future	PricewaterhouseCoopers Malaysia	17 November 2020
	13) Fraud Risk Management Workshop	Bursa Malaysia & PricewaterhouseCoopers Malaysia	18 November 2020
	14) Mastering Cyber Security to Mitigate Fraud	Malaysian Institute of Accountants	2 December 2020
	15) Managing Risk Effectively Amidst Uncertainty	Malaysian Institute of Accountants	17 December 2020
	16) The Value Reporting Foundation: A game changer merger to simplify the corporate reporting landscape	Malaysian Institute of Certified Public Accountants	17 December 2020
Loong Caesar	1) The clear and present risks facing organisations under COVID-19	Federation of Public Listed Companies Bhd	13 May 2020
	2) Rethinking International Arbitration Post COVID-19	KCAB International	29 October 2020
	3) Fraud Risk Management	Malaysian Institute of Corporate Governance	21 & 22 December 2020
Geoffrey Earl Grady *(Appointed on 1 April 2020)*	Mandatory Accreditation Programme for Directors of Public Listed Companies	Iclif Executive Education Center	15 - 17 June 2020

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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.

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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 2020 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	Estimated Monetary Value of Benefits-in-kind RM'000	Total RM'000
Executive Director								
Lee Seng Huang	-	671	259	112	-	-	6	1,048
Non-Executive Directors								
Chew Hoy Ping	94	-	-	-	48	46	-	188
Loong Caesar	78	-	-	-	10	46	-	134
Geoffrey Earl Grady *(Appointed on 1 April 2020)*	61	-	-	-	8	38	-	107
Dato' Yusli Bin Mohamed Yusoff *(Resigned on 18 February 2020)*	9	-	-	-	1	-	-	10
Received from the Company	**242**	**671**	**259**	**112**	**67**	**130**	**6**	**1,487**
Executive Directors								
Lee Seng Huang	-	944	361	10	-	-	-	1,315
Lee Eng Leong	-	726	-	87	-	-	4	817
Received from a subsidiary	**-**	**1,670**	**361**	**97**	**-**	**-**	**4**	**2,132**
Total Group	**242**	**2,341**	**620**	**209**	**67**	**130**	**10**	**3,619**

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.

CORPORATE GOVERNANCE
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(cont'd)

In 2020, the ARMC members had attended training programmes to keep themselves abreast of the latest developments in accounting/auditing standards, regulatory requirements 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 Risk Management Committee (a Management-level Committee) and reports received from this Committee, 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 internal audit and risk management functions are performed in-house and the Internal Audit and Risk Management Department **("IARMD")** 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.

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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.

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

I. COMMUNICATION 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. 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

CORPORATE GOVERNANCE
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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.

The Company conducted its first fully virtual AGM during the Recovery Movement Control Order on 30 July 2020 through live streaming and online remote voting via Remote Participation and Voting **("RPV")** facilities. 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.

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.

At the 2020 AGM, due to the restrictions imposed by the Malaysian Government, only limited essential individuals were allowed to be physically present at the broadcast venue. The Chairman, Executive Director and Company Secretary were physically present at the broadcast venue of the AGM while the rest of the Directors, CEO, Head of Finance and the shareholders/proxies participated in the AGM remotely.

At the said AGM, the CEO presented an overview of the Group's performance and strategies. Shareholders and proxies were encouraged to pose their questions using the message icon via the RPV facilities. The Chairman, Executive Director and CEO responded to all the questions posed 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 scrutineer then announced the poll results which were also displayed on the screen. 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 15 April 2021.

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

AVEO, a 24.39% indirectly owned Australian listed associate of the Company, has on 14 August 2019 announced that it had entered into a Scheme Implementation Deed with Hydra RL BidCo Pty Limited **("BidCo")** and Hydra RL TopCo Pty Limited **("TopCo")**, entities controlled by the Brookfield Property Group on behalf of its managed fund, under which BidCo undertook to acquire 100% of the outstanding securities of AVEO **("AVEO Securities")** by way of a trust scheme and a company scheme of arrangement (collectively, **"the Schemes"**).

Under the Schemes, BidCo undertook to acquire AVEO Securities for a cash consideration of AUD2.195 (including a dividend of AUD0.045 announced on 24 June 2019) per AVEO Security, or a conditional scrip consideration, being 2.15 AOG L.P. Units for every AVEO Security held as at the Scheme record date.

On 29 November 2019, the privatisation of AVEO was completed with the Group holding an indirect effective equity interest of approximately 15.5% in AVEO. The ownership structure is that the Group holds direct equity interest of approximately 96.1% in AOG L.P. which in turn holds a direct equity interest of approximately 16.1% in TopCo.

The Group received AUD178,580,181 in equivalent units in AOG L.P. and a cash consideration of approximately AUD125.89 million (equivalent to approximately RM361,351,000). As at 31 December 2020, the total proceeds of RM361,351,000 had been fully utilised in the following manner:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Timeframe for Utilisation
Repayment of bank borrowings	265,102	258,874	May 2020
Future investment opportunities	57,400	63,685	January 2021
General working capital	38,142	38,142	January 2021
Estimated expenses in relation to the disposal of AVEO	707	650	January 2020
Total:	**361,351**	**361,351**	

ADDITIONAL COMPLIANCE INFORMATION
(cont'd)

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 2020 are as follows:

	Group RM'000	Company RM'000
Audit fees		
KPMG PLT, Malaysia	297	149
Overseas affiliates of KPMG PLT, Malaysia	1,501	-
Other auditors	178	-
Subtotal:	**1,976**	**149**
Non-audit fees		
KPMG PLT, Malaysia	14	12
Subtotal:	**14**	**12**
Total:	**1,990**	**161**

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 2020.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

CONSTITUTION AND COMPOSITION

In line with the recommendation of the MCCG 2017, 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.

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)
   – Appointed on 1 April 2020
   (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 ("AC CHARTER")

The AC Charter, 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*.

MEETINGS AND ATTENDANCE

During the financial year ended 31 December 2020, the ARMC held 8 meetings. The details of attendance of the ARMC members are as follows:-

Name of ARMC Members	Number of Meetings Attended
Chew Hoy Ping	8/8
Loong Caesar	8/8
Geoffrey Earl Grady *(Appointed on 1 April 2020)*	7/7*

* *Based on the number of meetings attended during the time the ARMC member held office.*

The Executive Director, CEO, Head of Finance and Group Internal Audit & Risk Manager 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.

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 AC Charter, 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 26 February 2020, 27 May 2020, 26 August 2020, 25 November 2020 and 23 February 2021. The financial and cash flows reports were also tabled to the Board for notation.

   - Reviewed the quarterly financial results for the 4th quarter of 2019 and the annual audited financial statements of 2019 for recommendation to the Board for approval and release to Bursa Securities, at the ARMC meetings held on 26 February 2020 and 9 April 2020 respectively.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
(cont'd)

- Reviewed the quarterly financial results for the 1st, 2nd, 3rd and 4th quarters of 2020, and the annual audited financial statements of 2020 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 27 May 2020, 26 August 2020, 25 November 2020, 23 February 2021 and 6 April 2021 respectively.

- Discussed with Management the preliminary assessment on the impact of COVID-19 pandemic on the Group's assets and cash flow, particularly in respect of going concern assumption, subsequent events disclosure and asset valuations for the 2019 and 2020 audits, at the ARMC meeting held on 9 April 2020. Subsequent updates of the impact of COVID-19 pandemic on the business and operations of the Group were discussed with Management at the ARMC meetings held on 27 May 2020, 26 August 2020 and 25 November 2020.

- Discussed with Management the assessment of the change in fair value of a new investment in the Group, at the ARMC meeting held on 27 May 2020.

2. Annual Report Requirements

- Reviewed and recommended to the Board for approval, the Statement on Risk Management and Internal Control for inclusion in the 2019 Annual Report, at the ARMC meeting held on 26 February 2020.

  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 2019 Annual Report, at the ARMC meeting held on 9 April 2020.

- Reviewed and recommended to the Board for approval, the Corporate Governance Overview Statement and Notice of AGM for inclusion in the 2019 Annual Report, as well as the CG Report for submission to Bursa Securities, at the ARMC meeting held on 9 April 2020.

- Reviewed and recommended to the Board for approval, the Statement on Risk Management and Internal Control for inclusion in the 2020 Annual Report, at the ARMC meeting held on 23 February 2021.

  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 2020 Annual Report, at the ARMC meeting held on 6 April 2021.

- Reviewed and recommended to the Board for approval, the Corporate Governance Overview Statement and Notice of AGM for inclusion in the 2020 Annual Report, as well as the CG Report for submission to Bursa Securities, at the ARMC meeting held on 6 April 2021.

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 26 February 2020, 27 May 2020, 26 August 2020, 25 November 2020 and 23 February 2021. A total of 4 audit engagements were completed in 2020. One audit report on Enacon was presented by the IARMD at the ARMC meeting on 23 February 2021.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
(cont'd)

Risk-based audits were performed on selected business units within the Group, as included in the approved internal audit plan and encompassing an assessment of the system of internal control, risk management and governance pertaining to the operations of Norwest Marketown, Bimbadgen, Norwest Developments and Enacon; as well as a follow-up audit of the Group's Information Technology General Controls.

At each ARMC meeting, the IARMD provided an update on audit activities and progress against the 2020 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 2021 to ensure adequacy of the scope and coverage of key business and operational units within the Group, at the ARMC meeting held on 25 November 2020. The 2021 audit plan addressed the key themes of asset stewardship, operational efficiency, crisis management, partnerships, internal control and compliance.

  At the said meeting, the ARMC also reviewed and approved the 3-year rolling internal audit plan which provided an indication of those key risk areas and business operations to be reviewed by the IARMD in the 2021-2023 triennium.

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 2019, at the ARMC meeting held on 26 February 2020.

  The external auditors briefed the ARMC among others, on the audit status and outstanding matters, audit focus areas and audit findings.

- Reviewed with the external auditors on 26 February 2020, 25 November 2020 and 23 February 2021 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 2020, 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 2020 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 evaluation results were tabled at the ARMC meeting held on 26 February 2020. 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 27 February 2020, 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 30 July 2020.

- Reviewed with the external auditors on 9 April 2020, the annual audited financial statements including the Independent Auditors' Report for the financial year ended 31 December 2019, where relevant disclosures in the annual audited financial statements were deliberated.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
(cont'd)

- 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 2019, at the ARMC meeting held on 9 April 2020.

  The non-audit services comprised the reviews of the Statement on Risk Management and Internal Control, and the Housing Development Account. 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 2020, at the ARMC meeting held on 25 November 2020.

- 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 2020, at the ARMC meeting held on 23 February 2021.

  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 3 key audit matters which were highlighted to the ARMC (to be disclosed in the Independent Auditors' Report contained in the Audited Financial Statements) were:

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

- In February 2021, the ARMC assessed the suitability and independence of the external auditors for their re-appointment as Auditors of the Company at the forthcoming 2021 AGM, via the same assessment tool as described above. The evaluation results were tabled at the ARMC meeting held on 23 February 2021, 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 2021, 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 6 April 2021, the annual audited financial statements including the Independent Auditors' Report for the financial year ended 31 December 2020, 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 2020, at the ARMC meeting held on 6 April 2021.

  The non-audit services comprised the reviews of the Statement on Risk Management and Internal Control, and the Housing Development Account. 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 the Mulpha Enterprise Risk Management Policy and Procedure following the release by the International Organisation for Standardisation (ISO) of an updated version of its risk management guidelines, ISO 31000:2018, at the ARMC meeting held on 26 February 2020.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
(cont'd)

- Reviewed and adopted the Enterprise Risk Management Report articulating the Group's material business risks and the updated Mulpha Group's Top 15 Enterprise Risk Register, 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 26 February 2020, 26 August 2020 and 23 February 2021.

- Reviewed and approved the risk management plan for 2021 at the ARMC meeting held on 25 November 2020. The risk management activities to be undertaken in 2021 include ongoing management and reporting of operational, financial and strategic risks; a desktop review of divisional risk registers maintained by Management; analysis, trending and reporting of material business risks and the Group's risk profile; and providing assurance over the Group's operational activities from a risk management perspective (through the risk-based internal audit plan).

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 26 February 2020, 27 May 2020, 26 August 2020, 2 October 2020, 30 October 2020, 25 November 2020, 18 December 2020 and 23 February 2021.

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.

- Reviewed and considered the anti-corruption policies (comprising the new Anti-Bribery and Corruption Policy, and Gift and Entertainment Policy, as well as the revised Whistleblowing Policy and Conflict of Interest Policy) to be in compliance with the new Section 17A of the *Malaysian Anti-Corruption Commission (Amendment) Act 2018*, at the ARMC meeting held on 26 August 2020.

  Upon the ARMC's recommendation, the Board at its meeting held on 28 August 2020, approved the anti-corruption policies.

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.

The IARMD comprises 1 full-time personnel. Mr Sean Milne holds the position of Group Internal Audit & Risk Manager. Mr Milne has a Bachelor of Business Economics and is a member of the Institute of Internal Auditors ("**IIA**"). He is a Certified Internal Auditor and holds a Certification in Risk Management Assurance, both governed by the IIA. He has broad extensive experience in the areas of risk management, internal audit and compliance which has been gained over 17 years of working within multinational and publicly listed organisations, including his most recent role as Head of Enterprise Risk Management at Scentre Group. Mr Milne has no relationships or conflicts of interest that would impair the objectivity or independence of the function in the performance of his 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.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

(cont'd)

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 semi-annually 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 within the Group as included in the approved internal audit plan. Audit projects completed during the year encompassed an assessment of the system of internal control, risk management and governance pertaining to the operations of Norwest Marketown, Bimbadgen, Norwest Developments and Enacon; as well as a follow-up audit of the Group's Information Technology General Controls. A total of 4 audit engagements were completed in 2020. One audit report on Enacon was completed and tabled at the ARMC meeting on 23 February 2021.

(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 2019 Annual Report, at the ARMC meeting held on 26 February 2020.

(d) Prepared and tabled for the ARMC's adoption, the Mulpha Enterprise Risk Management Policy and Procedure following the release by the International Organisation for Standardisation (ISO) of an updated version of its risk management guidelines, ISO 31000:2018, at the ARMC meeting held on 26 February 2020.

(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 Top 15 Enterprise Risk Register, 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 26 February 2020, 26 August 2020 and 23 February 2021.

(f) Prepared and tabled for the ARMC's approval, the internal audit plan for 2021 which covered key business and operational units within the Group, at the ARMC meeting held on 25 November 2020. The 2021 audit plan addressed the key themes of asset stewardship, operational efficiency, crisis management, partnerships, internal control and compliance. The 3-year rolling internal audit plan which provided an indication of those key risk areas and business operations to be reviewed by the IARMD in the 2021-2023 triennium, was also tabled for the ARMC's approval, at the ARMC meeting held on 25 November 2020.

(g) Prepared and tabled for the ARMC's approval, the risk management plan for 2021 at the ARMC meeting held on 25 November 2020. The risk management activities to be undertaken in 2021 include ongoing management and reporting of operational, financial and strategic risks; a desktop review of divisional risk registers maintained by Management; analysis, trending and reporting of material business risks and the Group's risk profile; and providing assurance over the Group's operational activities from a risk management perspective (through the risk-based internal audit plan).

(h) Prepared and tabled the Statement on Risk Management and Internal Control for inclusion in the 2020 Annual Report, at the ARMC meeting held on 23 February 2021.

In February 2020, the ARMC carried out an evaluation of the effectiveness of the internal audit function in respect of financial year 2019. 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 26 February 2020. In general, the ARMC was satisfied that the IARMD has been operating satisfactorily.

In February 2021, the ARMC also undertook an evaluation of the effectiveness of the internal audit function for financial year 2020, which covered the areas mentioned above. The results of the evaluation were tabled at the ARMC meeting held on 23 February 2021. 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 2020 amounted to RM463,497.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to Main Market Listing Requirements of Bursa Securities and Principle B of the MCCG 2017, 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 Paragraph 15.26(b) of the Listing Requirements for the financial year ended 31 December 2020:

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 decentralised approach to risk management, whereby 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. 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).

RMU risk registers are consolidated and reviewed by the IARMD, which produces an Enterprise Risk Report articulating the Group's material business risks and risk profile (heat map), including trends in risk ratings and 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

INTERNAL AUDIT

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

Led by the Group Internal Audit & Risk Manager, 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 2020, the IARMD completed 4 audit projects. Areas of focus in 2020 included the review of key financial and operating controls operating within Norwest Marketown, Bimbadgen and Norwest Developments. Additionally, a follow-up review of the Group's Information Technology General Controls was also undertaken.

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 on a monthly basis, 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 bi-annual enterprise risk reporting process.

- Sufficient insurance cover is held to reduce the financial impact of any significant insurable losses.

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 Paragraph 15.23 of the Listing Requirements, the External Auditors have reviewed this Statement for inclusion in the 2020 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 2021.

05 OUR COMMITMENT TO BUSINESS SUSTAINABILITY

SANCTUARY COVE

Established in 1986, Sanctuary Cove was the pioneer of its kind in Australia, offering a unique resort lifestyle with facilities such as two championship golf courses, marina, retail and F&B precinct, InterContinental Sanctuary Cove Resort, 24-hour active land and water security.

SUSTAINABILITY STATEMENT

Sustainability remains an integral part of Mulpha's global corporate strategy and culture. As an organisation that is focused on creating long-term and robust value growth for our shareholders and diverse stakeholders, we have and will continue to endeavor towards embracing the tenets of sustainability throughout our value chain in a tangible and meaningful manner.

In tandem to this commitment, our sustainability agenda has been streamlined into three key focus areas:

These focus areas help guide our sustainability agenda as we draw up and execute strategies that are aligned to the key pillars of marketplace, workplace, community and environment. Our role as a real estate and hospitality investor remains front and centre of our sustainability goals, our business strategy and the needs and considerations of our stakeholders.

SUSTAINABILITY STATEMENT
(cont'd)

In view of the unprecedented challenges and changes brought about by the COVID-19 pandemic, our key sustainable priorities in 2020 are:

Protecting our stakeholders' health & welfare	Maintain commitment towards SEEDS
Safeguard business integrity and viability	Contributing positively towards our development communities & society

REPORTING SCOPE AND GUIDELINES

Our Sustainability Statement is prepared in accordance with the Sustainability Reporting Guide 2nd Edition issued by Bursa Securities as required under the Main Market Listing Requirements of Bursa Securities [Paragraph 29, Part A of Appendix 9C of the Main Market Listing Requirements (supplemented by Practice Note 9)]. This statement covers our sustainability disclosure for Mulpha's businesses in Malaysia, as well as some overseas operations, for the period of 1 January to 31 December 2020. In this statement, we present our approach to sustainability, report on new initiatives carried out across our operations, categorised into the four sustainability pillars of Marketplace, Workplace, Community and Environment.

GOVERNANCE

In line with our commitment to sustainability, we have put in place a set of policies and procedures to manage sustainability at Mulpha. These processes help ensure our compliance with all regulatory requirements in every country of operations, where we strive not just to meet, but to exceed international standards and industry guidelines.

The sustainability function at Mulpha is helmed by the Group CEO, who oversees the Sustainability Committee which was established in 2019. The following represents the governing structure of sustainability at Mulpha and the respective functions responsible for the management of sustainability matters within the organisation:

The Sustainability Committee will meet quarterly to discuss, evaluate and implement sustainability related initiatives and issues. This includes management and prioritisation of matters on staff welfare, governance, corporate social responsibility, environmental, complaints, and social matters, as well as sustainability reporting disclosures within the Annual Report.

SUSTAINABILITY STATEMENT
(cont'd)

The committee is responsible for advising and engaging the Group CEO on business strategies and initiatives in relation to sustainability and have taken on the role of establishing a comprehensive enterprise-wide risk management framework for the Group. They are also tasked with establishing a Sustainability Policy for the Group and will provide recommendations to the Group CEO on the adoption, implementation, and monitoring of sustainability policies, including that of Leisure Farm Resort's, featured below:

LEISURE FARM

SUSTAINABILITY COMMITTMENT

Leisure Farm Resort ("**Leisure Farm**"), Mulpha International Bhd's flagship project in Gelang Patah, Johor, is involved in a variety of environmental and energy conservationist efforts. Leisure Farm is built upon the SEEDS philosophy of **Sustainability, Energy, Environment, Design and Security** to offer eco-living at its best. From preserving the eco-system and biodiversity to the usage of recyclable materials wherever possible, every aspect of the development is designed for sustainability with minimal impact on the local ecology.

In the newly completed **Residensi Bayou**, the solar hot water system is manufactured from 100% recyclable materials and helps to save electricity. The homes in **Bayou Creek** have adopted green design elements – an indoor courtyard that enhances ventilation and provides natural lighting to reduce the usage of artificial sources. The homes are also fitted with energy-saving devices such as an inverter air-conditioning system and a low voltage water heating system. **Bayou Water Village** integrates a heat dissipating roof system to reduce dependency on artificial energy and uses low volatile organic compound (VOC) emulsion paint which is environmentally friendly.

Special designated green areas such as Canal Park, Kayu Manis Orchard and the Mangrove wetlands ensure that the flora and fauna growth are maintained within the development.

Leisure Farm is committed to sustainable development and principles. In meeting these objectives, the key points of our strategy are:

- To uphold Leisure Farm's SEEDS (Sustainability, Energy, Environment, Design and Security) philosophy to offer eco-living at its best.
- Actively promote and regulate recycling amongst Residents, Staff, and other Stakeholders in Leisure Farm.
- To preserve the eco-system and biodiversity by using recyclable materials wherever possible.
- To design homes with minimal impact to the environment by utilisation of natural ventilation and lighting and usage of rainwater harvesting systems.
- Selection and usage of construction materials and fixtures that are environmentally friendly and recyclable.
- To nurture and maintain the surrounding flora and fauna growth.
- Continuously reviewing our environmental aspects and impacts.
- Meeting or exceeding all applicable environmental legislation.

SUSTAINABILITY STATEMENT
(cont'd)

The committee, which was set up in November 2019, had a busy year, especially in relation to: (i) COVID-19 employee and productivity management; (ii) drafting, designing and implementation of policies driven by Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 **("MACC Act")**.

Code of Conduct

As an international investment holding company with multiple global interests, a strong code of conduct is key to building trust with our multiple stakeholders and ensuring our continued success. We place a high premium on ethical standards of behaviour, championing integrity in all our dealings.

Our Code of Conduct outlines the expected behaviour of all our employees across all our global operations, including that of third-party vendors. We expect all our employees to familiarise themselves with this Code of Conduct as well as our corporate compliance policies, which cover the following:

Legal and Regulatory Compliance	**Usage of Company Assets**
Child and Forced Labour	**Company Policies and Work Procedures**
Anti-corruption Practices	**Health, Safety and Environmental matters**
Confidentiality and Conflicts of Interest	**Accurate Reporting and Record Keeping**

Equal Rights

Mulpha ensures an anti-discriminatory work environment. As such, we do not tolerate any forms of discrimination, including gender, age, physical characteristics, race, religion, political beliefs, social status and disability.

Anti-Corruption

With the introduction of Section 17A of the MACC Act, which came into effect on 1 June 2020, we have put in place systems, policies and procedures related to anti-bribery and anti-corruption, enhanced our Whistleblowing Policy, updated our Conflict of Interest Policy and drawn up a new Gift and Entertainment Policy. In addition, we have also put in place a program to communicate to our stakeholders of Mulpha's adherence to the new legislation. During the course of the year, Mulpha also raised the awareness among internal staff to ensure full compliance with the law.

Whistleblowing

We encourage all employees and stakeholders to report any inappropriate behaviour or misconduct, especially in relation to fraud, corrupt practices, abuse or bribery involving the Company's resources.

Our Whistleblowing Policy outlines the reporting channels available to staff and stakeholders to process reported issues. In accordance with the policy, whistleblowers are ensured of their safety and confidentiality as well as a timely and fair resolution of all reported matters.

Risk Management

With international business interests, we are cognisant of the need to keep strong oversight over environmental, social and economic risks that could affect the sustainability of our business. The risks under our review include financial risks, supply chain, human capital, employee rights, environmental risks, natural resources, climate change, and regulations related to real estate, construction, finance and education.

Mulpha has put in place appropriate risk management strategies and internal control measures that are outlined on pages 53 & 54 of this Annual Report. We have regular reviews and situational analyses to monitor and devise mitigation methods and the best ways to adapt to such risks. This has helped our efforts in the management of the local environment, resources and waste disposal, and enhanced our corporate social responsibility and stakeholder engagement initiatives.

SUSTAINABILITY STATEMENT
(cont'd)

STAKEHOLDER ENGAGEMENT

At Mulpha, we acknowledge the importance of engaging our stakeholders in all aspects of our operations and activities, both locally and on the global front. In this regard, we constantly strive to strengthen our involvement with our stakeholders, enhancing sustainable value for the longer term.

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:

Internal Stakeholders	External Stakeholders
• Employees • Investors	• Customers/Residents • Government/State Councils • Communities • Customers • Suppliers • Banks/Financiers

In 2020, Mulpha continues its stakeholder engagement activities as outlined below:

Stakeholder Group	Engagement Approach	Frequency	Engagement Focus/Objectives
Employees	• Benefits and compensation • Employee dialogue • Employee satisfaction surveys	• Annually • Annually • Annually	• Employee empowerment • Employee motivation • Workplace efficiency
Customers/ Tenants/Residents	• Quality delivery • Workmanship and design • Facilities management • Satisfaction surveys • Events and engagement programmes	• At project completion • Project cycle • Daily • Annually • Annually	• Improved customer experience • Building relationships • Increased operational efficiency
Shareholders/ Investors/Analysts	• Annual general meetings • Financial results and announcements • Quarterly reports	• Annually • Quarterly • Quarterly	• Operational efficiency • ESG risks and opportunities • Transparency • High-quality assets
Communities	• Local partnerships • Involvement in the community • Infrastructure improvements • Job opportunities • Community events • Donations and sponsorships	• Ad-hoc • Annually	• Community involvement • Community support • Community relationships • Community resources
Government/ State Councils	• Compliance reporting • Sustainable building developments • Regular meetings especially during approval processes	• Annually • Ad-hoc • Regular	• Compliance • Collaborations
Supply Chain	• One-to-one meetings • Supplier briefings • Supplier evaluations including events, meetings and training programmes	• Ad-hoc	• Business relationships • Development opportunities • Supply and service efficiencies
Banks/Financiers	• Face-to-face meetings • Annual and quarterly reports	• Ad-hoc • Annually	• Interest and foreign exchange risk management • Compliance with debt covenants • New acquisitions and transactions

SUSTAINABILITY STATEMENT
(cont'd)

MATERIALITY MATTERS

Mulpha's materiality matters weigh various issues and concerns of our key stakeholders, which have been incorporated into our sustainability strategies. Regular global materiality assessments are conducted to evaluate existing local and international frameworks, standards and ratings that are of interest to our key stakeholder groups.

Our materiality assessment process involves:

Evaluate local and international sustainability frameworks, standards and ratings	Identify issues that represent the interests of our key stakeholder groups	Review the outcomes of stakeholder engagement efforts on sustainability issues	Gather feedback from senior management on issues relevant to their respective areas	Prioritise materiality matters for incorporation into our strategy and disclosure

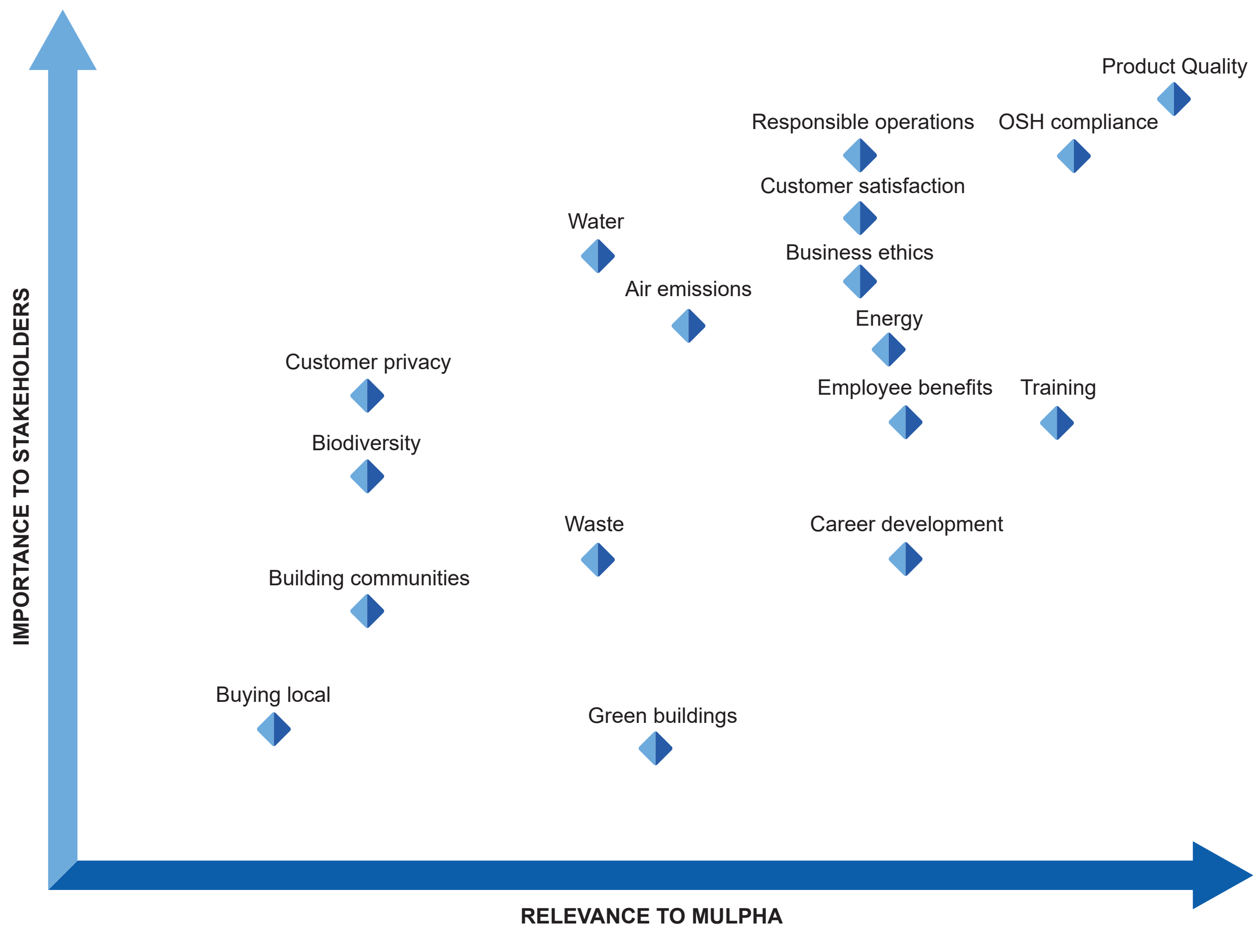
Our engagement activities and impacts on our key stakeholder groups are reviewed from time to time to enable us to make more strategic business decisions and to allocate priorities.

MARKETPLACE	WORKPLACE	COMMUNITY	ENVIRONMENT
• Managing Risks • Buying Local • Business Ethics • Quality Products and Services • Customer/Resident Satisfaction • Customer/Resident Privacy	• Employee Benefits • Occupational Safety and Health **("OSH")** • Responsible Operations • Employee Engagement • Career Development and Training	• Building communities	• Green Building • Environmental Compliance • Biodiversity • Waste • Energy • Water • Air Emissions

SUSTAINABILITY STATEMENT
(cont'd)

Materiality Matrix

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. It remains mostly unchanged from 2018.



SUSTAINABILITY STATEMENT
(cont'd)

MARKETPLACE

Mulpha will continue to balance its commercial objectives with its social responsibilities by maintaining and promoting fair and ethical business best practices wherever we operate. We believe that this is critical in nurturing a more transparent and vibrant marketplace that can help facilitate post-pandemic economic recovery.

Local Supply Chain

One of Mulpha's strengths is its network of local contractors, suppliers and manufacturers that have been carefully cultivated over time. We believe that it is now more important than ever to support and rely on our local supply chain to ensure there is minimal disruption to our business. By reaffirming our commitment to our existing local suppliers, we may be able to generate a positive multiplier effect that can help businesses recover.

While we aim to remain loyal to our suppliers, we will not compromise on our responsibility towards progressive business practices like environmental conservatism, corporate governance and social responsibility. We expect our business partners and suppliers to embrace the same ideals.

Quality Products and Services

Mulpha's strong and positive track record has been built on a foundation of product and service quality. We are able to generate strong returns on our investments from a wide range of businesses because we can deliver the highest levels of product and service quality from these assets on a consistent basis. We achieve this by working with the brightest and most knowledgeable partners in the respective sectors.

Similar to previous years, our investment portfolio has again outshined the competition by winning awards and gaining recognition from the marketplace in relation to superior product or services quality.

As a case in point, Mulpha was named the Regional Investment Award Winner at the 57th Australian Export Awards (2020) for the redevelopment, repositioning and relaunch of Hayman Island after it was devastated by cyclones. This project has also been recognised by the industry as a new benchmark for service quality in luxury resort travel.

Another example is the use of cross laminated timber (CLT) in the upcoming Bond commercial tower located in Norwest, Sydney.

Customer Satisfaction

At Mulpha, we believe that it is the entire experiential journey our customers have with our organisation that ultimately defines customer satisfaction. From the very beginning of our engagement with our customers, to the delivery of our products and services and beyond, we are mindful towards keeping our customers delighted every step of the way.

Naturally, the products and services that we provide to our customers must also be able to surpass expectations. Factors like build-quality, detailed finishes and timely delivery are critical customer satisfaction indicators. In addition, we also strive to provide value added hospitality services, which among others include on-demand housekeeping, in-house masseurs and other property related professional service for selected properties.

Our frontline teams are well trained to respond to questions and concerns when engaging with our customers. For example, one of our signature developments, *Leisure Farm*, features a One-Stop-Centre (OSC) that serves as a focal point for residents to provide any feedback, enquiries and complaints while functioning as an administrative centre for payment of maintenance fees and service charges. Our dedicated staff will attend to any of the queries or services required within one to two working days. Many of our residents have utilised the OSC and we have found it to be a platform that has contributed to higher levels of customer satisfaction and happiness within the community.

Business Conduct

Business ethics and governance is of utmost importance to the Group and we take great pride in ensuring that our business process, code of conduct, code of ethics are well understood, adhered to and communicated to all stakeholders.

With the advent of Section 17A of the MACC Act, we have updated existing and put in place new anti-bribery and anti-corruption polices to ensure we are well in compliance with the legislative requirements. In addition, we also encourage our suppliers and vendors to strictly comply with this change and we take pride in acknowledging their commitment to our high ethical standards.

SUSTAINABILITY STATEMENT
(cont'd)

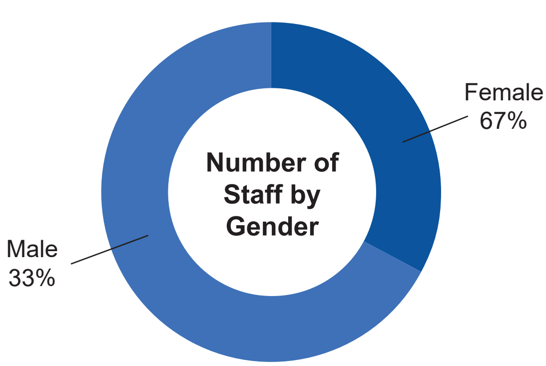
WORKPLACE

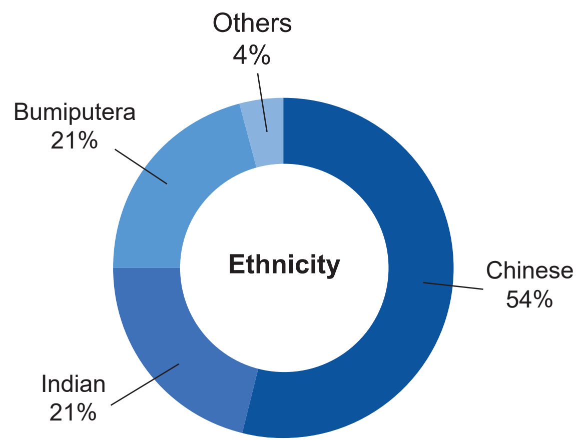
The competency of our employees is a key driver of Mulpha's continued growth and success. As such, our recruitment process has been developed to attract the best talents who are also aligned with our core believe system, our goals and our business objectives.

In attracting people with the right skill-set and mind-set, we offer very competitive remuneration packages backed by a progressive talent development program. Our work culture is performance driven and this has been inculcated as part of the Mulpha family culture and believe system.

As for our headcount for the year under review, our headcount in Malaysia was marginally reduced to 59 from 64 in the previous corresponding year. As for our Australian operations, total headcount stood at 1,113 as at 31 December 2020, down from 1,284 in 2019. This decline was due to the closure of all three hotels in Australia for the period between three and six months. As such, the Group had no choice but to stand down staff without pay for a period of time, or have them work based on reduced days or hours.

As an equal opportunity employer, 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 (54%), followed by ethnic-Indians at 21% and Bumiputera at 21%. Others at 4%. In terms of gender, the male employees make up 33% while female accounts for 67%.





Workplace Health and Safety

Workplace health and safety is always a priority at Mulpha. This is reflected in the Group's Workplace Health & Safety Policy, which covers all aspects of our value chain and is constantly updated, monitored, audited and reviewed so that the latest and most up to date practices and processes are in place.

This policy was put into action from the very start of the COVID-19 crisis. We took an extraordinary step to hold all our managers responsible and accountable for their respective employees' health, safety and welfare. We also provided additional support to assist our managers to carry out their responsibilities in an earnest and dedicated manner. At the same time, no expenses nor effort were spared in putting in place the necessary SOPs and monitoring systems throughout our business operations.

Work-from-home protocols were also carried out throughout our operations in adherence to the call for social distancing. In order to ensure minimal disruptions to our operations, we utilised video-conferencing technologies frequently.

The COVID-19 pandemic requires our organisation to always be alert and vigilant in safeguarding our employees and our stakeholders. In achieving this, Mulpha has put in place a platform to encourage active participation, two-way communication and cooperation of not only our employees but also all our stakeholders. Our goal is to constantly improve, promote and develop our approach towards health and safety at work.

SUSTAINABILITY STATEMENT
(cont'd)

Employee Benefits

Employees at Mulpha are evaluated and compensated based on their Key Performance Indicators as well as their capabilities or character in terms of their contribution to the Company. A competitive remuneration package is provided based on their performance evaluation and scoring system.

This is supplemented with competitive and fair benefits to all our employees, which include:

- Health Coverage
- Dental Coverage
- Insurance
- Travel Allowance
- Professional Society Membership
- Employee Service Award
- Education Assistance
- Study Leave
- Employee Discounts
- Maternity and Paternity Leave

Mulpha also values staff loyalty and staying-power, which have been instrumental in the Company's performance and growth over the years.

Training and Development

Training is an integral part of Mulpha's strategy to provide its employees with the right tools, knowledge, learning and on-the-job training to enable them to carry out their respective task effectively and efficiently.

The Group's training programme starts from day one in the form of an Induction Programme where all new employees are required to attend. Subsequently, the Human Resources Department carries out a series of training initiatives for all levels of staff throughout the year.

Due the COVID-19 pandemic situation, much of the training programmes for the year under review were conducted via distance learning and e-platforms. Despite the pandemic, Mulpha spent over RM204,000 on training initiatives.

The down-time period brought about by movement control or lockdowns also provided our employees with a great opportunity to learn, re-learn, re-skill or even to improve their knowledge in various fields other than their traditional roles. This has helped our employees to be better prepared in today's challenging environment and for their own career advancement.

Embracing Anti-Discriminatory Practices

At Mulpha, we are conscious of the need to maintain our edge as a preferred and fair employer. We embrace diversity within our workforce which comprises a mix of employees from different genders, age groups and ethnicity. We also believe in practising non-discrimination regardless of race, caste, national origin, religion, marital status, union membership, disability, social standings or political affiliation. We believe in equal rights in all our business activities and in dealing with our esteemed employees.

Employee Engagement

We engage with our employees through various platforms, both informal and formal, online and face-to-face. Physical face-to-face engagements were kept to a minimal in 2020 and were replaced by meetings via online platforms.

COMMUNITY

Mulpha has remained committed to contributing back to our society. Predicated on the philosophy of "Charity Begins at Home", our community outreach and enrichment programmes have always centred on the communities where we operate in.

Due to COVID-19, our engagement with the community during the course of the year was limited. Nevertheless, as an organisation, we have contributed in cash or in kind to various charities and causes throughout Johor, where our development Leisure Farm is located.

ENVIRONMENT

As an investor in the real estate and hospitality sectors, Mulpha embraces the need to reduce our environmental footprint generated from our operations. In achieving this, we have integrated environmental conservatism and protection aspects into our operational processes and value chain. We are also putting in place innovations in our developments that are not only 'green' but can also create value for our customers and other stakeholders.

SUSTAINABILITY STATEMENT
(cont'd)

In 2020, one of our notable initiatives in safeguarding our environment was the relocation of some 50 trees that would be required to be cut down for a road widening project. Mulpha took the initiative to save these trees by moving them to our compound at our own cost.

Green Building

Mulpha has deployed innovative concepts and tools to help minimise the environmental impact of our developments. Our energy efficient buildings adopt the Sustainability, Energy, Environment, Design and Security (SEEDS) philosophy, which helps us to achieve green building status for our developments. Based on the positive reception of these projects from our customers and stakeholders, we will continue to promote the principles of environmentally friendly buildings and developments in our future undertakings and portfolio.

Environmental Compliance

As environmental issues are well covered by both the Malaysian Environmental Quality Act 1974 and the Australian Environmental Protection Act 1994, Mulpha requires all our contractors to comply with the same legislative requirements.

Our Workplace Health & Safety Policy also ensures we provide a hazard-free working environment for our staff and conducive for our visitors and contractors.

Through the promotion of a positive safety culture and regulatory compliance espoused by this policy, Mulpha is pleased to report that there has been no breach in compliance to all applicable environmental acts and regulations for the year under review.

For the year under review, we are pleased to inform that with the stringent policy in place, there has not been any breach of compliance to any legislative acts or regulations.

Biodiversity

Mulpha has always strived to conserve the natural environment as much as possible. Our efforts to maintain biodiversity is seen at Leisure Farm Resort – a development whereby some 24% of space remains green, comprising parks, camping grounds and orchards bearing fruits and vegetables. Our residents, the local community and visitors are attracted to the lush flora and fauna that we have protected. In addition, tree shades make up significant 74% of hardscape and 20% of green spaces, while 15% of open space is represented by canals and ponds.

For our Sanctuary Cove Marina project in Australia, we continue to provide undivided support for the Marine Industries Environmental Clean Marina Program. Our project has also kept its International Clean Marina Level 4 Accreditation for the year 2020. The area is maintained together with the community of Sanctuary Cove and currently has a decent population of kangaroos too with a total population of more than 350.

Waste Management

Mulpha has been increasing our recycling initiatives during the pandemic to extend the life cycle of the materials that are used, both in our business operations and development activities.

At Residensi Bayou at Leisure Farm Resort, our design was specifically made to cater for 20% recycled content materials and 30% of regional materials at cost. In addition, the Green Building Index has also been used in our building and operations requirements. These initiatives are in accordance with our commitment to reduce wastage of materials and to encourage the deployment of environmentally-friendly materials for our projects and development.

In Australia, Transport House has a waste management plan to help waste ending up at the landfill. With a price of more than AUD1.00 per kilogram, the cost of waste management would be effectively reduced with this plan.

SUSTAINABILITY STATEMENT
(cont'd)

Energy Management

In addressing climate change, our efforts to reduce the consumption of fuel and electricity by:

- Analysis of electricity consumption for all our hotels in Australia;
- Adoption and deployment of Solar Photovoltaic Panels at our development;
- Using natural light and ventilation for our building designs and development; and
- Continuous energy-saving efforts for our business operations, including at offices and construction sites, especially in relation to downtime for machinery and equipment.

Water Management

Water is life and with a finite supply, and as such we have adopted water-saving initiatives in all our projects, both in Malaysia and Australia. In Malaysia, our rainwater harvesting system in Residensi Bayou and our various villa projects continue to minimise water usage and save overall operational cost. We also use creek water for the purposes of water plants and trees at Leisure Farm Resort.

Air Emissions Management

Global warming and ozone depletion are continuous challenges the world is facing today. At Mulpha, we are very well aware of these issues and are in the forefront of change behaviour when it comes to protecting the environment's ecosystem. One of the efforts that we have carried out is the complete phase out of ozone depleting gas HCFC-22 in the air conditioning units in our properties.

For our Norwest Marketown Shopping Centre, we are now deploying 410A gas for our air conditioning system as it is a more efficient refrigerant when compared with the previously used R-22 gas. In addition, 410A gas does not contain Freon, which is not only a key compound in ozone depletion but carcinogenic.

06 FINANCIAL STATEMENTS

HAYMAN ISLAND

Experience the pinnacle of Hayman Island with its most exclusive residence: the Three Bedroom Hayman Beach House. The private estate is nestled on the Hayman beachfront with unrivalled, unobstructed views of the Coral Sea.

FINANCIAL STATEMENTS

DIRECTORS' REPORT
for the year ended 31 December 2020

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

PRINCIPAL ACTIVITIES

The 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.

ULTIMATE HOLDING COMPANY

The Company is not a subsidiary of any corporation, which is regarded by the Directors as the Company's ultimate holding company, during the financial year and until the date of this report.

SUBSIDIARIES

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

RESULTS

	Group RM'000	Company RM'000
(Loss)/Profit for the year attributable to:		
Owners of the Company	(58,366)	52,587
Non-controlling interests	1,237	-
	(57,129)	52,587

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 (appointed on 1.4.2020)
Dato' Yusli Bin Mohamed Yusoff (resigned on 18.2.2020)

The list of Directors in Company's respective subsidiaries are disclosed in Note 6.

DIRECTORS' REPORT

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

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 1.1.2020**	**Acquired**	**Sold**	**At 31.12.2020**
Direct interest				
Lee Seng Huang	12,000,000	-	-	12,000,000
Deemed interest				
Lee Seng Huang	143,650,108	-	-	143,650,108

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 2020 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 benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than as disclosed in Note 35 to the financial statements.

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 22 December 2020, the Company cancelled its entire treasury shares of 152,210 units pursuant to Section 127 of the Companies Act 2016. After the cancellation, the Company's issued share capital decreased from RM2,037,459,000 to RM2,036,698,000.

As at 31 December 2020, the Company has no treasury shares. The total number of ordinary shares in issue is 319,466,430.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS' REPORT

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

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of insurance premium paid for the Directors and officers of the Group was RM313,852.

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.

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, except for those disclosed in Note 37 to the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2020 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.

DIRECTORS' REPORT

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

SIGNIFICANT EVENT

The significant event is disclosed in Note 37 to the financial statements.

SUBSEQUENT EVENTS

The subsequent events are disclosed in Note 38 to the financial statements.

AUDITORS

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

The auditors' remuneration is disclosed in Note 28 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: 9 April 2021

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2020

		Group		Company	
	Note	2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
Assets					
Property, plant and equipment	3	**1,123,445**	1,022,286	**32**	58
Right-of-use assets	4	**14,269**	13,658	**-**	-
Investment properties	5	**1,199,693**	1,051,756	**-**	-
Investments in subsidiaries	6	**-**	-	**1,615,277**	1,615,459
Investments in associates	7	**119,043**	126,985	**15,622**	15,622
Investments in joint ventures	8	**55,530**	59,199	**-**	-
Investment securities	9	**575,784**	534,296	**1,043**	1,043
Other investments	10	**5,086**	5,086	**5,057**	5,057
Goodwill	11	**2,129**	2,705	**-**	-
Inventories	12	**603,341**	496,403	**-**	-
Trade and other receivables	13	**44,588**	52,028	**559,705**	278,960
Other non-current assets	14	**14,430**	15,851	**-**	-
Deferred tax assets	15	**-**	12,935	**-**	-
Total non-current assets		**3,757,338**	3,393,188	**2,196,736**	1,916,199
Inventories	12	**806,135**	878,885	**-**	-
Contract assets	16	**-**	492	**-**	-
Trade and other receivables	13	**230,490**	396,962	**238,995**	463,751
Other current assets	17	**19,496**	34,867	**37**	46
Investment securities	9	**161,200**	166,994	**-**	-
Current tax assets		**15,505**	2,380	**-**	-
Cash and cash equivalents	18	**296,566**	351,851	**246**	35
		1,529,392	1,832,431	**239,278**	463,832
Assets classified as held for sale	19	**79,839**	79,757	**-**	-
Total current assets		**1,609,231**	1,912,188	**239,278**	463,832
Total assets		**5,366,569**	5,305,376	**2,436,014**	2,380,031

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2020

(cont'd)

		Group		Company	
	Note	2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
Equity					
Share capital	20	**2,036,698**	2,037,459	**2,036,698**	2,037,459
Treasury shares	20	**-**	(318)	**-**	(318)
Reserves	21	**127,417**	(36,376)	**107**	107
Retained earnings		**810,908**	868,946	**304,672**	251,642
Total equity attributable to owners of the Company		**2,975,023**	2,869,711	**2,341,477**	2,288,890
Non-controlling interests	6	**22,761**	20,898	**-**	-
Total equity		**2,997,784**	2,890,609	**2,341,477**	2,288,890
Liabilities					
Loans and borrowings	22	**468,323**	645,631	**-**	-
Lease liabilities		**47,909**	46,027	**-**	-
Trade and other payables	23	**6,828**	4,808	**-**	-
Contract liabilities	16	**16,017**	-	**-**	-
Provision for liabilities	24	**6,911**	6,404	**-**	-
Deferred tax liabilities	15	**60,007**	95,732	**-**	-
Total non-current liabilities		**605,995**	798,602	**-**	-
Loans and borrowings	22	**1,506,850**	1,340,966	**93,003**	86,946
Lease liabilities		**3,490**	3,096	**-**	-
Trade and other payables	23	**176,834**	154,994	**884**	3,300
Contract liabilities	16	**43,345**	45,811	**-**	-
Current tax liabilities		**5,451**	43,192	**650**	895
Provision for liabilities	24	**26,820**	28,106	**-**	-
Total current liabilities		**1,762,790**	1,616,165	**94,537**	91,141
Total liabilities		**2,368,785**	2,414,767	**94,537**	91,141
Total equity and liabilities		**5,366,569**	5,305,376	**2,436,014**	2,380,031

The notes on pages 85 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 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	25	**617,374**	850,011	**17,329**	17,777
Other income	26	**112,723**	384,706	**49,941**	23,875
Land and property development costs		**(178,388)**	(154,798)	**-**	-
Finished goods and services rendered		**(45,694)**	(92,343)	**-**	-
Employee benefits expenses		**(214,102)**	(279,899)	**(1,015)**	(997)
Depreciation and amortisation		**(55,575)**	(51,321)	**(26)**	(27)
Net loss on impairment of financial instruments		**(6,793)**	(1,859)	**-**	-
Other expenses		**(216,784)**	(658,336)	**(7,500)**	(19,983)
Results from operating activities		**12,761**	(3,839)	**58,729**	20,645
Finance costs	27	**(69,092)**	(96,484)	**(3,966)**	(4,389)
Share of loss of associates		**(13,076)**	(113,623)	**-**	-
Share of loss of joint ventures		**(9,471)**	(911)	**-**	-
(Loss)/Profit before tax	28	**(78,878)**	(214,857)	**54,763**	16,256
Tax benefit/(expense)	29	**21,749**	3,739	**(2,176)**	(3,243)
(Loss)/Profit for the year		**(57,129)**	(211,118)	**52,587**	13,013
Other comprehensive income/(expense)					
Items that will not be reclassified subsequently to profit or loss					
Net change in fair value of equity investments designated at fair value through other comprehensive income		**(13,710)**	-	**-**	-
		(13,710)	-	**-**	-

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2020

(cont'd)

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Items that are or may be reclassified subsequently to profit or loss					
Exchange reserve transfer to profit or loss upon disposal of an associate		**-**	(92,185)	**-**	-
Foreign currency translation differences for foreign operations		**180,657**	(41,015)	**-**	-
Share of other comprehensive (expense)/ income of associates		**(24)**	12	**-**	-
		180,633	(133,188)	**-**	-
Other comprehensive income/(expense) for the year		**166,923**	(133,188)	**-**	-
Total comprehensive income/(expense) for the year		**109,794**	(344,306)	**52,587**	13,013
(Loss)/Profit attributable to:					
Owners of the Company		**(58,366)**	(211,875)	**52,587**	13,013
Non-controlling interests		**1,237**	757	**-**	-
(Loss)/Profit for the year		**(57,129)**	(211,118)	**52,587**	13,013
Total comprehensive income/(expense) attributable to:					
Owners of the Company		**107,403**	(345,058)	**52,587**	13,013
Non-controlling interests		**2,391**	752	**-**	-
Total comprehensive income/(expense) for the year		**109,794**	(344,306)	**52,587**	13,013
Loss per ordinary share (sen)	30	**(18.27)**	(66.32)		

The notes on pages 85 to 186 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2020

	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 2019	2,037,459	32,520	68,545	(62,205)	(318)	1,141,339	3,217,340	(81)	3,217,259
Exchange reserve transfer to profit or loss upon disposal of an associate	-	(92,185)	-	-	-	-	(92,185)	-	(92,185)
Foreign currency translation differences for foreign operations	-	(41,010)	-	-	-	-	(41,010)	(5)	(41,015)
Share of other comprehensive income of associates	-	12	-	-	-	-	12	-	12
Total other comprehensive expense for the year	-	(133,183)	-	-	-	-	(133,183)	(5)	(133,188)
(Loss)/Profit for the year	-	-	-	-	-	(211,875)	(211,875)	757	(211,118)
Total comprehensive (expense)/ income for the year	-	(133,183)	-	-	-	(211,875)	(345,058)	752	(344,306)
Acquisition of a subsidiary	-	-	-	-	-	-	-	20,721	20,721
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(494)	(494)
Transfer within reserve	-	-	-	60,518	-	(60,518)	-	-	-
Total transactions with owners of the Company	-	-	-	60,518	-	(60,518)	-	20,227	20,227
Share of other reserve of associates	-	-	-	(2,571)	-	-	(2,571)	-	(2,571)
At 31 December 2019	2,037,459	(100,663)	68,545	(4,258)	(318)	868,946	2,869,711	20,898	2,890,609
	Note 20	**Note 21**	**Note 21**	**Note 21**	**Note 20**				

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

	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 2020	2,037,459	(100,663)	68,545	(4,258)	(318)	868,946	2,869,711	20,898	2,890,609
Net change in fair value of equity investments designated at fair value through other comprehensive income	-	-	-	(13,177)	-	-	(13,177)	(533)	(13,710)
Foreign currency translation differences for foreign operations	-	178,970	-	-	-	-	178,970	1,687	180,657
Share of other comprehensive expense of associates	-	(24)	-	-	-	-	(24)	-	(24)
Total other comprehensive income/ (expense) for the year	-	178,946	-	(13,177)	-	-	165,769	1,154	166,923
(Loss)/profit for the year	-	-	-	-	-	(58,366)	(58,366)	1,237	(57,129)
Total comprehensive income/ (expense) for the year	-	178,946	-	(13,177)	-	(58,366)	107,403	2,391	109,794
Cancellation of treasury shares	(761)	-	-	-	318	443	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(528)	(528)
Total transactions with owners of the Company	(761)	-	-	-	318	443	-	(528)	(528)
Share of other reserve of associates	-	-	-	(2,091)	-	-	(2,091)	-	(2,091)
Transfer upon the disposal of equity investment designated at FVOCI	-	-	-	115	-	(115)	-	-	-
At 31 December 2020	2,036,698	78,283	68,545	(19,411)	-	810,908	2,975,023	22,761	2,997,784
	Note 20	Note 21	Note 21	Note 21	Note 20				

The notes on pages 85 to 186 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2020

	← *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 2019	2,037,459	(393)	(318)	239,129	2,275,877
Profit and total comprehensive income for the year	-	-	-	13,013	13,013
Transfer within reserve	-	500	-	(500)	-
At 31 December 2019/ 1 January 2020	2,037,459	107	(318)	251,642	2,288,890
Profit and total comprehensive income for the year	-	-	-	52,587	52,587
Cancellation of treasury shares	(761)	-	318	443	-
At 31 December 2020	**2,036,698**	**107**	**-**	**304,672**	**2,341,477**
	Note 20	**Note 21**	**Note 20**		

The notes on pages 85 to 186 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash flows from operating activities					
(Loss)/Profit before tax		**(78,878)**	(214,857)	**54,763**	16,256
Adjustments for:					
Bad debts written off		**943**	3,301	**-**	-
Change in fair value of investment properties	5	**13,279**	(62,895)	**-**	-
Dividend income		**(177)**	(157)	**(17,329)**	(17,777)
Exchange reserve transfer to profit or loss upon disposal of an associate	7	**-**	(92,185)	**-**	-
Fair value loss/(gain) on financial assets at fair value through profit or loss		**2,293**	(1,180)	**-**	-
Impairment loss on assets classified as held for sale		**6,117**	-	**-**	-
Impairment loss on financial assets:					
- Investment securities		**-**	35	**-**	-
- Trade and other receivables		**4,500**	1,859	**-**	-
Impairment loss on investment in an associate	7	**-**	312,710	**-**	-
Impairment loss on investments in subsidiaries	6	**-**	-	**182**	3,276
Interest expense		**69,092**	96,484	**3,966**	4,389
Interest income		**(25,511)**	(20,690)	**(15,709)**	(20,809)
Inventories written down		**10,235**	5,551	**-**	-
Investment properties:					
- Loss on disposal	5	**1,975**	-	**-**	-
- Written off	5	**-**	49	**-**	-
Net (gain)/loss on disposal of investment securities		**(91)**	31	**-**	(3)
Net unrealised foreign exchange (gain)/loss		**(166)**	(12)	**(34,125)**	6,797
Other non-current assets:					
- Amortisation		**2,704**	2,513	**-**	-
- Impairment loss		**-**	343	**-**	-
- Written off		**-**	18	**-**	-
Property, plant and equipment:					
- Depreciation	3	**49,400**	45,074	**26**	27
- Impairment loss	3	**5,949**	75,264	**-**	-
- Loss/(Gain) on disposal		**63**	(82,968)	**-**	-
- Written off	3	**69**	36	**-**	-
Provision for staff benefits	24	**24,481**	30,227	**-**	-
Provision for repairs	24	**1,889**	910	**-**	-

STATEMENTS OF CASH FLOWS

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

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash flows from operating activities (cont'd)					
Adjustments for: (cont'd)					
Reversal of impairment loss on trade and other receivables		**-**	(228)	**-**	-
Right-of-use assets:					
- Depreciation	4	**3,471**	3,734	**-**	-
- Impairment loss	4	**-**	3,416	**-**	-
Share of loss of associates	7	**13,076**	113,623	**-**	-
Share of loss of joint ventures	8	**9,471**	911	**-**	-
Waiver of amount due to a subsidiary		**-**	-	**-**	(2,979)
Operating profit/(loss) before changes in working capital		**114,184**	220,917	**(8,226)**	(10,823)
Inventories		**15,178**	27,623	**-**	-
Contract assets		**492**	81	**-**	-
Receivables		**165,384**	(18,923)	**27**	(49)
Other current assets		**16,920**	(6,180)	**9**	-
Other non-current assets		**404**	1,370	**-**	-
Payables		**14,323**	464	**(1,611)**	1,008
Contract liabilities		**9,343**	26,898	**-**	-
Other non-current liabilities		**1,530**	1,530	**-**	-
Intercompany balances		**-**	-	**(4,547)**	(18,865)
Cash generated from/(used in) operations		**337,758**	253,780	**(14,348)**	(28,729)
Interest paid		**(69,100)**	(98,337)	**(3,966)**	(4,389)
Interest received		**15,538**	19,671	**13,044**	19,733
Income tax paid		**(56,241)**	(14,904)	**(2,421)**	(2,222)
Staff benefits paid		**(29,681)**	(25,278)	**-**	-
Net cash from/(used in) operating activities		**198,274**	134,932	**(7,691)**	(15,607)
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	**(92,948)**	(189,843)	**-**	-
Acquisition of investment properties	5	**(59,450)**	-	**-**	-
Capital expenditure of investment properties	5	**(21,932)**	(18,035)	**-**	-
Acquisition of subsidiaries		**-**	(3,595)	**-**	-
Additional investment in an associate		**(4,455)**	-	**-**	-
Acquisition of a joint venture	8	**(70)**	(42,132)	**-**	-
Additional investment in a joint venture	8	**(3,857)**	-	**-**	-
Acquisition of business	3	**-**	(5,554)	**-**	-
Acquisition of other investments	10	**-**	(2)	**-**	(2)

STATEMENTS OF CASH FLOWS

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

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash flows from investing activities (cont'd)					
Government grants received	3	**10,502**	-	**-**	-
Proceeds from disposal of:					
- Property, plant and equipment		**26**	182,286	**-**	-
- Investment in an associate		**-**	280,420	**-**	-
- Investment securities		**2,090**	218	**-**	158
Redemption of investment securities		**-**	82,800	**-**	-
Dividend received		**177**	157	**1,845**	5,968
Dividend received from associates and joint ventures		**9,764**	25,916	**-**	-
Net cash (used in)/from investing activities		**(160,153)**	312,636	**1,845**	6,124
Cash flows from financing activities					
Dividend paid to non-controlling interests of subsidiaries		**(528)**	(494)	**-**	-
Payment of lease liabilities		**(3,270)**	(3,958)	**-**	-
Placement of pledged deposits		**(1,627)**	(7,585)	**-**	-
Net (repayment)/drawdown of borrowings		**(102,695)**	(236,068)	**5,000**	10,014
Net cash (used in)/from financing activities		**(108,120)**	(248,105)	**5,000**	10,014
Net (decrease)/increase in cash and cash equivalents		**(69,999)**	199,463	**(846)**	531
Effect of exchange rate fluctuations on cash held		**11,049**	(5,184)	**-**	-
Cash and cash equivalents at 1 January		**318,310**	124,031	**(911)**	(1,442)
Cash and cash equivalents at 31 December		**259,360**	318,310	**(1,757)**	(911)

STATEMENTS OF CASH FLOWS

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

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	2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
Cash and bank balances	18	**136,645**	100,790	**246**	35
Deposits	18	**159,921**	251,061	**-**	-
		296,566	351,851	**246**	35
Less: Pledged bank balances and deposits		**(34,140)**	(32,513)	**-**	-
Bank overdrafts	22	**(3,066)**	(1,028)	**(2,003)**	(946)
		259,360	318,310	**(1,757)**	(911)

Cash outflows for leases as a lessee

		Group		Company	
	Note	2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
Included in net cash from operating activities					
Interest paid in relation to lease liabilities	27	**2,946**	3,429	**-**	-
Included in net cash from financing activities					
Payment of lease liabilities		**3,270**	3,958	**-**	-
Total cash outflows for leases		**6,216**	7,387	**-**	-

The notes on pages 85 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 2020 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 2020 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 9 April 2021.

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 June 2020

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 April 2021

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

1. BASIS OF PREPARATION (Cont'd)

(a) Statement of compliance (Cont'd)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018−2020)**
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018−2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018−2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment − Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets − Onerous Contracts − Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018−2020)**

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

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*

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*

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

- from the annual period beginning on 1 January 2021 for the amendment that is effective for annual periods beginning on or after 1 June 2020.
- from the annual period beginning on 1 January 2021 for those amendments that are effective for annual periods beginning on or after 1 January 2021.
- from the annual period beginning on 1 January 2021 for those amendments that are effective for annual periods beginning on or after 1 April 2021.
- from the annual period beginning on 1 January 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022, except for those marked with "*" which are not applicable to the Group and the Company.
- 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 MFRS 17 which is not applicable to the Group and Company.

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.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

1. BASIS OF PREPARATION (Cont'd)

(b) Basis of measurement

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

The Group has prepared its financial statements by applying the going concern assumption, notwithstanding that as at 31 December 2020, the current liabilities of the Group exceeded its current assets by RM153,559,000, thereby indicating the existence of a condition that may cast significant doubt on the Group's ability to continue as a going concern.

The validity of the going concern assumption is dependent upon the following:

(i) the banks continue to provide the required financing facilities to the Group; and
(ii) ability of the Group to generate sufficient cash from its operations

to enable the Group to fulfill its obligations as and when they fall due so as to ensure the Group's ability to continue as a going concern for the foreseeable future.

Subsequent to balance sheet reporting date, banking facilities of RM841,650,000 was extended as disclosed in Note 38.

As at the date of this report, there is no reason for the Directors to believe that the banks will not continue to provide the required financing facilities and that the Group will not generate sufficient cash from its operations. Accordingly, the financial statements of the Group does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to amounts and classification of liabilities that may be necessary if the Group is unable to continue as a going concern.

(c) Functional and presentation currencies

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 12 – recoverability of development inventories
- Note 15 – recognition of deferred tax assets/liabilities

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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 or a joint venture 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 associate or joint venture's 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.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(a) Basis of consolidation (Cont'd)

(v) Associates (Cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(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.

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.

NOTES TO THE
FINANCIAL STATEMENTS
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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")

(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.

(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. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). 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)).

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Financial instruments (Cont'd)

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

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

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Financial instruments (Cont'd)

(iii) Financial guarantee contracts (Cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

(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.

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

• Aircraft	18 years
• Freehold buildings	14 - 99 years
• Land improvements	10 - 40 years
• Plant, machinery, office equipment and furniture	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

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Leases (Cont'd)

(i) Definition of a lease (Cont'd)

- 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Leases (Cont'd)

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

(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.

(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)).

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(h) Investment property (Cont'd)

(ii) Reclassification to/from investment property (Cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) Contract asset/Contract liability

A contract asset is recognised when the Group's or the Company'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 or the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(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 statement 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.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(l) Impairment (Cont'd)

(i) Financial assets (Cont'd)

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.

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 and intangible assets that have indefinite useful lives or that are not yet available for use, 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(l) Impairment (Cont'd)

(ii) Other assets (Cont'd)

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.

(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 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.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) Employee benefits (Cont'd)

(ii) State plans

The Group'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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(r) Income tax (Cont'd)

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.

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 Exco 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.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(u) Contingencies (Cont'd)

(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
(cont'd)

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 2019		182,385	23,746	796,998	485,406	103,411	289,026	1,880,972
Additions		-	-	5,765	5,873	-	178,205	189,843
Disposals		(27,427)	-	(66,343)	(81,084)	-	-	(174,854)
Written off		-	-	-	(50)	-	(22)	(72)
Reclassifications		-	-	244,178	128,066	-	(372,244)	-
Transfer to investment properties		-	-	-	-	-	(141)	(141)
Adjustments		-	-	(6)	(171)	-	(164)	(341)
Effect of movements in exchange rates		(2,871)	(407)	(12,859)	(7,194)	(1,246)	(4,944)	(29,521)
At 31 December 2019/1 January 2020		**152,087**	**23,339**	**967,733**	**530,846**	**102,165**	**89,716**	**1,865,886**
Additions		**-**	**719**	**2,633**	**4,296**	**-**	**85,300**	**92,948**
Disposals		**-**	**-**	**-**	**(194)**	**-**	**(86)**	**(280)**
Written off		**-**	**-**	**-**	**(413)**	**-**	**(2,404)**	**(2,817)**
Reclassifications		**583**	**(583)**	**(61,877)**	**101,379**	**-**	**(39,502)**	**-**
Government investment grants received	3.5	**-**	**-**	**-**	**-**	**-**	**(10,502)**	**(10,502)**
Effect of movements in exchange rates		**11,938**	**1,879**	**71,725**	**48,107**	**(1,503)**	**9,447**	**141,593**
At 31 December 2020		**164,608**	**25,354**	**980,214**	**684,021**	**100,662**	**131,969**	**2,086,828**

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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

Group	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 loss							
At 1 January 2019							
Accumulated depreciation	-	9,625	204,449	266,247	13,419	-	493,740
Accumulated impairment losses	8,088	-	100,828	121,259	-	88,702	318,877
	8,088	9,625	305,277	387,506	13,419	88,702	812,617
Depreciation for the year	-	553	17,710	21,081	5,730	-	45,074
Impairment for the year	-	-	12,709	-	-	62,555	75,264
Disposals	-	-	(22,827)	(52,709)	-	-	(75,536)
Written off	-	-	-	(36)	-	-	(36)
Reclassifications	-	33	39,050	95,924	-	(135,007)	-
Adjustments	-	-	(2)	(61)	-	2	(61)
Effect of movements in exchange rates	(138)	(168)	(5,173)	(6,073)	(217)	(1,953)	(13,722)
At 31 December 2019							
Accumulated depreciation	-	10,043	195,937	230,730	18,932	-	455,642
Accumulated impairment losses	7,950	-	150,807	214,902	-	14,299	387,958
	7,950	10,043	346,744	445,632	18,932	14,299	843,600

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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

Group	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 loss (Cont'd)							
At 1 January 2020							
Accumulated depreciation	**-**	**10,043**	**195,937**	**230,730**	**18,932**	**-**	**455,642**
Accumulated impairment losses	**7,950**	**-**	**150,807**	**214,902**	**-**	**14,299**	**387,958**
	7,950	**10,043**	**346,744**	**445,632**	**18,932**	**14,299**	**843,600**
Depreciation for the year	**-**	**7,535**	**10,199**	**25,853**	**5,813**	**-**	**49,400**
Impairment for the year	**-**	**-**	**-**	**-**	**5,949**	**-**	**5,949**
Disposals	**-**	**-**	**-**	**(191)**	**-**	**-**	**(191)**
Written off	**-**	**-**	**(26)**	**(318)**	**-**	**(2,404)**	**(2,748)**
Reclassifications	**-**	**(1,175)**	**951**	**10,562**	**-**	**(10,338)**	**-**
Effect of movements in exchange rates	**637**	**1,266**	**28,490**	**37,271**	**(557)**	**266**	**67,373**
At 31 December 2020							
Accumulated depreciation	**-**	**17,669**	**221,462**	**275,243**	**24,188**	**-**	**540,385**
Accumulated impairment losses	**8,587**	**-**	**164,896**	**243,566**	**5,949**	**1,823**	**422,998**
	8,587	**17,669**	**386,358**	**518,809**	**30,137**	**1,823**	**963,383**
Carrying amounts							
At 1 January 2019	174,297	14,121	491,721	97,900	89,992	200,324	1,068,355
At 31 December 2019/ 1 January 2020	144,137	13,296	620,989	85,214	83,233	75,417	1,022,286
At 31 December 2020	**156,021**	**7,685**	**593,856**	**165,212**	**70,525**	**130,146**	**1,123,445**

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

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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

Company	*Plant and equipment RM'000
Cost	
At 1 January 2019/31 December 2019/1 January 2020/31 December 2020	**1,093**
Accumulated depreciation	
At 1 January 2019	1,008
Depreciation for the year	27
At 31 December 2019/1 January 2020	1,035
Depreciation for the year	26
At 31 December 2020	**1,061**
Carrying amounts	
At 1 January 2019	85
At 31 December 2019/1 January 2020	58
At 31 December 2020	**32**

* *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 22 are as follows:

		Group	
	Note	2020 RM'000	2019 RM'000
Land		**92,925**	91,077
Land improvements		**4,676**	4,469
Buildings		**518,331**	554,983
Plant and equipment		**125,795**	55,009
Aircraft		**70,525**	83,233
Capital work-in-progress	a	**124,446**	75,233
		936,698	864,004

Note a

Capital work-in-progress mainly comprise of marina expansion and refurbishment of hotel assets located in Sydney and Sanctuary Cove, Australia.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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

3.2 Impairment

The Group has performed an impairment assessment on its aircraft in view of the impairment indicator on overall aviation industry impacted by COVID-19 pandemic. The recoverable amount of the aircraft was determined based on its fair value less cost of disposal, in which the fair value is referenced to an external market valuation performed by an independent global aviation consulting provider. The Group recognised an impairment loss of RM5,949,000 on its aircraft which was stated in excess of its recoverable amount.

In the previous financial year, the Group recognised an impairment loss of RM75,264,000 on Hayman Island Resort in view of the assessed impairment indicator on the hospitality industry impacted by the Australian bushfires and COVID-19 outbreak. The recoverable amount of the hotel assets, Hayman Island Resort, was determined based on value in use by discounting the future cash flows expected to be generated from its business operations.

The key assumptions used in the determination of the recoverable amount were as follows:

Items	Assumptions used
Growth rate	2%
Discount rate	11.5%
Terminal yield	9.5%

3.3 Land

Included in the total carrying amounts of land are:

	Group 2020 RM'000	Group 2019 RM'000
Freehold land	**156,021**	144,137
Leasehold land with unexpired lease period of more than 50 years	**8,587**	7,950
Less: Accumulated impairment losses	**(8,587)**	(7,950)
	-	-
	156,021	144,137

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 2020 RM'000	Group 2019 RM'000
Lease income	**9,348**	10,211

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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

3.5 Government investment grants received

The Group has received a grant from the Queensland Government to rebuild Hayman Island's infrastructure project. During the financial year, RM10,502,000 (2019: Nil) grant was deducted from the capital work in progress's carrying amount.

4. RIGHT-OF-USE ASSETS

Group	Note	2020 RM'000	2019 RM'000
At 1 January		**13,658**	-
Addition		**3,242**	20,758
Depreciation	4.1	**(3,471)**	(3,734)
Impairment loss	4.4	**-**	(3,416)
Adjustments		**(223)**	-
Effect of movements in exchange rates		**1,063**	50
At 31 December		**14,269**	13,658

The Group leases a number of properties, including hotels, an apartment complex, education facility, car park, offices and office signage that run between 1 year and 8 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

Group	2020 RM'000	2019 RM'000
Recognised in profit or loss	**3,471**	3,734

4.2 Extension options

Some leases of building 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.

4.3 Significant judgements and assumptions in relation to leases

The Group assesses at lease commencement by applying significant judgement whether it 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 asset if an option to extend is not taken, to help them determine the lease term.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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

4.3 Significant judgements and assumptions in relation to leases (Cont'd)

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rate before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

4.4 Impairment loss

In the previous financial year, the Group had recognised an impairment loss of RM3,416,000 on its leased hotels and apartment complex in view of the assessed impairment indicator of adverse impact from Australian bushfires and COVID-19 outbreak. The recoverable amount of right-of-use asset determined based on value in use by discounting the future cash flows expected to be generated from its business operations.

The key assumptions used in the determination of the recoverable amount were as follows:

Items	Assumptions used in 2019
Growth rate	-
Discount rate	10.0%
Terminal yield	10.0%

5. INVESTMENT PROPERTIES

		Group	
		2020	**2019**
	Note	**RM'000**	**RM'000**
At 1 January		**1,051,756**	1,104,808
Addition		**59,450**	-
Capital expenditure capitalised		**21,932**	18,846
Change in fair value of investment properties		**(13,279)**	62,895
Transfer from property, plant and equipment	3	**-**	141
Transfer to inventories	12	**-**	(38,182)
Transfer to assets classified as held for sale	19	**-**	(79,757)
Disposal		**(1,975)**	-
Written off		**-**	(49)
Effect of movements in exchange rates		**81,809**	(16,946)
At 31 December		**1,199,693**	1,051,756
Included in the above are:			
Freehold land and buildings		**950,639**	832,796
Leasehold land and building		**249,054**	218,960
		1,199,693	1,051,756

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

5. INVESTMENT PROPERTIES (Cont'd)

Valuation reconciliation:

Valuation is reconciled to the investment properties' carrying amount/adjusted valuation as follows:

		Group	
		2020	**2019**
	Note	**RM'000**	**RM'000**
As at 31 December		**1,199,693**	1,051,756
Add:			
Accrued income	13.1	**5,081**	6,465
Deferred lease incentive	14.1 & 17.1	**4,776**	3,011
Deferred revenue		**(41)**	(35)
Advance deposits		**(749)**	(609)
Lease liabilities	22.6	**(33,717)**	(31,978)
Valuation obtained		**1,175,043**	1,028,610

Investment properties mainly comprise of commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of 1 to 18 years, with annual rental increases either fixed, indexed to consumer prices or market rental reviews.

Investment properties of the Group with carrying amount of RM1,183,053,000 (2019: RM1,034,562,000) is pledged as security for bank borrowings as disclosed in Note 22.

In the current financial year, Norwest City Pty Ltd, an indirect wholly-owned subsidiary of the Company has acquired Carlile Swim School located at Century Circuit, Norwest, Australia for a consideration of RM59,450,000.

In the previous financial year, the Group undertook activities to subdivide the investment property held at Lexington Drive in Sydney, Australia. The existing warehouse building on the site formed one lot and was transferred to and classified as asset held for sale. The sale was completed in March 2021.

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

	Group	
	2020	**2019**
	RM'000	**RM'000**
Lease income	**61,473**	70,684
Direct operating expenses:		
- income generating investment properties	**31,345**	28,640
- non-income generating investment properties	**224**	258

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

5. INVESTMENT PROPERTIES (Cont'd)

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

	Group	
	2020	**2019**
	RM'000	**RM'000**
Less than one year	**44,077**	44,627
One to five years	**123,394**	97,876
More than five years	**75,547**	63,808
Total undiscounted lease payments	**243,018**	206,311

5.1 Fair value information

Fair value of investment properties is categorised as follows:

	2020		2019	
	Level 3	**Total**	**Level 3**	**Total**
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Freehold land and buildings	**959,706**	**959,706**	841,628	841,628
Leasehold land and building	**215,337**	**215,337**	186,982	186,982
	1,175,043	**1,175,043**	1,028,610	1,028,610

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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	
	2020	**2019**
	RM'000	**RM'000**
At 1 January	**1,028,610**	1,086,207
Addition	**59,450**	-
Capital expenditure capitalised	**21,932**	18,846
Transfer from property, plant and equipment	**-**	141
Disposal	**(1,975)**	-
Written off	**-**	(49)
Transfer to inventories	**-**	(38,182)
Transfer to assets classified as held for sale	**-**	(79,757)
Accrued income	**(1,384)**	(2,882)
Deferred lease incentive	**1,765**	(1,367)
Deferred revenue	**(6)**	202
Advance deposits	**(140)**	86
Lease liabilities	**(1,739)**	(584)
Change in fair value of investment properties	**(13,279)**	62,895
Effect of movements in exchange rates	**81,809**	(16,946)
At 31 December	**1,175,043**	1,028,610

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 RM84 to RM1,309 (2019: RM90 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 4.88% to 7.75% (2019: 5.38% to 7.73%)	The estimated fair value would increase/(decrease) if the expected capitalisation rate was (lower)/higher.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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

ii) internal valuation using the capitalisation rate method which is the rate of return on investment properties based on the income that the property is expected to generate.

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	
	2020	2019
	RM'000	RM'000
At cost		
Unquoted shares in Malaysia	**553,651**	560,079
Foreign unquoted shares	**1,122,271**	1,122,271
	1,675,922	1,682,350
Less: Accumulated impairment losses	**(60,645)**	(66,891)
	1,615,277	1,615,459

Movement in the accumulated impairment losses are as follows:

	Company	
	2020	2019
	RM'000	RM'000
At 1 January	**66,891**	63,615
Addition	**182**	3,276
Written off	**(6,428)**	-
At 31 December	**60,645**	66,891

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

6. INVESTMENTS IN SUBSIDIARIES (Cont'd)

Details of the subsidiaries are as follows:

Name of entity	Country of incorporation/ establishment	Principal activities	Proportion of ownership interest 2020 %	Proportion of ownership interest 2019 %	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	Private air transportation services	**100**	100	LEL LCW
Mulpha Land & Property Sdn. Bhd.	Malaysia	Property development	**100**	100	LEL LCW
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 LCW
Mulpha SPV Limited	Malaysia (Labuan)	Issuance of medium term notes	**100**	100	LEL ML
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

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

6. INVESTMENTS IN SUBSIDIARIES (Cont'd)

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

Name of entity	Country of incorporation/ establishment	Principal activities	Proportion of ownership interest 2020 %	Proportion of ownership interest 2019 %	Directors [6]
Subsidiaries of Leisure Farm Corporation Sdn. Bhd.					
Leisure Farm Resort Services Sdn. Bhd.	Malaysia	Provision of maintenance services and facilities management services	**100**	100	SA TSC
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
Mulpha Capital Asset Management Sdn. Bhd. [3]	Malaysia	Dormant	**-**	70	LEL LSK
Mulpha Investments (S) Pte. Limited [4]	Singapore	Investment holding and provision of corporate services	**100**	100	LEL OBH
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	LEL ML

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

6. INVESTMENTS IN SUBSIDIARIES (Cont'd)

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

Name of entity	Country of incorporation/ establishment	Principal activities	Proportion of ownership interest 2020 %	Proportion of ownership interest 2019 %	Directors [6]
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
Mulpha Hotel Management Pty. Limited [1]	Australia	Dormant	**100**	100	AJ LEL GS
Mulpha (Hotel Bonds) Group Pty. Limited [1]	Australia	Dormant	**100**	100	AJ LEL GS
Mulpha Core Plus Trust [1] [7]	Australia	Investment holding	**100**	100	N/A

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

6. INVESTMENTS IN SUBSIDIARIES (Cont'd)

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

Name of entity	Country of incorporation/ establishment	Principal activities	Proportion of ownership interest 2020 %	Proportion of ownership interest 2019 %	Directors [6]
Subsidiaries of Mulpha Australia Limited (cont'd)					
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 Management Pty. Limited [1]	Australia	Trustee/asset management	**100**	100	AH GS LG
Circa 1 Pty. Limited [1]	Australia	Property development	**100**	100	AJ LEL GS
Cairns Esplanade Operations Pty. Limited [1]	Australia	Dormant	**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	Property ownership	**100**	100	N/A
Mulpha Finance Holdings Pty. Limited [1]	Australia	Investment holding	**100**	100	AJ LEL GS

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

6. INVESTMENTS IN SUBSIDIARIES (Cont'd)

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

Name of entity	Country of incorporation/ establishment	Principal activities	Proportion of ownership interest 2020 %	2019 %	Directors [6]
Subsidiaries of Mulpha Australia Limited (cont'd)					
Mulpha MTN Limited [1]	British Virgin Islands	Medium Term Note issuer	**100**	100	LEL ML
Mulpha Asset Services Pty. Limited [1] [5]	Australia	Asset management	**100**	-	AJ LEL GS
Norwest City Retail Pty. Limited [1] [5]	Australia	Trustee	**100**	-	AJ LEL GS
Subsidiaries of Mulpha Sanctuary Cove Pty. Limited					
Mulpha Sanctuary Cove (Developments) Pty. Limited [1]	Australia	Property development	**100**	100	JH AJ LEL MW 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
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

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

6. INVESTMENTS IN SUBSIDIARIES (Cont'd)

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

Name of entity	Country of incorporation/ establishment	Principal activities	Proportion of ownership interest 2020 %	Proportion of ownership interest 2019 %	Directors [6]
Subsidiaries of Mulpha Sanctuary Cove Pty. Limited (cont'd)					
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
Subsidiaries of Mulpha Sanctuary Cove (Developments) Pty. Limited					
Mulpha Sanctuary Cove (Alpinia) Pty. Limited [1]	Australia	Property development	**100**	100	AJ LEL GS
Mulpha SPV 2 Pty. Limited [1]	Australia	Dormant	**100**	100	AJ LEL GS
Subsidiary of HD Diesels Pty. Limited					
Salzburg Apartments (Perisher Valley) Pty. Limited [1]	Australia	Serviced 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
Mulpha Hotels Holdings Pty. Limited [1]	Australia	Trustee	**100**	100	AJ LEL GS

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

6. INVESTMENTS IN SUBSIDIARIES (Cont'd)

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

Name of entity	Country of incorporation/ establishment	Principal activities	Proportion of ownership interest 2020 %	Proportion of ownership interest 2019 %	Directors [6]
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
Subsidiaries of Mulpha Education Group Pty. Limited					
iLead Training Pty. Limited [1]	Australia	Education	**100**	100	AJ LEL GS

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

6. INVESTMENTS IN SUBSIDIARIES (Cont'd)

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

Name of entity	Country of incorporation/ establishment	Principal activities	Proportion of ownership interest 2020 %	Proportion of ownership interest 2019 %	Directors [6]
Subsidiaries of Mulpha Education Group Pty. Limited (cont'd)					
Mulpha HTMi Australia Pty. Limited [1]	Australia	Education	**100**	100	AJ LEL GS
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
Subsidiaries of Mulpha Norwest Pty. Limited					
Norwest Real Estate Pty. Limited [1]	Australia	Dormant	**100**	100	LEL GS AJ TS
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

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

6. INVESTMENTS IN SUBSIDIARIES (Cont'd)

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

Name of entity	Country of incorporation/ establishment	Principal activities	Proportion of ownership interest 2020 %	2019 %	Directors [6]
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 Retail Trust [1] [5] [7]	Australia	Dormant	**100**	-	N/A
Subsidiaries of Mulpha Finance Holdings Pty. Limited					
Multiple Capital Pty. Limited [1]	Australia	Financial services provider	**80**	80	DL ST AH GS
Pindari Capital Pty. Limited [1]	Australia	Fund manager	**100**	100	EHT GS AH MM
Pindari Capital Assets Management Pty. Limited [1]	Australia	Dormant	**100**	100	GS AH MM
Pindari Private Wealth Pty. Limited [1] [5]	Australia	Advisory	**100**	-	EHT AH GS

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

6. INVESTMENTS IN SUBSIDIARIES (Cont'd)

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

Name of entity	Country of incorporation/ establishment	Principal activities	Proportion of ownership interest 2020 %	2019 %	Directors [6]
Subsidiary of Pindari Capital Pty. Limited					
Pindari (Shenzhen) Commercial Information Consulting Limited [1]	China	Advisory	**100**	100	KS [8]
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	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 LG
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] The subsidiary has been 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 during the financial year. The financial results of the subsidiary being struck off are insignificant to the Group.
[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.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

6. INVESTMENTS IN SUBSIDIARIES (Cont'd)

6.1 Directors in the subsidiaries

Lee Eng Leong (LEL)
Marc Lee Shi Lin (ML)
Law Chin Wat (LCW)
Lim Say Kien (LSK)
Lee Seng Huang (LSH)
Chew Hoy Ping (CHP)
Alan Stephen Jones (AJ)
Gregory David Shaw (GS)
Stephen John Anderson (SA)
Tan Su Ching (TSC)
Ong Beng Hong (OBH)
Lucia Grambalova (LG)
Mathew Craig Williams (MW)
Dean Ronald Lear (DL)
Simon James Tozer (ST)
Andrew Matthew Hall (AH)
Edward John Hewitt-Taylor (EHT)
Mark Marcos (MM)

6.2 Non-controlling interests in subsidiaries

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

	AOG Limited Partnership RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
2020			
NCI percentage of ownership interest and voting interest	**4%**		
Carrying amount of NCI	**22,323**	**438**	**22,761**
Profit allocated to NCI	**440**	**797**	**1,237**
Summarised financial information before intra-group elimination			
As at 31 December			
Non-current assets	**574,737**		
Current assets	**-**		
Non-current liabilities	**-**		
Current liabilities	**(269)**		
Net assets	**574,468**		
Year ended 31 December			
Revenue	**12,824**		
Profit for the year	**11,324**		
Total comprehensive expense	**(2,386)**		
Net movement in cash and cash equivalents	**-**		
Dividends paid to NCI	**-**		

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

6. INVESTMENTS IN SUBSIDIARIES (Cont'd)

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

	AOG Limited Partnership RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
2019			
NCI percentage of ownership interest and voting interest	4%		
Carrying amount of NCI	20,759	139	20,898
Profit allocated to NCI	38	719	757
Summarised financial information before intra-group elimination			
As at 31 December			
Non-current assets	533,246		
Current assets	1,105		
Non-current liabilities	-		
Current liabilities	(144)		
Net assets	534,207		
Year ended 31 December			
Revenue	1,112		
Profit for the year	968		
Total comprehensive income	968		
Net movement in cash and cash equivalents	-		
Dividends paid to NCI	-		

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

7. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
At cost:				
Quoted shares in Malaysia	**30,779**	30,779	**22,876**	22,876
Foreign unquoted shares	**151,951**	147,496	**-**	-
Exchange difference	**1,707**	(1,087)	**-**	-
	184,437	177,188	**22,876**	22,876
Share of post-acquisition reserves	**(47,898)**	(32,707)	**-**	-
	136,539	144,481	**22,876**	22,876
Less: Accumulated impairment losses	**(17,496)**	(17,496)	**(7,254)**	(7,254)
	119,043	126,985	**15,622**	15,622
At market value:				
Quoted shares				
- In Malaysia	**24,866**	23,047	**24,866**	23,047

Movement in the accumulated impairment losses account is as follows:

		Group		Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
At 1 January		**17,496**	17,496	**7,254**	7,254
Addition	7.2	**-**	312,710	**-**	-
Disposal of associate	7.2	**-**	(312,710)	**-**	-
At 31 December		**17,496**	17,496	**7,254**	7,254

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

7. INVESTMENTS IN ASSOCIATES (Cont'd)

Details of the associates are as follows:

Name of entity	Country of incorporation	Principal activities	Proportion of ownership interest	
			2020	2019
			%	%
Held by Mulpha International Bhd.				
Thriven Global Berhad ("Thriven") [1]	Malaysia	Investment holding, property development and property investment	**22.18**	22.18
Held through Mulpha Credit Sdn. Bhd.				
Education Perfect Group Limited [1]	New Zealand	Education software business	**37.90**	37.90
Held through View Link Global Limited				
New Pegasus Holdings Limited [1] ("New Pegasus")	British Virgin Islands	Investment holding	**33.00**	33.00

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

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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	Education Perfect RM'000	New Pegasus RM'000
2020			
Summarised financial information as at 31 December			
Non-current assets	71,007	109,948	604,500
Current assets	303,392	34,504	22,324
Total assets	374,399	144,452	626,824
Non-current liabilities	(15,547)	(68,763)	(375,375)
Current liabilities	(170,566)	(20,271)	(15,184)
Total liabilities	(186,113)	(89,034)	(390,559)
Net assets	188,286	55,418	236,265
Year ended 31 December			
(Loss)/Profit	(4,570)	1,247	(37,231)
Other comprehensive expense	-	(58)	-
Total comprehensive (expense)/income	(4,570)	1,189	(37,231)
Included in the total comprehensive (expense)/income is:			
Revenue	147,036	84,949	27,557

Group	Thriven RM'000	Education Perfect RM'000	New Pegasus RM'000	Total RM'000
2020				
Reconciliation of net assets to carrying amount as at 31 December				
Group's share of net assets	20,070	21,006	77,967	119,043
Group's share of results for the year ended 31 December				
Group's share of (loss)/profit	(1,395)	451	(12,132)	(13,076)
Group's share of other comprehensive expense	-	(24)	-	(24)
Group's share of total comprehensive (expense)/income	(1,395)	427	(12,132)	(13,100)
Group's share of other reserve	(2,567)	476	-	(2,091)
Other information				
Dividends received	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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	Education Perfect RM'000	New Pegasus RM'000
2019			
Summarised financial information as at 31 December			
Non-current assets	70,241	114,234	608,721
Current assets	352,479	7,841	63,835
Total assets	422,720	122,075	672,556
Non-current liabilities	(11,994)	(64,794)	(367,185)
Current liabilities	(206,297)	(7,038)	(28,486)
Total liabilities	(218,291)	(71,832)	(395,671)
Net assets	204,429	50,243	276,885
Year ended 31 December			
Profit/(Loss)	20,802	(3,422)	15,096
Other comprehensive income	-	30	-
Total comprehensive income/(expense)	20,802	(3,392)	15,096
Included in the total comprehensive income/(expense) is:			
Revenue	236,408	56,671	135,857

Group	Thriven RM'000	AVEO RM'000	Education Perfect RM'000	New Pegasus RM'000	Total RM'000
2019					
Reconciliation of net assets to carrying amount as at 31 December					
Group's share of net assets	24,032	-	19,038	83,915	126,985
Group's share of results for the year ended 31 December					
Group's share of profit/(loss)	3,947	(117,150)	(3,887)	3,467	(113,623)
Group's share of other comprehensive income	-	-	12	-	12
Group's share of total comprehensive income/(expense)	3,947	(117,150)	(3,875)	3,467	(113,611)
Group's share of other reserve	(2,386)	-	(185)	-	(2,571)
Other information					
Dividends received	-	18,481	-	7,318	25,799

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

7. INVESTMENTS IN ASSOCIATES (Cont'd)

Note 7.1

The Group made a capital contribution of RM4,455,000 (equivalent to GBP825,000) in New Pegasus during the financial year. There is no change in the Group's ownership interest in New Pegasus after the capital contribution.

Note 7.2

In the previous financial year, AVEO Group ("AVEO") undertook privatisation scheme and was offered a cash consideration of AUD2.15 per AVEO Security or scrip consideration, being 2.15 AOG L.P. units for every AVEO Security by way of a trust scheme and a company scheme arrangement ("Schemes"). The Schemes was implemented on 29 November 2019.

The Group had made a pre-tax loss of RM220,525,000 included the impairment loss of RM312,710,000 and a recognition of RM92,185,000 of cumulative exchange difference to profit or loss account upon disposal of AVEO.

Note 7.3

In the previous financial year, Education Perfect had issued additional shares to key executives and as a result, the shareholding in Education Perfect was further diluted to 37.9%. As at 31 December 2020 and 31 December 2019, the Group held 12,504,754 ordinary shares in Education Perfect.

Note 7.4

In the previous financial year, the shareholding in Thriven was diluted to 22.18% after issuance of additional shares by Thriven in January and March 2019. As at 31 December 2020 and 31 December 2019, the Group held 121,298,860 ordinary shares in Thriven.

8. INVESTMENTS IN JOINT VENTURES

	Group	
	2020	**2019**
	RM'000	**RM'000**
Unquoted shares at cost	**49,721**	45,794
Share of post-acquisition profit	**3,825**	15,576
Exchange differences	**1,984**	(2,171)
	55,530	59,199

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

8. INVESTMENTS IN JOINT VENTURES (Cont'd)

The movements of investments in joint ventures are as follows:

	Group	
	2020	2019
	RM'000	RM'000
Carrying amount at 1 January	**59,199**	18,398
Addition	**3,927**	42,132
Share of net results from investments in joint ventures	**(9,471)**	(911)
Dividend received	**(2,280)**	(117)
Exchange differences	**4,155**	(303)
Carrying amount at 31 December	**55,530**	59,199

Details of the joint ventures are as follows:

Name of entity	Country of incorporation	Principal activities	Proportion of ownership interest	
			2020	2019
			%	%
Held through Mulpha Sanctuary Cove (Management) Pty. Limited				
SC Realty Pty. Limited [1]	Australia	Real estate agency	**50.00**	50.00
Held through Mulpha Norwest Pty. Limited				
Spamb Pty. Limited [1]	Australia	Property development	**60.00**	60.00
Held through Mulpha Finance Holdings Pty. Limited				
JY Mulpha Brimbank Level 3 Trust [1]	Australia	Investment holding	**20.00**	20.00
JY Mulpha Brimbank Level 2 Trust [1]	Australia	Debt financing	**20.00**	20.00
JY Mulpha Brimbank Level 1 Trust [1]	Australia	Property ownership	**20.00**	20.00
Held through Leisure Farm Corporation Sdn. Bhd.				
Gerbang Leisure Park Sdn. Bhd.	Malaysia	Property development	**50.00**	50.00
Held through Mulpha Capital Markets Sdn. Bhd.				
HUB OS Australia Pty. Limited. [2]	Australia	Hospitality software licensee	**50.00**	-

[1] Joint ventures not audited by other member firms of KPMG International.
[2] Joint ventures acquired during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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.

	Group	
	2020	2019
	RM'000	RM'000
Summarised financial information as at 31 December		
Non-current assets	**471,327**	468,336
Current assets	**57,307**	77,145
Non-current liabilities	**-**	(263,466)
Current liabilities	**(293,580)**	(48,552)
Net assets	**235,054**	233,463
Included in the current assets is:		
Cash and cash equivalent	**10,084**	12,223
Included in the non-current liabilities is:		
Non-current financial liabilities (excluding trade and other payables and provisions)	**-**	(263,466)
Included in the current liabilities is:		
Current financial liabilities (excluding trade and other payables and provisions)	**(260,866)**	-
Year ended 31 December		
Total comprehensive expense	**(23,839)**	(1,511)

	Group	
	2020	2019
	RM'000	RM'000
Included in the total comprehensive expense are:		
Revenue	**54,950**	4,665
Interest income	**9**	13
Interest expense	**(7,007)**	-
Income tax (expense)/benefit	**(2,161)**	632
Reconciliation of net assets to carrying amount as at 31 December		
Group's share of net assets	**55,530**	59,199
Group's share of results for the year ended 31 December		
Group's share of total comprehensive expense	**(9,471)**	(911)
Other information		
Dividends received	**2,280**	117

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

9. INVESTMENT SECURITIES

		Group		Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
Non-current					
Foreign quoted shares		**2**	5	**-**	-
Unquoted shares					
- In Malaysia		**1,000**	1,000	**1,000**	1,000
- Foreign	9.1	**311,165**	301,649	**43**	43
Foreign unquoted loan notes	9.1	**263,617**	231,642	**-**	-
		575,784	534,296	**1,043**	1,043
Current					
Foreign quoted shares		**-**	2,994	**-**	-
Foreign unquoted bond	9.2	**161,200**	164,000	**-**	-
		161,200	166,994	**-**	-
		736,984	701,290	**1,043**	1,043
Market value of quoted investments		**2**	2,999	**-**	-

9.1 Foreign unquoted shares and unquoted loan notes

The privatisation of AVEO was completed on 29 November 2019. As a result of this transaction, 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 (with an interest of 5.44% per annum) for every AOG unit issued. The Group effectively holds 178,580,181 units with an issue price of AUD0.57 each and loan notes with issue price of AUD0.43 each.

9.2 Foreign unquoted bond

On 28 December 2016, Mulpha Strategic Limited ("MSL"), a wholly-owned subsidiary of Mulpha Group Services Sdn. Bhd., which in turn is a wholly-owned subsidiary of the Company, had subscribed for Series 1 USD60 million 7% Notes due in 2020 issued by Mudajaya Ventures Limited ("MVL") under its USD200 million Euro Medium Term Note Programme. This investment is recognised as amortised cost financial assets.

On 27 December 2019, MSL having considered the extraordinary resolutions proposed by MVL, approved the extension of the maturity date of the Series 1 USD60 million 7% Notes to 28 December 2020. Simultaneous with such extension, MVL had on 27 December 2020, partially redeemed the Series 1 USD60 million 7% Notes by an amount of USD20 million.

On 23 December 2020, MSL having considered the extraordinary resolutions proposed by MVL, approved the extension of the maturity date of the Series 1 USD40 million 7% Notes to 28 December 2021.

The foreign unquoted bond with carrying value of RM161,200,000 (2019: RM164,000,000) are pledged to a financial institution for credit facility granted to a subsidiary as disclosed in Note 22.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

10. OTHER INVESTMENTS

	Club memberships RM'000	Investments in works of art RM'000	Total RM'000
Group			
At 31 December 2019/31 December 2020			
Fair value through profit or loss	965	-	965
At cost	-	4,121	4,121
	965	4,121	5,086
Company			
At 31 December 2019/31 December 2020			
Fair value through profit or loss	936	-	936
At cost	-	4,121	4,121
	936	4,121	5,057

11. GOODWILL

	Goodwill on consolidation RM'000	Purchased goodwill RM'000	Total RM'000
Group			
At 1 January 2019	2,512	196	2,708
Exchange differences	-	(3)	(3)
At 31 December 2019/1 January 2020	2,512	193	2,705
Impairment loss	(591)	-	(591)
Exchange differences	-	15	15
At 31 December 2020	**1,921**	**208**	**2,129**

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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 2020			
Boat show	**-**	**208**	**208**
Investment business	**1,921**	**-**	**1,921**
	1,921	**208**	**2,129**
At 31 December 2019			
Boat show	-	193	193
Investment business	2,512	-	2,512
	2,512	193	2,705

Key assumptions used

The recoverable amount of quoted securities held is determined based on observable market prices, less costs to sell.

Where there is no observable market price for unquoted securities, the recoverable amount is based on fair value less cost of disposal by estimating the fair value of the underlying assets and liabilities of the investment.

Based on the impairment test undertaken, an impairment loss of RM591,000 was recognised in the current financial year.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

12. INVENTORIES

	Group	
	2020	**2019**
	RM'000	**RM'000**
Non-current		
Properties held for development		
- Cost of acquisition for freehold land	**339,432**	326,186
- Capitalised development cost	**263,909**	170,217
Total non-current inventories	**603,341**	496,403
Current		
Properties under development		
- Cost of acquisition for freehold land	**185,797**	206,116
- Capitalised development cost	**364,974**	410,614
	550,771	616,730
Completed properties	**236,603**	244,474
Finished goods	**12,448**	1,201
Work-in-progress	**6,313**	7,767
Other consumables	**-**	8,713
	255,364	262,155
Total current inventories	**806,135**	878,885
Total inventories	**1,409,476**	1,375,288
Recognised in profit or loss:		
Write-down to net realisable value	**10,235**	5,551

The write-down are included in the cost of sales.

Included in properties under development of the Group is interest capitalised during the financial year amounting to RM1,838,000 (2019: RM1,775,000).

Certain properties held for development and properties under development amounting to RM808,280,000 (2019: RM806,448,000) are pledged to financial institutions as security for banking facilities granted as disclosed in Note 22.

In the previous financial year, there was a transfer amounting to RM38,182,000 from investment properties (see Note 5).

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

13. TRADE AND OTHER RECEIVABLES

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Non-current					
Trade					
Accrued income	13.1	**4,089**	4,222	**-**	-
Trade receivables		**2,022**	2,022	**-**	-
Loan receivables					
- Loan assets held at FVTPL		**1,697**	2,748	**-**	-
- Loan assets held at FVOCI		**36,568**	42,884	**-**	-
Non-trade					
Other receivables		**212**	152	**-**	-
Amount due from subsidiary	13.2	**-**	-	**559,705**	278,960
		44,588	52,028	**559,705**	278,960
Current					
Trade					
Trade receivables		**82,544**	97,542	**-**	-
Less: Allowance for impairment losses		**(5,862)**	(1,620)	**-**	-
		76,682	95,922	**-**	-
Accrued income	13.1	**1,149**	2,245	**-**	-
Loan receivables					
- Loan assets held at FVOCI		**17,401**	49,568	**-**	-
		95,232	147,735	**-**	-
Non-trade					
Other receivables	13.3	**130,783**	244,271	**103,205**	103,203
Deposits		**4,475**	4,956	**35**	63
Amounts due from subsidiaries	13.2	**-**	-	**135,755**	360,485
		135,258	249,227	**238,995**	463,751
Total current trade and non-trade		**230,490**	396,962	**238,995**	463,751
Total trade and other receivables		**275,078**	448,990	**798,700**	742,711

13.1 Accrued income

Included in accrued income are rental income of investment properties amounting to RM5,081,000 (2019: RM6,465,000) recognised on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

13. TRADE AND OTHER RECEIVABLES (Cont'd)

13.2 Amounts due from subsidiaries

	Company	
	2020	**2019**
	RM'000	**RM'000**
Interest bearing	**563,314**	517,175
Non-interest bearing	**132,146**	122,270
	695,460	639,445

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

The non-current amount due from a subsidiary consist of the following:

(i) Foreign unquoted cumulative redeemable preference shares ("CRPS") amounted to, RM250,819,000 (2019: RM232,209,000) issued by Mulpha Australia Limited ("MAL"), a wholly-owned subsidiary of the Company. The CRPS is subject to dividend of 7.50% (2019: 7.50%) per annum;

(ii) Unsecured loan owing by MAL and unsecured advances owing by Leisure Farm Corporation Sdn. Bhd. amounted to RM39,574,000 (2019: RM33,866,000) and RM239,626,000 (2019: Nil) which are subject to interest of 5.30% (2019: 7.00%) and range of 4.55% to 8.00% (2019: Nil) per annum respectively; and

(iii) Remaining amount owing by MAL was accrued dividend payables on CRPS and interest on the unsecured loan as mentioned in Note 13.2(i) and 13.2(ii) respectively.

The 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 RM24,595,000 (2019: RM22,583,000) and RM8,700,000 (2019: RM228,517,000) which are subject to interest in the range of 2.25% to 4.00% (2019: 4.05%) per annum and of 4.55% to 8.00% (2019: 8.20%) per annum respectively.

13.3 Other receivables

In the previous financial year, included in other receivables was the withholding tax amounting to RM80,931,000 arising from the acceptance of AVEO privatisation scheme as disclosed in Note 9.1. The withholding tax receivable was refundable upon tax clearance by the Australian Taxation Office.

14. OTHER NON-CURRENT ASSETS

		Group	
		2020	**2019**
	Note	**RM'000**	**RM'000**
Deferred lease incentive	14.1	**3,191**	1,867
Prepayments and others		**11,239**	13,984
		14,430	15,851

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

14. OTHER NON-CURRENT ASSETS (Cont'd)

14.1 Deferred lease incentives

Included in deferred lease incentives are lease incentives received from rental of investment properties amounting to RM2,208,000 (2019: RM1,867,000) 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:

	2020 RM'000	2019 RM'000
Group		
Assets		
Inventories	**-**	2,365
Provision for liabilities and other payables	**45,142**	35,484
Lease liabilities	**5,305**	5,145
Unutilised tax losses	**17,379**	7,824
Unabsorbed capital allowances	**88,332**	21,547
Capital losses	**91,763**	77,737
Tax assets	**247,921**	150,102
Set off of tax	**(247,921)**	(137,167)
Net tax assets	**-**	12,935
Liabilities		
Property, plant and equipment	**-**	(668)
Right-of-use assets	**(5,209)**	(5,074)
Investment properties	**(4,118)**	(1,844)
Fair value adjustment	**(68,165)**	(56,251)
Accelerated capital allowances	**(153,079)**	(92,511)
Receivables and others	**(77,357)**	(76,551)
Tax liabilities	**(307,928)**	(232,899)
Set off of tax	**247,921**	137,167
Net tax liabilities	**(60,007)**	(95,732)
Net	**(60,007)**	(82,797)

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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	2020 RM'000	2019 RM'000
Group			
Unutilised tax losses	15.1	**175,855**	138,974
Unabsorbed capital allowances/capital losses		**570,458**	620,423
Other deductible temporary differences		**128,860**	56,763
		875,173	816,160
Company			
Unutilised tax losses	15.1	**335**	335
Unabsorbed capital allowances		**3,622**	3,622
		3,957	3,957

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 7 consecutive years of assessment. The table below shows the unutilised tax losses expires in respective year of assessment ("YA"):

	Group		Company		7-Year time limit to carry forward
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	
YA 2018	**104,560**	104,560	**335**	335	YA 2025
YA 2019	**34,414**	34,414	**-**	-	YA 2026
YA 2020	**36,881**	-	**-**	-	YA 2027
	175,855	138,974	**335**	335	

Pursuant to guidelines issued by the Malaysian tax authorities in 2008, 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 7-year time limit).

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

15. DEFERRED TAX ASSETS/(LIABILITIES) (Cont'd)

15.1 Unutilised tax losses (Cont'd)

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

	Group	
	2020	2019
	RM'000	RM'000
At 1 January	**(82,797)**	(131,383)
Recognised in profit or loss	**27,517**	46,529
Exchange adjustments	**(4,727)**	2,057
At 31 December	**(60,007)**	(82,797)

16. CONTRACT ASSETS/(CONTRACT LIABILITIES)

The following table provides information about contract assets and contract liabilities from contracts with customers:

	2020	2019
	RM'000	RM'000
Non-current		
Contract liabilities	**(16,017)**	-
Current		
Contract assets	**-**	492
Contract liabilities	**(43,345)**	(45,811)

The contract assets primarily relate to the Group's rights to consideration for services rendered but not yet billed at the reporting date. In the previous financial year, included in the contract assets of the Group was amount due from a company related to a person connected to a director of the Company.

The contract liabilities primarily relate to the advance considerations received from 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 RM17,438,000 (2019: RM17,461,000) are mainly contributions from hotel operator towards the hotel renovation programmes undertook 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:

	2020	2019
	RM'000	RM'000
Group		
Contract liabilities at the beginning of the year recognised as revenue	**28,350**	19,241

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

17. OTHER CURRENT ASSETS

		Group		Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
Deferred lease incentive	17.1	**2,752**	1,144	**-**	-
Prepayments		**16,744**	33,723	**37**	46
		19,496	34,867	**37**	46

17.1 Deferred lease incentives

Included in deferred lease incentives are lease incentives received from rental of investment properties amounting to RM2,568,000 (2019: RM1,144,000) recognised on a straight-line basis over the lease term.

18. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	**136,645**	100,790	**246**	35
Deposits with licensed banks	**159,921**	251,061	**-**	-
	296,566	351,851	**246**	35

Included in cash and cash equivalents of the Group are deposits amounting to RM34,140,000 (2019: RM32,513,000) pledged to licensed banks as security for banking facilities granted to certain subsidiaries of the Company as disclosed in Note 22.

Included in cash and bank balances of the Group is an amount of RM8,000 (2019: RM406,000) 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 2020 for the Group is 0.10% (2019: 1.00%) per annum.

The average maturity of deposits with licensed banks at reporting date for the Group is 31 days (2019: 2 days).

19. ASSETS CLASSIFIED AS HELD FOR SALE

	2020	2019
	RM'000	RM'000
Group		
Assets classified as held for sale	**79,839**	79,757

In the previous financial year, the Group had entered into a conditional sale contract to dispose of an investment property in Australia (see Note 5). The sale was completed in March 2021.

NOTES TO THE FINANCIAL STATEMENTS
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20. 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 2019/31 December 2019/ 1 January 2020	**319,618**	**(152)**	**2,037,459**	**(318)**
Cancellation of treasury shares	**(152)**	**152**	**(761)**	**318**
At 31 December 2020	**319,466**	**-**	**2,036,698**	**-**
	Note 20.1	**Note 20.2**		

20.1 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.

20.2 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 2020, the details of the Company's share purchase and share cancellation are as follows:

		Number of shares purchased/ (cancelled)	Total consideration RM'000	Average price RM
2010	Purchased	11,055,700	5,442	0.490
2011	Purchased	33,333,500	13,910	0.417
2012	Purchased	114,396,400	46,903	0.410
2013	Purchased	63,264,200	25,794	0.408
2014	Purchased	150,000	66	0.440
2015	Purchased	60,000	22	0.367
2016	Purchased	5,610,000	1,140	0.203
2016	Cancelled	(226,547,700)	(93,011)	0.411
2017	Purchased	200,000	52	0.260
2020	Cancelled	(1,522,100)	(318)	0.209
		-	-	-

On 22 December 2020, the Company had cancelled the entire treasury shares of 152,210 units (after share consolidation of every 10 existing ordinary shares into 1 ordinary share in year 2017) pursuant to Section 127 of the Companies Act 2016. As at 31 December 2020, the Company has no treasury shares.

The Company did not buy back any of its shares during the financial years ended 31 December 2020 and 31 December 2019.

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(cont'd)

21. RESERVES

	Note	2020 RM'000	2019 RM'000
Group			
Non-distributable			
Exchange reserve	21.1	**78,283**	(100,663)
Revaluation reserve	21.2	**68,545**	68,545
Other reserve	21.3	**(19,411)**	(4,258)
		127,417	(36,376)
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:

21.1 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 foreign currency loans used to hedge the investments in foreign subsidiaries.

In the previous financial year, the Group had recognised RM92,185,000 cumulative exchange differences to profit or loss upon disposal of its foreign associate.

21.2 Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment immediately prior to its reclassification to investment properties and also arises from a business combination in the previous financial year.

21.3 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.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

22. LOANS AND BORROWINGS

		Group		Company	
		2020	**2019**	**2020**	**2019**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Non-current					
Finance lease liability - secured	22.4	**8,587**	7,950	**-**	-
Bonds	22.3	**75,775**	77,834	**-**	-
Revolving credit - secured		**66,340**	83,230	**-**	-
Term loans - secured		**317,621**	476,617	**-**	-
		468,323	645,631	**-**	-
Current					
Bank overdrafts - secured		**3,066**	1,028	**2,003**	946
Bonds	22.3	**287,598**	291,704	**-**	-
Revolving credit - secured		**493,354**	390,000	**91,000**	86,000
Term loans - secured	22.5	**722,832**	640,927	**-**	-
Term loan - unsecured		**-**	17,307	**-**	-
		1,506,850	1,340,966	**93,003**	86,946
Total borrowings		**1,975,173**	1,986,597	**93,003**	86,946

22.1 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% (2019: 7.0%) per annum during the financial year.

22.2 Security

The bank overdrafts, revolving credit and term loans 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 over investment securities of a subsidiary as disclosed in Note 9;

(v) Pledge of inventories of certain subsidiaries as disclosed in Note 12;

(vi) Deposits and interest reserve account of certain subsidiaries as disclosed in Note 18; and

(vii) Floating charge over assets of certain subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

22. LOANS AND BORROWINGS (Cont'd)

22.3 Bonds

	Note	Group 2020 RM'000	Group 2019 RM'000
Unsecured	(i)	**282,100**	287,000
Secured	(ii)	**81,273**	82,538
		363,373	369,538

(i) In 2017, a foreign subsidiary issued a Nominal Fixed Rate Notes of USD70 million for a term of 3 years. The notes are listed on the Hong Kong Stock Exchange with interest payments are made semi-annually. The notes are unsecured but are guaranteed by a foreign subsidiary.

On 30 November 2020, the maturity date of the notes was extended from 1 December 2020 to 28 December 2021. The notes are no longer listed on the Hong Kong Stock Exchange. All other terms of the notes remained unchanged.

(ii) In 1999, a subsidiary in Australia issued bonds for a term of 30 years. The bonds have an effective interest rate of 6.01% (2019: 6.18%) 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.

22.4 Finance lease liability

Finance lease liability is payable as follows:

	Future minimum lease payments 2020 RM'000	Interest 2020 RM'000	Present value of minimum lease payments 2020 RM'000	Future minimum lease payments 2019 RM'000	Interest 2019 RM'000	Present value of minimum lease payments 2019 RM'000
Group						
Current						
Less than one year	**601**	**601**	**-**	557	557	-
Non-current						
Between one and five years	**2,404**	**2,404**	**-**	2,226	2,226	-
More than five years	**8,587**	**-**	**8,587**	7,950	-	7,950
	10,991	**2,404**	**8,587**	10,176	2,226	7,950
Total	**11,592**	**3,005**	**8,587**	10,733	2,783	7,950

22.5 Term loans

Included in term loans is a loan from a company related to a director amounting to RM66,183,000.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

22. LOANS AND BORROWINGS (Cont'd)

22.6 Reconciliation of movement of liabilities to cash flows arising from financing activities

	At 1.1.2019	Net changes from financing cash flows	Acquisition of new lease	Other changes	Foreign exchange movement	At 31.12.2019/ 1.1.2020	Net changes from financing cash flows	Acquisition of new lease	Other changes	Foreign exchange movement	At 31.12.2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group											
Finance lease liability - secured	8,089	-	-	-	(139)	7,950	-	-	-	637	**8,587**
Bonds	377,804	(3,269)	-	-	(4,997)	369,538	(7,372)	-	-	1,207	**363,373**
Bills payable - secured	49,340	(48,495)	-	-	(845)	-	-	-	-	-	**-**
Revolving credit - secured	90,986	382,244	-	-	-	473,230	61,867	-	-	24,597	**559,694**
Term loans - secured	1,714,213	(572,368)	-	-	(24,301)	1,117,544	(139,702)	-	-	62,611	**1,040,453**
Term loans - unsecured	11,687	5,820	-	-	(200)	17,307	(17,488)	-	-	181	**-**
Total loans and borrowings	2,252,119	(236,068)	-	-	(30,482)	1,985,569	(102,695)	-	-	89,233	**1,972,107**
Lease liabilities*	51,926	(3,958)	570	811	(226)	49,123	(3,270)	3,242	(756)	3,060	**51,399**
Total liabilities from financing activities	2,304,045	(240,026)	570	811	(30,708)	2,034,692	(105,965)	3,242	(756)	92,293	**2,023,506**
Company											
Revolving credit - secured	75,986	10,014	-	-	-	86,000	5,000	-	-	-	**91,000**

* Included in lease liabilities is the long term ground rent payable on a parcel of leasehold land amounting to RM33,717,000.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

23. TRADE AND OTHER PAYABLES

		Group		Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
Non-current					
Non-trade					
Other payables	23.3	**6,828**	4,808	**-**	-
Current					
Trade					
Trade payables	23.1	**22,235**	32,602	**-**	-
Non-trade					
Other payables	23.3	**149,980**	120,117	**698**	2,309
Amounts due to subsidiaries	23.2	**-**	-	**186**	991
Deferred revenue		**4,619**	2,275	**-**	-
		176,834	154,994	**884**	3,300
Total trade and other payables		**183,662**	159,802	**884**	3,300

23.1 Trade payables

Trade payables are generally non-interest bearing. The normal credit terms granted to the Group ranges from 7 to 60 (2019: 7 to 60) days.

23.2 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.

23.3 Other payables

The other payables are non-interest bearing and are normally settled on commercial terms except for the non-current portion where the amount due is not expected to be repaid within twelve months.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

24. PROVISION FOR LIABILITIES

	Note	Group 2020 RM'000	Group 2019 RM'000
Provision for staff benefits	24.1	**30,661**	33,532
Others	24.2	**3,070**	978
		33,731	34,510
Analysed as:			
Current		**26,820**	28,106
Non-current		**6,911**	6,404
		33,731	34,510

24.1 Provision for staff benefits

	Group 2020 RM'000	Group 2019 RM'000
At 1 January	**33,532**	29,236
Provision for the year	**24,481**	30,227
Acquisition of subsidiaries	**-**	57
Payments during the year	**(29,681)**	(25,278)
Exchange adjustments	**2,329**	(710)
At 31 December	**30,661**	33,532

Provision for staff benefits accrues annual leave to employees in subsidiaries in Australia, who are also entitled to a two-month paid leave after having served ten years of continuous employment.

24.2 Others

	Group 2020 RM'000	Group 2019 RM'000
At 1 January	**978**	503
Provision for the year	**1,889**	910
Acquisition of subsidiaries	**-**	74
Payments during the year	**-**	(494)
Exchange adjustments	**203**	(15)
At 31 December	**3,070**	978

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

25. REVENUE

	2020 RM'000	2019 RM'000
Group		
Revenue from contracts with customers		
Sale of goods and rendering of services	**250,560**	486,457
Sale of properties	**288,660**	280,818
	539,220	767,275
Other revenue		
Rental income	**56,280**	64,803
Interest income from money lending activities	**21,874**	17,933
	78,154	82,736
	617,374	850,011
Company		
Dividend income	**17,329**	17,777

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

25. REVENUE (Cont'd)

25.1 Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical market, 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 31).

	Property		Hospitality		Investment and others		Total	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Group								
Primary geographical markets								
Australia	**344,058**	314,204	**184,934**	396,937	**75,395**	89,229	**604,387**	800,370
Malaysia	**1,549**	33,455	**-**	-	**4,491**	4,877	**6,040**	38,332
New Zealand	**-**	-	**6,947**	11,309	**-**	-	**6,947**	11,309
	345,607	347,659	**191,881**	408,246	**79,886**	94,106	**617,374**	850,011
Major products and services lines								
Sale of goods and rendering of services	**7,614**	13,346	**184,934**	396,937	**58,012**	76,174	**250,560**	486,457
Sale of properties	**288,660**	280,818	**-**	-	**-**	-	**288,660**	280,818
	296,274	294,164	**184,934**	396,937	**58,012**	76,174	**539,220**	767,275
Timing and recognition								
At a point in time	**296,272**	294,074	**184,934**	396,937	**29,586**	42,271	**510,792**	733,282
Over time	**2**	90	**-**	-	**28,426**	33,903	**28,428**	33,993
	296,274	294,164	**184,934**	396,937	**58,012**	76,174	**539,220**	767,275
Revenue from contracts with customers	**296,274**	294,164	**184,934**	396,937	**58,012**	76,174	**539,220**	767,275
Other revenue	**49,333**	53,495	**6,947**	11,309	**21,874**	17,932	**78,154**	82,736
Total revenue	**345,607**	347,659	**191,881**	408,246	**79,886**	94,106	**617,374**	850,011

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

25. REVENUE (Cont'd)

25.2 Nature of goods and services

The following information reflects the typical transactions of the Group during the current 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 30 to 90 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	(i) 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.
	(ii) Revenue is recognised over time for maintenance services rendered to buyers.	Credit term is 60 days.	Not applicable.	Not applicable.	Not applicable.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

25. REVENUE (Cont'd)

25.3 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.

26. OTHER INCOME

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Bad debts recovered	**2**	-	**-**	-
Dividend income:				
- Unquoted shares	**177**	157	**-**	-
Exchange reserve transfer to profit or loss upon disposal of an associate	**-**	92,185	**-**	-
Fair value gain on investment properties	**195**	64,028	**-**	-
Fair value gain on financial assets at fair value through profit or loss	**-**	1,180	**-**	-
Gain on disposal of investment securities	**91**	3	**-**	3
Gain on disposal of property, plant and equipment	**4**	83,707	**-**	-
Gain on foreign exchange	**8,020**	1,351	**34,232**	-
Government subsidies received *	**38,474**	-	**-**	-
Insurance recoveries	**75**	87,053	**-**	-
Interest income:				
- Deposits with licensed banks	**759**	1,603	**-**	-
- Subsidiaries	**-**	-	**15,706**	20,809
- Investment securities	**24,575**	18,430	**-**	-
- Others	**177**	657	**3**	-
Management fees received	**-**	30	**-**	-
Rental income and reimbursable expenses from:				
- Investment properties	**5,961**	5,881	**-**	-
- Land and buildings	**9,348**	10,211	**-**	-
Reversal of impairment loss on trade and other receivables	**-**	228	**-**	-
Sales deposit forfeited	**8,080**	-	**-**	-
Shared services income	**1,203**	5,159	**-**	-
Waiver of amount due to a subsidiary	**-**	-	**-**	2,979
Miscellaneous income	**15,582**	12,843	**-**	84
	112,723	384,706	**49,941**	23,875

* During the financial year, 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
(cont'd)

27. FINANCE COSTS

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest expense on:				
- overdrafts	**217**	228	**169**	185
- bonds	**22,684**	22,185	**-**	-
- revolving credit and term loans	**44,887**	72,408	**3,797**	4,204
- lease liabilities	**2,946**	3,429	**-**	-
- others	**196**	9	**-**	-
	70,930	98,259	**3,966**	4,389
Less: Interest expense capitalised in properties under development (Note 12)	**(1,838)**	(1,775)	**-**	-
Total finance costs	**69,092**	96,484	**3,966**	4,389

28. (LOSS)/PROFIT FOR THE YEAR

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
(Loss)/Profit for the year is arrived at after charging/(crediting):				
Auditors' remunerations				
Audit fees:				
- KPMG PLT	**297**	277	**149**	136
- Overseas affiliates of KPMG PLT	**1,501**	1,434	**-**	-
- Other auditors	**178**	86	**-**	-
Non-audit fees:				
- KPMG PLT	**14**	14	**12**	12
Material expenses/(income)				
Bad debts written off	**943**	3,301	**-**	-
Impairment loss on assets classified as held for sale	**6,117**	-	**-**	-
Impairment loss on investment securities	**-**	35	**-**	-
Impairment loss on investments in subsidiaries	**-**	-	**182**	3,276
Impairment loss on investment in an associate	**-**	312,710	**-**	-
Inventories written down	**10,235**	5,551	**-**	-
Investment properties:				
- Fair value loss	**13,474**	1,133	**-**	-
- Loss on disposal	**1,975**	-	**-**	-
- Written off	**-**	49	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

28. (LOSS)/PROFIT FOR THE YEAR (Cont'd)

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit for the year is arrived at after charging/(crediting): (Cont'd)				
***Material expenses/(income)* (Cont'd)**				
Loss on disposal of investment securities	**-**	34	**-**	-
Loss on foreign exchange	**1,570**	2,020	**-**	7,063
Management fee paid				
- Intercompany	**-**	-	**1,976**	1,833
- External	**4,069**	10,315	**-**	-
Minimum operating lease payments:				
- Land and buildings	**1,393**	4,249	**-**	-
- Plant and equipment	**1,082**	3,272	**-**	-
Other non-current assets:				
- Amortisation	**2,704**	2,513	**-**	-
- Impairment loss	**-**	343	**-**	-
- Written off	**-**	18	**-**	-
Property, plant and equipment:				
- Depreciation	**49,400**	45,074	**26**	27
- Impairment loss	**5,949**	75,264	**-**	-
- Loss on disposal	**67**	739	**-**	-
- Written off	**69**	36	**-**	-
Provision for repairs	**1,889**	910	**-**	-
Provision for staff benefits	**24,481**	30,227	**-**	-
Right-of-use assets:				
- Depreciation	**3,471**	3,734	**-**	-
- Impairment loss	**-**	3,416	**-**	-
Employee benefits expenses (including key management personnel):				
- Wages, salaries and others	**202,241**	249,760	**907**	890
- Pension costs - defined contribution plans	**13,057**	17,037	**108**	107
- Short-term accumulating compensated absences	**(1,196)**	13,102	**-**	-
Net loss on impairment of financial instruments				
Financial assets at amortised cost	**4,500**	1,859	**-**	-
Financial assets at fair value through profit or loss	**2,293**	-	**-**	-
	6,793	1,859	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

29. TAX (BENEFIT)/EXPENSE

Recognised in profit or loss

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian - current year	**2,659**	4,067	**2,249**	3,264
- prior year	**(67)**	(35)	**(73)**	(21)
Overseas - current year	**1,234**	39,151	**-**	-
- prior year	**1,942**	(393)	**-**	-
	5,768	42,790	**2,176**	3,243
Deferred tax expense				
Original and reversal of temporary differences	**(18,615)**	(46,955)	**-**	-
(Over)/Under provision in prior year	**(8,902)**	426	**-**	-
	(27,517)	(46,529)	**-**	-
Total income tax (benefit)/expense	**(21,749)**	(3,739)	**2,176**	3,243

Reconciliation of tax (benefit)/expense

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
(Loss)/Profit before tax	**(78,878)**	(214,857)	**54,763**	16,256
Income tax calculated using Malaysian tax rate of 24% (2019: 24%)	**(18,931)**	(51,566)	**13,143**	3,901
Different tax rates in other countries	**(7,159)**	10,037	**-**	-
Non-deductible expenses	**4,914**	88,508	**1,926**	4,946
Income not subject to taxation	**(13,120)**	(16,998)	**(12,820)**	(5,583)
Effect from unrecognised deferred tax assets	**14,163**	9,309	**-**	-
Recognition of previously unrecognised capital losses	**-**	(70,515)	**-**	-
(Over)/Under provision of deferred tax in prior year	**(8,902)**	426	**-**	-
Under/(Over) provision of income tax in prior year	**1,875**	(428)	**(73)**	(21)
Share of tax of associates and joint ventures	**5,411**	27,488	**-**	-
Income tax (benefit)/expense recognised in profit or loss	**(21,749)**	(3,739)	**2,176**	3,243

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019: 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 (2019: 30% and 28% respectively).

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

30. LOSS PER ORDINARY SHARE

Basic loss per ordinary share

The calculation of basic loss per ordinary share was based on the loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2020	**2019**
	RM'000	**RM'000**
Loss attributable to ordinary shareholders	**(58,366)**	(211,875)

	Group	
	2020	**2019**
	'000	**'000**
Weighted average number of ordinary shares at 31 December	**319,466**	319,466

	Group	
	2020	**2019**
	Sen	**Sen**
Basic loss per ordinary share	**(18.27)**	(66.32)

Diluted loss per ordinary share

The calculation of diluted loss per ordinary share was based on loss 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 loss per ordinary share for the current and previous years are equal to the basic loss per ordinary share.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

31. 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 investment
Hospitality	hotel and service apartment ownership and/or operation
Investment and others	investment holding, investment in securities, licensed money lending, financial service provider 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 Exco 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
(cont'd)

31. 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			Per consolidated financial statements	
	2020	2019	2020	2019	2020	2019	2020	2019		2020	2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	Note	RM'000	RM'000
Revenue											
External customer	**345,607**	347,659	**191,881**	408,246	**79,886**	94,106	**-**	-		**617,374**	850,011
Total revenue	**345,607**	347,659	**191,881**	408,246	**79,886**	94,106	**-**	-		**617,374**	850,011
Results											
Inventories written down	**(8,867)**	(3,434)	**-**	-	**(1,368)**	(2,117)	**-**	-		**(10,235)**	(5,551)
Property, plant and equipment:											
- Impairment loss	**-**	-	**-**	(75,264)	**(5,949)**	-	**-**	-		**(5,949)**	(75,264)
- Written off	**(32)**	(25)	**-**	-	**(37)**	(11)	**-**	-		**(69)**	(36)
Share of (loss)/profit from associates and joint ventures	**-**	-	**-**	-	**(9,490)**	(893)	**(13,057)**	(113,641)	(i)	**(22,547)**	(114,534)
Depreciation and amortisation	**(5,228)**	(5,335)	**(35,219)**	(31,639)	**(15,128)**	(14,347)	**-**	-		**(55,575)**	(51,321)
Segment profit/(loss)	**78,960**	147,339	**(43,198)**	109,308	**(7,435)**	(191,232)	**(107,205)**	(280,272)	(i)	**(78,878)**	(214,857)
Assets and liabilities											
Investments in associates and joint ventures	**-**	-	**-**	-	**174,573**	186,184	**-**	-		**174,573**	186,184
Additions to non-current assets [#]	**86,630**	5,843	**57,603**	173,130	**8,165**	10,870	**-**	-		**152,398**	189,843
Segment assets	**2,432,731**	2,405,584	**1,267,393**	1,099,917	**3,186,380**	3,143,286	**(1,519,935)**	(1,343,411)	(ii)	**5,366,569**	5,305,376
Segment liabilities	**852,047**	1,100,470	**440,669**	505,882	**3,039,812**	2,559,495	**(1,963,743)**	(1,751,080)	(ii)	**2,368,785**	2,414,767

[#] Additions to non-current assets consist of additions to property, plant and equipment and investment properties.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

31. OPERATING SEGMENTS (Cont'd)

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

(i) The following items are (deducted from)/added to segment profit/(loss) to arrive at "(loss)/profit before tax" presented in the consolidated statement of profit or loss and other comprehensive income:

	2020 RM'000	2019 RM'000
Share of results of associates and joint ventures	**(22,547)**	(114,534)
Unallocated corporate expenses and finance costs	**(84,658)**	(165,738)
	(107,205)	(280,272)

(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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Australia	**604,387**	800,370	**2,304,205**	1,965,817
Malaysia	**6,040**	38,332	**389,618**	402,031
New Zealand	**6,947**	11,309	**249,054**	218,960
	617,374	850,011	**2,942,877**	2,586,808

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	2020 RM'000	2019 RM'000
Property, plant and equipment	**1,123,445**	1,022,286
Right-of-use assets	**14,269**	13,658
Investment properties	**1,199,693**	1,051,756
Goodwill	**2,129**	2,705
Inventories	**603,341**	496,403
	2,942,877	2,586,808

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

32. FINANCIAL INSTRUMENTS

32.1 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
2020					
Financial assets					
Group					
Investment securities	736,984	424,817	-	312,167	-
Other investments	965	-	965	-	-
Trade and other receivables	275,078	219,412	1,697	-	53,969
Cash and cash equivalents	296,566	296,566	-	-	-
	1,309,593	940,795	2,662	312,167	53,969
Company					
Investment securities	1,043	-	-	1,043	-
Other investment	936	-	936	-	-
Trade and other receivables	798,700	798,700	-	-	-
Cash and cash equivalents	246	246	-	-	-
	800,925	798,946	936	1,043	-
Financial liabilities					
Group					
Loans and borrowings	(1,975,173)	(1,975,173)	-	-	-
Trade and other payables net of deferred revenue	(179,043)	(179,043)	-	-	-
	(2,154,216)	(2,154,216)	-	-	-
Company					
Loans and borrowings	(93,003)	(93,003)	-	-	-
Trade and other payables	(884)	(884)	-	-	-
	(93,887)	(93,887)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

32. FINANCIAL INSTRUMENTS (Cont'd)

32.1 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
2019					
Financial assets					
Group					
Investment securities	701,290	395,642	2,994	302,654	-
Other investments	965	-	965	-	-
Trade and other receivables	448,990	353,790	2,748	-	92,452
Cash and cash equivalents	351,851	351,851	-	-	-
	1,503,096	1,101,283	6,707	302,654	92,452
Company					
Investment securities	1,043	-	-	1,043	-
Other investment	936	-	936	-	-
Trade and other receivables	742,711	742,711	-	-	-
Cash and cash equivalents	35	35	-	-	-
	744,725	742,746	936	1,043	-
Financial liabilities					
Group					
Loans and borrowings	(1,986,597)	(1,986,597)	-	-	-
Trade and other payables net of deferred revenue	(157,527)	(157,527)	-	-	-
	(2,144,124)	(2,144,124)	-	-	-
Company					
Loans and borrowings	(86,946)	(86,946)	-	-	-
Trade and other payables	(3,300)	(3,300)	-	-	-
	(90,246)	(90,246)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

32. FINANCIAL INSTRUMENTS (Cont'd)

32.2 Net gains and losses arising from financial instruments

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Net (losses)/gains on:				
Financial assets at amortised cost	**(619)**	15,266	**67,145**	31,423
Financial liabilities at amortised cost	**(39,116)**	(93,045)	**(3,966)**	(1,410)
Financial assets at fair value through profit or loss:				
- Designated upon initial recognition	**(2,041)**	1,127	**-**	-
Equity instruments designated at fair value through other comprehensive income:				
- Recognised in profit or loss	**125**	103	**125**	103
- Recognised in other comprehensive income	**(13,710)**	-	**-**	-
	(55,361)	(76,549)	**63,304**	30,116

32.3 Financial risk management

The Group has exposure to the following risks from its financial instruments:

- Credit risk
- Liquidity risk
- Market risk

32.4 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 and contract assets

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
(cont'd)

32. FINANCIAL INSTRUMENTS (Cont'd)

32.4 Credit risk (Cont'd)

Trade receivables and contract assets (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 and contract assets are represented by the carrying amounts in the statement of financial position.

Concentration of credit risk

The exposure of credit risk for trade receivables and contract assets as at the end of the reporting period by geographic region was:

	Group	
	2020	**2019**
	RM'000	**RM'000**
Australia	**23,012**	43,112
Malaysia	**55,692**	55,324
	78,704	98,436

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.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

32. FINANCIAL INSTRUMENTS (Cont'd)

32.4 Credit risk (Cont'd)

Trade receivables and contract assets (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 and contract assets which are grouped together as they are expected to have similar risk nature.

	2020			2019		
	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)	**14,242**	**-**	**14,242**	26,322	-	26,322
1 - 30 days past due	**4,018**	**-**	**4,018**	7,162	-	7,162
31 - 60 days past due	**3,797**	**-**	**3,797**	3,205	-	3,205
More than 60 days past due	**62,509**	**(5,862)**	**56,647**	63,367	(1,620)	61,747
	84,566	**(5,862)**	**78,704**	100,056	(1,620)	98,436
Trade receivables	**84,566**	**(5,862)**	**78,704**	99,564	(1,620)	97,944
Contract assets	**-**	**-**	**-**	492	-	492
	84,566	**(5,862)**	**78,704**	100,056	(1,620)	98,436

	Trade receivables Lifetime ECL RM'000
Balance at 1 January 2019	535
Amounts written off	(98)
Net remeasurement of loss allowance	1,183
Balance at 31 December 2019/1 January 2020	1,620
Amounts written off	**(639)**
Net remeasurement of loss allowance	**4,881**
Balance at 31 December 2020	**5,862**

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

32. FINANCIAL INSTRUMENTS (Cont'd)

32.4 Credit risk (Cont'd)

Cash and cash equivalents

The cash and cash equivalents 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.

Other receivables

Credit risks on other receivables are mainly arising from deposits paid for office buildings and fixtures rented. These deposits will be received at the end of each lease terms. The Group manages the credit risk together with the leasing arrangement.

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 RM188,392,000 (2019: RM114,697,000) 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.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

32. FINANCIAL INSTRUMENTS (Cont'd)

32.4 Credit risk (Cont'd)

Financial guarantees (Cont'd)

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.

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;
- The subsidiary's advance is overdue for more than 365 days; 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.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

32. FINANCIAL INSTRUMENTS (Cont'd)

32.5 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.

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	Contractual interest rate/ Discount rate	Contractual cash flows	Under 1 year	1 - 5 years	More than 5 years
	RM'000	%	RM'000	RM'000	RM'000	RM'000
2020						
Group						
Non-derivative financial liabilities						
Bank overdrafts	3,066	6.70 - 7.45	3,066	3,066	-	-
Bonds	363,373	5.75 - 8.31	399,633	292,948	48,723	57,962
Revolving credit	559,694	0.86 - 4.37	560,660	494,084	66,576	-
Term loans	1,040,453	1.20 - 6.00	1,056,160	733,837	320,035	2,288
Finance lease liability	8,587	7.00	11,593	601	2,405	8,587
Lease liabilities	51,399	4.54 - 6.55	296,449	6,421	23,406	266,622
Trade and other payables net of deferred revenue	179,043	-	179,043	172,215	6,828	-
	2,205,615		2,506,604	1,703,172	467,973	335,459
Company						
Bank overdrafts	2,003	6.70 - 7.45	2,003	2,003	-	-
Revolving credit	91,000	3.25 - 4.37	91,000	91,000	-	-
Other payables	884	-	884	884	-	-
Financial guarantees	-	-	188,392	188,392	-	-
	93,887		282,279	282,279	-	-

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

32. FINANCIAL INSTRUMENTS (Cont'd)

32.5 Liquidity risk (Cont'd)

Maturity analysis (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
2019						
Group						
Non-derivative financial liabilities						
Bank overdrafts	1,028	7.95 - 8.70	1,028	1,028	-	-
Bonds	369,538	5.75 - 8.31	409,615	300,803	45,108	63,704
Revolving credit	473,230	1.72 - 5.61	476,486	391,510	84,976	-
Term loans	1,134,851	2.62 - 4.94	1,171,405	674,429	494,406	2,570
Finance lease liability	7,950	7.00	10,733	557	2,226	7,950
Lease liabilities	49,123	4.54 - 6.55	284,137	5,897	21,194	257,046
Trade and other payables net of deferred revenue	157,527	-	157,527	152,719	4,808	-
	2,193,247		2,510,931	1,526,943	652,718	331,270
Company						
Bank overdrafts	946	7.95 - 8.70	946	946	-	-
Revolving credit	86,000	4.55 - 5.61	86,000	86,000	-	-
Other payables	3,300	-	3,300	3,300	-	-
Financial guarantees	-	-	114,697	114,697	-	-
	90,246		204,943	204,943	-	-

32.6 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.

32.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases, cash and cash equivalents 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 Hong Kong Dollar ("HKD"), Australian Dollar ("AUD"), U.S. Dollar ("USD"), and Great Britain Pound ("GBP").

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.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

32. FINANCIAL INSTRUMENTS (Cont'd)

32.6 Market risk (Cont'd)

32.6.1 Currency risk (Cont'd)

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			
	HKD	AUD	USD	GBP
	RM'000	RM'000	RM'000	RM'000
Group				
2020				
Investment securities	**-**	**-**	**161,200**	**-**
Trade and other receivables	**2**	**-**	**7,378**	**-**
Bank balances	**229**	**15,689**	**14**	**329**
Short term deposits	**-**	**83,894**	**88**	**36,298**
Bank loans	**(69,852)**	**-**	**(351,454)**	**-**
Trade and other payables	**-**	**-**	**(1,564)**	**-**
	(69,621)	**99,583**	**(184,338)**	**36,627**
2019				
Investment securities	-	-	164,000	-
Trade and other receivables	-	-	10,821	-
Bank balances	32	83	42	70
Short term deposits	-	123,025	82,003	32,347
Bank loans	(176,663)	-	(315,552)	-
Trade and other payables	(6)	-	(1,392)	-
	(176,637)	123,108	(60,078)	32,417

	Denominated in	
	AUD	USD
	RM'000	RM'000
Company		
2020		
Amounts due from subsidiaries	**456,533**	**-**
Bank balances	**2**	**2**
Amounts due to subsidiaries	**-**	**(99)**
	456,535	**(97)**

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

32. FINANCIAL INSTRUMENTS (Cont'd)

32.6 Market risk (Cont'd)

32.6.1 Currency risk (Cont'd)

Exposure to foreign currency risk (Cont'd)

	Denominated in	
	AUD	USD
	RM'000	RM'000
2019		
Amounts due from subsidiaries	407,844	-
Bank balances	2	3
Amounts due to subsidiaries	-	(793)
	407,846	(790)

Currency risk sensitivity analysis

A 5% (2019: 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	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
HKD	**2,646**	6,712	**-**	-
AUD	**(3,784)**	(4,678)	**(17,348)**	(15,498)
USD	**7,005**	2,283	**4**	30
GBP	**(1,392)**	(1,232)	**-**	-

A 5% (2019: 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.

32.6.2 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.

32. FINANCIAL INSTRUMENTS (Cont'd)

32.6 Market risk (Cont'd)

32.6.2 Interest rate risk (Cont'd)

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	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fixed rate instruments				
Financial assets	**643,400**	744,228	**563,314**	517,175
Financial liabilities	**(423,359)**	(443,918)	**-**	-
	220,041	300,310	**563,314**	517,175
Floating rate instruments				
Financial liabilities	**(1,603,213)**	(1,591,802)	**(93,003)**	(86,946)

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.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

32. FINANCIAL INSTRUMENTS (Cont'd)

32.6 Market risk (Cont'd)

32.6.2 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.

	Group		Company	
	Profit or loss			
	50bp increase RM'000	50bp decrease RM'000	50bp increase RM'000	50bp decrease RM'000
2020				
Floating rate instruments	**(6,092)**	**6,092**	**(353)**	**353**
2019				
Floating rate instruments	(6,049)	6,049	(330)	330

32.6.3 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.

32.7 Fair value information

The carrying amounts of cash and cash equivalents, 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
(cont'd)

32. FINANCIAL INSTRUMENTS (Cont'd)

32.7 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
2020										
Group										
Financial assets										
Loan assets	-	-	1,697	1,697	-	-	-	-	1,697	1,697
Quoted shares	2	-	-	2	-	-	-	-	2	2
Unquoted shares	-	312,165	-	312,165	-	-	-	-	312,165	312,165
Unquoted bond	-	-	-	-	-	-	161,200	161,200	161,200	161,200
Unquoted loan notes	-	-	-	-	-	-	276,925	276,925	276,925	263,617
	2	312,165	1,697	313,864	-	-	438,125	438,125	751,989	738,681
Financial liabilities										
Loans and borrowings	-	-	-	-	-	-	(1,981,316)	(1,981,316)	(1,981,316)	(1,975,173)
Company										
Financial assets										
Unquoted shares	-	1,043	-	1,043	-	-	-	-	1,043	1,043
Financial liabilities										
Loans and borrowings	-	-	-	-	-	-	(93,003)	(93,003)	(93,003)	(93,003)

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

32. FINANCIAL INSTRUMENTS (Cont'd)

32.7 Fair value information (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
2019										
Group										
Financial assets										
Loan assets	-	-	2,748	2,748	-	-	-	-	2,748	2,748
Quoted shares	2,999	-	-	2,999	-	-	-	-	2,999	2,999
Unquoted shares	-	302,649	-	302,649	-	-	-	-	302,649	302,649
Unquoted bond	-	-	-	-	-	-	164,000	164,000	164,000	164,000
Unquoted loan notes	-	-	-	-	-	-	243,350	243,350	243,350	231,642
	2,999	302,649	2,748	308,396	-	-	407,350	407,350	715,746	704,038
Financial liabilities										
Loans and borrowings	-	-	-	-	-	-	(1,992,822)	(1,992,822)	(1,992,822)	(1,986,597)
Company										
Financial assets										
Unquoted shares	-	1,043	-	1,043	-	-	-	-	1,043	1,043
Financial liabilities										
Loans and borrowings	-	-	-	-	-	-	(86,946)	(86,946)	(86,946)	(86,946)

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

32. FINANCIAL INSTRUMENTS (Cont'd)

32.7 Fair value information (Cont'd)

Level 2 fair value

Derivatives

The fair value of bond is estimated based on the inputs that are observable from the market for the asset. The fair value of forward exchange contracts is estimated by computing the difference between the contractual forward price and the current forward price whereas the fair value of currency option contracts estimated based on the value given by the banks.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2019: no transfer in either directions).

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.

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.

33. 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.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

33. CAPITAL MANAGEMENT (Cont'd)

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 cash equivalents. Capital includes equity attributable to the owners of the parent.

	Note	2020 RM'000	2019 RM'000
Group			
Loans and borrowings	22	**1,975,173**	1,986,597
Trade and other payables	23	**183,662**	159,802
Less: Cash and cash equivalents	18	**(296,566)**	(351,851)
Net debt		**1,862,269**	1,794,548
Equity attributable to the owners of the Company		**2,975,023**	2,869,711
Total capital		**2,975,023**	2,869,711
Capital and net debt		**4,837,292**	4,664,259
Gearing ratio		**38%**	38%

There was no change in the Group's approach to capital management during the financial year.

34. CAPITAL COMMITMENTS

	Group 2020 RM'000	2019 RM'000
Capital expenditure commitments		
Property, plant and equipment		
Authorised but not contracted for	**32,591**	47,103
Contracted but not provided for	**236,653***	23,542
	269,244	70,645

* The capital commitments are mainly for InterContinental Sydney refurbishment.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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.

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, Note 22 and Note 23.

	Group		Company	
	2020	2019	**2020**	2019
	RM'000	RM'000	**RM'000**	RM'000
A. Subsidiaries				
Interest income	**-**	-	**15,706**	20,809
Dividend income	**-**	-	**17,204**	17,677
Rental expense	**-**	-	**53**	31
Rendering of services	**-**	-	**1,434**	3,487
Management fee expense	**-**	-	**1,976**	1,833
B. Associates				
Dividend income	**-**	25,799	**-**	-
Director fees	**203**	449	**-**	-
Rental income	**-**	4,044	**-**	-
Rental expense	**-**	1,588	**-**	-
Share service expense	**-**	198	**-**	-
C. Joint ventures				
Dividend income	**2,280**	117	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

35. RELATED PARTIES (Cont'd)

Identity of related parties (Cont'd)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
D. Other related parties				
Companies related to a director:				
- Advisory fee paid	**110**	-	**110**	-
- Interest expenses	**3,132**	-	**-**	-
- Rental expense	**717**	344	**-**	-
- Share service income	**441**	439	**-**	-
- Rendering of services	**2,913**	4,061	**-**	-
Companies related to a person connected to a director:				
- Rental income	**387**	380	**-**	-
- Rendering of services	**1,459**	803	**-**	-
E. Key management personnel				
Directors				
- Remuneration	**3,158**	2,899	**1,127**	990
- Fees	**242**	230	**242**	230
- Defined contribution plans	**209**	200	**112**	103
- Estimated money value of benefits-in-kind	**10**	4	**6**	-
	3,619	3,333	**1,487**	1,323
Other key management personnel				
- Remuneration	**45,624**	42,780	**-**	-
- Defined contribution plans	**2,481**	2,521	**-**	-
	48,105	45,301	**-**	-

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.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

36. INTEREST IN JOINT OPERATIONS

Details of the joint operations are as follows:

Name of entity	Country of incorporation	Principal activities	Proportion of ownership interest 2020 %	2019 %
Held through Mulpha Education Group Pty. Limited				
The Hotel School Sydney	Australia	Education	**57**	58
The Hotel School Melbourne	Australia	Education	**51**	58
The Hotel School Brisbane	Australia	Education	**51**	51
The Hotel School Hayman Island	Australia	Education	**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**	-

37. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

COVID-19 pandemic

In March 2020, the World Health Organisation declared the outbreak of COVID-19 as a global pandemic. The COVID-19 outbreak had disrupted global markets with travel restrictions and lockdowns declared by governments across all countries.

The Group had to temporarily closed its hotels namely InterContinental Sanctuary Cove and InterContinental Hayman Island in late March whilst InterContinental Sydney remained open to provide accommodation for guests being quarantined under the Australian Government's 14 days isolation requirements. Both InterContinental Sanctuary Cove and Hayman Island reopened on 1 July 2020 and 1 September 2020 respectively. Other sectors had seen lesser impact from COVID-19 pandemic. Property settlements in Norwest, Australia remained strong during the pandemic.

As the condition remains fluid, the Group is implementing timely measures to minimise impact of the outbreak on the Group's operation and expects to remain solvent. Cashflow forecasts indicate the Group will maintain sufficient liquidity to meet the Group's required working capital requirement for its operating business. These forecasts have been prepared for a number of scenarios including future potential COVID-19 lockdowns and travel restrictions that will affect the hospitality segment. In any of these scenarios, accordingly there is no reason for the Directors to believe that there is any significant uncertainty on going concern as the Group has a range of additional options available in the event conditions worsen including raising additional funds, liquidating assets and seeking additional support from the Group's financiers.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

38. SUBSEQUENT EVENTS

On 12 January 2021, the Group's RM764.15 million (equivalent to AUD246.50 million) syndicated borrowing facility, which is secured by InterContinental Hotel Sydney and Transport House, was extended for 3 years to 31 January 2024. The facility was previously provided by Oversea-Chinese Banking Corporation ("OCBC") and was rolling over on a short-term basis as at 31 December 2020. United Overseas Bank ("UOB") joined the syndicate on a 50/50 basis with OCBC, and an additional construction facility of RM296.05 million (equivalent to AUD95.50 million) was also incorporated into the facility for the works to be undertaken at the secured assets. The total facility limit has therefore been increased to RM1.06 billion (equivalent to AUD342.00 million).

On 24 February 2021, the Group's RM62.00 million (equivalent to AUD20.00 million) fixed term and RM15.50 million (equivalent to AUD5.00 million) revolving facility with UOB, secured by InterContinental Hayman Island resort, was extended for 12 months, now expiring on 31 March 2022.

39. 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 RM1.00 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 RM104.00 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 RM301.51 million plus interest and held that the Power 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. A further announcement will be made when hearing dates have been set and confirmed by the Court of Appeal.

40. COMPARATIVE FIGURES

Certain comparatives in the notes to the financial statements were restated to conform with the current year presentation.

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 74 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 2020 and of their financial performance and cash flows for the financial year then ended.

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

Lee Seng Huang
Director

Lee Eng Leong
Director

Date: 9 April 2021

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 74 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 9 April 2021.

Lim Say Kien

I, **Justin Betar**, **Notary Public**, duly registered in the State of New South Wales, Commonwealth of Australia, 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:

Justin Betar,
Notary Public

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 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 74 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 2020, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our 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 RM1,123,445,000 as at 31 December 2020.

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.

INDEPENDENT AUDITORS' REPORT

To the members of Mulpha International Bhd.
(cont'd)

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
- Considered whether there is any significant valuation limitations or disclaimers due to market disruption caused by COVID-19 that may be attached to the external valuation report.

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 RM1,199,693,000 as at 31 December 2020.

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.

INDEPENDENT AUDITORS' REPORT

To the members of Mulpha International Bhd.
(cont'd)

KEY AUDIT MATTERS (Cont'd)

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.

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:
  - made an independent assessment of expected sales prices using benchmarking to external data sources and actual results in the period;
  - made an assessment of expected sales volumes by benchmarking to historical sales rates; and
  - tested forecast costs to complete the development project to underlying supplier contracts and/or historical experience of similar costs.

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 annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report 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 annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT

To the members of Mulpha International Bhd.
(cont'd)

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the 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.

- 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.

INDEPENDENT AUDITORS' REPORT

To the members of Mulpha International Bhd.
(cont'd)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Cont'd)

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

Lam Shuh Siang
Approval Number: 03045/02/2023 J
Chartered Accountant

Petaling Jaya, Selangor
Date: 9 April 2021

MATERIAL PROPERTIES OF THE GROUP

As at 31 December 2020

	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	35 years	3,909.00 sq. metres	5-star hotel	606,181
2.	Lot 7, 8, 679 Mukim Pulai Lot 1141, 1541 Tanjung Kupang Daerah Johor Bahru	1991	Freehold	N/A	N/A	367.57 hectares	Land being used for a resort & recreation, residential and commercial developments	574,312
3.	Sanctuary Cove Gold Coast Queensland Australia	2002 and 2018 2020 (R)	Freehold	N/A	32 to 33 years	64.70 hectares	Integrated resort with hotel, retail/office, clubs & marina and residential development	439,798*
4.	Norwest Marketown Norwest Boulevard Baulkham Hills New South Wales Australia	2015 2020 (R)	Freehold	N/A	21 years	4.40 hectares	Commercial property	422,375*
5.	Hayman Island Great Barrier Reef Queensland Australia	2004 2019 (R)	Leasehold	Perpetuity	32 years	291.48 hectares	5-star island resort and residential development	329,300
6.	99-113 Macquarie Street Sydney New South Wales Australia	2004 2020 (R)	Freehold	N/A	82 years	1,600.00 sq. metres	Commercial property	314,976*
7.	Nesuto Stadium Apartment Hotel Auckland New Zealand	2018 2020 (R)	Leasing	2146	12 years	2,450.00 sq. metres	4-star hotel	249,054*
8.	The Greens, Haven and Neo Baulkham Hills New South Wales Australia	2014 and 2016	Freehold	N/A	N/A	4.49 hectares	High density residential development	205,469
9.	Essentia 23a-29 Fairway Drive Kellyville New South Wales Australia	2016	Freehold	N/A	N/A	6.19 hectares	Medium density residential development	120,252
10.	2-8 Lexington Dr Bella Vista New South Wales Australia	2016 2020 (R)	Freehold	N/A	23 years	8,140.00 sq. metres	Warehouse	114,916*

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 22 March 2021

Total Number of Issued Shares	:	319,466,430 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	1,212	6.24	24,454	0.01
100 - 1,000	12,971	66.80	4,806,227	1.51
1,001 - 10,000	4,331	22.30	14,708,069	4.60
10,001 - 100,000	748	3.85	20,266,605	6.34
100,001 - 15,973,320 (Less than 5% of issued shares)	153	0.79	108,964,027	34.11
15,973,321 (5%) and above	3	0.02	170,697,048	53.43
Total	**19,418**	**100.00**	**319,466,430**	**100.00**

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS BASED ON RECORD OF DEPOSITORS

No.	Name of Shareholders	No. of Shares	%
1.	Nautical Investments Limited	75,507,000	23.64
2.	Magic Unicorn Limited	50,019,948	15.66
3.	Alliancegroup Nominees (Asing) Sdn Bhd - Exempt AN for Sun Hung Kai Investment Services Limited	45,170,100	14.14
4.	HSBC Nominees (Tempatan) Sdn Bhd - Exempt AN for Credit Suisse AG (HK-CLT-T-OS PR)	12,000,000	3.76
5.	JF Apex Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Paramjit Singh Gill (Margin)	7,877,300	2.47
6.	Klang Enterprise Sendirian Berhad	6,690,660	2.09
7.	Amsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Vista Power Sdn Bhd	6,463,833	2.02
8.	Lee Ming Tee	4,815,300	1.51
9.	Alliancegroup Nominees (Asing) Sdn Bhd - Sun Hung Kai Investment Services Limited for Lee Ming Tee	4,000,000	1.25
10.	HSBC Nominees (Asing) Sdn Bhd - Morgan Stanley & Co. International Plc (Firm A/C)	3,830,900	1.20
11.	First Positive Sdn Bhd	3,714,345	1.16
12.	UOB Kay Hian Nominees (Asing) Sdn Bhd - Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	3,241,968	1.01
13.	Nautical Investments Limited	2,617,200	0.82
14.	Neoh Choo Ee & Company Sdn Berhad	2,600,000	0.81
15.	Vista Power Sdn Bhd	2,536,370	0.79

ANALYSIS OF SHAREHOLDINGS

As at 22 March 2021
(cont'd)

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS BASED ON RECORD OF DEPOSITORS (cont'd)

No.	Name of Shareholders	No. of Shares	%
16.	Lim Gaik Bway @ Lim Chiew Ah	1,501,290	0.47
17.	Joyce Yu Keng Hee	1,418,295	0.44
18.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for The Hongkong and Shanghai Banking Corporation Limited (PB-HKDIV-ACCL)	1,305,000	0.41
19.	HLB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Chang Joon	1,100,000	0.34
20.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for Dimensional Emerging Markets Value Fund	1,088,360	0.34
21.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd - Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	1,067,403	0.33
22.	Affin Hwang Nominees (Asing) Sdn Bhd - DBS Vickers Secs (S) Pte Ltd for Rubicon Nominees Pty Ltd	1,000,000	0.31
23.	RHB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ong Ngoh Ing @ Ong Chong Oon	990,000	0.31
24.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Cheong Chen Yue	969,400	0.30
25.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Teh Siew Wah (021)	943,960	0.30
26.	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Oh Kim Sun	928,500	0.29
27.	RHB Nominees (Asing) Sdn Bhd - Pledged Securities Account for Lee Sui Hee	815,855	0.26
28.	Tan Hua Tong	811,430	0.25
29.	Chin Kian Fong	806,000	0.25
30.	Citigroup Nominees (Asing) Sdn Bhd - Exempt AN for OCBC Securities Private Limited (Client A/C-NR)	795,871	0.25

ANALYSIS OF SHAREHOLDINGS

As at 22 March 2021
(cont'd)

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	24.45	-	-
Magic Unicorn Limited	50,019,948	15.66	-	-
Mountbatten Corporation	-	-	78,124,200 [a]	24.45
Mount Glory Investments Limited	-	-	128,144,148 [b]	40.11
Lee Ming Tee	8,815,300	2.76	134,834,808 [c]	42.20
Lee Seng Huang	12,000,000	3.76	143,650,108 [d]	44.96
Many Merit Asia Limited	23,242,900	7.28	-	-

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	3.76	143,650,108 [d]	44.96
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 47TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 47th Annual General Meeting **("AGM")** of Mulpha International Bhd. **("the Company")** will be conducted fully virtual from the broadcast venue at Bale Club, Multi-Purpose Hall, No. 1, Jalan Polo, Leisure Farm, 81560 Gelang Patah, Johor Darul Takzim, Malaysia **("Broadcast Venue")** on Thursday, 3 June 2021 at 2.30 p.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 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 Chew Hoy Ping 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 approve the payment of Directors' fees and benefits to the Non-Executive Directors of the Company for the period from 4 June 2021 until the conclusion of the next AGM of the Company to be held in 2022. *(Ordinary Resolution 3)*

5. 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 4)*

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Resolutions:-

6. **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 20% of the total number of issued shares of the Company for the time being (excluding treasury shares) **("20% General Mandate")** and THAT such approval of the 20% General Mandate shall continue to be in force until 31 December 2021.

NOTICE OF 47TH ANNUAL GENERAL MEETING
(cont'd)

THAT with effect from 1 January 2022, the general mandate shall be reinstated from a 20% limit to a 10% limit provided that the aggregate number of such new shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer by the Company 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) **("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 20% General Mandate and 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 5)*

7. **ORDINARY RESOLUTION:**
Authority to Issue and Allot New Ordinary Shares in the Company under the Proposed General Mandate for Rights Issue on a Pro Rata Basis ("Proposed Rights Issue Mandate")

"THAT pursuant to Sections 75 and 76 of the Act, the Main Market Listing Requirements of Bursa Securities and the approval of the relevant regulatory authorities (where such approval is required), approval be and is hereby given to the Directors of the Company to:

(a) provisionally issue and allot by way of a rights issue on a pro rata basis of new ordinary shares **("new Rights Shares")** to the shareholders of the Company whose names appear in the Record of Depositors of the Company at the close of business on an entitlement date to be determined and announced later by the Company;

(b) issue such new Rights Shares as may be required to give effect to the Proposed Rights Issue Mandate, including any persons entitled on renunciation of the provisional allotments;

NOTICE OF 47TH ANNUAL GENERAL MEETING
(cont'd)

(c) determine and fix the entitlement basis and issue price of the new Rights Shares which shall be announced later by the Company;

(d) utilise the proceeds to be derived from the Proposed Rights Issue Mandate for the purposes as determined and announced later by the Company; and

(e) vary the manner and/or purpose of utilisation of such proceeds as the Directors may deem fit and in the best interest of the Company,

provided that:

(i) such new Rights Shares to be issued pursuant to this resolution, does not exceed 50% of the total number of issued shares of the Company for the time being (excluding treasury shares); and

(ii) the new Rights Shares are not priced at more than 30% discount to the theoretical ex-rights price.

THAT such approval of the Proposed Rights Issue Mandate shall continue to be in force until 31 December 2021.

THAT the Directors be and are hereby empowered to obtain the approval from Bursa Securities for the listing of and quotation for such new Rights 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 Proposed Rights Issue 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 30 July 2020, 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)*

NOTICE OF 47TH ANNUAL GENERAL MEETING
(cont'd)

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)*

10. **ORDINARY RESOLUTION:**
Continuing in Office as Independent Non-Executive Director

"THAT approval be and is hereby given to Mr Loong Caesar, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, to continue to serve as an Independent Non-Executive Director of the Company, in accordance with the Malaysian Code on Corporate Governance 2017." *(Ordinary Resolution 9)*

NOTICE OF 47TH ANNUAL GENERAL MEETING
(cont'd)

11. **ORDINARY RESOLUTION:**
Continuing in Office as Independent Non-Executive Director

"THAT subject to the passing of Ordinary Resolution 2, approval be and is hereby given to Mr Chew Hoy Ping, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 12 years, to continue to serve as an Independent Non-Executive Director of the Company, in accordance with the Malaysian Code on Corporate Governance 2017." *(Ordinary Resolution 10)*

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
30 April 2021

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")** which are available on Boardroom Smart Investor Portal at https://www.boardroomlimited.my. 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.

NOTICE OF 47TH ANNUAL GENERAL MEETING
(cont'd)

8. The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd at Ground Floor or 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 or by sending it through the post not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Alternatively, the Proxy Form can be deposited electronically through the Boardroom Smart Investor Portal at https://www.boardroomlimited.my 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 **25 May 2021** 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.

EXPLANATORY NOTES ON ORDINARY AND SPECIAL BUSINESS:

1. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 December 2020

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 Chew Hoy Ping are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at this AGM.

The Nomination Committee has assessed the performance and contribution of these retiring Directors and recommended them for re-election as Directors of the Company. Their profiles are set out in the Profile of Board of Directors section of this Annual Report. The Board has endorsed the Nomination Committee's recommendation subject to the shareholders' approval at this AGM.

NOTICE OF 47TH ANNUAL GENERAL MEETING
(cont'd)

3. **Ordinary Resolution 3 – 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, which are the same amount as approved at the previous AGM held in 2020.

This Resolution is to seek shareholders' approval for payment of the Remuneration to the Non-Executive Directors for the period from 4 June 2021 until the conclusion of the next AGM of the Company to be held in 2022, in accordance with the remuneration structure as set out below:

Directors' Fees / Allowances	**Amount**
Directors' Fees *(payable on monthly basis)*:	
• For Chairman of Audit and Risk Management Committee **("ARMC")**	RM100,000 per annum
• For other Non-Executive Directors	RM90,000 per annum
Fixed Allowance *(payable on quarterly basis)*:	
• For Chairman of ARMC	RM50,000 per annum
• For Chairman of other Board Committees	RM15,000 per annum
Meeting Allowance for attendance of Board and Board Committee Meetings *(payable after each meeting)*	RM3,000 per meeting

4. **Ordinary Resolution 4 – Re-Appointment of Auditors**

The ARMC has considered the re-appointment of Messrs KPMG PLT as Auditors of the Company based on the criteria prescribed under Paragraph 15.21 of the Main Market Listing Requirements of Bursa Securities. Both the ARMC and the Board have recommended the re-appointment of Messrs KPMG PLT as Auditors of the Company.

5. **Ordinary Resolution 5 – Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Act**

Pursuant to the letter dated 16 April 2020 issued by Bursa Securities, listed issuers are allowed to seek a higher limit of general mandate to issue shares of not more than 20% of the total number of issued shares (excluding treasury shares) **("20% General Mandate")** to facilitate capital raising in a timely and cost effective manner during this challenging time due to the COVID-19 pandemic. The 20% General Mandate may be utilised by listed issuers to issue shares until 31 December 2021.

With effect from 1 January 2022, the 20% General Mandate will be reinstated to a 10% limit **("10% General Mandate")** pursuant to Paragraph 6.03 of the Main Market Listing Requirements of Bursa Securities. The authority for the 10% 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.

Having considered the current economic climate and future financial needs of the Group to ensure the long-term sustainability and interest of the Company and its shareholders, the Board would like to seek approval for this general mandate from its shareholders at the AGM. This Resolution, if passed, will 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.

NOTICE OF 47TH ANNUAL GENERAL MEETING
(cont'd)

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.

6. Ordinary Resolution 6 – Authority to Issue and Allot New Ordinary Shares in the Company under the Proposed General Mandate for Rights Issue on a Pro Rata Basis ("Proposed Rights Issue Mandate")

Bursa Securities had on 10 November 2020, issued a letter to introduce further flexibility to facilitate secondary fund raising by listed issuers through an enhanced rights issue framework, subject to complying with the requirements as set out in the said letter. Listed issuers are allowed to undertake a rights issue of ordinary shares on a pro rata basis through a higher general mandate, which must not exceed 50% of the total number of issued shares of the Company (excluding treasury shares) **("new Rights Shares")**, and such new Rights Shares are not priced at more than 30% discount to the theoretical ex-rights price. The Proposed Rights Issue Mandate may be utilised by listed issuers to issue new Rights Shares until 31 December 2021.

Having considered the current economic climate and future financial needs of the Group to ensure the long-term sustainability and interest of the Company and its shareholders, the Board would like to seek approval for the Proposed Rights Issue Mandate from its shareholders at the AGM.

The Board is of the view that the Proposed Rights Issue Mandate would be in the best interest of the Company and its shareholders as the Proposed Rights Issue Mandate 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 for the purpose of funding current and future investment(s), project(s), acquisition(s), working capital and/or such other application as the Directors may deem fit in the best interest of the Company. The Proposed Rights Issue Mandate is sought to avoid any delay and cost involved in convening a general meeting merely to approve such issue of shares.

This Resolution, if passed, will give authority to the Company to undertake a rights issue exercise on a pro rata basis and the Directors of the Company to issue and allot new Rights Shares in the capital of the Company, which does not exceed 50% of the total number of issued shares of the Company for the time being (excluding treasury shares), and such new Rights Shares are not priced at more than 30% discount to the theoretical ex-rights price.

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

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 30 April 2021.

9. Ordinary Resolution 9 – Continuing in Office as Independent Non-Executive Director

This Resolution is to seek the shareholders' approval to retain Mr Loong Caesar **("Mr Loong")**, who has served on the Board for a cumulative term of more than 9 years, as an Independent Non-Executive Director of the Company.

NOTICE OF 47TH ANNUAL GENERAL MEETING
(cont'd)

The Board has via the Nomination Committee, assessed the independence of Mr Loong and recommended him to continue to serve as an Independent Non-Executive Director based on the following justifications:-

(a) Mr Loong fulfilled the criteria under the definition of "Independent Director" as stated in the Main Market Listing Requirements of Bursa Securities and thus, he would be able to function as a check and balance to the Board.

(b) Mr Loong performed his duties diligently and in the best interest of the Company, and brings an element of objectivity and independent judgement to the Board without being subject to influence of the Management.

(c) Based on the Director's Peer Evaluation undertaken by the Board, Mr Loong has performed satisfactorily in fulfilling his duties and responsibilities, including among others, contribution to Board deliberations, regular and timely attendance of Board meetings and understanding of the roles and responsibilities of an Independent Director.

(d) Mr Loong has extensive experience garnered from his professional experience in legal advisory for a diverse range of businesses and therefore would be able to offer constructive comments and objective review of proposals. Throughout his tenure of service, he has acted in the best interest of the Company and has continued to exercise independent judgement and due care.

(e) Mr Loong's length of service with the Company enhanced his knowledge and developed valuable insights of the business operations of the Group, which enabled him to participate actively and contribute effectively during deliberations at Board and Board Committee meetings.

10. Ordinary Resolution 10 – Continuing in Office as Independent Non-Executive Director

This Resolution is to seek the shareholders' approval to retain Mr Chew Hoy Ping **("Mr Chew")**, who has served on the Board for a cumulative term of more than 12 years, as an Independent Non-Executive Director of the Company.

The Board has via the Nomination Committee, assessed the independence of Mr Chew and recommended him to continue to serve as an Independent Non-Executive Director based on the following justifications:-

(a) Mr Chew fulfilled the criteria under the definition of "Independent Director" as stated in the Main Market Listing Requirements of Bursa Securities and thus, he would be able to function as a check and balance to the Board.

(b) Mr Chew performed his duties diligently and in the best interest of the Company, and brings an element of objectivity and independent judgement to the Board without being subject to influence of the Management. He consistently challenges Management in an effective and constructive manner, and continues to advocate professional views without fear or favour.

(c) Based on the Director's Peer Evaluation undertaken by the Board, Mr Chew has performed satisfactorily in fulfilling his duties and responsibilities, including among others, contribution to Board deliberations, regular and timely attendance of Board meetings and understanding of the roles and responsibilities of an Independent Director. He has devoted time and commitment, and continued to exercise his independence and due care in discharging his duties and responsibilities as an Independent Non-Executive Director.

(d) Mr Chew, who is Chairman of the ARMC, has vast experience in the accounting and audit industry, which enabled him to provide constructive advice, expertise and independent judgement.

(e) Mr Chew's length of service with the Company enhanced his knowledge and developed valuable insights of the business operations of the Group, which enabled him to participate actively and contribute effectively during deliberations at Board and Board Committee meetings.

Pursuant to the Malaysian Code on Corporate Governance 2017, the Company will seek shareholders' approval through a two-tier voting process at the AGM for the retention of Mr Chew as an Independent Non-Executive Director of the Company.

STATEMENT ACCOMPANYING NOTICE OF 47TH 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 47th 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 5 on the general mandate for issue of securities is a renewal mandate. As at the date of this Notice, no new shares were issued pursuant to the said mandate granted to the Directors at the last AGM held on 30 July 2020.

   The proposed Ordinary Resolution 6 on the Proposed Rights Issue Mandate is a new mandate.

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 47th Annual General Meeting **("AGM")** of the Company to be conducted fully virtual from the Broadcast Venue at Bale Club, Multi-Purpose Hall, No. 1, Jalan Polo, Leisure Farm, 81560 Gelang Patah, Johor Darul Takzim, Malaysia on **Thursday, 3 June 2021** 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 Chew Hoy Ping		
Resolution 3	Payment of Directors' fees and benefits		
Resolution 4	Re-appointment of KPMG PLT as Auditors		
Resolution 5	Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016		
Resolution 6	Authority to issue and allot new ordinary shares in the Company under the proposed general mandate for rights issue on a pro rata basis		
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		
Resolution 9	Continuing in office as Independent Non-Executive Director – Mr Loong Caesar		
Resolution 10	Continuing in office as Independent Non-Executive Director – Mr Chew Hoy Ping		

Dated this ________ day of ______________________ 2021

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)

____
Signature of Member

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")** which are available on Boardroom Smart Investor Portal at https://www.boardroomlimited.my. 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 Companies Act 2016 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 Ground Floor or 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 or by sending it through the post not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Alternatively, the Proxy Form can be deposited electronically through the Boardroom Smart Investor Portal at https://www.boardroomlimited.my 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 **25 May 2021** 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 30 April 2021.

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 6, 99 Macquarie Street
Sydney, New South Wales 2000
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T: (+612) 9239 5500
www.mulpha.com.au

4. **Mulpha Sanctuary Cove**
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Sanctuary Cove, Queensland 4212
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www.sanctuarycove.com

5. **Mulpha Norwest Pty. Ltd.**
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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
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T: (+612) 9239 5500

11. **The Hotel School Sydney**
60 Philip Street
Sydney, New South Wales 2000
Australia
T: (+612) 8249 3200
www.hotelschool.scu.edu.au

12. **The Hotel School Melbourne**
Level 3, 399 Lonsdale Street
Melbourne, Victoria 3000
Australia
T: (+613) 9601 3400
www.hotelschool.scu.edu.au

13. **The Hotel School Brisbane**
Level 13, 127 Creek Street
Brisbane City, Queensland 4000
Australia
T: (+617) 3739 2400
www.hotelschool.scu.edu.au

14. **The Hotel School Hayman Island**
1 Raintree Avenue
Hayman Island
Great Barrier Reef
Australia
T: 1800 870 816
www.hotelschool.scu.edu.au

15. **Marritz Hotel**
12 Porcupine Road, Perisher Valley
New South Wales 2624
Australia
T: (+612) 6457 5220
www.marritzsalzburg.com.au

16. **Salzburg Apartment**
24 Porcupine Road, Perisher Valley
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T: (+612) 6457 5220
www.marritzsalzburg.com.au

17. **Enacon Carparks**
Level 6, 99 Macquarie Street
Sydney, New South Wales 2000
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T: (+612) 9239 5500
www.enacon.com.au

18. **Norwest Marketown**
4 Century Circuit
Baulkham Hills
New South Wales 2153
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T: (+612) 8850 6444
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19. **Multiple Capital**
Level 6, 99 Macquarie Street
Sydney, New South Wales 2000
Australia
T: (+612) 9239 5500
www.multiplecapital.com.au

20. **Pindari Capital**
Level 6, 99 Macquarie Street
Sydney, New South Wales 2000
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T: (+612) 9958 9008
www.pindaricapital.com.au

21. **Nesuto Stadium Apartment Hotel**
40 Beach Road
Auckland City 1010
New Zealand
T: 0800 700 001
www.nesuto.com

22. **Brimbank Shopping Centre**
Corner Neale and Station Roads
Deer Park, Victoria 3023
Australia
T: (+613) 9363 5188
www.brimbankshoppingcentre.com.au

23. **Vera Wang Bride Australia**
InterContinental Sydney
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www.verawang.com

www.mulpha.com.my

MULPHA INTERNATIONAL BHD.
Registration No. 197401002704 (19764-T)

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