PERAK CORPORATION BERHAD

INCORPORATED IN MALAYSIA
[199101000605 (210915-U)]

ANNUAL REPORT 2020

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2020 ANNUAL REPORT

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirtieth Annual General Meeting ("**AGM**") of the Company will be held fully virtual through live streaming from the broadcast venue at Sound Innovations Studio, Lot 9, No. 7 Jalan 1/57D, 51200 Kuala Lumpur ("**Broadcast Venue**") on Tuesday, 29 June 2021 at 10.30 a.m. to transact the following businesses:

AGENDA

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Report of the Directors and Auditors thereon.	**[Please refer to Note 9]**
2.	To approve the payment of Directors' fees and benefits up to an amount of RM550,500 from the date of the conclusion of this AGM until the date of the next AGM to be paid on a monthly basis.	**Resolution 1**
3.	To re-elect Encik Zainal Iskandar bin Ismail who retire in accordance with Clause 15.2 of the Company's Constitution.	**Resolution 2**
4.	To re-elect the following Directors who retire in accordance with Clause 15.9 of the Company's Constitution:	
	a) Datuk Redza Rafiq bin Abdul Razak	**Resolution 3**
	b) Mr Tan Chee Hau	**Resolution 4**
5.	To re-appoint Messrs. PricewaterhouseCoopers PLT as Auditors of the Company for the financial year ending 31 December 2021 and to authorise the Directors to fix their remuneration.	**Resolution 5**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions with or without modifications:

6. **Authority to Issue and Allot Shares** **Resolution 6**

"That subject always to the Companies Act 2016 ("**Act**"), the Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**MMLR**") and the approvals of the relevant governmental/regulatory authorities, where such approval is required, the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company to such persons, at any time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed 20% of the total number of issued shares of the Company for the time being AND THAT the Directors be and also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND THAT such authority shall continue in force until the conclusion of the next AGM of the Company."

7. **Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** **Resolution 7**

"That approval be and is hereby given pursuant to Paragraph 10.09 of Bursa Securities' MMLR for the Company and/or its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature which are necessary for day-to-day operations with the Related Parties, as detailed in Section 2.2 of the Circular to Shareholders of the Company dated 31 May 2021, subject to the following:

(a) the transactions are carried out in the ordinary course of business on terms not more favourable to the Related Parties than those generally available to the public and not detrimental to minority shareholders of the Company; and

(b) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year based on the following information:
(i) the type of the recurrent related party transactions made; and
(ii) the names of the Related Parties involved in each type of the recurrent related party transactions made and their relationship with the Company.

That the approval given in the paragraph above shall only continue to be in force until:

(a) the conclusion of the next AGM of the Company, at which time it will lapse, unless by a resolution passed at the said AGM, the authority is renewed;

(b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to section 340(2) of the Act, but must not extend to such extension as may be allowed pursuant to section 340(4) of the Act; or

(c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier.

And that authority be and is hereby given to the Directors of the Company to complete and do all such acts and things (including executing all such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

8. To transact any other business of which due notice shall have been given in accordance with the Act and the Company's Constitution.

By Order of the Board

Cheai Weng Hoong
Company Secretary

Ipoh
31 May 2021

NOTES:

1. 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 of the meeting. Members and proxies **WILL NOT BE ALLOWED** to attend this AGM in person at the Broadcast Venue on the day of the meeting. Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "**Participate** ") remotely at this AGM via Remote Participation and Voting ("**RPV**") facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd.'s ("**Tricor**") through its TIIH Online website at https://tiih.online. Members are advised to follow the procedures provided in the Administrative Guide for this AGM in order to Participate remotely via the RPV.

2. For the purposes of determining a member who shall be entitled to Participate in this AGM via the RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a Record of Depositors as at **22 June 2021**. Only members whose names appear in the Record of Depositors as at 22 June 2021 will be entitled to Participate in this AGM via the RPV.

3. A member of the Company who is entitled to Participate at the meeting may appoint any person to be his/her proxy to Participate in his/her stead. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy. A proxy shall have the same rights as the member to Participate at the meeting.

4. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

5. When a member appoints more than one proxy the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.

6. The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.

7. The Form of Proxy can be submitted through either one of the following avenues no later than **Sunday, 27 June 2021 at 10.30 a.m.** or at any adjournment thereof:

   (a) Lodgement of Form of Proxy in hardcopy - To be deposited at Tricor's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, at Tricor's Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia; OR

   (b) Electronic lodgement of Form of Proxy - The Form of Proxy can be lodged electronically via TIIH Online website at https://tiih.online. Kindly refer to the Administrative Guide for this AGM on the procedures for electronic lodgement of Form of Proxy via TIIH Online website.

8. A member who has appointed a proxy to Participate in this AGM must request his/her proxy to register himself/herself for the RPV at Tricor's TIIH Online website at https://tiih.online. Please follow the procedures provided in the Administrative Guide for this AGM.

9. **Audited Financial Statements for financial year ended 31 December 2020**

   The audited financial statements under Agenda 1 are meant for discussion only, as the provision of Section 340(1)(a) of the Act does not require a formal approval of the shareholders and hence, Agenda 1 is not put forward for voting.

10. **Resolution 1**

Resolution 1, if passed, will allow the Company to pay the Directors' fees and benefits in a timely manner, on a monthly basis, for services rendered at the end of each month from the conclusion of this AGM until the date of the next AGM to be paid on a monthly basis, where applicable.

The Directors' fees payable to each Director is RM4,500 per month (except for the Chairman who is entitled to RM5,000 per month) and the benefits payable to the Directors totalled up to an amount of RM112,500 comprises meeting allowances.

In the event the Directors' fees and benefits proposed are insufficient (e.g. due to enlarged Board size or additional Board meetings to be convened), approval will be sought at the next AGM for additional fees or benefits to meet the shortfall.

11. **Resolutions 2 to 4**

Pursuant to Clause 15.2 of the Company's Constitution, one-third of the Directors for the time being, or, if their number is not a multiple of three (3), then the number nearest to one-third shall retire from office at the AGM every year and shall then be eligible for re-election. En Zainal Iskandar bin Ismail who shall retire by rotation will be standing for re-election at this AGM.

Pursuant to Clause 15.9 of the Company's Constitution, Datuk Redza Rafiq bin Abdul Razak and Mr Tan Chee Hau who were appointed as additional Directors of the Company during the years 2020 and 2021 shall hold office only until the conclusion of this AGM and shall then be eligible for re-election.

12. **Resolution 5**

The Audit Committee and the Board having assessed and satisfied with the quality of audit and services, adequacy of resources, performance, competency and independence of the external auditors, Messrs. PricewaterhouseCoopers PLT, which are in accordance with the Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, had at their respective meetings on 22 February 2021 and 24 February 2021 recommended the re-appointment of Messrs. PricewaterhouseCoopers PLT.

13. **Resolution 6**

Resolution 6, if passed, will grant the general mandate to empower the Directors of the Company pursuant to Sections 75 and 76 of the Act, from the date of the Thirtieth AGM, to issue and allot ordinary shares at any time to such persons in their absolute discretion without convening a meeting of members provided that the aggregate number of the shares issued does not exceed 20% of the total number of issued shares of the Company for the time being. The general mandate, unless revoked or varied at a meeting of members, will expire at the next AGM. The general mandate 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 future investment(s), project(s), working capital, repayment of bank borrowings and/or acquisition(s).

Bursa Securities had vide its letter dated 16 April 2020 allowed listed issuer to seek a higher limit of general mandate of not more than 20% of the total number of issued shares for issue of new securities ("**20% General Mandate**"). The 20% General Mandate may be utilised by Company to issue new securities until 31 December 2021, and thereafter, the 10% general mandate will be reinstated. Having considered the challenging times due to the Covid-19 pandemic and to ensure the long term sustainability and interest of the Company, the Board would like to procure approval for the 20% General Mandate from the shareholders at the Thirtieth AGM of the Company. The Board is of the opinion that this 20% General Mandate is in the best interest of the Company and its shareholders.

14. **Resolution 7**

Resolution 7, if passed, will allow the Company and its subsidiaries to enter into the recurrent Related Party Transactions ("**RRPTs**") of a revenue or trading nature which are necessary for the day-to-day operations and are in the ordinary course of business of the Group. The details of the RRPTs are set out in the Circular to Shareholders dated 31 May 2021 issued together with the Annual Report 2020 of the Company.

Corporate Information

BOARD OF DIRECTORS

Tan Sri Abdul Rashid bin Abdul Manaf
Chairman, Independent Non-Executive
Tan Sri Ir Kunasingam a/l V. Sittampalam
Independent Non-Executive Director
Datuk Redza Rafiq bin Abdul Razak
Non-Independent Non-Executive Director
Andy Liew Hock Sim
Independent Non-Executive Director
Tan Chee Hau
Independent Non-Executive Director
Zainal Iskandar bin Ismail
Non-Independent Executive Director
Group Chief Executive Officer

AUDIT COMMITTEE

Andy Liew Hock Sim
Chairman/Independent Non-Executive Director
Tan Chee Hau
Member/ Independent Non-Executive Director
Datuk Redza Rafiq bin Abdul Razak
Member/ Non-Independent Non-Executive Director

RISK MANAGEMENT COMMITTEE

Andy Liew Hock Sim
Chairman/Independent Non-Executive Director
Tan Sri Ir Kunasingam a/l V.Sittampalam
Member/ Independent Non-Executive Director
Zainal Iskandar bin Ismail
Member/ Non-Independent Executive Director

NOMINATION AND REMUNERATION COMMITTEE

Tan Sri Abdul Rashid bin Abdul Manaf
Chairman/Independent Non-Executive Director
Tan Sri Ir Kunasingam a/l V.Sittampalam
Member/ Independent Non-Executive Director
Datuk Redza Rafiq bin Abdul Razak
Member/ Non-Independent Non-Executive Director

KEY SENIOR MANAGEMENT

Zainal Iskandar bin Ismail
Group Chief Executive Officer
Rusnidar binti Samsudin
Chief Financial Officer
Chew Jia Yieng
Financial Controller
Janardhane d/o Muniandy
Head, Legal & Corporate Secretarial
Salmah binti Mohamed Isimail
Head, Human Resources and Administration
Annas Asqalanee bin Ab Ghafar
Head, Integrity & Governance
Head, Internal Audit
Yusmarul Hafis bin Khusni
Head, Risk Management
Juani binti Jamalludin
Head, Hotel Operation & Tourism
Mubarak Ali bin Gulam Rasul
Chief Executive Officer
Lumut Maritime Terminal Sdn. Bhd.
Sharifah Nor Hashimah binti Syed Kamaruddin
Chief Executive Officer
PCB Development Sdn. Bhd.

PRINCIPAL PLACE OF BUSINESS
No. 1-A, Blok B, Menara PKNP
Jalan Meru Casuarina
Bandar Meru Raya
30020 Ipoh
Perak Darul Ridzuan
Tel : +6(05) 501 9888
Fax : 6(05) 501 9999
Website : www.perakcorp.com.my

COMPANY SECRETARY
Mr Cheai Weng Hoong (LS 0005624)

AUDITORS
PricewaterhouseCoopers PLT
(LLP0014401-LCA & AF 1146)
Chartered Accountants

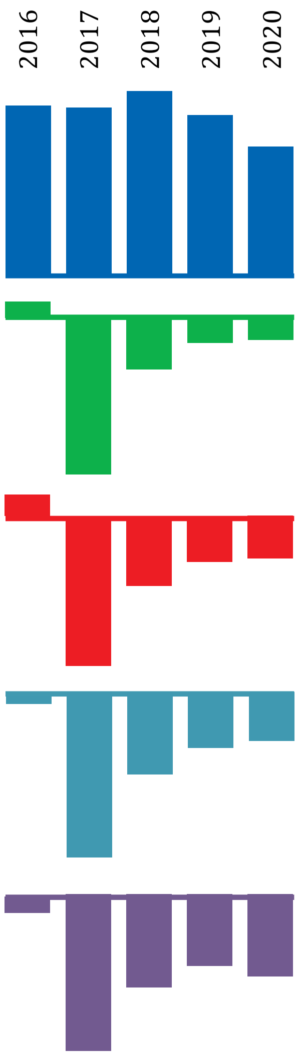
PRINCIPAL BANKERS
CIMB Bank Berhad
Malayan Banking Berhad

REGISTERED OFFICE
D-3-7, Greentown Square
Jalan Dato' Seri Ahmad Said
30450 Ipoh, Perak Darul Ridzuan
Tel : +6 (05) 241 7762, 253 0760
Fax : +6 (05) 241 6761

REGISTRAR
Shared Services & Resources Sdn. Bhd.
D-3-7, Greentown Square
Jalan Dato' Seri Ahmad Said
30450 Ipoh, Perak Darul Ridzuan
Tel : +6 (05) 241 7762, 253 0760
Fax : +6 (05) 241 6761

STOCK EXCHANGE LISTING
Main Market,
Bursa Malaysia Securities Berhad
Name : PRKCORP
Stock Code : 8346

Financial Highlights



	31 December 2016 RM '000	2017 RM '000	2018 RM '000	2019 RM '000	2020 RM '000
Revenue	173,510	171,127	188,566	163,716	131,220
Earnings/(Loss) before interest, taxes, depreciation and amortisation	22,551	(271,779)	(89,318)	(43,969)	(38,831)
Profit/(Loss) before tax	4,936	(328,846)	(150,197)	(100,943)	(92,071)
Loss after tax	(15,650)	(347,442)	(173,253)	(116,386)	(102,647)
Net loss attributable to equity holders	(15,215)	(181,826)	(107,208)	(83,029)	(95,214)

		2016	2017	2018	2019	2020
Total assets	RM '000	1,196,897	1,083,505	856,721	742,273	727,500
Shareholders' equity	RM '000	648,610	288,051	112,298	(9,088)	(116,735)
Owners' equity	RM '000	564,153	376,926	269,718	186,689	91,475
Total borrowings	RM '000	459,388	549,300	518,883	517,889	548,325
Paid-up capital	unit	100,000	100,000	100,000	100,000	100,000
Net assets per share	RM	6.49	2.88	1.12	(0.09)	(1.17)
Share price as at fiscal year-end	RM	2.26	1.28	0.38	0.38	0.34
Return on total assets	%	0.41	(30.35)	(17.53)	(13.60)	(12.66)
Return on equity	%	(2.70)	(48.24)	(39.75)	(44.47)	(104.09)
Gross dividend per share	%	0.00	0.00	0.00	0.00	0.00
Gross dividend yield per share	%	0.00	0.00	0.00	0.00	0.00
Earnings/(Loss) per share	sen	(15.22)	(181.83)	(107.21)	(83.03)	(95.21)
Price-earnings ratio	times	(0.15)	(0.01)	(0.00)	(0.00)	(0.00)
Gearing ratio	%	43.91	65.14	72.33	78.72	89.38

Corporate Structure AS AT 31 DECEMBER 2020

PERAK CORPORATION BERHAD

PCB Leisure Sdn. Bhd. (100%)

- Casuarina Taiping Sdn. Bhd. (100%)
- Casuarina Teluk Intan Sdn. Bhd. (100%)
- Casuarina Boathouse Sdn. Bhd. (100%)
- Lanai Casuarina Sdn. Bhd. (100%)
- Labu Sayong Cafe Sdn. Bhd. (100%)
- Meru Raya Park Sdn. Bhd. (100%)
- BioD Leisure and Recreation Sdn. Bhd. (100%)

PCB Equity Sdn. Bhd. (100%)

- Visi Cenderawasih Sdn. Bhd. (49%)
- Unified Million (M)Sdn. Bhd. (30%)

PCB Taipan Sdn. Bhd. (100%)

- Lumut Maritime Terminal Sdn. Bhd. (50% + 1 share)
  - LMT Capital Sdn. Bhd. (100%)
- Casuarina Meru Sdn. Bhd. (89.54%)
  - Silveritage Corporation Sdn. Bhd. (100%)
    - Cash Complex Sdn. Bhd. (73.91%)

PCB Development Sdn. Bhd. (100%)

- Animation Theme Park Sdn. Bhd. (51%)

Rungkup Port Sdn. Bhd. (70%)

Profile of Directors

TAN SRI ABDUL RASHID BIN ABDUL MANAF

Independent and Non-Executive Director
Malaysian, Male, aged 74 years
Chairman

Tan Sri Abdul Rashid Bin Abdul Manaf, was appointed to the Board of Perak Corporation Berhad as the Chairman on 6 July 2020. Tan Sri Abdul Rashid read law at Middle Temple, London, England and returned to Malaysia in 1970 as a Barrister-at-law. He was appointed as the Chairman of the Nomination and Remuneration Committee on 6 October 2020.

Tan Sri Abdul Rashid joined the Malaysian Judicial and Legal Service in 1971 and became a Magistrate until 1973 when he became the President of the Sessions Court in Klang. In 1975, he became Senior Federal Counsel in the Income Tax Department.

He left the Government service in 1977 to pursue his career as a practicing lawyer and subsequently in business. As a member and managing partner of the firm, he has been involved in various government of Malaysia transaction on and off-shore and also in various infrastructure projects in the country. He was also a Commissioner for Oaths and Notary Public for many years.

Tan Sri Abdul Rashid has served in several key positions in Malaysian listed corporations such as Chairman of S P Setia Berhad, Loh & Loh Corporation Berhad, SMIS Corporation Berhad and was also a former Director of Stamford College Berhad. Upon completion of his Chairmanship term with S P Setia Berhad, Tan Sri Abdul Rashid set up Eco World Development Group Berhad, a public company listed on the main market of Bursa Malaysia Berhad, which is principally involved in property development. He is also the Group Chairman, Independent, Non-Executive Director of Cahya Mata Sarawak Bhd and Chairman, Independent Non-Executive Director of Salcon Bhd.

He attended 3 out of 3 Board of Directors' meetings held from the date of his appointment to the end of the financial year ended 31 December 2020.

He does not have any family relationship with any director and/or major shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 5 years nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

TAN SRI IR. KUNA SITTAMPALAM

Independent and Non-Executive Director
Malaysian, Male, aged 68

Tan Sri Ir. Kuna Sittampalam was appointed to the Board of Perak Corporation Berhad as the Independent and Non-Executive Director on 6 July 2020. He was also appointed as a member of the Risk Management Committee and the Nomination and Remuneration Committee on 6 October 2020.

Tan Sri Ir. Kuna Sittampalam is the co-founder, Vice Chairman and currently the Acting Group Chief Executive Officer of HSS Engineers Berhad.

He graduated from the University of Sheffield, UK in 1977 with a Bachelor of Engineering and obtained his Masters in Engineering at the same university in 1979. He is a Fellow with the Institution of Engineers, Malaysia, a Professional Engineer with the Board of Engineers, Malaysia, a member of the Association of Consulting Engineers, Malaysia, Chartered Institution of Highways and Transportation, United Kingdom, and Institution of Engineers, Australia. He also graduated from the OPM program, Harvard Business School (OPM 28) and is a member of the Harvard Business School Alumni.

In September 2020, he become the first Malaysian to be elected as International Fellow of the Royal Academy of Engineering, United Kingdom since the Academy was established in 1976.

Tan Sri Ir. Kuna has accumulated over 41 years of experience within the engineering and project management services market. He started his career in 1980 as a Civil Engineer in C. H. Teoh & Partnership and was attached to the company up to 1981. He co-founded HSS Consult Partnership in 1984 which thereafter incorporated into HSS Consult Sdn. Bhd. in 1985. HSS Consult Sdn. Bhd. was principally involved in the provision of engineering design and project management services, but has since been struck off. During his tenure in HSS Consult Sdn. Bhd., he was mainly involved in the design and project implementation of various infrastructure and construction projects. In 1988, he cofounded HSS Integrated Sdn. Bhd., an engineering consultancy company registered under the Registration of Engineers Act 1967, and in 2001, he co-founded HSS Engineering Sdn. Bhd.

He attended 3 out of 3 Board of Directors' meetings held from the date of his appointment to the end of the financial year ended 31 December 2020.

He does not have any family relationship with any director and/or major shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 5 years nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

DATUK REDZA RAFIQ BIN ABDUL RAZAK

Non-Independent and Non-Executive Director,
Malaysian, Male, aged 52

Datuk Redza Rafiq bin Abdul Razak was first appointed to the Board of Perak Corporation Berhad on 25 February 2021. He was also appointed as a member of the Nomination and Remuneration Committee and Audit Committee on 5 May 2021.

He holds a Bachelor of Economics and Business (Hons) degree from the University of Hull and an Honorary Doctorate (Economics) from University of Malaysia Perlis (UNIMAP).

He is currently the Chief Executive of Perbadanan Kemajuan Negeri Perak (PKNPk), the Perak State Economic Development Corporation, which is the key state agency entrusted to spearhead economic development and socio-economic growth for the State of Perak.

Datuk Redza has had an extensive career in economic development and the property sector, including regional development, property, the development of economic zones as well as business and industrial parks. He played an instrumental role in the development of Cyberjaya, the Northern Corridor Economic Region (NCER), the Special Border Economic Zone, the Malaysia Vision Valley and the Pagoh Special Economic Zone.

Over the past 28 years, he has accumulated vast experience in leading turnarounds, setting up new entities and restructuring organisations, turning adversity into opportunities to unlock value for companies and their stakeholders.

He has served on the Boards of Universiti Sains Malaysia and numerous corporate bodies and companies, such as Penang Port Sdn. Bhd., Kulim Hi-Tech Park, Cyberview Sdn. Bhd., Malaysia Venture Capital Sdn. Bhd., Prasarana Malaysia Berhad and Majuperak Holdings Berhad.

In addition, he was also on the board of a joint venture company between Sime Darby Property, Mitsui & Co. and Mitsubishi Estate for industrial and logistics development, as well as a joint venture between Sime Darby Property and CapitaLand Singapore for the development and operation of Melawati Mall.

Testament to his outstanding track record and achievements, he has received several awards, accolades and recognition from various organizations over the years.

He does not have any family relationship with any director and/or major shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 5 years nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Andy Liew Hock Sim

Independent and Non-Executive Director
Malaysian, Male, aged 40

Andy was appointed to the Board of Perak Corporation Berhad as the Independent and Non-Executive Director on 6 August 2020. He was also appointed as the Chairman of the Audit Committee on 6 August 2020 and the Chairman of the Risk Management Committee on 6 October 2020.

Andy is a Chartered Accountant with Malaysian Institute of Accountants (MIA) and member of Certified Practising Accountant (CPA) Australia. He has over fifteen (15) years of experience with major audit firms in audit, taxation and accountancy that gained from both Malaysia and oversea. He was involved in numerous successful initial public offering (IPO) in Malaysia, Singapore, Germany and Hong Kong throughout his career.

Andy started his career with a local audit firm in Malaysia. He then joined KPMG Kuala Lumpur after obtained his professional qualifications, i.e. MIA and CPA Australia in 2006. In KPMG Kuala Lumpur, he started to be involved in the audit of multinational corporation (MNC) and public listed company (PLC). He was also involved in the IPO of a financial services company in the Main Market of Kuala Lumpur Stock Exchange (KLSE).

In 2008, he ventured to China and since then, spent eight (8) years in China. From 2008 to 2012, he worked in KPMG Beijing and was actively involved in audit and IPO. In 2012, he joined a China-based manufacturing company in the capacity of Chief Financial Officer (CFO), and listed the company in Frankfurt Stock Exchange in 2014 prior to his return to Malaysia in 2016.

Upon his return to Malaysia, he joined Baker Tilly Malaysia and led a team of forty (40) which specialised in IPO and was actively involved in various corporate exercises, e.g. business restructuring, merger and acquisition (M&A), reverse takeover (RTO), transfer listing, financial due diligence, regularisation plan for PN17 company, fund raising and etc. In 2019, he started his own public practice and assumed the role of Managing Partner.

At present, he also sits on the board of directors of XOX Berhad, Macpie Berhad and Oversea Enterprise Berhad.

He attended 2 out of 2 Board of Directors' meetings held from the date of his appointment to the end of the financial year ended 31 December 2020.

He does not have any family relationship with any director and/or major shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 5 years nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

TAN CHEE HAU

Independent and Non-Executive Director
Malaysian, Male, aged 53

Tan Chee Hau was appointed to the Board of Perak Corporation Berhad as an Independent and Non-Executive Director on 20 October 2020. He was also appointed as a member of the Audit Committee on 5 May 2021.

He graduated from RMIT University, Melbourne, Australia with a Bachelor of Business (Accountancy & Finance) (Distinction) in 1991, and obtained his Chartered Accountant (CA) membership and Certified Practising Accountant (CPA) membership from Malaysian Institute of Accountants (MIA) and CPA Australia respectively in 1995.

He has more than 29 years of experience in Corporate and Debt Restructuring, Corporate Finance, Private Equity and Accounting, and has worked for many companies/firms including as Director & Co-Head of Corporate Finance of an Investment Bank, Head of Corporate Finance in several listed and private companies, Investment Director in a Private Equity company, and Senior Auditor in an International Accounting Firm. He has advised many companies on listings, restructuring, mergers and acquisitions, equity and debt fund raisings, etc.

He is presently involved in corporate finance advisory works and holds directorships in Lay Hong Berhad, Perak Corporation Berhad and also in several private companies.

He attended 1 out of 1 Board of Directors' meetings held from the date of his appointment to the end of the financial year ended 31 December 2020.

He does not have any family relationship with any director and/or major shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 5 years nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

ZAINAL ISKANDAR BIN ISMAIL

Non-Independent and Executive Director
Malaysian, Male, aged 47 years

Zainal Iskandar Bin Ismail was appointed to the Board of Perak Corporation Berhad as the Non-Independent and Executive Director on 3 July 2020. He was also appointed as a member of the Risk Management Committee on 3 July 2020.

He graduated from the University of Auckland, New Zealand with a Bachelor of Commerce degree, majoring in Accounting.

He is currently the Group Chief Executive Officer and Executive Director of Perak Corporation Berhad. Other than the Company, he holds directorships in Lumut Maritime Terminal Sdn. Bhd., Casuarina Meru Sdn. Bhd. and several other subsidiary companies of the Company. He also sits on the Board of Trustees of PERAK CORP Nature Foundation.

He has more than 22 years of business experience across diverse industries in property development, port and logistic, hotel and tourism, oil and gas, renewable energy, palm oil and biofuels, information technology and telecommunications.

He started his career with RENONG-United Engineers (Malaysia) Group, where he acquired invaluable corporate development experience from the TIME dotCom Berhad listing exercise (IPO) and the corporate and debt restructuring exercise of RENONG-UEM Group.

Prior to joining the Company, he served as Chief Operating Officer of a public listed company on the Main Market of Bursa Malaysia and as Supervisory Board Member of an Oil Gas E&P company. Previously, from 2001 – 2016, he was attached to a Malaysia-based private investment group, where he held various senior management and leadership roles. During this period, he has accumulated extensive corporate development, restructuring and turnaround experience as well as multiple set of competencies in project execution and private equity investing spectrum; having evaluated, structured, raised financings, represented the group on various boards and successfully exited investments.

He has executed and managed a number of direct investments and headed several industrial projects, locally and internationally. Key accomplishments include; executed and managed investments/projects in oil and gas, renewable energy, biofuels and biochemical, established oil and gas business for a private investment group, developed investment in bitumen refining business to become Malaysia's largest bitumen exporter, involved in nationwide rollout of Touch 'n Go systems at expressways and public transport and developed new e-payment parking system.

He attended 3 out of 3 Board of Directors' meetings held from the date of his appointment to the end of the financial year ended 31 December 2020.

He does not have any family relationship with any director and/or major shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 5 years nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Key Senior Management

ZAINAL ISKANDAR BIN ISMAIL
Malaysian, Male, aged 47 years

Group Chief Executive Officer
Date of Appointment:
11 June 2020

Academic/ Professional Qualification(s)
~ *Bachelor of Commerce (BCom) in Accounting, University of Auckland, New Zealand*
~ *Canadian Pre-University (Diploma), Taylor's College*

Directorship in Public Companies and Listed Issuer
~ *Nil*

Working Experiences
~ *Supervisory Board Member, Caspioilgas LLP*
~ *Chief Operating Officer, Sumatec Resources Berhad*
~ *President of Investment, IBS Worldwide Sdn. Bhd.*
~ *Director of Investments, Gagasan Makmur Sdn. Bhd.*
~ *Chief Operating Officer, Greentech Chemicals Sdn. Bhd.*
~ *Vice President of Investment, Markmore Sdn. Bhd.*
~ *Vice President of Investment, Gagasan Makmur Sdn. Bhd.*
~ *Special Assistant to the Executive Chairman, Renong Berhad / Special Assistant to the Managing Director, TIME dotCom Berhad*
~ *Assistant Manager, Corporate Planning & Business Development, Teras Teknologi Sdn. Bhd.*
~ *Management Executive, Internal Audit, Prolink Development Sdn. Bhd.*

Family Relationship
~ *He does not have any family relationship with any director and/ or major shareholder and has no conflict of interest with the company.*

Securities holding in the Company
~ *Nil*

Conviction of offences
~ *He has no conviction for any offence within the past 5 years nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*

RUSNIDAR BINTI SAMSUDIN
Malaysian, Female, aged 48 years

Chief Financial Officer
Date of Appointment:
28 August 2019

Academic/ Professional Qualification(s)
~ *Member of Malaysian Institute of Accountants*
~ *Master in Business Administration, Universiti Utara Malaysia (UUM)*
~ *Bachelor in Accounting (Hons) University Teknologi Mara (UiTM) Shah Alam*
~ *Diploma in Accounting University Teknologi Mara (UiTM) Shah Alam*

Directorship in Public Companies and Listed Issuer
~ *Nil*

Working Experiences
~ *Director; Finance and Accounting Division, PCB*
~ *Accounts Executive, Finance and Accounting Division, PCB*
~ *Account Assistant cum Tax Assistant; Loh Yoon Tong & Co.*

Family Relationship
~ *She does not have any family relationship with any director and/ or major shareholder and has no conflict of interest with the company.*

Securities holding in the Company
~ *Nil*

Conviction of offences
~ *She has no conviction for any offence within the past 5 years nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*

CHEW JIA YIENG

Malaysian, Female, aged 44 years

Financial Controller

Date of Appointment:

1 September 2019

Academic/ Professional Qualification(s)

~ *Bachelor Degree in Accounting (Honours), Universiti Tenaga Nasional*

~ *MICPA Member*

Directorship in Public Companies and Listed Issuer

~ *Nil*

Working Experiences

~ *Financial Controller, Animation Theme Park Sdn. Bhd.*

~ *Finance Manager, Animation Theme Park Sdn. Bhd.*

~ *Financial Controller, Bausch & Lomb (Singapore) Pte. Ltd.*

~ *Regional Financial Controller, Asia Pacific, Technolas Singapore Pte. Ltd.*

~ *Finance Manager, Bausch & Lomb (M) Sdn. Bhd.*

~ *Manager, PricewaterhouseCoopers*

Family Relationship

~ *She does not have any family relationship with any director and/ or major shareholder and has no conflict of interest with the company.*

Securities holding in the Company

~ *Nil*

Conviction of offences

~ *She has no conviction for any offence within the past 5 years nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*

JANARDHANE A/P MUNIANDY

Malaysian, Female, aged 34 years

Head of Legal & Corporate Secretarial

Date of Appointment:

1 March 2020

Academic/ Professional Qualification(s)

~ *Advocate & Solicitor – High Court of Malaya*

~ *Masters in International Law (LLM) (majored in Maritime Law), International Islamic University Malaysia (IIUM)*

~ *Bachelor in Law [LL.B (Hons)], Multimedia University (MMU)*

Directorship in Public Companies and Listed Issuer

~ *Nil*

Working Experiences

~ *Legal/Admin Executive; TAIKO Consultants Sdn. Bhd.*

~ *Legal & Liaison Officer; Malaysian Medical Association*

~ *Legal Associate; Messrs. Azim, Tunku Farik & Wong*

Family Relationship

~ *She does not have any family relationship with any director and/ or major shareholder and has no conflict of interest with the company.*

Securities holding in the Company

~ *Nil*

Conviction of offences

~ *She has no conviction for any offence within the past 5 years nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*

SALMAH BINTI MOHAMED ISIMAIL
Malaysian, Female, aged 54 years

Head, Human Resources & Administration
Date of Appointment:
1 October 2018

Academic/ Professional Qualification(s)
~ *Diploma in Secretarial Science, University Teknologi Mara (UiTM) Shah Alam*

Directorship in Public Companies and Listed Issuer
~ *Nil*

Working Experiences
~ *Entrepreneur Development & Socio Economy Manager, Kumpulan Perbadanan Kemajuan Negeri Perak*
~ *Human Resources Manager, Kumpulan Perbadanan Kemajuan Negeri Perak*
~ *Human Resources & Administration Manager, MajuPerak Holding Berhad*

Family Relationship
~ *She does not have any family relationship with any director and/ or major shareholder and has no conflict of interest with the company.*

Securities holding in the Company
~ *Nil*

Conviction of offences
~ *She has no conviction for any offence within the past 5 years nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*

ANNAS ASQALANEE BIN AB GHAFAR
Malaysian, Male, aged 36 years

Head of Internal Audit
Date of Appointment:
1 March 2019

Head, Integrity Governance Unit
Date of Appointment:
1 December 2020

Academic/ Professional Qualification(s)
~ *Bachelor of Accounting (Honours), International Islamic University Malaysia (IIUM)*

Directorship in Public Companies and Listed Issuer
~ *Nil*

Working Experiences
~ *Manager of Internal Audit, Animation Theme Park Sdn. Bhd.*
~ *Manager of Internal Audit, PUSPAKOM*
~ *Assistant Manager of Internal Audit, Boustead Holdings Berhad*
~ *Audit Associate, Deloitte*

Family Relationship
~ *He does not have any family relationship with any director and/ or major shareholder and has no conflict of interest with the company.*

Securities holding in the Company
~ *Nil*

Conviction of offences
~ *He has no conviction for any offence within the past 5 years nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*

YUSMARUL HAFIS BIN KHUSNI
Malaysian, Male, aged 39 years

Head of Risk Management
Date of Appointment:
1 May 2021

Academic/ Professional Qualification(s)
~ *Certified Data Engineering Associate, Fusionex*
~ *Certified Data Sciences Analyst, Fusionex*
~ *Certificate in Compliance, Basel Institute*
~ *Certificate in Project Management, Project Management Institute*
~ *Master in Administration, University Teknologi MARA*
~ *Bachelor in (Hons) Media Innovation & Management*

Directorship in Public Companies and Listed Issuer
~ *Nil*

Working Experiences
~ *Manager, Risk Management; Boustead Heavy Industries Corporation Berhad*
~ *Enterprise Risk Management and Executive Assistant; Boustead Heavy Industries Corporation Berhad*
~ *Branch Lead; Sime Darby Industrial*
~ *Production Risk and Quality Control; Texas Instrument (M) Sdn. Bhd.*

Family Relationship
~ *He does not have any family relationship with any director and/ or major shareholder and has no conflict of interest with the company.*

Securities holding in the Company
~ *Nil*

Conviction of offences
~ *He has no conviction for any offence within the past 5 years nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*

JUANI BINTI JAMALLUDIN
Malaysian, Female, aged 31 years

Head of Hotel Operation & Tourism
Date of Appointment:
1 September 2020

Academic/ Professional Qualification(s)
~ *Masters Degree in Communications in Taylor's University, Subang*
~ *BA (Hons) in Media Marketing, Staffordshire University, United Kingdom*
~ *Bachelors Degree in Media Marketing Communications, Asia Pacific University, Bukit Jalil*
~ *Degree in Foundation Programme, Asia Pacific University, Bukit Jalil*

Directorship in Public Companies and Listed Issuer
~ *Nil*

Working Experiences
~ *Head of Sales and Marketing, Animation Theme Park Sdn. Bhd.*
~ *Accounts Manager; Clicks Communication*
~ *Account Manager for Sales and Marketing; TSGI Cyberport*
~ *Accounts Manager; ASTRO*

Family Relationship
~ *She does not have any family relationship with any director and/ or major shareholder and has no conflict of interest with the company.*

Securities holding in the Company
~ *Nil*

Conviction of offences
~ *She has no conviction for any offence within the past 5 years nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*

MUBARAK ALI BIN GULAM RASUL
Malaysian, Male, aged 53 years

Chief Executive Officer
Lumut Maritime Terminal Sdn. Bhd.
Date of Appointment:
1 March 2015

Academic/ Professional Qualification(s)
- ~ *Master of Business Administration in General Management, University of Greenwich*
- ~ *LCCI in Accounting – Inter and Higher*

Directorship in Public Companies and Listed Issuer
- ~ *Nil*

Working Experiences
- ~ *Director of Special Projects, National Air Cargo Middle East*
- ~ *Director Abel (M) Sdn. Bhd.*
- ~ *Senior Vice President, Business Development, Konsortium Logistik Berhad*
- ~ *General Manager Commercial, Spanco Sdn. Bhd.*
- ~ *Senior Manager, Alam Flora Sdn. Bhd.*
- ~ *Resources Management Manager, Malaysia Airlines*
- ~ *Operations Manager, United Parcel Service*

Family Relationship
- ~ *He does not have any family relationship with any director and/ or major shareholder and has no conflict of interest with the company.*

Securities holding in the Company
- ~ *Nil*

Conviction of offences
- ~ *He has no conviction for any offence within the past 5 years nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*

SHARIFAH NOR HASHIMAH BINTI SYED KAMARUDDIN
Malaysian, Female, aged 60 years

Chief Executive Officer
PCB Development Sdn. Bhd.
Date of Appointment:
23 April 2020

Academic/ Professional Qualification(s)
- ~ *Bachelor in Agricultural Science; Universiti Putra Malaysia (UPM) (formerly Universiti Pertanian Malaysia)*

Directorship in Public Companies and Listed Issuer
- ~ *Nil*

Working Experiences
- ~ *Chief Coordinator for Perak State Women Development and Empowerment Council, Perak State Administration*
- ~ *Group General Manager, Perak Corporation Berhad;*
- ~ *Board of Director, PCB Development Sdn. Bhd.;*
- ~ *Administration and Diplomatic Officer, Economic Planning Unit, State Secretariat Office and Department of Lands and Mines, Perak State Government Administration*
- ~ *Administration and Diplomatic Officer, Policy Planning Division, Implementation and Monitoring Division and Investment and Privatisation Division, Ministry of Agriculture Malaysia*

Family Relationship
- ~ *She does not have any family relationship with any director and/ or major shareholder and has no conflict of interest with the company.*

Securities holding in the Company
- ~ *Nil*

Conviction of offences
- ~ *She has no conviction for any offence within the past 5 years nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors, I would like to present the Annual Report of Perak Corporation Berhad ("**PERAK CORP**") for the financial year ended 31 December 2020 ("**FY2020**").

EXECUTIVE SUMMARY

The year 2020 was without a doubt a challenging year both for the Company and the world. The Company went into PN17 status the very second month of the year and in the following month, the Government declared Movement Control Order owing to the Coronavirus Diseased (COVID-19) which has cast a gloom over the world, whole of 2020, and still continuing.

Our thoughts go out to all those who have suffered from the effects of this dreadful pandemic. Equally, we endure profoundly appreciative to all those front-line workers, including those in our own Company – who have worked tirelessly to help keep everyone in the workplace as well as others safe and thriving through the ongoing pandemic. Our full attention turned to the persistent spread of the COVID-19 pandemic and its impact on the industry, our business as well as working on debt restructuring schemes, given the Company's PN 17 status which requires a regularisation plan to be submitted to BURSA by February next year. The Board worked closely with the Company during these difficult times. Despite such difficulties, the Company did not lay off any of its employees due to the pandemic as this is the right thing to do, to step up and make sure they know we have got their back.

It is prudent to acknowledge the fact that our port and logistics business which remained in operations during the pandemic and restrictive orders, helped to mitigate the adverse impact to the Group's performance in 2020.

KEY BUSINESS OPERATIONS

Albeit the uncertainty due to the pandemic, PERAK CORP remains committed to its strategic initiatives that were introduced since 2014. The Company's focus areas would continue to remain on its three (3) core businesses, namely ports and logistics, property development as well as hospitality and tourism.

The ports and logistics segment continues to perform well and it is indeed the leading contributor to the group's revenue as in the previous financial year. Lumut Maritime Terminal Sdn. Bhd. ("**LMT**") is on track to achieve its 10 years Business and Strategic Plan 2016-2026. For 2020, the total cargo tonnage handled by LMT declined 5% from 2019. The impact on ports and logistic segment is not expected to be materially affected by COVID-19 pandemic with the throughput at Lumut Maritime Terminal remains relatively stable except for the month of April 2020 where certain corporate entities using Lumut Port for exports halted their operations and shipments during the Movement Control Order ("**MCO**") period. However, we are confident that Lumut Port's operations will substantially improve as customers are trying to recover their losses and shortages during movement control periods. Thus, subject to COVID-19 pandemic recovery, we expect a stable outcome for Lumut Port operations

The property development segment contributed 2% of total Group's revenue. However, this is 75% lower compared to the previous year. The sale of land under this segment was lower for the year and in addition, the current Joint Operation project is ongoing. Wary of the impact of Covid-19 pandemic, the property development segment remains focused on developing affordable residential properties and promoting Bandar Meru Raya as the preferred location for house buyers, for investments and for business expansion.

It is worth mentioning that one of the Company's key subsidiaries, PCB Development Sdn. Bhd. had entered into sale & purchase agreements with PERKESO for an outright sale of land measuring 76.861 acres in Bandar Meru Raya in December 2020. We are positive that this transaction would be concluded and completed by end of this year and in line with the same, to Company would be calling for an Extraordinary General Meeting on 8 June 2021 to obtain an approval from its shareholders for this transaction. We are confident that this transaction would enhance the value of Bandar Meru Raya as PERKESO is expected to build a rehabilitation centre on the purchased land next year. Such a development in Perak, in particular in Bandar Meru Raya would contribute to job creations as well as a demand in residential properties, which would be good for the Company.

In early 2021, the new launch of 323 units of freehold and landed residential homes, a joint venture project between PCB Development Sdn. Bhd. and Rapat Setia Sdn. Bhd., registered a high sales rate of Phase 1 consisting of 86 units of single storey terrace houses. The Company shall continue to attract potential investments both from the government and private sectors to Bandar Meru Raya; an integrated township with a catchy tagline, *'Live, Work and Play'.*

As expected, the Group's revenue on hospitality and tourism segment dropped to a staggering of 63% from previous year due to the pandemic. The tourism industry has been one of the most affected industries due to COVID-19 pandemic. The hotel industry saw a drop to almost zero while having to bear overheads and payroll costs during the MCO period. Many hotels ceased its operations during this time as they could not cope with zero occupancy during the MCO period, including major hotels in Ipoh, Perak, but the Group's hotels did not bite the dust amid the pandemic.

With prudent cost management and mitigation initiatives, we endured the low occupancy rate when the operations of Hotel Casuarina @ Meru remained open during the MCO period and we focused on takeaway and delivery services to stay afloat during the pandemic. The resilience and determination to weather the crisis and to maintain a positive attitude towards staff-caring/retention throughout the crisis is crucial for the recovery phase as we can expect higher start-up costs whilst trying to resume hotel operations for those who have closed their doors previously.

Another measure undertaken by the Group during this difficult moment was the launching of the first drive-in cinema in the county, called '*Casuarina-Sini Drive'* in July 2020 which is located in downtown Meru, where it can easily accommodate up to 70 vehicles at any one time. The drive-in cinema will have a positive impact on the tourism section in Perak and may attract tourists travelling to Ipoh to experience such a new product in the country. Furthermore, it is undeniable that one would feel a little bit safer coming to drive-ins than indoors given the pandemic. This new product is bundled with hotel packages and food combos as part of its promotions.

On a separate note, construction of Casuarina @ Kuala Kangsar was completed and was later opened for public on 1 July 2020.

The Perak Corporation Berhad 2020 Annual Report and the essence of the Management's Discussion and Analysis is all encompassing, namely, its core businesses and divisions which carries out business and development activities, as well as those that implement its corporate responsibility agenda. This report also puts forth the challenges, prospects and planning that are to be shared with all our stakeholders.

FINANCIAL OVERVIEW

For the financial year ended 31 December 2020, the Group recorded revenue of RM131.6 million covering both continuing and discontinued operations, a decrease by 20%, as compared to the previous financial year revenue of RM163.7 million. The Group's pre-tax loss of RM92.1 million covering both continuing and discontinued operations for the financial year is lower as compared to the pre-tax loss of RM100.9 million recorded in the previous financial year.

Loss per share attributable to ordinary equity holders of the Company for the financial year under review was 74.18 sen (2019: 30.84 sen) and 21.03 sen (2019: 52.19 sen) for continuing operations and discontinued operation respectively based on the ordinary shares in issue of 100 million (2019: 100 million) units.

The Group has negative total equity per share as at 31 December 2020 of RM1.17 (2019: negative RM0.09)

Further analysis of the financial performance of the Group is contained in the Management Discussion and Analysis section of this Annual Report.

CORPORATE REVIEW

On 11 February 2020, The Company has been classified as a PN17 company as it is unable to declare that it was solvent pursuant to paragraph 9.19A(F) of the Listing Requirements following the Group's default in certain of the bank borrowings.

As part of the debt restructuring scheme to restructure the Group's debts, the Company had on 26 March 2021 issued an Explanatory Statement, together with a Notice to call for a Court Convened Meeting consisting of unsecured creditors other than the banks and financial institutions ("**Scheme Creditors**"), and successfully called for the Court Convened Meeting (**"CCM"**) with its Scheme Creditors on 19 April 2021 and obtained majority votes approving the proposed scheme. The Company had also achieved another milestone on the same when it successfully obtained a court sanction and approval on the scheme (which was approved by the Scheme Creditors) from the High Court at Ipoh on 7 May 2021. The Proposed Scheme of Arrangement shall be binding on the PERAK CORP and PCB Development and the Scheme Creditors.

The Approval Order is an important milestone for the Company towards achieving a successful outcome to restructure its debts and payment obligations. This will also enable the Company to focus its efforts to formulate its regularisation plan with all other stakeholders and unleash the full potential of its business activities, in order to uplift itself from being an Affected Lister Issuer under the PN17 requirements of Bursa Securities.

On the other hand, the Company has been actively engaging with the financial institutions at PERAK CORP and PCB Development in view of drawing an amicable resolution in restructuring the debts. In line with the spirit of settlement, there have been series of on-going negotiations with these financial institutions for the purpose of entering into a Proposed Private Debt Settlement with the respective parties.

CORPORATE GOVERNANCE

The Board is committed to ensuring that good corporate governance compliance is practiced throughout the Group to protect and enhance shareholders value and the financial performance of the Group. The Group has adopted and complied with the principles and recommendations set out in the Malaysian Code on Corporate Governance 2017 throughout the financial year ended 31 December 2020.

To ensure the good compliance is practiced, PERAK CORP has established the Risk Management Committee, Audit Committee, Nomination and Remuneration Committee with specific Terms of Reference, which have the authority to examine all matters within its scope of responsibilities and report to the Board with its recommendations for the Board's decision.

It is also worth mentioning that the company has established its Integrity & Governance Unit which is entrusted with key functions to monitor and address issues of ethics, corruption, fraud and malpractices.

PROSPECTS FOR THE YEAR 2021

The Group's future prospect is dependent on the successful implementation of its proposed debt restructuring scheme which will then enable the Company to focus its efforts to formulating a suitable regularisation plan with all other stakeholders and boost its existing business activities as well as ventures into new businesses, if it deems fit and proper, in order to uplift the Company from being an Affected Listed Issuer under the PN17 Listing Requirements.

Despite the challenging economic and Company overview, PERAK CORP remains committed to the developmental programs aiming at improving the business capacity and harness the upswing potential once the climate improves. Besides managing operating performance, the Group will always look ahead to anticipate changes in the rapidly evolving business environment. The Board, having considered, discussed and evaluated the initiatives, is supportive of the management's strategic focused areas and initiatives as well as to strengthen its core competencies.

Moving forward, PERAK CORP will place a sharper emphasis on enhancing the return on invested capital of our businesses, to ensure that we are maximising the productivity of our assets. In line with this, the Group will be implementing initiatives on its working capital management and cost rationalisation to improve returns.

DIVIDEND

The Board does not recommend the payment of a dividend in respect of the financial year ended 31 December 2020.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my appreciation to all stakeholders for their support. Our sincere thanks go to our shareholders for their unwavering confidence in PERAK CORP all these years. We are also grateful to our clients, suppliers, bankers and financiers, statutory bodies, government agencies, business associates and partners for their support and contribution towards the growth and development of our Company. The Board would also like to extend its appreciation to the management and staff for their dedication and commitment in their work throughout the financial year under review.

Lastly, to our shareholders, the Board would like to pledge its commitment in protecting and further enhancing the shareholders' value in the coming years.

Tan Sri Abdul Rashid Bin Abdul Manaf
Chairman
31 May 2021

Management Discussion and Analysis

We are pleased to present our Group's Management Discussion and Analysis report for the financial year ended 31 December 2020.

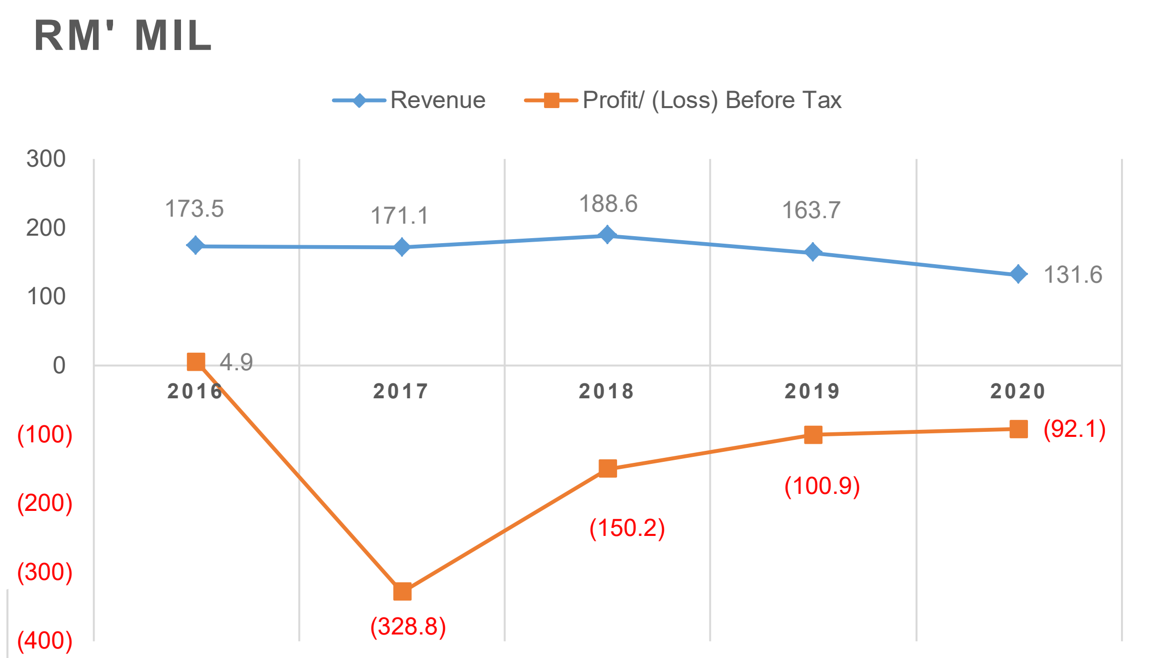
The following discussion and analysis compare the Group's financial condition and operational results for the year ended 31 December 2020 with those of the year before.

PERFORMANCE OVERVIEW

Perak Corporation Berhad ("**PERAK CORP**" or "**Company**") is an investment holding company with the subsidiaries (collectively referred to as **"Group"**) principally involved in ports and logistics, property development, hospitality and tourism and management services.

In the twelve months to 31 December 2020, the Group's revenue, covering both continuing and discontinued operations, declined by 20% to RM131.6 million from the RM163.7 million reported in 2019, driven by a substantial fall in revenue contributions from across all our core businesses. None of our core businesses recorded revenue growth due to the challenging 2020 market environment arising from the Covid-19 pandemic.

The Group's main revenue contributor during the financial year under review is from the ports and logistics segment ("**PL segment**"). The Group manages Lumut Port, through its subsidiary Lumut Maritime Terminal Sdn. Bhd. ("**LMT**"), which is primarily a bulk cargo terminal owner, operator and port services provider. The PL segment contributed 88% of the Group's total revenue in 2020 (2019: 69%). The property development segment ("**PD segment**") and hospitality and tourism segment ("**H&T segment**") contribute 2% (2019: 7%) and 8% (2019: 19%) respectively of the Group's total revenue.

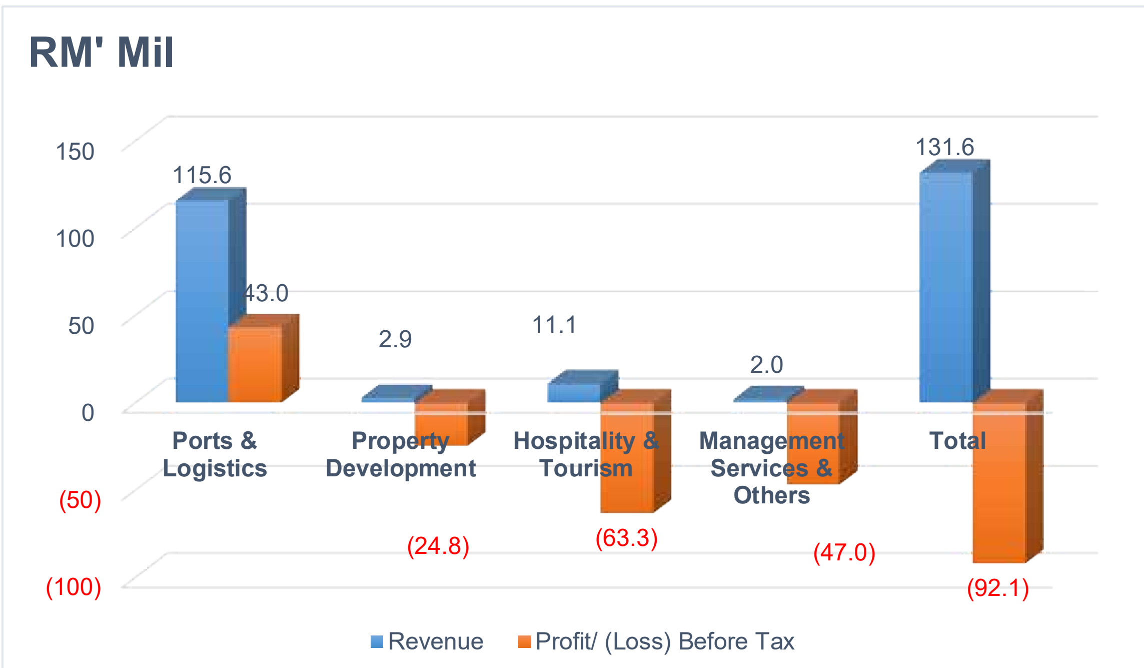


The Group's recorded a total pre-tax loss of RM92.1 million covering both continuing and discontinued operations for the financial year under review (2019: RM100.9 million). The decrease in our pre-tax loss was mainly due to lower impairments made on the investment and assets.

Loss per share attributable to owners of the Company from continuing operation is 74.18 sen per share as at 31 December 2020 compared to previous year of 30.84 sen per share. Loss per share attributable to owners of the Company from discontinued operation is 21.03 sen per share as at 31 December 2020 compared to previous year of 52.19 sen per share. The total equity per share of the Group as at 31 December 2020 is negative RM1.17 compared to negative RM0.09 in 2019.

SEGMENTAL PERFORMANCE REVIEW

Contributions from the segments are as follows:



Ports and Logistics ("PL")

The PL segment remained the largest contributor to the Group's revenue amounting to RM115.6 million in 2020 compared to RM119.4 million in 2019, a decrease of 3% mainly due to certain corporations using Lumut Port for exports halted their operations and shipments during the Movement Control Order. This segment has contributed about 88% to the PERAK CORP's total revenue in 2020 (2019: 73%). The pre-tax profit of RM43.0 million in 2020 is lower compared to RM46.4 million in 2019 due to lower revenue.

Ports contribution to the economic growth is significant to the nation's Gross Domestic Product ("**GDP**") that shrink at 5.6% from previous year. This economic impact can be further amplified by the COVID-19 pandemic that has impacted the port operations. However, port activities have progressively recovered in quarter 3 of 2020.

The Group manages Lumut Port, through its subsidiary LMT with the vision to be the most efficient bulk cargo terminal operator in South East Asia. LMT provides an integrated port services, inclusive of tuggage, pilotage, berthing, stevedorage, cargo handling, storage and ancillary services. LMT is also the operator and manager of Lekir Bulk Terminal ("**LBT**"), a dedicated terminal to handle coal for Stesen Janakuasa Sultan Azlan Shah in Sri Manjung, Perak.

Since the implementation of phase 1 of LMT's strategic business plan from 2016, LMT has begun to record a steady tonnage increase in cargo handling except 2020; 4.01 million MT in 2020, 4.35 million MT in 2019, 4.25 million MT in 2018, 3.88 million MT in 2017 from 3.26 million MT in 2016 and 3.05 million MT in 2015. LMT has embarked on the expansion of Lumut Port in phase 2, located in Batu Undan, Lumut Perak and will be expected to handle clean cargo covering an area of approximately 115 acres. This Lumut Port 2 development plan is expected to increase port capacity from 4.84 million MT per annum to around 14 million MT per annum, when completed.

Property Development ("PD")

The revenue from the PD segment derives mainly from sales of land, profits from property development joint arrangement ("**JA**") and other ancillary services. For the financial year ended 31 December 2020, the PD segment's revenue decreased by 75% to RM2.9 million from RM11.8 million in the previous financial year. PD segment recorded a pre-tax loss of RM24.8 million during the financial year under review compared to pre-tax loss of RM15.4 million in the previous year. The declining in revenue mainly due to lower realisation of revenue from the sale of land and joint arrangement project in 2020.

PCB Development Sdn. Bhd. ("**PCB Development**"), the Company's wholly owned subsidiary is the Group's main contributor of this segment.

The PD segment capitalised on the local demand and focused tenaciously on managing ongoing projects to ensure delivery of high-quality products to its purchasers. Sales from land stocks for the financial year under review remain slow, partly impacted by the soft economic sentiment in this particular sector and we expect the scenario to remain challenging in 2021.

Despite the challenges, Bandar Meru Raya ("**BMR**"), a township which has been developed by PCB Development, is actively becoming an integrated township with a vibrant community, residential properties, commercial centres, hospitality and tourism attractions and government agencies offices.

The property market sentiment is anticipated to remain subdued in 2021 and continues to be impacted by the economic uncertainties although the local residential property market is expected to be sustained by the implementation of various property-related incentives and strong local demand; particularly in the affordable housing segment.

Hospitality and Tourism ("H&T")

The H&T segment performance was badly hit by the COVID-19 pandemic, which disrupted our hotel businesses, resulting in deterioration in the operating performance and results of all our hotels. Measures implemented to limit the transmission of the Covid-19 disease took a heavy toll on the H&T, with travel restrictions substantially reducing levels of business and depressing financial results of the Group's hotel's operation during the Movement Control Order, reduction of domestic tourist that lower the demand for accommodations, convention halls, food and beverages ("**F&B**") business. As a consequence, the H&T segment recorded substantial decline in its revenue to RM11.1 million in 2020 from RM30.2 million in the previous year. Correspondingly, the H&T segment posted a pre-tax loss of RM63.3 million in 2020 (2019: RM93.7 million).

The Group owns and operates several properties including Hotel Casuarina @ Meru in Ipoh, Hotel Casuarina @ Kuala Kangsar, Casuarina @ Pangkor resort in Pulau Pangkor, Casuarina Houseboat @ Temenggor 1 and Restoran Rumah Tradisional Melayu and manages property of Perak State, namely Rumah Rehat Cempaka Sari @ Parit and Pasir Salak Eco Resort (**PSER**) which was previously managed under the Casuarina brand name, but has now been handed over to the State Government.

During the financial year under review, on the 18 July 2020, PERAK CORP introduced the first drive-in cinema in Malaysia known as Casuarina Sini-Drive as part of a product bundling marketing strategy for the hotel and to cater for the demand for a cinema due to temporary closure of indoor movie theatres. On a separate note, the Group completed its construction of Casuarina @ Kuala Kangsar which later opened its door to the public on 1st July 2020. Furthermore, the Group is currently constructing its 60-room Hotel Casuarina @ Teluk Intan in the town of Teluk Intan, Perak which is expected to be fully completed by second half of 2022.

Moving forward, the H&T segment is expected to provide growing sources of revenue for the Group from its existing and new hotels as well as providing full-service hotel management outsourcing services to other third party's properties. The desired results will only be achieved in a few years' time when these projects achieve its maturity date.

Movie Animation Park Studios, a theme park owned and operated by Animation Theme Park Sdn. Bhd. ("ATP"), a direct 51% owned subsidiary of PCB Development has ceased its operation on 28 January 2020 as part of the receivership strategy by the Receiver and Manager of ATP.

Management Service ("MS")

The MS segment recorded RM2.0 million revenue in 2020 (2019: RM2.3 million), mainly derived from rental income. This segment recorded pre-tax loss of RM47.0 million compared to RM38.2 million pre-tax loss in the previous year. The increase in the pre-tax loss is mainly due impairment losses on financial guarantee contracts during financial year under review.

FUTURE PROSPECTS

The Company has been classified as a PN17 company as it is unable to declare that it was solvent pursuant to paragraph 9.19A(F) of the Listing Requirements following the Group's default in certain of the bank borrowings. As part of the debt restructuring scheme to manage the Group's debts, the Company had on 26 March 2021 issued an Explanatory Statement, together with a Notice to call for a Court Convened Meeting consisting of unsecured creditors other than the banks and financial institutions ("**Scheme Creditors**"), to be held on 19 April 2021 pursuant to the provisions of Section 366 of the Companies Act 2016 for the purposes of considering the scheme as detailed in the Explanatory Statement dated 26 March 2021.

On 19 April 2021, PERAK CORP and PCB Development obtained the approval from their respective Scheme Creditors on the proposed scheme of arrangement as detailed in the Explanatory Statement dated 26 March 2021 under Section 366 and other provisions of the Companies Act 2016. By way of an application made by the Company and PCB Development to the High Court, the High Court had approved and sanctioned the scheme as detailed in the Explanatory Statement dated 26 March 2021 on 7 May 2021 and the sealed order granted thereof had been extracted on 11 May 2021.

On another hand, the Company has been actively engaging with the financial institutions at PERAK CORP and PCB Development. In line with the spirit of settlement, there have been series of on-going negotiations with these financial institutions for the purpose of entering into a Proposed Private Debt Settlement with the respective parties.

The Group's future prospect is dependent on the successful implementation of its proposed debt restructuring scheme which will enable the Company to focus its efforts to formulate a suitable regularisation plan with all other stakeholders and boost its existing business activities as well as venture into new business, if its deems fit and proper, in order to uplift the Company from being an Affected Listed Issuer under the PN17 Listing Requirements.

On the business side, nevertheless, we expect 2021 to be a recovery year. PERAK CORP maintains a positive outlook for financial year 2021 and looks forward to improving the Group's overall business performance. As we move forward, we will continue to strengthen our position by leveraging on our core competencies as we progress through the coming years.

While economic condition to remain challenging amidst the current COVID-19 pandemic, it is expected that global and domestic economic recovery will be driven by the impact of speedy vaccines roll-out, which will then enable reopening of economic sectors and provide the return of consumer and investor confidence towards progressive recovery to pre-Covid-19 operating situations.

More resources and efforts will be put in, to explore collaborative opportunities to improve the revenue and profitability of the Group's ports and logistics business sector. LMT will continue with its Business & Strategic Plan 2016-2026 to be one of the most efficient bulk cargo terminal operators in South East Asia. Strategies to achieve its mission are by ensuring business growth, productivity improvement through efficiency and capacity optimization. To ensure the business growth and productivity improvement, LMT is enhancing performance through mechanization and additional barge berth from new customers. LMT will also undertake strict measures to tighten control over overheads and improve infrastructure and equipment to meet the increasingly stringent environmental standards.

Moving forward, the outlook for the Group's H&T segment remains challenging and uncertain due to the outbreak and a surge in COVID-19 cases in the country, which have led to travel restrictions and domestic tourism curtailed by restrictions imposed. The ongoing adverse impacts of the pandemic on global and domestic travel and hotel demands due to the movement control order will continue to dampen revenue and occupancy across the Group's hotels and properties. However, with the prospect of effective vaccines dissemination, the hospitality and tourism sector is expected to see progressive recovery.

The Group will continue to adhere to guidance from international and domestic authorities, including federal, state, and local public health authorities. Under these circumstances, we will continue to adapt the highest safety and best practices in relation to our operations. Being a responsible entity, we are implementing every effort to make all our properties safe, comfortable and Covid secure hotels. The pace of recovery is difficult to predict at this time and is highly dependent on a variety of factors including group business and corporate travel demand, consumer confidence regarding the safety of travel, and the global economic impact.

As for the Group's PD segment, PCB Development will continue its plan in developing BMR into an integrated township. Infrastructure such as government administration precinct, mixed residential development, water reticulation, road maintenance and landscape will be continued in 2021. As the BMR town planning phase reaching its maturity level within a few years, the Group is looking into developing new townships. In addition, the Group is looking into other new business initiative relating to building and construction.

Sustainability Statement

INTRODUCTION

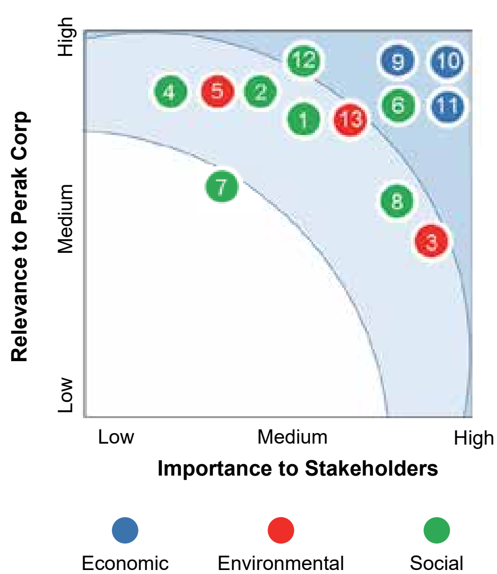
The Board of Directors ("**Board**") of Perak Corporation Berhad ("**Company**" or "**PERAK CORP**") is committed to ensure the Company and its subsidiaries ("**Group**") run their businesses in a responsible and sustainable manner so as to achieve a fair balance between profitability and how they impact the economy, environment and society.

Sustainability has always been an integral part of our way of doing business and a guiding principle in our decision making and development processes. Over the years, the Group has undertaken various efforts to ensure top priority in our sustainability initiatives especially towards our three core businesses within the Group, namely Port and Logistics, Property Development as well as Hospitality and Tourism Business.

This Statement incorporates some standard disclosures from Bursa Malaysia Securities Berhad ("**Bursa Malaysia**") on the Sustainability Reporting Guideline and meeting the expectations of Bursa Malaysia's Main Market Listing Requirements covering sustainability reporting. Through this Statement, we aim to provide our stakeholders with a reliable economic, environmental and social ("**EES**") information about our Company and in doing so, strengthen trust and relationship with our stakeholders through increased transparency and disclosure.

MATERIALITY ASSESSMENT

Materiality assessment is crucial for us to identify and prioritise the material matters that have a high impact on the economic, social and environmental aspect of our business. This year, we improved our materiality assessment process. We maintained the 13 material sustainability matters that were identified since 2019 as they continue to be indicative of our journey to strengthen PERAK CORP's sustainability performance.



1 Ethics and Integrity
2 Corporate Governance & Transparency
3 Environmental Compliance
4 Talent Attraction & Retention
5 Innovation
6 Occupational Health & Safety
7 Training & Career Development
8 Diversity & Equal Opportunity
9 Economic Performance
10 Anti-bribery & Corruption
11 Customer Satisfaction
12 Employee Engagement & Satisfaction
13 Green House Gas Emissions & Climate Change

Each material sustainability matter was categorised as economic, environmental or social depending on the nature of its impact on the stakeholders and the business. The materiality findings guide our business strategy, track issues of concern, prioritise sustainability programmes and establish meaningful metrics against which to measure our performance. We also plan to use the analysis to strengthen the focus and content of our sustainability reporting.

SUSTAINING ECONOMY

Port and Logistics

Ports play the important role in facilitating internal and external trades. Acting as enablers, ports provide key logistical services thus opening up trades and creating economic opportunities. Ports contribution in the economic growth is significant to the state's and nation's Gross Domestic Product ("**GDP"**). This economic impact can be further amplified by the availability of well-connected logistics network, including inland depot and freight villages.

There is no denial that the Group's main contributor is in the Ports and Logistics segment. The Group manages Lumut Port, through its subsidiary Lumut Maritime Terminal Sdn. Bhd. ("**LMT**") with the vision to be the most efficient bulk cargo terminal operator in South East Asia provides an integrated port services, inclusive of tuggage, pilotage, berthing, stevedorage, cargo handling, storage and ancillary services.

Since the implementation of phase 1 of LMT's strategic business plan from 2016, LMT has begun to record a steady tonnage increase in cargo handling except 2020; 4.01 million MT in 2020, 4.35 million MT in 2019, 4.25 million MT in 2018, 3.88 million MT in 2017 from 3.26 million MT in 2016 and 3.05 million MT in 2015. LMT has embarked on the expansion of Lumut Port in phase 2, located in Batu Undan, Lumut Perak and will be expected to handle clean cargo covering an area of approximately 115 acres. This Lumut Port 2 development plan is expected to increase port capacity from 4.84 million MT per annum to around 14 million MT per annum, when completed.

Property Development

Recognising the significance of townships and its communities, the Group leads the way in creating integrated townships in identified places to support progressive community needs, to facilitate the creation of values within existing townships and develop plans with the ultimate goal of raising overall socio-economic values in the areas.

Bandar Meru Raya ("**BMR**"), a fast-emerging township dubbed as the "New Heartbeat of Ipoh", has a unique mix of residential, commercial and retail areas. Developed as Ipoh's satellite metropolis, it is designed as the epitome of comprehensive and integrated destination for work, live, play and learn.

As the BMR town planning phase reaching its maturity level within few years, the Group is looking into developing new township. The success of BMR will be the valuable experience and benchmark for the Group to perform better for the new township. Additionally, the Group will also aim to expand its network and supply chain contacts, and identify potential joint venture partners for entry into the Perak State. Subsequently, this will improve the economics of Perak.

BMR currently houses 6 government buildings with over 20 agencies both in federal and state level in an expanding Government Precinct. With the relocation of several more government agencies in the pipeline, BMR is set to be the main administrative centre of Perak Darul Ridzuan.

Being a key player which takes the driver's seat in propelling economic growth in Perak State, the Group strives to ensure the stakeholders as well as the community within the area feel the development impact.

Moving forward from the success of BMR, the Group also places key emphasis on new townships with huge potential development covering industrial estate, residential, commercial, and institutions which holds massive opportunities for economic development to the state.

Hospitality and Tourism

Perak state will be in a position to capitalise on the positive economic overview, especially in the hospitality and tourism sector. With the current optimistic sentiment of the Malaysian economy, the number of domestic visitors, number of trips and the current spending continue to increase, according to Domestic Tourism Survey ("**DTS**") for the year 2019. Each category recorded increases of 8.1%, 9.9% and 11.5% respectively. Unfortunately, the domestic tourism was heavily impacted by the pandemic. It was estimated that more than RM100 billion were losses in tourism industry for the whole country.

The Group owns and operates several properties including Hotel Casuarina @ Meru in Ipoh, Hotel Casuarina @ Kuala Kangsar, Casuarina @ Pangkor resort in Pulau Pangkor, Casuarina Houseboat @ Temenggor 1 and Restoran Rumah Tradisional Melayu. Two other properties namely Pasir Salak Eco Resort (**PSER**) and Rumah Rehat Cempaka Sari @ Parit, which were previously managed under the Casuarina brand name, have now been handed over to the State Government.

During the financial year under review, on the 18 July 2020, PERAK CORP introduced the first drive-in cinema in Malaysia known as Casuarina Sini-Drive as part of product bundling marketing strategy for its hotels and to cater for the demand for a cinema due to temporary closure of indoor movie theatres. The Group completed construction of Casuarina @ Kuala Kangsar which later opened its door to the public on 1 July 2020. The Group is currently constructing its 60-room Hotel Casuarina @ Teluk Intan in the town of Teluk Intan, Perak which is expected to be fully completed by second half of 2022.

Vibrant and competitive development components such as an integrated township, exceptional tourist attractions, efficient connectivity and the right skills and community mix are key factors to catalyse economic growth.

CONSERVING ENVIRONMENT

From the time of our establishment since 1991, PERAK CORP Group has always been committed to comply with the legal and regulatory requirements of the Malaysian Department of Environment ("**DOE**") and other regulators and authorities. To this end, environmental protection measures and considerations have long been embedded in our organisation.

Consumption of Resources

PERAK CORP are committed to reducing the consumption of water and electricity. Recognising that PERAK CORP could not work in isolation but required a whole-of-organisation approach, the Group promoted environmental awareness among the employees through various initiatives and encouraged them to adopt environmentally-friendly working methods.

As such, since the completion in 2013, Hotel Casuarina @ Meru ("**HCM**") is designed to continuously harvest rain water. HCM have implemented the green program to save the earth for various activities such as watering plants, cleaning drain etc.

Apart from water consumption, PERAK CORP is also strict when it comes to the electricity usage. The headquarter was installed with centralized air conditioner unit allowing it to be controlled and running only when necessary. Additionally, energy saving light bulbs are used.

PERAK CORP also encouraged their employees to reduce the consumption of paper. Printing materials is widely discouraged unless necessary. Moving forward, PERAK CORP intends to be a digital organization.

Environmental Impact Assessment

As a property developer, the Group recognise that some of its activities involve the clearing of natural flora and fauna in preparation for construction and development. In the efforts to mitigate the impact on the environment, PERAK CORP had initiated Environmental Impact Assessment ("**EIA**") study to ensure the development will elevate ecosystem of the surrounding.

LMT Certified to ISO 9001:2015

Lumut Port endeavours to control and mitigate the impacts of LMT's activities on the environment through responsible business activities. It adopts initiatives to conserve biodiversity via various programs in partnership with local groups, community and associations.

On 24 August 2016, LMT has been certified with ISO 9001:2015. This certification shows LMT has established a systematic approach to instil quality by ensuring that its products meet customer requirements.

SOCIAL RESPONSIBILITY

PERAK CORP has always believed that the way to build a great and enduring company is to strike a balance between profitability and fulfilling its social responsibilities. In today's inter-connected world, no business can operate as an entity onto itself. Companies are also measured in terms of their standing in the eyes of the community. Throughout the year 2020, PERAK CORP continued to make progress to operate responsibly and with care to meet the changing expectations not limited to employees but also society.

Donation to Affected Families

PERAK CORP believes in improving the lives of local communities by creating opportunities for education, health and overall wellbeing. We support underprivileged sections of society through donations, building safe neighbourhoods and sharing the joy of togetherness.

During the Movement Control Order ("**MCO**") some of the staff of Hotel Casuarina @ Meru volunteered with *Pertubuhan Kebajikan Ukhuwah Masyarakat Prihatin Perak* ("**Ukhuwah**") to give charity to 50 underprivileged families affected by the Covid-19 outbreak.

Donation to Orphanage

In October 2020, we also give some aides to *Rumah Anak Yatim Budi Mulia Nurul Huda, Tanah Hitam, Chemor.* The aides include food supplies, financial aides, school supplies and clothes.

Boosting Teamwork

PERAK CORP understand that the employees spend a large portion of their time at work. Recognising this, efforts have been made to reshape the workplace for the benefit of the employees and attract new talent, especially those from the millennial generation.

In order to boost teamwork across all departments and levels, employees of PERAK CORP are members of Kelab Warga Kumpulan PKNP ("**Kelab Warga**") which provided an avenue for our staff to participate in non-work-related activities. The Kelab Warga essentially acts as an avenue to strengthen team spirit, promote work life balance and also energise employees with a wide range of interesting events. Kelab Warga is participated by all PKNP Group employees.

In-House Training Programme

In order to move forward to betterment, PERAK CORP needs a team that is constantly in-the-know and aware of the latest trends. Recognising the need to amplify the learning and development programmes, the Group has introduced in-house training programmes that help the employees develop the necessary competencies for their personal and professional development.

The employees have been given the flexibility to select the programmes they wish to attend after discussion with their supervisor and in accordance with their career development plan. As such, competency-based training programmes have been introduced to allow the employees to gain a better foothold in the technical skills, gain perspectives on leadership skills and strategic thinking, as these would benefit them in their personal and professional lives.

Diversity and Equal Opportunity

PERAK CORP value diversity of thought, experience and culture to make the Group stronger. We have always aspired to create an inclusive and inspiring workplace that fosters diversity and appreciate the differences in our values as we support the participation of all employees.

All people should be treated equally and we do not tolerate discrimination. The Group policy is to practise equal opportunities and foster diversity in employment, development and advancement for those qualified. The Group do not discriminate on the grounds of gender, age, religion, political opinion, union affiliation, disability, national origin, ethnicity or other relevant characteristics in the hiring or employment. We believe that everyone should have access to the same rewards and opportunities.

Relationship with Suppliers and Contractors

In any business, relationships are the cornerstone of success. Indisputably, relationships with customers/end users are significant to unceasing business, but what about relationships with suppliers? At PERAK CORP, we find that building relationships with our suppliers and contractors is cardinal to our company's growth model. Identifying a supplier or contractor that fits our company's ethics and growth model and shares communications about their products/services in a transparent manner, without strings attached, is the key to a better supplier-contractor relationship. The extent to which a supplier meets our requirements for quality, innovation, continuity of supply and service is translated into a long-term relationship for added value for all parties.

Suppliers and contractors must comply with all relevant national laws and statutes at all times and must also minimise the negative impact on society and the environment such as noise, dust and other pollution. Negative impact on society in the construction industry normally refers to noise and dust pollution. We neither condone nor tolerate suppliers or contractors using undocumented workers nor practices illegal employment.

Corporate Governance Overview Statement

Perak Corporation Berhad fully supports the Malaysian Code on Corporate Governance ("**MCCG**") which sets out the principles, intended outcomes and practices for good corporate governance that should apply towards achieving the optimal framework to protect and enhance shareholders value and the financial performance of the Company and its subsidiaries ("**Group**").

The Board of Directors ("**Board**") is responsible for delivering shareholders value over the long- term, through the Group's culture, strategy, values and governance. This Statement provides an overview of the Company's commitment to apply the three principles and the practices with reference to the principles set out in the MCCG, except where stated otherwise, during the financial year ended 31 December 2020 under the leadership of the Board.

The three (3) principles set out in the MCCG are as follows:
i. Board Leadership and Effectiveness;
ii. Effective Audit and Risk Management; and
iii. Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

This statement is prepared in compliance with Bursa Malaysia Securities Berhad's ("**Bursa Securities**") Main Market Listing Requirements ("**Listing Requirements**"). The extent of the application of each practice encapsulated in the principles of the MCCG is further presented in the Corporate Governance Report which can be viewed on the Company's website at www.perakcorp.com.my.

SECTION 1: BOARD LEADERSHIP AND EFFECTIVENESS

Board Roles and Responsibilities

The Board retains full and effective control of the Company. This includes responsibility for determining the Company's overall strategic direction as well as development and control of the Group's business and operations. No individual or group of individuals dominates the Board's decision making.

The functions reserved for the Board are clearly stated in the Board Charter besides the discharge of the directors' fiduciary duties.

Board Charter

The Company has formalised a Board Charter which clearly sets out the composition, roles and responsibilities of the Board and Board committees and the processes and procedures for convening their meetings. The Board Charter serves as a reference providing prospective and existing members of the Board and management insight into the fiduciary duties of directors.

The Board reviews the Board Charter on a regular basis to keep up to date with changes in the Listing Requirements, other regulations and best practices and ensure its effectiveness and relevance to Board's objectives.

The details of the Board Charter are available for reference on the Company's website at www.perakcorp.com.my

Code of Conduct

The Board has formalised a Code of Conduct ("**Code**") which is based on the principles in relation to integrity sincerity, honesty, responsibility, social responsibility and accountability in order to enhance the standard of corporate governance and behaviour.

The Board is committed to create a corporate culture within the Group to operate the businesses of the Group in an ethical manner and to uphold the highest standards of professionalism and exemplary corporate conduct.

The Code is to assist the directors and all personnel of the Group in defining the ethical standards and conduct at work and extent beyond normal working hours which they should possess in discharging their duties and responsibilities.

The Board reviews the Code when deemed necessary to ensure it remains relevant and appropriate and the Code is available for reference on the Company's website at www.perakcorp.com.my.

Anti-Corruption Policy and Guidelines

The Board is committed to comply with all applicable laws and regulations and to apply high standards of conduct and integrity in its business activities. The Board also acknowledges the relevant requirements and standards as set out in the Malaysian Anti-Corruption Commission (**Amendment**) Act 2018 corporate liability for corruption and ensure that compliance is observed by the directors, officers and all personnel in the Group.

Apart from the above, the Board had also established an Integrity and Governance Unit for the purpose of carrying out programmes, modules and strategy within the Group to promote integrity, honesty and accountability in the conduct of business and operations, as well as to enforce compliance and promote the detection of misconduct in an efficient and effective way.

Whistle Blowing Policy

The Board has established a Whistle Blowing Policy to improve the overall organisational effectiveness and to uphold the integrity of the Group which acts as a formal internal communication channel, where the staff may communicate in cases where the Group's business conduct is deemed to the contrary to the common values of the Group.

The Group is committed to maintain the highest possible standards of integrity, openness and accountability in the conduct of its businesses and operations within the Group and aspires to conduct its affairs in an ethical, responsible and transparent manner. The policy is intended to provide and facilitate a mechanism for any persons to report concerns related to any suspected and/or known misconduct, wrongdoing, corruption, fraud, waste and/or abuse of which they become aware, and to ensure that the reporting person can report allegation of such malpractice or misconduct in an appropriate manner and without fear of retaliation.

All reports will be investigated promptly and dealt with fairly and equitably. Actions will be taken based on the nature of the allegation and may be resolved by agreed action.

The Board has reviewed the policy during the financial year ended 31 December 2020 to ensure it remains relevant and appropriate and the policy is available for reference on the Company's website at www.perakcorp.com.my.

Board Composition

The Board has six (6) members as at the date of this Statement, comprising one (1) executive director who is the Group Chief Executive Officer ("**GCEO**"), one (1) non-executive non- independent director and four (4) independent directors. More than half of the Board members are independent directors as recommended under Practice 4.1 of the MCCG.

The profile of the Board members is set out on pages 9 to 14 of this Annual Report.

The Company considers that its complement of non-executive directors provides an effective Board with a mix of industry-specific knowledge and business and commercial experience. This balance enables the Board to provide clear and effective leadership to the Company and to bring informed and independent judgement to many aspects of the Group's strategy and performance so as to ensure that the Group maintains the highest standard of conduct and integrity.

In order to assist the Board in the discharge of its responsibilities, the Board has delegated certain responsibilities to other Board committees, which operate within clearly defined terms of reference. The Board Committees are the Audit Committee, the Nomination and Remuneration Committee, and the Risk Management Committee. The respective Committees report to the Board on the matters considered and their recommendations thereon. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

Board Meetings

The Board schedules meetings on a quarterly basis with additional meetings convened when urgent and important decisions need to be taken between scheduled meetings. The calendar for the Board and Board Committees meeting is circulated in advance at the end of the previous financial year to enable the directors to plan their schedule ahead for the new financial year.

During the financial year 2020, the Board held ten (10) meetings on 31 January 2020, 11 February 2020, 27 February 2020, 28 May 2020, 3 June 2020, 22 June 2020, 29 June 2020, 20 July 2020, 28 August 2020 and 26 November 2020.

The details of meeting attendance of each individual director are as follows:

	Meeting attendance in 2020
Tan Sri Abdul Rashid bin Abdul Manaf *(Chairman)* (appointed on 6 July 2020)	3/3
Tan Sri Ir Kunasingam a/l V. Sittampalam (appointed on 6 July 2020)	3/3
Zainal Iskandar bin Ismail (appointed on 3 July 2020)	3/3
Andy Liew Hock Sim (appointed on 6 August 2020)	2/2
Tan Chee Hau (appointed on 20 October 2020)	1/1
Mohd Ariff bin Yeop Ishak (resigned on 5 February 2021)	7/10
Dato' Mohamed Azni bin Mohamed Ali (resigned on 6 July 2020)	7/7
YB Chong Zhemin (resigned on 6 July 2020)	7/7
YB Ng Shy Ching (resigned on 6 July 2020)	6/7
Hatim bin Musa (resigned on 6 July 2020)	7/7
Khairul Anuar bin Musa (resigned on 6 July 2020)	7/7
Mohamed Shafeii bin Abdul Gaffoor (resigned on 22 June 2020)	3/6
Datuk Redza Rafiq bin Abdul Razak (appointed on 25 February 2021)	-

The Board Chairman

Tan Sri Abdul Rashid bin Abdul Manaf is the independent non-executive Chairman of the Board. The Chairman is responsible for the oversight, leadership, effectiveness, conduct and governance of the Board.

The majority of the Board members are independent directors since the Company recognises the contribution of independent directors as equal Board members in the development of the Group's strategy, the importance of representing the interest of public shareholders and providing a balanced and independent view to the Board. The independent directors are independent of management and free from any relationship that could interfere with their independent judgement.

Separation of Roles between the Chairman and the Group Chief Executive Officer

Encik Zainal Iskandar bin Ismail, the GCEO and a Board member, leads the executive management team. There is a clear division of responsibility between the Chairman and the GCEO and between the independent Board members and the GCEO together with his executive management team to ensure a balance of power and authority.

The GCEO has the overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions. The GCEO is responsible to ensure due execution of strategic goals, effective operation within the Group and to explain, clarify and inform the Board on matters pertaining to the Group. The GCEO is supported by the executive management team with their respective scope of responsibilities. The executive management team's performance is assessed by the GCEO based on the key performance indexes.

Company Secretary

The Board is supported by an experienced and competent Company Secretary who is qualified to act as company secretary under Section 235(2) of the Companies Act 2016. The Company Secretary reports directly to the Board and plays an advisory role to the Board and Board Committees, particularly with regard to their policies and procedures and the Company's compliance with regulatory requirements, rules, guidelines and legislation, as well as the best practices of corporate governance.

All directors have access to the advice and services of the Company Secretary and are updated on the changes in the regulatory framework and corporate governance practices. The Company Secretary provides support to the Board in ensuring that the applicable rules and regulations are complied with as well as that the governance structure of the Group remains relevant and effective.

The Company Secretary attends all meetings of the Board and Board Committees and ensures that meeting procedures are followed and deliberations and proceedings at the meetings are accurately recorded and well-documented.

Supply of Information

Each Board member receives quarterly interim financial reports, including comprehensive review and analysis. Prior to each Board meeting, directors are sent an agenda of the meeting and a full set of Board papers for each agenda item prepared and presented in a concise and comprehensive manner so that the directors have a proper and relevant depiction of the issues to be discussed at the meeting. This is issued in sufficient time to enable the directors to obtain further explanations, where necessary.

All directors have access to all information within the Group whether as full board members or in their individual capacity, in furtherance to their duties. Directors have also direct access to the services of the Company Secretary who is responsible for ensuring the Board procedures are followed. Directors are entitled to obtain independent professional advice, where necessary, in the course of discharging their duties at the Company's expense.

Tenure of Independent Directors

In determining the independence of individual directors, the Board, through the Nomination and Remuneration Committee, conducts assessment on the independent directors of the Company annually. However, the annual assessment on the independent directors was not conducted for the financial year 2020 as all of the current independent directors were appointed during the year.

The independent directors, namely Tan Sri Abdul Rashid bin Abdul Manaf, Tan Sri Ir Kunasingam a/l V. Sittampalam, Mr Andy Liew Hock Sim and Mr Tan Chee Hau, have declared their independence.

The Board noted that the MCCG recommends that the tenure of an independent director should not exceed a cumulative term of nine (9) years. The Board believes that the length of service of the independent director on the Board does not interfere with their exercise of independent judgment and act in the best interest of the Group notably in discharging their roles. Nevertheless, the Board will undertake further assessment on independence of its independent directors should their tenure reach the cumulative term of nine (9) years.

Board Diversity Policy

The Board recognises the importance of diversity in determining the optimum composition of the Board and amongst its workforce, including but not limited to race, ethnicity, age, gender, skills, experience, exposure and competencies. The ultimate decision will be based on the competency, ability, leadership quality and qualification, particularly candidates with specialised knowledge, that meet the Group's needs.

The Board considers that gender diversity contributes positively to the performance of the Board which is vital to the sustainability of the Group's businesses. Currently, the Board is comprised solely of male directors. However, the Board will actively work towards identifying suitable female directors to be appointed to the Board. The Board recognises that the evolution of the diversity is a long process and weighs the various factors relevant to board balance and diversity when vacancies arise.

Overall, the Board is satisfied with the existing number and composition of the members and is of the view that the Board comprises a good mix of members with diverse experiences background to provide for a collective range of skills, expertise and experience which are relevant to support the growth and cope with the complexities of the Group's businesses.

Sourcing and nomination of Board members

The Board, through the Nomination and Remuneration Committee, continuously reviews the composition of the Board and source for suitable directors considering the diversity in business background, area of expertise, skills, educational background, gender, and ethnicity as well as other factors that may provide the Board with a broader range of viewpoints and perspectives.

The Nomination and Remuneration Committee is responsible for considering nominees for appointment to the Board, and recommends to the Board for approval on the appointment, re-appointment, re-election and annual assessment of directors.

The Nomination and Remuneration Committee considers and recommends to the Board candidates of sufficient calibre, knowledge, integrity, reliability, professionalism and experience to fulfill the duties of a director. This Committee also considers the ability of the candidate to attend Board and Board committees' meetings regularly and devote sufficient time and effort to carry out their duties and responsibilities effectively, and be committed to serve on the Board for an extended period of time.

Nomination and Remuneration Committee

The Board has merged the previous constituted Nomination Committee and the Remuneration Committee into one single committee known as Nomination and Remuneration Committee on 6 October 2020.

The Nomination and Remuneration Committee comprises three (3) independent directors. The Nomination Committee is headed by Tan Sri Abdul Rashid bin Abdul Manaf and the other members are Tan Sri Ir Kunasingam a/l V. Sitampalam and Datuk Redza Rafiq bin Abdul Razak. The Nomination and Remuneration Committee is empowered to bring to the Board recommendations as to the appointment of any new executive or non-executive director upon evaluation of the candidate's ability to discharge the expected responsibilities as well as establishing a formal and transparent procedure for developing policy on the remuneration packages of the executive and non-executive directors of the Company and key senior management.

The Nomination and Remuneration Committee has not held any meeting during the financial year 2020.

During the financial year 2020, the previous Nomination Committee held three (3) meetings on 27 February 2020, 3 June 2020 and 29 June 2020.

The attendance of the members of the previous Nomination Committee is as follows:

	Meeting attendance in 2020
Dato' Mohamed Azni bin Mohamed Ali (Chairman)	3/3
YB Ng Shy Ching	2/3
Khairul Anuar bn Musa	3/3

The activities carried out by the previous Nomination Committee during the financial year 2020, amongst others, included the recommendations to the Board on the following matters:

(a) Assessment of the eligibility of the retiring directors for re-election at the Annual General Meeting ("**AGM**") of the Company;
(b) Assessment of the Directors' training needs to ensure all directors receive appropriate continuous training;
(c) Evaluation and assessment of the performance of the Audit Committee as a whole and each of its members;
(d) Evaluation and assessment of the individual directors, Board as a whole and the independent directors
(e) Assessment of Encik Zainal Iskandar bin Ismail for the position of Group Chief Executive Officer; and
(f) Assessment of Encik Zainal Iskandar bin Ismail for his appointment as executive director of the Company and member of the Risk Management Committee.

During the financial year 2020, the previous Remuneration Committee held two (2) meetings on 27 February 2020 and 3 June 2020.

	Meeting attendance in 2020
Hatim bin Musa (Chairman)	1/2
YB Chong Zhemin	2/2
Mohd Ariff bin Yeop Ishak	2/2

The activities carried out by the previous Remuneration Committee during the financial year 2020, amongst others, included the recommendations to the Board on review of the remuneration packages (including benefits) for the position of Group Chief Executive Officer.

Board, Audit Committee and Individual Director Assessment

The Nomination and Remuneration Committee normally conducts annual assessment of each individual director and the collectively as a Board under the evaluation process to ensure the effectiveness of the Board as a whole. The assessment of the directors is an examination of each director's ability to contribute to the effective decision making of the Board.

The Nomination and Remuneration Committee also normally conducts annual review of the term of office and performance of the Audit Committee's members annually and assess whether the Audit Committee as a whole carried out their duties in accordance with its terms of reference.

However, the Nomination and Remuneration Committee has not conducted annual assessment of the individual directors and collectively as a Board and the performance of the Audit Committee and its members, as all of the current members of the Board and Audit Committee were primarily appointed during the year 2020.

Directors' Training

All directors are encouraged to continuously undertake training and regularly update and refresh their skills and knowledge to enable them to effectively discharge their duties. In this connection, the Board had adopted the Guideline for Directors' Training Needs as recommended by the Nomination and Remuneration Committee. The guideline requires each director to attend at least two (2) seminars/courses/workshops during the year.

The directors who have attended the training programmes are as follows:

Name	Training Programme
Tan Sri Abdul Rashid bin Abdul Manaf	• Anti Bribery & Anti Corruption master class for Board of Directors • Optimising Risk & Resilience Planning to Manage • Transformation towards Recovery Operational Resilience • Fraud Risk Management workshop
Tan Sri Ir Kuna a/l V. Sittampalam	• Risk Management • The New Reality: The Webinar for A/E Leaders
Andy Liew Hock Sim	• Mandatory Accreditation Programme for Directors of Public Listed Companies • Accounting for Impairment
Tan Chee Hau	• The New Normal Amid Covid-19: Leverage on Regional Experiences • APAC Tax – Insights into opportunities • Solar Private Venture Investment: A boon to Companies in Malaysia • National Export Day 2020 – Transforming Crisis into Opportunities • Navigating the Market with Structured Warrants • Overview in Semiconductor Sector and Future Technology Trends • Smart Automation Grant
Zainal Iskandar bin Ismail	• Mandatory Accreditation Programme for Directors of Public Listed Companies

Remuneration Policy and Procedure

For the remuneration policy, the Nomination and Remuneration Committee reviews the salaries, annual fees, attendance allowance and other benefits for the executive and non-executive directors of the Company and key senior management bench marked against industry standards and market competitiveness in light of the performance of the Group in the industry. The decision to determine the level of remuneration will be the responsibility of the Board as a whole after considering recommendations from the Nomination and Remuneration Committee. In addition, the annual fees of non-executive directors will be subject to the ultimate approval of the shareholders at the AGM.

Directors' Remuneration

The remuneration of the directors of the Company on a named basis for the financial year ended 31 December 2020 is as follows:

Company

Name of directors	Fees RM'000	Salaries RM'000	Other emoluments RM'000	Benefit-in-kind RM'000	Total RM'000
Tan Sri Abdul Rashid bin Abdul Manaf	23	-	4	-	27
Tan Sri Ir Kunasingam a/l V. Sittampalam	23	-	4	-	27
Andy Liew Hock Sim	19	-	3	-	22
Tan Chee Hau	10	-	1	-	11
Zainal Iskandar bin Ismail	24	239	4	-	267
Mohd Ariff bin Yeop Ishak	48	-	8	-	56
Mohamed Shafeii bin Abdul Gaffoor	23	296	3	-	322
YB Chong Zhemin	25	-	7	-	32
YB Ng Shy Ching	25	-	6	-	31
Dato' Mohamed Azni bin Mohamed Ali	25	-	7	-	32
Hatim bin Musa	25	-	7	-	32
Khairul Anuar bin Musa	25	-	7	-	32

Group

Name of directors	Fees RM'000	Salaries RM'000	Other emoluments RM'000	Benefit-in-kind RM'000	Total RM'000
Mohd Ariff bin Yeop Ishak	84	-	8	-	92
Mohamed Shafeii bin Abdul Gaffoor	60	296	23	-	379
Zainal Iskandar bin Ismail	54	239	4	-	297

Senior Management's Remuneration

The remuneration component including salary, bonus, benefits in-kind and other emoluments of the current top five (5) senior management of the Company within the following bands for the financial year ended 31 December 2020 are as follows:

Remuneration in band	Senior management (number)
RM200,001-RM250,000	1
RM250,001-RM300,000	3
RM1,000,001-RM1,050,000	1

The Board considered the information required of the top senior management's remuneration to be sensitive and proprietary in nature. The Board is of the view that the non-disclosure on named basis of the remuneration of the top senior management will not significantly affect the understanding and the evaluation of the Group's governance and will ensure the confidentiality of the remuneration of the top senior management.

SECTION 2: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

The Audit Committee comprises two (2) independent directors and one (1) non-independent non-executive director. The Audit Committee is headed by Mr Andy Liew Hock Sim, Datuk Redza Rafiq bin Abdul Razak and Mr Tan Chee Hau. Datuk Redza Rafiq bin Abdul Razak and Mr Tan Chee Hau was appointed on 5 May 2021. Tan Sri Abdul Rashid bin Abdul Manaf, who was appointed on 6 August 2020, has resigned on 5 May 2021.

The Committee provides assistance to the Board in fulfilling its oversight responsibilities of the financial reporting process, the system of internal controls, the audit process and the process of monitoring compliance with laws and regulations.

The role and summary of the activities of the Audit Committee are described in more detail in the Audit Committee Report set out on pages 55 to 58 of this Annual Report.

Financial Reporting

For financial reporting through quarterly interim financial reports to Bursa Securities and the audited annual financial statements to the shareholders, the Board has a responsibility to present a balanced and fair assessment of the Group's financial position, performance and future prospects.

The Statement of Directors' Responsibility in relation to the preparation of the annual audited financial statements of the Company and the Group is set out on page 63 of the Annual Report.

The Audit Committee assists the Board in scrutinising the financial reporting processes and quality of the financial reporting of the Group. This Committee, on a quarterly basis, reviews the quarterly interim financial reports and yearly financial statements to ensure accuracy, adequacy and completeness as well as to comply with applicable financial reporting standards and other regulatory and legal requirements.

Assessment of Suitability and Independence of External Auditors

Through the Audit Committee, the Board has always maintained a close and transparent relationship with its external auditors in seeking professional advice and ensuring compliance with applicable financial reporting standards in Malaysia. This Committee is accorded the power to communicate directly with the external auditors.

The Audit Committee conducts an annual assessment of the suitability, objectivity and independence of the external auditors by considering, amongst others, –

- the competence, audit quality and resource capacity of the external auditor in relation to the audit;
- the nature and extent of the non-audit services rendered and the appropriateness of the level of fees; and
- the written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

Messrs. PricewaterhouseCoopers PLT has confirmed that they were and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements, including the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

Based on the recent annual assessment, the Audit Committee is satisfied with the independence, objectivity, technical competency and professionalism demonstrated by Messrs. PricewaterhouseCoopers PLT. Having regard to the outcome of the annual assessment of external auditors by the Audit Committee, the Board has agreed with the Audit Committee's recommendation to seek the shareholders' approval at the forthcoming AGM on the re-appointment of Messrs. PricewaterhouseCoopers PLT as external auditors of the Company for the financial year ending 31 December 2021.

Risk Management and Internal Control

The Board takes responsibility for the Group's risk management and internal control system and for reviewing its adequacy and integrity and has established a Risk Management Committee accordingly.

The Risk Management Committee comprises two (2) independent directors and one (1) executive director. The Risk Management Committee is headed by Mr Andy Liew Hock Sim and the other members are Tan Sri Ir Kunasingam a/l V. Sittampalam and Encik Zainal Iskandar bin Ismail. The role of the Risk Management Committee is to evaluate and assess the impact of the risks faced by the Group that have been identified by the Risk Management Working Committees established for each of the active companies within the Group and then consider the actions taken or that are required to be taken to manage and mitigate the identified risks.

During the financial year 2020, the Risk Management Committee held two (2) meetings on 28 May 2020 and 26 November 2020.

The attendance of the members is as follows:

	Meeting attendance in 2020
Andy Liew Hock Sim (Chairman) (appointed on 6 October 2020)	1/1
Tan Sri Ir Kunasingam a/l V. Sittampalam (appointed on 6 October 2020)	0/1
Zainal Iskandar bin Ismail (appointed on 3 July 2020)	1/1
Khairul Anuar bin Musa (resigned on 6 July 2020)	1/1
YB Ng Shy Ching (resigned on 6 July 2020)	1/1
Mohamed Shafeii bin Abdul Gaffoor (resigned on 22 June 2020)	0/1

The Board is of the view that the current system of risk management and internal control in place throughout the Group is sufficient to safeguard the Group's assets and shareholders' investment.

The Statement on Risk Management and Internal Control as set out on pages 47 to 54 in this Annual Report provides an overview of the state of risk management and internal controls within the Group.

Internal Audit Function

The Board recognises that effective monitoring on a continuous basis through the internal audit function is a vital component of a sound internal control system. The Company has established an adequately resourced internal audit department, which is independent of the activities of the Group it audits, to conduct regular reviews of the internal controls and report to the Audit Committee.

SECTION 3: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Shareholders and other Stakeholders

The Board acknowledges the importance of effective, transparent and timely dissemination of material information and has in place internal corporate disclosure procedures which enable comprehensive, accurate and timely disclosures relating to the Company to the shareholders, regulators and other stakeholders. These procedures also set out the authority and responsibility to approve such disclosure. In formulating these procedures, the Board is guided by the Corporate Disclosure Guide issued by Bursa Securities whilst adhering with the corporate disclosure requirements as set out in the Listing Requirements.

Announcements via Bursa LINK of Annual Reports which include the audited financial statements, quarterly interim financial reports, business acquisitions and disposals and other material information provide the shareholders and investing public with an overview of the Group's performance, operations and directions. Members of the public can obtain the Annual Reports, quarterly interim financial reports and the Company's announcements on the Company's website at www.perakcorp.com.my.

Notices of meetings of members and minutes of meetings of members are also available on the Company's website.

The Board has designated Tan Sri Abdul Rashid bin Abdul Manaf as the Senior Independent Director of the Company to whom shareholders may address their concerns relating to the Group. At all times, any queries from other shareholders may be communicated through the Company Secretary.

Conduct of Meetings of Members

The meetings of members of the Company, including the AGM is the principal forum for dialogue with the shareholders. Notice of the AGM together with the Annual Report are usually sent out to shareholders at least twenty eight (28) days before the date of meeting.

The Board encourages participation from the shareholders by having a question and answer session during the meetings of members of the Company, including the AGM. The directors and key senior management are available to provide clarifications and responses to questions raised by the shareholders during the meetings.

All resolutions set out in the notice of meetings of members of the Company, including the AGM, are to be conducted by poll and an independent scrutineer is appointed to monitor the conduct of polling for each meeting of members.

The Company has conducted its first fully virtual AGM during the period of recovery movement control order implemented by the Malaysian government to curb the Covid-19 pandemic outbreak in the country on 28 September 2020. The conduct of the fully virtual Twenty Ninth AGM is in compliance with the Constitution of the Company which provides that meetings of members of the Company may be held using any technology or electronic means.

At the Twenty Ninth AGM, poll voting was conducted in respect of all resolutions using the Remote Participation and Voting Facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. to enable shareholders to participate and to exercise their rights to speak and vote at the AGM and Scrutineer Solutions Sdn. Bhd. was appointed as Scrutineers to verify the poll results. The outcome of the poll in relation to the resolutions was announced at the same meeting and detailed results stating the votes cast were subsequently announced via Bursa LINK.

Compliance Statement

The Board is satisfied that the Group has substantially complied with the practices of the MCCG throughout the financial year. In pursuit of safeguarding the interest of the shareholders and other stakeholders, the Board is committed and will continue to strengthen its application of the best practices in corporate governance.

Statement on Risk Management and Internal Control

INTRODUCTION

PURSUANT TO PARAGRAPH 15.26 (B) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (MMLR), THE BOARD IS PLEASED TO PROVIDE THE STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL FOR FINANCIAL YEAR ENDED 31 DECEMBER 2020 WHICH WAS PREPARED IN ACCORDANCE WITH PRACTICE 9.1 AND 9.2 OF THE MALAYSIAN CODE OF CORPORATE GOVERNANCE (MCCG) AND THE "STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL – GUIDELINES FOR DIRECTORS OF LISTED ISSUERS".

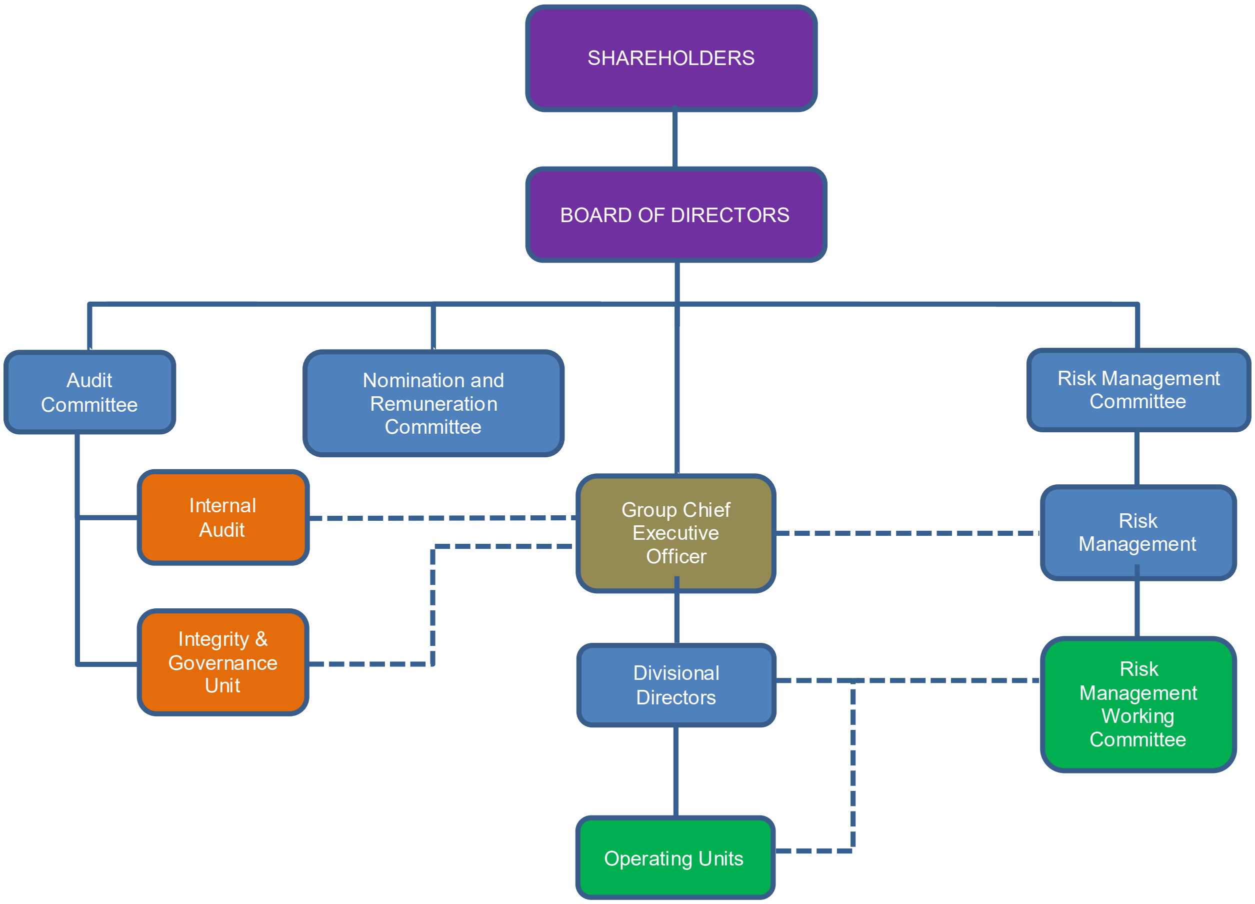
RESPONSIBILITY OF THE BOARD

The Board acknowledges the importance of maintaining a sound framework in managing risks to safeguard the shareholders' investments and the Group's assets. The Board is constantly and actively identifying the Group's level of risk tolerance, assessing and monitoring the key business risks. These include updating the internal control systems of the Group. The Board however, acknowledges that the system of internal control is designed to manage and reduce the risk of not achieving business objectives and only provide reasonable and not absolute assurance of effectiveness against material misstatement of management and financial information and records or against financial losses or fraud.

The Group's system of internal control covers risk management, financial, operational and compliance controls. The Board does not regularly review internal control systems of associates as the Board does not have direct control over their operations. Notwithstanding the above, the Group's interests are served through representation at the boards of the respective companies and the receipt of management reports upon queries. Such representation also provides the Board with information for timely decision making on the continuity of the Group's investments based on the performance of the associates.

Other than insurable risks where insurance covers are purchased, other significant risks faced by the Group (excluding associates and joint operations, wherever applicable) are reported to and managed by the respective boards within the Group.

The internal control system of the Group is supported by an appropriate organisation structure with clear reporting lines, defined lines of responsibilities and authorities from respective business units up to the Board level. The same can be seen as shown below: -



MAIN FEATURES OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board recognises the importance of key risk management and internal control system that sets the tone for the Group. In recognising the importance of risk management and internal control system in the overall governance process, the Board of the Group has instituted the following:

Board and Board Committees:

- As at date of issuance of the annual report, there are six (6) Directors on the Board comprising one (1) Non-Independent Executive Director, one (1) Non-Independent Non-Executive Director and four (4) Independent Non-Executive Directors.
- The Board has established the Risk Management Committee ("**RMC**"), Audit Committee ("**AC**"), Nomination and Remuneration Committee ("NRC") with specific Terms of Reference, which have the authority to examine all matters within its scope of responsibilities and report to the Board with its recommendations for the Board's decision.
- The responsibilities and functions of the Board, each of its committees and the individual directors are specified in its respective Terms of Reference and Board Charter.

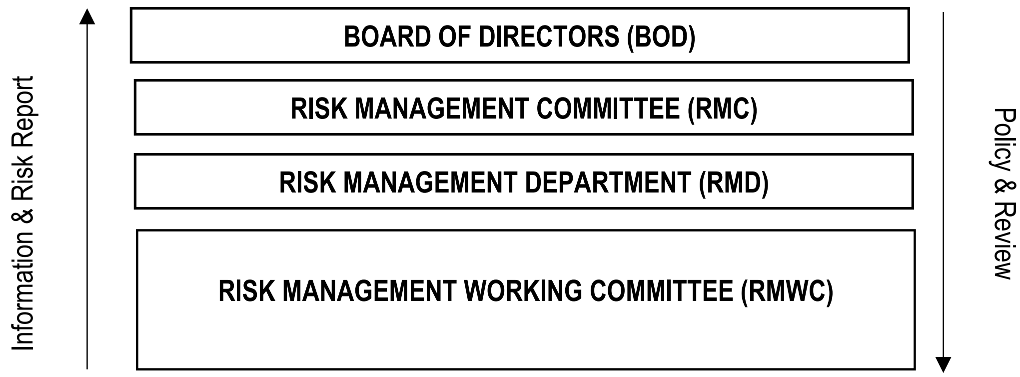
Risk Management Committee:

- Risk Management Committee ("**RMC**") assists the Board in ensuring sound and robust Risk Management Policy ("**RMP**") to achieve the Group's strategic objectives, safeguard shareholders' investments and its assets. Terms of Reference was established and endorsed by the Board to govern its responsibilities and activities.
- The RMC is chaired by Independent Non-Executive Director and majority of members are Independent Non-Executive Director.
- The RMC undertakes the following responsibilities:
  - Review and recommend risk management policies and procedures for the approval or acknowledgement of the Board;
  - Act as Primary Champion of risk management at strategic and operational levels;
  - Review the on–going adequacy and effectiveness of risk management process;
  - Review the consolidated risk registers to identify significant risks and whether these are adequately managed; and
  - Ensure that Board receive adequate and appropriate information for review and decision-making respectively
- The RMC is assisted by the Risk Management Department ("**RMD**"), which is primarily responsible for the implementation of RMP and operationalisation of risk management processes and practices. A Risk Management Policy, which defines RMD's responsibilities, scope and authority for the Group has been established and endorsed by the RMC and Board.
- The RMC convenes two (2) times for the year to review the key risk profiles and submit a summary report to the Board. Amidst delivering growth for its stakeholders, the Group will continue its focus on sound risk assessment practices and internal control to ensure that the Group is well equipped to manage the various challenges arising from the dynamic business and competitive environment.

Risk Management Working Committee:

- Risk Management Working Committee ("**RMWC**") assists the RMD in ensuring sound and robust Risk Management Policy ("**RMP**") to achieve the Group's strategic objectives, safeguard shareholders' investments and its assets. Terms of Reference was established and endorsed by the RMC to govern its responsibilities and activities.
- There are five (5) RMWC chaired by the Group and subsidiaries' Chief Executive Officer/ Chief Operating Officer and consists of Head of Departments.
- The RMWC undertakes the following responsibilities:
  - Identification and assessment of risks, implementation and monitoring of risk action plans and key risk indicators.
  - Prepare and report the risk management report on identified risks and risk action plans update to RMD in timely manner.
  - Maintain highest alert on both internal and external activities or circumstances that may have adverse risk impacts and consequences to the Group and subsidiaries.

The risk management system of the Group is supported by an appropriate organisation structure with clear reporting lines, defined lines of responsibilities and authorities from respective business units up to the Board level as follows:



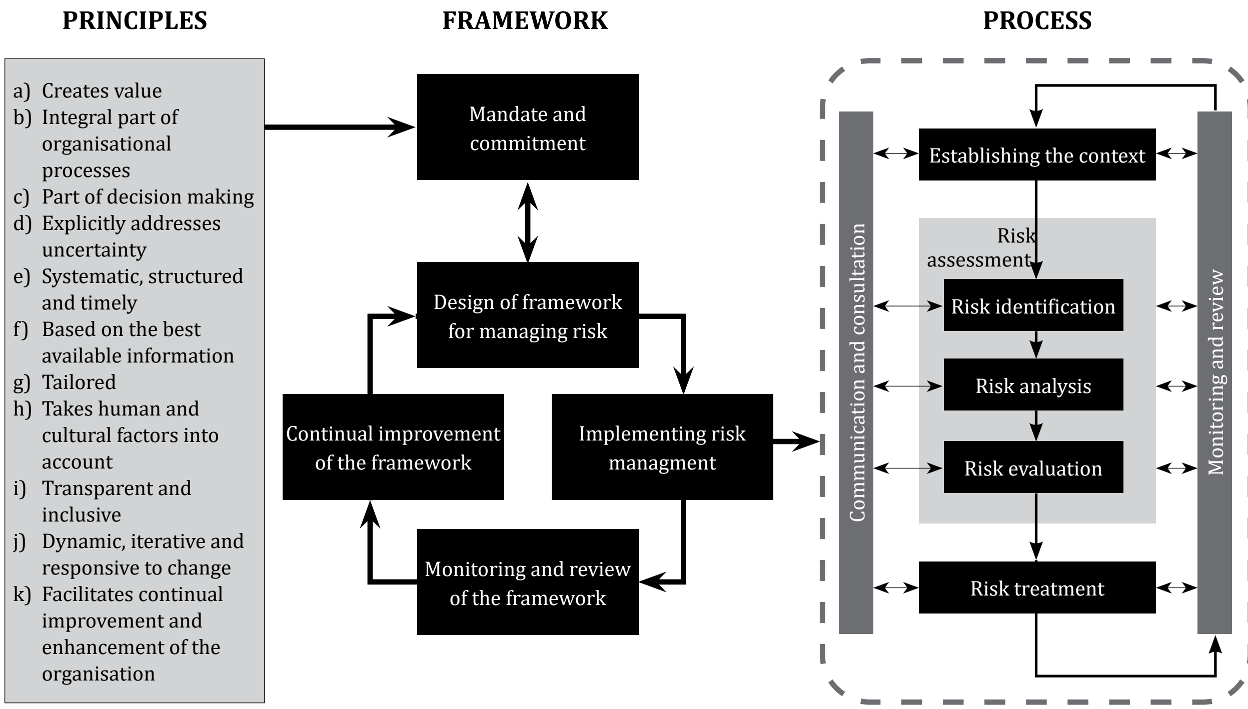
Risk Management Policy:

- The RMP provides the foundation and organisational arrangement for managing risk across the Group. It illustrates how risk management is embedded in the organisational systems and integrated at all levels and work contexts, making risk consideration part of our day-to-day decision-making and business practices.

- The RMP include scope and objectives, emphasis on enterprise-wide risk assessment and management, and Key Risk Indicators ("KRI"), which measure the appropriateness and effectiveness of risk countermeasures based on demonstrated/observed improvements on key business, operating and financial parameters.

- The RMP aims to:
  - Establish common risk language, modus operandi and direction with regard to risk management;
  - Convey the Group policy and attitude toward risk management;
  - Set the policy, methodology, scope and application of risk management;
  - Detail the process for escalating and reporting risks;
  - Establish the roles and responsibilities for managing risk;
  - Facilitate open communication between management and the Board with respect to risk; encourage proactive decision making; and
  - Build an appropriate culture of integrity and risk awareness.

Risk Management Principles, Framework and Process:



- Risk identification, analysis, and evaluation:

  Mechanisms for identification of risks include annual risk surveys across the Group, industry benchmarking, periodic assessments of the business environment, incident analysis, findings of internal audits, discussions with the risk council and the risk and strategy committee and analysis of the Group's performance relative to the corporate scorecard goals. Risk analysis and evaluation are carried out using scenario-based assessments to decide the potential impact, likelihood of occurrence and in some cases, the detectability of the risk. Estimated risks are compared with established risk criteria and thresholds to determine the priority and method of risk treatment.

- Risk treatment:

  Risk treatment is the process of selecting and implementing measures to alleviate the impact of identified risks;
  - **Avoid**: A decision to nullify the risk by refraining from the activities that cause it
  - **Transfer**: A decision to transfer the specific risk with another entity
  - **Reduce**: A decision to reduce the level of risk through targeted mitigation, if not to completely nullify it
  - **Accept**: A decision to allow the risk to remain as is, irrespective of its severity
  - **Escalate**: A decision to escalate the risk to senior management

- Risk mitigation and monitoring:

  Mitigation plans are finalized, owners are identified, and the progress of mitigation actions are monitored and reviewed. The Risk Management Committee periodically do a deep dive into understanding the scope and effectiveness of mitigation plans and provides feedback to mitigation teams.

- Risk reporting and disclosures:

  Dashboards help track external and internal indicators for each identified risk and assess its severity. The trend line assessment of top risks, analysis of exposure and potential impact are carried out periodically, presented and discussed with the RMC. Risks relating to client project execution and client account-level risks are reported and discussed at appropriate levels within the Group. Periodic updates are provided to the Board highlighting key risks, their impact, and mitigation actions.

Summary of Risk Management Activities:

- Assessed and strengthened the enterprise risk management framework for further standardization of risk identification, assessment and governance of risks across the organization.

- Assessment of our business momentum relative to competition and competitive position in key market segments comprising geographies, industries and service lines were conducted and measured.

- Periodic risk awareness briefing, risk identification and mitigating action plans workshops are conducted as continuous efforts to inculcate proactive risk-aware culture within the Group.

- Risk Management Status Reports are produced two (2) times for the year and are presented to the RMC and Board of Directors for deliberation and approval.

- Quarterly review and monitoring implementation of risk action plans by the risk management team.

- Provides risk management consultation and advisory services to projects, investment and potential business leads.

Risk Management Highlights for the Year

During the year, the Board has been informed by RMC on strategic and operational risks affecting the Group. Two (2) RMC meetings held for the year whereby Risk Management Report endorsed. Risk Management practices were primarily focused on the effectiveness of strategic programs in improving our competitive position and differentiation in market segments, the momentum of new initiatives to achieve our long-term business aspirations, our preparedness to address any incidents that may cause business disruptions to our physical and technological infrastructure, strengthening internal controls to detect fraudulent activity, leadership development, leadership succession planning, and monitoring possible impact of changes in our regulatory environment.

KEY ELEMENTS OF INTERNAL CONTROL

Internal control is embedded in the Group's operations in the following manner:

- Clear organisation structure with defined reporting lines. There is a defined organisational structure within the Group with each division having clearly defined roles and responsibilities, levels of authority and lines of accountability.

- Each operating unit is responsible for the conduct and performance of business units, including the identification and evaluation of significant risks applicable to their respective business areas, the design and operation of suitable internal control and in ensuring that an effective system of internal control is in place.

- Defined level of authorities and lines of responsibilities from operating units up to the Board level so as to ensure accountabilities of all concerned as well as for risk management and control activities.

- The Group has various vital support functions comprising of Administration Finance and Accounts, Legal & Corporate Secretarial, Integrity & Governance Unit, Internal Audit, Risk Management, and Human Resource.

- Code of Conducts endorsed by the Board and communicated to all employees in the Group to ensure high standards of conduct and ethical values in all business practices.

- Integrity and Governance Unit (IGU) was recently established on 26th November 2020. The main objective of IGU is to integrate all matters relating to integrity under one specific unit so that any plan, training, module, program and strategy can be implemented in a focused and organised manner in order to ensure that institutionalisation of integrity, preventive measure, compliance and detection of misconduct can be enforced in an efficient and effective way. No meeting was held for the year.

- The Group's Whistleblowing Policy has been revised and updated to provide the highest standard of integrity, fairness, honesty, decency, respect, openness and accountability in the conduct of its businesses and operations. This policy will be striving to foster and maintain an environment where whistleblowers can act appropriately, without fear of reprisal or retaliation.

- The internal audit function provides assurance of the effectiveness of the system of internal control within the Group. Regular internal audit visits to review the effectiveness of the control procedures and ensure accurate and timely financial management reporting. Internal audit efforts are directed towards areas with significant risks as identified by Management.

- The internal audit reports are deliberated by the Audit Committee and are subsequently presented to the Board on a quarterly basis or earlier, as and when appropriate.

- RMC chaired by the Independent Director to review and recommend the risk management policies, strategies, major risks review and risk mitigation actions for the Group as well as reporting to the Board.

- The Board is supported by a qualified Company Secretary. The Company Secretary plays an advisory role to the Board, particularly on issues relating to compliance with the MMLR, Companies Act 2016 and other relevant laws and regulations.

- Training and development programs were established to ensure that staff are kept up to date with the necessary competencies to carry out their responsibilities towards achieving the Group's objectives.

- Strategic planning, target setting and detailed budgeting process for each area of business which are approved both at the operating level and by the Board.

- Consolidated quarterly management accounts and forecast performance which allow Management to focus on areas of concern.

CONCLUSION

For the financial year under review and up to the date of issuance of the audited financial statements, the Board is satisfied that the system of risk management introduced to the Group during the year to be adequate, in order to capture and the assessment of the risks associated within the context of the Group's business environment. The risk management system also assesses the adequacy of the internal controls which have been put in place to mitigate identified risks to acceptable levels.

The Board has received assurance from the Group Chief Executive Officer and Chief Financial Officer who have informed the Board that they are satisfied with the adequacy, integrity and effectiveness of the Group's system of internal controls in place and will ensure the completion of the implementation of the risk management throughout the Group.

In addition, the Audit Committee holds meetings to deliberate on the findings and recommendations for improvements presented by both the internal and external auditors on the state of the internal controls system and reports to the Board. As part of the ongoing control improvement process, the management will take appropriate actions to address the control recommendations made by the internal and external auditors.

No material losses, contingencies or uncertainties have arisen from any inadequacy or failure of the Group's system of internal control for the year ended 2020 that required to be disclosed in the Annual Report.

This statement is made in accordance with a resolution of the Board of Directors dated 31 May 2021.

Audit Committee Report

Audit Committee is a committee of the Board of Directors responsible with the oversight of financial reporting and disclosure, as well as corporate governance and overseeing responsibilities in relation to the Group's internal control and internal and external audit functions.

Members and meeting

The Audit Committee comprises two (2) independent non-executive directors and one (1) non-independent non-executive director.

The Audit Committee shall meet at least four (4) times a year, although additional meetings may be called at any time at the Chairman's discretion and if requested by any member of the Committee or internal or external auditors. The Committee may meet with the external auditors, internal auditors, or both without the attendance of other directors and employee of the Company, whenever deemed necessary. The Committee may invite any person to be in attendance at each meeting.

A total of eight (8) meetings were held on 27 February 2020, 28 May 2020, 22 June 2020, 29 June 2020, 28 August 2020, 26 November 2020, 22 February 2021 and 19 May 2021 during the financial year and the period up to the date of the authorization of the annual report. Details of composition of the Committee and attendance by each member of the Committee covering the period during the financial year and the period up to the date of the authorization of the annual report are set below:

Name	Status of Directorship	Attendance of Meetings
Andy Liew Hock Sim (Chairman) *Appointed on 6 August 2020*	Independent Non-Executive	4/4
Tan Sri Abdul Rashid bin Abdul Manaf *Appointed on 6 August 2020* *Resigned on 5 May 2021*	Independent Non-Executive	3/3
Mohd Ariff bin Yeop Ishak *Appointed on 6 August 2020* *Resigned on 5 February 2021*	Non-Independent Non-Executive	1/2
Datuk Redza Rafiq bin Abdul Razak *Appointed on 5 May 2021*	Non-Independent Non-Executive	1/1
Tan Chee Hau *Appointed on 5 May 2021*	Independent Non-Executive	1/1
Y.B. Chong Zhemin *Resigned on 6 July 2020*	Independent Non-Executive	4/4
Dato' Mohamed Azni bin Mohamed Ali *Resigned on 6 July 2020*	Senior Independent Non-Executive	4/4
Hatim bin Musa *Resigned on 6 July 2020*	Independent Non-Executive	3/4

The meetings have been appropriately and adequately structured with each member of the Committee receiving notices, agendas and papers sufficiently in advance prior to the meetings.

The Chairman of the Audit Committee reports to the Board on principal matters deliberated at Audit Committee meetings. The Chairman of the Audit Committee also delibrates to the Board on matters of significant concern as and when reported by the external auditors and internal auditors.

Activities during the financial year

During the financial year, the Audit Committee carried out its duties as set out in its Terms of Reference. The summary of key activities are as follows:

Financial Reporting

In its oversight of the financial reporting process, for the financial year under review, the Audit Committee obtained assurance from the Chief Financial Officer during the course of its review, amongst others, on the following:

1. Reviewed the quarterly unaudited financial results of the Group to ensure compliance with applicable accounting standards and other statutory and regulatory requirements prior to recommending for approval by the Board of Directors and subsequently for the quarterly announcements and submission of annual report to Bursa Malaysia.
2. Reviewed the impact of any changes to the accounting policies and adoption of new accounting standards as well as accounting treatments used in the financial statements.
3. Reviewed the annual audited financial statements prepared by the management and the audit report thereon as presented by the external auditors covering the following areas with the management prior to submission with its recommendation to the Board of Directors for approval:
    - Appropriate accounting policies that have been adopted and applied consistently;
    - Key audit issues which arose during the audit and their subsequent resolution;
    - Key significant audit findings; and
    - External auditors' management letter and management's response thereto.

External Audit

During the financial year, the Audit Committee together with the external auditors have:

1. Reviewed the audit plan in respect of the audit for the financial year ended 31 December 2020, outlining the nature and scope of the audit work and the proposed fees for the statutory audit, as well as the audit procedures to be undertaken.
2. Reviewed the resource capacity and effectiveness as well as the suitability, objectivity and independence of the external auditors.
3. Reviewed major audit findings and observations arising from the interim and final audits, significant accounting issues and any other matters.

The amount of audit fees and non-audit fees payable to PricewaterhouseCoopers PLT for the financial year ended 31 December 2020, are as follows:

	Audit fees (RM '000)	**Non-Audit fees (RM '000)**
Company	155	15
Group	692	15

The non-audit fees included assurance services rendered comprise annual review of the Statement on Risk Management and Internal Control.

Internal Audit

During the financial year, the Audit Committee together with the internal auditors have:

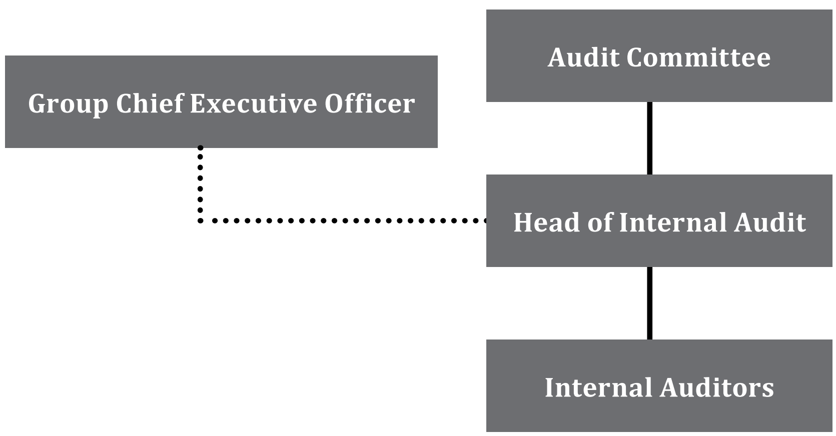
1. Reviewed and approved the annual internal audit plan based on risk-based approach as presented by the internal auditors and discussed with them on the scope of work, adequacy of resources and coordination with the external auditors.
2. Reviewed and deliberated internal audit reports and corrective actions taken by the management in order to resolve the issues highlighted in the internal audit reports.
3. Reviewed the adequacy of internal audit process and resources allocated to the Group Internal Audit.

Related Party Transactions

During the financial year, the Audit Committee has reviewed the related party transactions entered by the Company and the Group as well as the disclosure and the procedures relating to related party transactions.

Internal Audit Function

The Board recognises that effective monitoring on a continuous basis is a vital component of a sound internal control system. The main role of internal auditors is to review the effectiveness of internal control, and this is performed with impartiality, proficiency and due professional care. Functionally, the internal auditors report directly to the Audit Committee on audit matters and administratively to the Group Chief Executive Officer. The structure of Group Internal Audit is as follows:

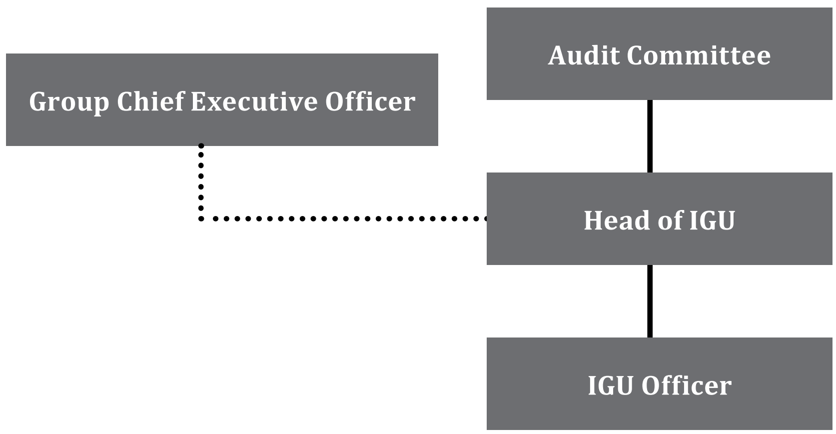


The internal audit activities have been carried out according to the internal audit plan based on risk-based approach, which has been approved by the Audit Committee. During the financial year, the internal auditors have conducted a series of audit reviews on the operating units including subsidiaries of the Group. The internal auditors ensured, on a follow up basis, that recommendation to improve internal controls are implemented by the management. These initiatives, together with the management's adoption of the external audit's recommendations for the improvement of internal control noted during their annual audit, provide reasonable assurance that control procedures are in place.

Integrity and Governance Function

In line with the instruction from Prime Minister of Malaysia dated 5 October 2018, and as per the Strategic Plan of Integrity and Governance Unit 2019-2021 designed by Malaysian Anti-Corruption Commission ("MACC") to guide Government-Linked Companies ("GLCs") in their plans for effective strategies in pursuing a corrupt free business environment, a dedicated unit namely Integrity and Governance Unit ("IGU") is to be established to undertake key functions in monitoring and addressing issue of ethics, corruption, fraud and malpractices.

On 26 November 2020, the IGU is established to integrate all matters relating to integrity under one specific unit so that any plan, module, program and strategy can be implemented in a focused and organized manner in order to ensure that institutionalization of integrity, preventive measure, compliance and detection of misconduct can be enforced in an efficient and effective way. Functionally, the IGU reports directly to the Audit Committee on integrity and governance matters and administratively to the Group Chief Executive Officer. The structure of IGU is as follows



With the establishment of IGU, it will also help to ensure that all employees practice a positive work culture with a strong moral and ethics as well as incorporating ethical practices and good governance within the company in order to be in line with Strategy 6 of National Anti-Corruption Plan ("NACP") 2019-2023, Inculcating Good Governance in Corporate Entity.

Additional Compliance Information

RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF REVENUE NATURE

The RRPT of revenue nature conducted during the financial year is as follows:

Type of RRPT	Name of related party	Relations with the Company	Actual value 1/1/2020 – 31/12/2020 (RM '000)
Operation and maintenance contract provided by Lumut Maritime Terminal Sdn. Bhd. ("**LMTSB**")	Lekir Bulk Terminal Sdn. Bhd. ("**LBTSB**")	See Note 1 below	44,473
Rental of office premises from PCB Taipan Sdn. Bhd.	Perbadanan Kemajuan Negeri Perak ("**PKNP**")	Ultimate holding company	1,435
Rental of office premises from PCB Taipan Sdn. Bhd.	Majuperak Holdings Berhad ("**MHB**")	See Note 2 below	613

Note:

1. Integrax Berhad holds 100% equity interest in Pelabuhan Lumut Sdn. Bhd. which in turn holds 50% minus 1 share equity interest in LMTSB and 100% equity interest in LBTSB.

2. PKNP holds 51.71% equity interest in MHB.

UTILISATION OF PROCEEDS

No proceeds were raised by the Company from any corporate exercise during the financial year ended 31 December 2020.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company or its subsidiary involving the interest of the directors and major shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year, except as disclosed in note 29 of the financial statements of the Company for the financial year ended 31 December 2020.

Analysis of Shareholdings AS AT 30 APRIL 2021

Total number of issued shares : 100,000,000
Class of Shares : Ordinary shares
Voting Rights : One (1) vote per ordinary share held

DISTRIBUTION OF SHAREHOLDERS

Size of shareholdings	No. of holders	%	Total shareholdings	%
Less than 100	263	12.97	11,484	0.01
100 to 1,000	217	10.70	130,874	0.13
1,001 to 10,000	1,189	58.63	4,156,165	4.16
10,001 to 100,000	300	14.79	9,594,824	9.59
100,001 to 4,999,999	57	2.81	28,475,403	28.48
5,000,000* and above	2	0.10	57,631,250	57.63
	2,028	100.00	100,000,000	100.00

Note: * Denotes 5% of the issued capital

SUBSTANTIAL SHAREHOLDERS

		No. of shares held			
No.	Name of holders	Direct	%	Indirect	%
1	Perbadanan Kemajuan Negeri Perak	52,271,253 *1	52.27	627,150 *2	0.63
2	Sime Darby Property Berhad	6,125,000	6.13	-	-

Note :
*1 Including 51,506,250 shares held under CIMB Group Nominees (Tempatan) Sdn. Bhd.
*2 Deemed interest through its direct and indirect wholly owned subsidiaries, namely Fast Continent Sdn. Bhd., Cherry Blossom Sdn. Bhd. and Perak Equity Sdn. Bhd.

DIRECTORS' SHAREHOLDINGS

		No. of shares held			
No.	Name of holder	Direct	%	Indirect	%
1	Tan Sri Abdul Rashid bin Abdul Manaf	-	-	-	-
2	Tan Sri Ir Kunasingam a/l V. Sittampalam	-	-	-	-
3	Datuk Redza Rafiq bin Abdul Razak	-	-	-	-
4	Andy Liew Hock Sim	-	-	-	-
5	Tan Chee Hau	-	-	-	-
6	Zainal Iskandar bin Ismail	-	-	-	-

THIRTY LARGEST SHAREHOLDERS

No.	Name	No. of shares held	%
1	CIMB Group Nominees (Tempatan) Sdn. Bhd. CIMB Bank Bhd for Perbadanan Kemajuan Negeri Perak (CBD-NR-PERAKCB)	51,506,250	51.51
2	Sime Darby Property Berhad	6,125,000	6.13
3	Pui Cheng Wui	4,952,900	4.95
4	Chua Sim Neo @ Diana Chua	4,695,400	4.70
5	KAF Trustee Berhad KIFB for KAF Seagroatt & Campbell Berhad	3,912,000	3.91
6	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lai Cheng Kuan	1,375,000	1.37
7	Kenanga Nominees (Asing) Sdn. Bhd. Cantal Capital Inc.	1,000,000	1.00
8	Perbadanan Kemajuan Negeri Perak	765,003	0.76
9	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Han Fook Fong (E-PPG)	565,500	0.57
10	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tam Seng @ Tam Seng Sen (E-PTS)	500,000	0.50
11	Tharumanathan a/l S. Eliathamby	463,000	0.46
12	Wong Shak On	457,400	0.46
13	Pong Hee Kit	426,600	0.43
14	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Law Yoong Kent (E-TMM)	403,500	0.40
15	Cherry Blossom Sdn. Bhd.	367,150	0.37
16	KAF Trustee Berhad KIFB for Yayasan Istana Abdul Aziz	360,000	0.36
17	KAF Trustee Berhad KIFB for DYMM Tuanku Bainun Mohd Ali	351,000	0.35
18	Vasan a/l P. Sinnadurai	338,200	0.34
19	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chin Kiam Hsung	319,700	0.32
20	Pui Cheng Tiong	319,600	0.32
21	Ng Poh Cheng	302,200	0.30
22	Nizran bin Noordin	300,000	0.30
23	Toh Ah Hai	280,000	0.28
24	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tay Ong Ngo @ Tay Boon Fang	260,000	0.26
25	Yam Poh Chi	256,000	0.26
26	UOB Kay Hian Nominees (Asing) Sdn. Bhd. Exempt an for UOB Kay Hian Pte Ltd (A/C Clients)	251,350	0.25
27	Cheong Yoke Choy	250,000	0.25
28	Renfield Investment Limited	250,000	0.25
29	Fast Continent Sdn. Bhd.	247,500	0.25
30	Law Yoong Kent	235,000	0.23
		81,835,253	**81.84**

Summary of Properties AS AT 31 DECEMBER 20

Locations	Approximate Land area (acres)	Tenure	Description	Date of Acquisitions Approx. Age (Building) Net Book Value	Existing Use
Part of Block Title 9607, 15437, 13451, Mukim Ulu Kinta, District Of Kinta, Perak Darul Ridzuan.	28.3	Freehold	Agriculture land with approvals for mixed development from Pejabat Tanah & Galian	31.12.1997 RM4,653,994	Vacant land
Part of No. HSD 229479, PT 265385, Mukim Ulu Kinta, District of Kinta, Perak Darul Ridzuan.	5.49	Freehold	Commercial land	31.12.1997 RM902,785	Vacant land (Charged for banking facilities of the Group)
Part of No. HSD 231239, PT 267280, Mukim Ulu Kinta, District of Kinta, Perak Darul Ridzuan.	11.98	Freehold	Institutional land	31.12.1997 RM1,497,750	Vacant land
No. HSD 98757, PT 167585 Mukim Ulu Kinta, District Of Kinta, Perak Darul Ridzuan.	5.00	Freehold	Land with 3-Storey institutional building	1.1.2002 19 Years RM1,680,001	Vacant
a) No.HSD 159908, PT 213246	0.0618	Freehold	Double storey building	30.9.2011 9 Years RM1,059,500	Vacant
b) No.HSD 159909, PT 213247	0.0650				
c) No.HSD 159910, PT 213248	0.0650				
Mukim Ulu Kinta, District Of Kinta, Perak Darul Ridzuan.					
No. HSD 229480, PT 265836 Mukim Ulu Kinta, District Of Kinta, Perak Darul Ridzuan.	3.99	Freehold	Land with 3 units of commercial building	31.12.1997 RM1,574,375	Vacant
No. HSD 203310, PT 244190, Mukim Ulu Kinta, District Of Kinta, Perak Darul Ridzuan.	0.0379	Freehold	Land with 3-Storey commercial building	01.10.2012 RM570,922	Vacant
Lot PT 2273,Mukim Lumut, Daerah Manjung, Perak Darul Ridzuan.	27.46	Leasehold (99 years) expiring year 2094	Waterbody	30.9.1995 26 years RM652,736	Port Operation
Lot PT 6973,Mukim Lumut, Daerah Manjung, Perak Darul Ridzuan.	72.54	Leasehold (99 years) expiring year 2094	Wharf, Warehouse, & office complex building	10.4.1997 RM86,560,079 23 years	Port Operation
PT 6972/Lot 11063, Mukim Lumut, Daerah Manjung, Perak Darul Ridzuan. (purchase vacant land in YR2013)	1.65	Leasehold (99 years) expiring year 2094	Waterbody	17.4.2013 RM2,339,319 7 years	Port Operation
PT 4859, Mukim Lumut, Daerah Manjung, Perak Darul Ridzuan. (purchase vacant land in YR2014)	3.49	Leasehold (99 years) expiring year 2113	Waterbody	10.3.2015 RM1,781,482	Port Operation
PT 10445 and PT10447, Mukim Lumut, Daerah Manjung, Perak Darul Ridzuan. (purchase vacant land in YR2017)	13.3	Leasehold (99 years) expiring year 2105	Waterbody	31.01.2017 RM13,911,576	Port Operation
PT 16661, 16662, 16838 & 16839, Mukim Lumut, , Daerah Manjung, Perak Darul Ridzuan. (purchase vacant land in YR2017)	115.31	Leasehold (99 years) expiring year 2105	Waterbody	31.05.2017 RM89,277,583	Port Operation
H.S(D) 204383 PT 245010, Mukim Ulu Kinta, District Of Kinta, Perak Darul Ridzuan.	7.34	Freehold	Hotel, convention centre & 2-office towers	30.8.2013 RM51,325,369 7 Years	Hotel and office operation

Statement of Directors' Responsibilities
In Respect Of The Annual Audited Financial Statements

The Directors are required by the Companies Act 2016 to prepare the financial statements for each financial year in accordance with the applicable Malaysia Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia which give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and their results and cashflows for the financial year.

In preparing the financial statements, the Directors have:

- Complied with the applicable Malaysia Financial Reporting Standards in Malaysia;
- Adopted and consistently applied appropriate accounting policies; and
- Made judgements and estimates that are prudent and reasonable

The Directors have responsibility for ensuring that the Group and the Company keep accounting records, which disclose with reasonable accuracy the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The Directors have general responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and the Company. The Directors acknowledge their overall responsibility for maintaining a system of internal controls that provides assurance of effective and efficient operations and compliance with laws and regulations and also its internal procedures and guidelines. The system of internal controls is designed to provide reasonable but not absolute assurance against the risk of material errors, frauds or other irregularities.

PERAK CORPORATION BERHAD

(Registration no.: 199101000605 (210915-U))

INCORPORATED IN MALAYSIA

REPORTS AND STATUTORY FINANCIAL STATEMENTS

for the financial year ended
31 DECEMBER 2020

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DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

DIRECTORS

The directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are as follows:

Zainal Iskandar Bin Ismail	(appointed on 3 July 2020)
Tan Sri Abdul Rashid Bin Abdul Manaf	(appointed on 6 July 2020)
Tan Sri Ir. Kunasingam a/l V. Sittampalam	(appointed on 6 July 2020)
Andy Liew Hock Sim	(appointed on 6 August 2020)
Tan Chee Hau	(appointed on 20 October 2020)
Datuk Redza Rafiq Bin Abdul Razak	(appointed on 25 February 2021)
Mohamed Shafeii Bin Abdul Gaffoor	(resigned on 22 June 2020)
Dato' Mohamed Azni Bin Mohamed Ali	(resigned on 6 July 2020)
Chong Zhemin	(resigned on 6 July 2020)
Hatim Bin Musa	(resigned on 6 July 2020)
Khairul Anuar Bin Musa	(resigned on 6 July 2020)
Ng Shy Ching	(resigned on 6 July 2020)
Mohd Ariff Bin Yeop Ishak	(resigned on 5 February 2021)

The names of directors of the subsidiaries in office during the financial year and during the period from the end of the financial year to the date of the report are as follows:

<u>Directors of PCB Development Sdn. Bhd.</u>

Sharifah Nor Hashimah Binti Syed Kamaruddin	(appointed on 22 June 2020)
Tan Chee Hau	(appointed on 5 January 2021)
Mohamed Shafeii Bin Abdul Gaffoor	(resigned on 22 June 2020)
Mohd Ariff Bin Yeop Ishak	(resigned on 5 February 2021)

<u>Directors of PCB Equity Sdn. Bhd.</u>

Sharifah Nor Hashimah Binti Syed Kamaruddin	(appointed on 22 June 2020)
Mohamed Shafeii Bin Abdul Gaffoor	(resigned on 22 June 2020)
Mohd Ariff Bin Yeop Ishak	(resigned on 5 February 2021)
Janardhane A/P Muniandy	(appointed on 5 February 2021)

<u>Directors of PCB Taipan Sdn. Bhd.</u>

Zainal Iskandar Bin Ismail	(appointed on 25 November 2020)
Tan Sri Abdul Rashid Bin Abdul Manaf	(appointed on 5 February 2021)
Datuk Redza Rafiq Bin Abdul Razak	(appointed on 31 March 2021)
Mohamed Shafeii Bin Abdul Gaffoor	(resigned on 22 June 2020)
Dato' Mohamed Azni Bin Mohamed Ali	(resigned on 25 November 2020)
Mohd Ariff Bin Yeop Ishak	(resigned on 5 February 2021)

<u>Directors of Casuarina Meru Sdn. Bhd.</u>

Norhaslinda Binti Zakaria	
Zainal Iskandar Bin Ismail	(appointed on 3 July 2020)
Dato' Mohd Azhar Bin Jamaluddin	(appointed on 6 July 2020)
Mohamed Shafeii Bin Abdul Gaffoor	(resigned on 22 June 2020)
Mohd Ariff Bin Yeop Ishak	(resigned on 5 February 2021)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

DIRECTORS (CONTINUED)

The names of directors of the subsidiaries in office during the financial year and during the period from the end of the financial year to the date of the report are as follows (continued):

<u>Directors of Lumut Maritime Terminal Sdn. Bhd.</u>

Azman Bin Talib	
Zainal Iskandar Bin Ismail	(appointed on 22 July 2020)
Dato' Samsudin Bin Abu Hassan	(appointed on 20 October 2020)
Dato' Mohd Azmi Bin Hj Othman	(appointed on 5 January 2021)
YB Dato' Abd Manaf Bin Hashim	(appointed on 19 February 2021)
Datuk Mohd Hisham Bin Abdul Halim	(appointed on 4 March 2021)
Ir. Roslan Bin Abdul Rahman	(appointed on 4 March 2021)
Mohamed Shafeii Bin Abdul Gaffoor	(resigned on 22 June 2020)
Dato' Seri Panglima Mohammad Noordin Bin Ali	(resigned on 22 July 2020)
Mohd Ariff Bin Yeop Ishak	(appointed on 22 June 2020, resigned on 5 February 2021)
Jamaluddin Bin Lebai Yusop	(resigned on 20 October 2020)
Yahaya Bin Mat Nor	(resigned on 5 January 2021)
Mohd Shaiful Bahri Bin Hussain	(resigned on 15 January 2021)
Mohammad Zahir Bin Ismail	(resigned on 4 March 2021)

<u>Directors of PCB Leisure Sdn. Bhd, Casuarina Teluk Intan Sdn. Bhd., Casuarina Boathouse Sdn. Bhd., Lanai Casuarina Sdn. Bhd. and Labu Sayong Café Sdn. Bhd.</u>

Wan Mahathir Bin Mohamad Esa	(appointed on 22 June 2020)
Mohamed Shafeii Bin Abdul Gaffoor	(resigned on 22 June 2020)
Mohd Ariff Bin Yeop Ishak	(resigned on 5 February 2021)
Rusnidar Binti Samsudin	(appointed on 5 February 2021)

<u>Directors of Casuarina Taiping Sdn. Bhd.</u>

Wan Mahathir Bin Mohamad Esa	(appointed on 22 June 2020)
Mohamed Shafeii Bin Abdul Gaffoor	(resigned on 22 June 2020)
Mohd Ariff Bin Yeop Ishak	(resigned on 5 February 2021)
Chew Jia Yieng	(appointed on 5 February 2021)

<u>Directors of Meru Raya Park Sdn. Bhd.</u>

Mat Radzi Bin Awang @ Hanafiah	(appointed on 4 December 2020)
Wan Mahathir Bin Mohamad Esa	(appointed on 4 December 2020)
Yang Idros Bin Yang Razali	(resigned on 4 December 2020)
Zadrul Insan Bin Mustadza	(resigned on 4 December 2020)

<u>Directors of BioD Leisure and Recreation Sdn. Bhd.</u>

Rusnidar Binti Samsudin	(appointed on 26 June 2020)
Sharifah Nor Hashimah Binti Syed Kamaruddin	(appointed on 26 June 2020)
Rozahan Bin Osman	(resigned on 26 June 2020)
Salween Azila Binti Ahmad Taufik	(resigned on 26 June 2020)

<u>Directors of Rungkup Port Sdn. Bhd.</u>

Zainal Iskandar Bin Ismail	(appointed on 25 November 2020)
Dato' Mohamed Azni Bin Mohamed Ali	(appointed on 22 June 2020 and resigned on 25 November 2020)
Mohamed Shafeii Bin Abdul Gaffoor	(resigned on 22 June 2020)
Mohd Ariff Bin Yeop Ishak	(resigned on 5 February 2021)
Datuk Redza Rafiq Bin Abdul Razak	(appointed on 31 March 2021)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

DIRECTORS (CONTINUED)

The names of directors of the subsidiaries in office during the financial year and during the period from the end of the financial year to the date of the report are as follows (continued):

Directors of Animation Theme Park Sdn. Bhd.
Stephen Allan Sanderson
Zadrul Insan Bin Mustadza
Yang Idros Bin Yang Razali

Directors of LMT Capital Sdn. Bhd.

Azman Bin Talib	(appointed on 6 August 2020)
Mohamed Shafeii Bin Abdul Gaffoor	(resigned on 22 June 2020)
Mohd Shaiful Bahri Bin Hussain	(resigned on 6 August 2020)
Mohd Ariff Bin Yeop Ishak	(appointed on 22 June 2020, resigned on 5 February 2021)
Zainal Iskandar Bin Ismail	(appointed on 5 February 2021)

Directors of Silveritage Corporation Sdn. Bhd. and Cash Complex Sdn. Bhd.

Rusnidar Binti Samsudin	
Janardhane a/p Muniandy	(appointed on 22 June 2020)
Mohamed Shafeii Bin Abdul Gaffoor	(appointed on 15 May 2020 and resigned on 22 June 2020)
Mukhriz Bin Che Murad	(resigned on 15 May 2020)

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of property and investment holding, real property development and provision of management services. The principal activities of the subsidiaries and associates are shown in Notes 16 and 17 to the financial statements. There have been no significant changes in the nature of these activities during the financial year. A subsidiary, Animation Theme Park Sdn. Bhd. was placed under receivership on 4 December 2019 and ceased operations on 28 January 2020.

On 11 February 2020, the Company announced that it had triggered the prescribed criteria pursuant to paragraph 8.04 and paragraph 2.1 (f) of the Practice Note 17 ("PN 17") of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company is now regarded as a PN17 company.

FINANCIAL RESULTS

	GROUP RM'000	COMPANY RM'000
Net loss for the financial year	102,647	74,564
Attributable to:		
Owners of the Company	95,214	74,564
Non-controlling interests	7,433	0
	102,647	74,564

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are shown in the financial statements.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company or its subsidiaries are a party, being arrangements with the objects of enabling the directors of the Company or its subsidiaries to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than those benefits shown under Directors' Remuneration section below) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except that a director received remuneration from a related company in his capacity as director and executive of the related company.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016 in Malaysia, none of the directors who held office at the end of the financial year held any interest in shares in, or debentures of, the Company or every other body corporate, being the Company's subsidiary or holding company or a subsidiary of the Company's holding company during the financial year.

DIVIDENDS

No dividend has been paid or declared since the end of the Company's previous financial year. The directors do not recommend the payment of any dividend for the financial year ended 31 December 2020.

DIRECTORS' REMUNERATION

Details of directors' remuneration of the Group and of the Company are set out in Note 8 to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS OR AUDITORS

A subsidiary maintains a Directors' and Officers' Liability Insurance which provides appropriate insurance cover for the directors and key management personnel of the said subsidiary. The amount of insurance premium paid by the said subsidiary for the financial year ended 31 December 2020 amounted to approximately RM23,000.

The Company provides a Directors' and Officers' Liability Insurance for its directors and key management personnel effective January 2021. The amount of insurance premium paid by the Company for the said insurance for the financial year ending 31 December 2021 amounted to approximately RM36,000. Other than as disclosed above, there are no other indemnities have been given to or insurance effected for any other directors, officers or auditors of the Company and its subsidiaries during the financial year and during the period from the end of the financial year to the date of this report.

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

ULTIMATE HOLDING CORPORATION

The ultimate holding corporation is Perbadanan Kemajuan Negeri Perak, a body corporate established under Perak Enactment No. 3, 1967.

OTHER STATUTORY INFORMATION

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

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

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

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

(a) which would render the amounts written off for bad debts or the amount of allowance for doubtful debts inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

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

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

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

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

OTHER STATUTORY INFORMATION (CONTINUED)

In the opinion of the directors:

(a) except as disclosed in Note 35 to the financial statements, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made other than the events occurring subsequent to the financial year as disclosed in Note 36 to the financial statements.

SUBSIDIARIES

Details of the subsidiaries of the Company are set out in Note 16 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events occurred during the financial year are disclosed in Note 35 to the financial statements.

EVENTS OCCURRING SUBSEQUENT TO THE FINANCIAL YEAR END

Events occurring subsequent to the financial year end are disclosed in Note 36 to the financial statements.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 6 to the financial statements.

This report was approved by the Board of Directors on 31 May 2021. Signed on behalf of the Board of Directors.

TAN SRI ABDUL RASHID BIN ABDUL MANAF DIRECTOR	ZAINAL ISKANDAR BIN ISMAIL DIRECTOR

STATEMENT BY DIRECTORS PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Tan Sri Abdul Rashid Bin Abdul Manaf and Zainal Iskandar Bin Ismail, being two of the directors of Perak Corporation Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 21 to 140 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and the financial performance of the Group and of the Company for the financial year ended on that date in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 31 May 2021.

TAN SRI ABDUL RASHID BIN ABDUL MANAF DIRECTOR	ZAINAL ISKANDAR BIN ISMAIL DIRECTOR

STATUTORY DECLARATION PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, Rusnidar Binti Samsudin, being the officer primarily responsible for the financial management of Perak Corporation Berhad, do solemnly and sincerely declare that, the financial statements set out on pages 21 to 140 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960 in Malaysia.

RUSNIDAR BINTI SAMSUDIN

Subscribed and solemnly declared by the abovenamed, Rusnidar Binti Samsudin (NRIC No.: 730815-08-5346 and MIA No.: 24232) before me at Ipoh, in the State of Perak Darul Ridzuan, Malaysia on 31 May 2021.

COMMISSIONER FOR OATHS

AZNOL RIZAL BIN FATAHAL KARIM
License Number: A264

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PERAK CORPORATION BERHAD

(Registration no.: 199101000605 (210915-U))
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Perak Corporation Berhad ("the Company") and its subsidiaries ("the Group") 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 financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position of the Group and of the Company as at 31 December 2020, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 21 to 140.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PERAK CORPORATION BERHAD (CONTINUED)
(Registration no.: 199101000605 (210915-U))
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matters</th></tr>
<tr><td colspan="2">1. Assessing the liquidity position of the Group and of the Company and the implications to going concern
(Refer to Note 2 - Basis of preparation, Note 26 - Loans and borrowings, Note 31.2 (d) - Liquidity risk, Note 35 – Significant events during the financial year and Note 36 - Material events subsequent to the end of the current financial year)</td></tr>
<tr><td>The events set out on Note 2 – Basis of preparation resulted in certain lenders of the Group declaring events of default and cross default on a number of loans and borrowings following the failure of a subsidiary to make its principal loan repayment in the previous financial year. Consequently, borrowings with default and cross default clauses were reclassified from non-current liabilities to current liabilities since the previous financial year.

These bank borrowings classified as the Group's and the Company's current liabilities which are repayable on demand or within 1 year as at 31 December 2020 totalled RM480.6 million (2019: RM445.2 million) and RM147.6 million (2019: RM135.8 million) respectively.</td><td>We read the terms of the loan agreements and correspondences with all lenders for the bank borrowings of the Group and of the Company as at 31 December 2020 to understand the obligations and undertakings of the Group and of the Company, including the cross default clauses and the rights of the lenders.

For loans and borrowings as at 31 December 2020, we:
(a) checked the details of the loan repayment schedules, letter of moratorium issued by banks in 2020, wherever applicable and the extent of the loans defaulted;</td></tr>
</table>

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PERAK CORPORATION BERHAD (CONTINUED)
(Registration no.: 199101000605 (210915-U))
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	**How our audit addressed the key audit matters**
1. Assessing the liquidity position of the Group and of the Company and the implications to going concern (continued) (Refer to Note 2 - Basis of preparation, Note 26 - Loans and borrowings, Note 31.2 (d) - Liquidity risk, Note 35 – Significant event during the financial year and Note 36 - Material events subsequent to the end of the current financial year)	
As at 31 December 2020, the Group's and the Company's current liabilities exceeded their current assets by RM527.2 million (2019: RM280.4 million) and RM246.6 million (2019: RM153.1 million) respectively. This coupled with the absence of additional financing lines as at 31 December 2020 indicated that the Group and the Company do not have sufficient liquidity to meet its obligations and commitments as and when they fall due and repayable over the next 12 months from the reporting date. After taking into consideration the Group's and the Company's current cash flows position vis-a-vis its total debt obligations payable and the available cash flows, similar to the positions taken by the Board of Directors in 2019, the directors had determined that the Group and the Company were unable to declare that they were solvent pursuant to paragraph 9.19A(F) of Main Market Listing Requirements as issued by Bursa Malaysia Securities Berhad. The trigger of the prescribed criteria under paragraph 2.1 (f) of the Practice Note 17 where the Company was declared a PN 17 company on 11 February 2020 remains valid as at 31 December 2020. The Group is required to submit its regularisation plan to Bursa Malaysia within 12 months (further extended to 24 months as a result of the relief measures announced by Bursa Malaysia on 26 March 2020) from the date it announced it was a PN17 issuer. At the date of this report, no preliminary regularisation plan is available.	For loans and borrowings as at 31 December 2020, we (continued): (b) tested the extent of compliance to the bank borrowings' terms and assessed the resultant impacts arising from the events of default / cross default declared on the Group and the Company; (c) checked that borrowings that have breach of covenants or repayment defaults and borrowings with cross default clauses as at 31 December 2020 have been classified as 'current liabilities' accordingly; and (d) checked the disclosures related to loan defaults mentioned in the notes to the financial statements to the supporting correspondence from lenders and announcements by the Company to Bursa Malaysia. We also confirmed the balances of bank borrowings as at 31 December 2020 through external confirmation. We held discussions with the Audit Committee, Chief Executive Officer and Chief Financial Officer to understand: (a) the status of discussions with affected lenders as well as management's actions in engaging with the lenders, receivers and managers and stakeholders on debt restructuring; and (b) the progress of the regularisation plan.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PERAK CORPORATION BERHAD (CONTINUED)

(Registration no.: 199101000605 (210915-U))
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matters</th></tr>
<tr><td colspan="2">1. Assessing the liquidity position of the Group and of the Company and the implications to going concern (continued)
(Refer to Note 2 - Basis of preparation, Note 26 - Loans and borrowings, Note 31.2 (d) - Liquidity risk, Note 35 – Significant event during the financial year and Note 36 - Material events subsequent to the end of the current financial year)</td></tr>
<tr><td>Due to the above foregoing matters impacting the Group's and the Company's liquidity, the absence of any financial assistance from its shareholders, lenders and creditors and the non availability of the debt restructuring scheme and regularisation plan as at 31 December 2020, the directors have determined that the Group's and the Company's operations and businesses will be significantly curtailed and will not be able to meet its obligations and commitments as and when they fall due. Consequently, the directors have prepared the financial statements of the Group and of the Company as a non-going concern. The basis of preparation on a non-going concern is described in Note 2 to the financial statements along with the resultant impacts to the respective financial statements' line items.

We focused on this area as a result of the loan defaults and insolvency of Group and of the Company which will determine the basis of preparation of the consolidated financial statements of the Group and the financial statements of the Company. Substantial time was spent to understand and assess the liquidity positions of the Group and of the Company as well as on the status and progress of the debt restructuring arrangement and regularisation plan taken by the Board and management to address the Group's and the Company's liquidity positions.</td><td>We evaluated the impact of subsequent events after the financial year end to the Group's and the Company's liquidity positions based on the requirements of MFRS 110 – Events after the Reporting Period.

We assessed the appropriateness of the Group's and the Company's basis of preparation on a non-going concern basis, taking into consideration the mitigating factors and the adequacy of disclosures made in the financial statements.

Based on the work performed, we concurred with the directors' conclusion that the basis of preparation for the financial statements of Group and of the Company is on a non-going concern basis.

No other material exception was noted.</td></tr>
</table>

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PERAK CORPORATION BERHAD (CONTINUED)
(Registration no.: 199101000605 (210915-U))
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matters</th></tr>
<tr><td colspan="2">2. Assessing the carrying amounts of non-financial assets of the Group
(Refer to Note 4.3 - Significant accounting estimates and judgements and Note 12 - Property, plant and equipment, Note 13 - Right-of-use assets, Note 14 – Port facilities, Note 15 - Investment properties, Note 19 - Intangible assets and Note 23 – Assets held for sale)</td></tr>
<tr><td>The non-financial assets of the Group comprise the following assets with the carrying amounts as at 31 December 2020:
- property, plant and equipment: RM186.1 million;
- right-of-use assets: RM96.7 million;
- port facilities: RM139.7 million
- investment properties: RM19.3 million;
- intangible assets: RM27.0 million; and
- assets held for sale: RM Nil (after the reclassification to property, plant and equipment)

In view of the operational losses and the drop in financial performance of the Group and of the Company, management carried out an impairment assessment on the above mentioned non-financial assets. In carrying out the impairment assessment, management exercises judgement in determining the recoverable amount which is the higher of fair value less cost of disposal ("FVLCD") and value-in-use ("VIU"), taking into consideration the basis of preparation as a non-going concern.

(i) Property, plant and equipment, right-of-use assets and investment properties
As the main components of property, plant and equipment comprise land and properties held for own use, right-of-use assets being leasehold land and investment properties are held for rental and for capital appreciation, management engaged independent professional valuers to determine the FVLCD.</td><td>We obtained an understanding of management's plan and business changes impacting the Group to ascertain whether impairment indicators had been triggered.

For recoverable amounts based on FVLCD where management had engaged independent professional valuers to perform valuation of land and buildings, we performed the following:

(a) Assessed the objectivity, competence and experience of the independent professional valuers;
(b) Obtained an understanding of the methodology adopted by the independent professional valuers in estimating FVLCD and assess if the methodology used is consistent with industry practices;
(c) Reviewed valuation reports issued by the independent professional valuers and discussed with them on the valuation model used and key assumptions used and compared these to market data and past financial performance; and
(d) Compared the valuation in the valuation reports to the carrying amounts and where the recoverable amounts which are based on forced sale values, are lower than the carrying amounts, checked that the impairment charges are correctly taken up in the financial statements.</td></tr>
</table>

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PERAK CORPORATION BERHAD (CONTINUED)
(Registration no.: 199101000605 (210915-U))
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matters</th></tr>
<tr><td colspan="2">2. Assessing the carrying amounts of non-financial assets of the Group (continued)
(Refer to Note 4.3 - Significant accounting estimates and judgements and Note 12 - Property, plant and equipment, Note 13 - Right-of-use assets, Note 14 – Port facilities, Note 15 - Investment properties, Note 19 - Intangible assets and Note 23 – Assets held for sale)</td></tr>
<tr><td>(ii) Assets held for sale
This represents the land and buildings of the theme park which has been placed under receivership and is offered for sale by the receiver and manager. Management engaged independent professional valuers to determine the FVLCD. The assets held for sale was subsequently reclassified to property, plant and equipment as it does not meet the criteria to be presented as 'assets held for sale' as at 31 December 2020.

(iii) Port facilities (including intangible assets)
This represents the port structure and equipment used for the operations of a port and bulk terminal by a subsidiary. No impairment indicator noted for this cash-generating unit.

Based on the assessment performed by management for the non-financial assets above, impairment loss of RM8.1 million and RM9.9 million in respect of property, plant and equipment and assets held for sale (which was subsequently reclassified to property, plant and equipment as at 31 December 2020) were charged to profit or loss by the Group respectively.</td><td>Where recoverable amounts are based on VIU:
(a) We assessed the reliability of management's forecast by comparing past trends of actual financial performances against previous forecasted results;
(b) We compared the 5-year weighted cash flows projections and the key assumptions used by management to the historical performance and development projects approved by the Board of Directors, taking the existing economic environment and impact of COVID-19 pandemic into consideration;
(c) We checked the overall operating profit margins to historical margins achieved;
(d) We compared the revenue growth rates to industry data and check that the revenue growth rates are within the range of historical annual growth rates;
(e) We compared the discount rate used to comparable industry rates in which the CGU operate; and
(f) We checked the sensitivity analysis on revenue growth rates and discount rate prepared by the management to evaluate the impact on impairment assessment.

Based on the work performed, no material exception noted.</td></tr>
</table>

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PERAK CORPORATION BERHAD (CONTINUED)

(Registration no.: 199101000605 (210915-U))
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	**How our audit addressed the key audit matters**
3. Assessing recoverable amounts for property development costs of the Group and of the Company (Refer to Note 4.4 - Significant accounting estimates and judgements and Note 21 - Inventories)	
As at 31 December 2020, the carrying amounts of property development costs of the Group and of the Company included as part of inventories amounted to RM136.5 million and RM73.2 million respectively. In view of the operational losses and delays noted in the projects entered by the Group and the Company, management performed an assessment to establish the lower of cost and net realisable value for the property development costs. Valuations were performed by independent professional valuers to ascertain the net realisable value for the land held for development. Property development costs for long outstanding projects which had costs deemed not recoverable were impaired. Impairment losses relating to the property development costs of the Group of RM0.2 million (2019: RM12.7 million) and of the Company of RM Nil (2019: RM8.2 million) were charged to profit or loss in the current financial year. We focused on this area as this is one of the key business activities of the Group and of the Company and the use of critical accounting estimates and judgements.	We performed the following: (a) Obtained the listing of property development costs as at 31 December 2020 and discussed with management on the status of selected material projects and plans to complete these projects; (b) Performed substantive testing on selected property development costs by examining supporting documentary evidence for costs incurred and minutes of meeting wherever applicable to evaluate the status and progress of these projects; (c) Evaluated the recoverability of the property development cost incurred and the viability of the projects to changes / events noted during the financial year and subsequent to financial year end; and (d) Evaluated management's assessment of the recoverability of the common infrastructure costs capitalised in the property development costs based on upcoming projects planned. Based on the work performed, no material exception noted.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PERAK CORPORATION BERHAD (CONTINUED)
(Registration no.: 199101000605 (210915-U))
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matters</th></tr>
<tr><td colspan="2">4. Assessing the adequacy of expected credit loss allowance for doubtful debts and financial guarantee contracts of the Group and of the Company
(Refer to Note 4.6 - Significant accounting estimates and judgements, Note 22 – Receivables, deposits and prepayments, Note 27 – Payables and accrued liabilities and Note 34 – Financial guarantee contracts)</td></tr>
<tr><td>As at 31 December 2020, the amounts receivable from third party trade debtors, other receivables and other related parties of the Group and of the Company as set out in Note 22 were RM25.7 million and RM6.6 million respectively.

The Group and the Company have granted corporate guarantees to the associated companies and certain of the Company's subsidiaries for the bank borrowings obtained by the respective associated companies and the subsidiaries. The values of the corporate guarantees issued to the associated companies and the subsidiaries amounted to RM45.1 million and RM77.7 million as at 31 December 2020 respectively.

Management has applied the expected credit loss ("ECL") model to establish the extent of ECL allowance required as at 31 December 2020.

ECL allowance for impairment loss of the Group and of the Company relating to trade debtors, other receivables, amount due from related parties and financial guarantee liabilities totalling RM44.4 million and RM59.6 million were charged to the profit and loss respectively (Note 6 and statements of comprehensive income).

We focused specifically on the carrying values of the amounts receivable from third party trade debtors, subsidiaries and other related parties as well as the financial guarantee contracts as there are significant judgements and critical estimates made by management in determining the ECL.</td><td>In assessing the ECL model on the amounts due from trade debtors, subsidiaries and related parties and corporate guarantees issued to the associated companies and the subsidiaries, we performed the following, taking into consideration the underlying basis of calculation:
(a) Discussed with management, the inputs and the underlying assumptions used in the simplified approach for trade debtors and general 3-stage impairment model for amounts due from subsidiaries and other related parties under MFRS 9 when determining the ECL allowance required;
(b) We traced to loan repayment information of the associated companies monitored by management where assessment was made on the timeliness of repayments and the risk of default by the associated companies;
(c) Reviewed the reasonableness of key assumptions used in the 3-stage impairment model and tested the mathematical accuracy of the model; and
(d) Tested the accuracy of the ageing profiles against supporting documents on a sample basis.

We evaluated the adequacy of the impairment charges that were recognised in the profit or loss during the current financial year. We also considered the appropriateness of the disclosures included in the notes to the financial statements of the Company.

Based on the procedures performed, no material exception was noted.</td></tr>
</table>

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PERAK CORPORATION BERHAD (CONTINUED)

(Registration no.: 199101000605 (210915-U))
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	**How our audit addressed the key audit matters**
5. Assessing the carrying value of equity investments in subsidiaries (Refer to Notes 4.5 – Significant accounting estimates and judgements and Note 16 - Investments in subsidiaries)	
As at 31 December 2020, the net carrying amount of equity investments in subsidiaries prior to impairment as set out in Note 16 were RM99.1 million. During the current financial year, an impairment charge of RM1.0 million (2019: RM56.0 million) was made for equity investment in a subsidiary as the recoverable amount was lower than the carrying amount. We focused specifically on the carrying amount of equity investments in subsidiaries as the recoverable amounts were subject to significant judgements and critical estimates made by management over the key assumptions used in the projected cash flows and the discount rates applied.	In assessing the recoverable amounts of equity investments in subsidiaries, we performed the following audit procedures, taking into consideration the underlying basis of preparation of the financial statements for the respective subsidiaries: (a) Assessed management's processes for identifying and evaluating impairment indicators over its equity investments in subsidiaries; (b) Obtained an understanding of the relevant processes used by management to perform impairment assessment and to estimate the recoverable amounts of the respective subsidiaries; (c) For recoverable amounts based on FVLCD, obtained valuations performed by independent valuers and considered realisation of assets through forced sale transactions (wherever applicable); (d) For recoverable amounts based on value-in-use on the discounted cash flows used by management, agreed the projected cash flows to the budgets approved by the respective subsidiaries' Board of Directors; (e) Discussed with management, the inputs, the key assumptions used in the value-in-use model and compared these to past financial performance and industry information; and

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PERAK CORPORATION BERHAD (CONTINUED)
(Registration no.: 199101000605 (210915-U))
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	**How our audit addressed the key audit matters**
5. Assessing the carrying value of equity investments in subsidiaries (continued) (Refer to Notes 4.5 – Significant accounting estimates and judgements and Note 16 - Investments in subsidiaries)	
	(f) Discussed with our internal valuation specialists on the valuation models used by management, evaluating the appropriateness of the method, cash flows projections and key assumptions used by management to determine the recoverable amounts of the equity investments in subsidiaries. We evaluated the adequacy of the impairment charges that were recognised during the current financial year. We also considered the appropriateness of the disclosures included in the notes to the financial statements of the Company. Based on the procedures performed, no material exception was noted.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PERAK CORPORATION BERHAD (CONTINUED)
(Registration no.: 199101000605 (210915-U))
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 Directors' Report, Chairman's Statement, Financial Highlights, Corporate Governance Overview Statement, Sustainability Statement, Audit Committee Report, Statement on Risk Management and Internal Control, Management Discussion and Analysis, Summary of Properties and other contents in the annual report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the directors for the financial statements

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PERAK CORPORATION BERHAD (CONTINUED)

(Registration no.: 199101000605 (210915-U))
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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:

(a) 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.

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

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

(d) Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) 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 PERAK CORPORATION BERHAD (CONTINUED)

(Registration no.: 199101000605 (210915-U))
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related 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 financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

TIANG WOON MENG
02927/05/2022 J
Chartered Accountant

Ipoh, Perak Darul Ridzuan

31 May 2021

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	GROUP 2020 RM'000	GROUP 2019 RM'000	COMPANY 2020 RM'000	COMPANY 2019 RM'000
REVENUE	5	131,220	149,686	0	0
COST OF SALES		(55,720)	(66,896)	0	0
GROSS PROFIT		75,500	82,790	0	0
Administrative expenses		(55,925)	(53,279)	(6,446)	(6,594)
Other income		3,884	4,344	9,258	5,465
Other expenses		(14,672)	(30,800)	(5,203)	(8,443)
Impairment losses on					
- receivables		(31,069)	(10,096)	(2,588)	(5,912)
- investment in a subsidiary		0	0	(1,000)	(56,000)
- amounts due from subsidiaries		0	0	(12,673)	(213,503)
- financial guarantee liabilities		(13,340)	(2,778)	(44,303)	(2,778)
OPERATING LOSS	6	(35,622)	(9,819)	(62,955)	(287,765)
Finance costs	9	(16,934)	(11,056)	(11,651)	(8,525)
LOSS BEFORE TAX		(52,556)	(20,875)	(74,606)	(296,290)
Tax (expense)/credit	10	(10,865)	(15,712)	42	0
LOSS FROM CONTINUING OPERATIONS		(63,421)	(36,587)	(74,564)	(296,290)
LOSS FROM DISCONTINUED OPERATION	23	(39,226)	(79,799)	0	0
NET LOSS FOR THE FINANCIAL YEAR		(102,647)	(116,386)	(74,564)	(296,290)
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR, NET OF TAX		0	0	0	0
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		(102,647)	(116,386)	(74,564)	(296,290)
NET LOSS/TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR ATTRIBUTABLE TO:					
Owners of the Company		(95,214)	(83,029)	(74,564)	(296,290)
Non-controlling interest		(7,433)	(33,357)	0	0
		(102,647)	(116,386)	(74,564)	(296,290)
Loss per share attributable to equity holders of the parent (sen)					
Basic/diluted					
- continuing operations	11	(74.18)	(30.84)		
- discontinued operation	11	(21.03)	(52.19)		
Total		(95.21)	(83.03)		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	GROUP 2020 RM'000	GROUP 2019 RM'000	COMPANY 2020 RM'000	COMPANY 2019 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	12	186,131	112,996	48	158
Right-of-use assets	13	96,702	97,721	1,263	0
Port facilities	14	139,680	119,937	0	0
Investment properties	15	19,285	18,936	0	0
Investments in subsidiaries	16	0	0	98,099	99,099
Other investments	18	25	25	0	0
Intangible assets	19	26,973	28,086	0	0
Finance lease receivable	20	57	188	0	0
Inventories	21	24,311	24,311	0	0
		493,164	402,200	99,410	99,257
CURRENT ASSETS					
Inventories	21	161,757	161,737	73,157	73,211
Receivables, deposits and prepayments	22	25,728	58,100	6,617	6,640
Finance lease receivable	20	131	124	0	0
Current tax recoverable		759	381	0	0
Assets held for sale	23	0	87,750	0	0
Other investments	18	4,247	4,175	42	41
Deposits, bank and balances	24	41,734	27,806	1,272	25
		234,356	340,073	81,088	79,917
TOTAL ASSETS		727,520	742,273	180,498	179,174
EQUITY					
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	25	272,770	272,770	272,770	272,770
Accumulated losses		(181,295)	(86,081)	(421,051)	(346,487)
		91,475	186,689	(148,281)	(73,717)
Non-controlling interest		(208,210)	(195,777)	0	0
TOTAL EQUITY		(116,735)	(9,088)	(148,281)	(73,717)
LIABILITIES					
NON-CURRENT LIABILITIES					
Loans and borrowings	26	67,765	72,732	1,115	0
Payables and accrued liabilities	27	0	43,410	0	19,834
Deferred tax liabilities	28	14,964	14,732	7	49
		82,729	130,874	1,122	19,883
CURRENT LIABILITIES					
Loans and borrowings	26	480,560	445,157	147,553	135,778
Payables and accrued liabilities	27	263,653	157,267	180,104	97,230
Current tax payable		17,313	18,063	0	0
		761,526	620,487	327,657	233,008
TOTAL LIABILITIES		844,255	751,361	328,779	252,891
TOTAL EQUITY AND LIABILITIES		727,520	742,273	180,498	179,174

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

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

	Issued and fully paid share capital RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
GROUP					
At 1.1.2020	272,770	(86,081)	186,689	(195,777)	(9,088)
Total comprehensive loss for the financial year					
Net loss for the financial year	0	(95,214)	(95,214)	(7,433)	(102,647)
Total transactions with owners, recognised directly in equity					
Dividends paid by a subsidiary to non-controlling interests	0	0	0	(5,000)	(5,000)
At 31.12.2020	272,770	(181,295)	91,475	(208,210)	(116,735)
At 1.1.2019	272,770	(3,052)	269,718	(157,420)	112,298
Total comprehensive loss for the financial year					
Net loss for the financial year	0	(83,029)	(83,029)	(33,357)	(116,386)
Total transactions with owners, recognised directly in equity					
Dividends paid by a subsidiary to non-controlling interests	0	0	0	(5,000)	(5,000)
At 31.12.2019	272,770	(86,081)	186,689	(195,777)	(9,088)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

	Issued and fully paid share capital RM'000	Accumulated losses RM'000	Total RM'000
COMPANY			
At 1.1.2020	272,770	(346,487)	(73,717)
Total comprehensive loss for the financial year			
Net loss for the financial year	0	(74,564)	(74,564)
At 31.12.2020	272,770	(421,051)	(148,281)
At 1.1.2019	272,770	(50,197)	222,573
Total comprehensive loss for the financial year			
Net loss for the financial year	0	(296,290)	(296,290)
At 31.12.2019	272,770	(346,487)	(73,717)

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	GROUP		COMPANY	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
OPERATING CASH FLOWS				
Loss from continuing operations	(63,421)	(36,587)	(74,564)	(296,290)
Adjustments for:				
Depreciation				
- property, plant and equipment	6,051	6,631	78	209
- right-of-use assets	1,191	536	632	0
- port facilities	5,380	5,368	0	0
- investment properties	222	326	0	0
Amortisation of computer software	1,113	798	0	0
Net (gains)/losses on disposals				
- plant and equipment	(148)	11	(148)	(88)
Property, plant and equipment written off	992	3,578	0	200
Dividend income	(3)	(3)	0	0
Impairment losses				
- investment in a subsidiary	0	0	1,000	56,000
- property, plant and equipment	8,087	8,035	0	0
- investment properties	0	3,781	0	0
- amount due from ultimate holding corporation	13,455	0	86	0
- amount due from subsidiaries	0	0	12,673	213,503
- other receivables	157	15	0	0
- trade receivables	5,803	1,502	0	0
- amount due from an associate	1,461	6,043	804	5,268
- financial guarantee contracts	13,340	2,778	44,303	2,778
- amount due from fellow subsidiaries	10,151	2,536	1,698	644
Operating cash flows carried forward	3,831	5,348	(13,438)	(17,776)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
OPERATING CASH FLOWS (CONTINUED)				
Operating cash flows brought forward	3,831	5,348	(13,438)	(17,776)
Adjustments for:				
Fair value (gain)/loss on financial assets at FVTPL				
- other investments	28	(65)	(1)	(2)
Interest income	(1,223)	(2,235)	(4,414)	(5,355)
Penalty recharged to subsidiary	0	0	(4,316)	0
Allowance for write down of inventories to net realisable value	445	2,247	0	0
Inventories written off	7	12,708	0	8,231
Provision for slow moving inventories	329	305	0	0
Reversal of allowance for impairment loss on receivables	(7)	(51)	0	(3,342)
Waiver of debt	0	0	0	3,354
Finance costs	16,934	11,056	11,651	8,525
Tax expense/(credit)	10,865	15,712	(42)	0
	31,209	45,025	(10,560)	(6,365)
Changes in working capital:				
Inventories	(801)	4,233	54	553
Receivables	644	18,860	20	196
Related companies	(17,670)	(6,077)	(227)	0
Finance lease receivables	138	117	0	0
Payables	34,205	16,842	6,830	1,766
	16,516	33,975	6,677	2,515
Cash flows generated from/(used in) operation	47,725	79,000	(3,883)	(3,850)
Tax paid	(11,472)	(11,181)	0	0
Tax refund	0	848	0	580
Cash flow from operating activities (discontinued operation)	(3,166)	(8,406)	0	0
Net operating cash flow carried forward	33,087	60,261	(3,883)	(3,270)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Net operating cash flow carried forward	33,087	60,261	(3,883)	(3,270)
INVESTING CASH FLOWS				
Purchase of property, plant and equipment	(1,168)	(23,720)	(5)	(33)
Purchase of port facilities	(16,148)	(3,269)	0	0
Purchase of intangible assets	0	(897)	0	0
Purchase of other investments	(100)	(4,000)	0	0
Proceeds from disposals				
- plant and equipment	185	481	185	182
Dividend income received	3	3	0	0
Advances (to)/repaid from related Companies	(619)	(13,000)	(6,031)	18,958
Interest received	505	206	2	4
Cash flow from investing activities (discontinued operation)	2	11,147	0	0
Net investing cash flow	(17,340)	(33,049)	(5,849)	19,111
FINANCING CASH FLOWS				
Dividends paid to non-controlling interests	(5,000)	(5,000)	0	0
Draw down of term loans	0	23,408	0	0
(Placement)/Withdrawal of deposits pledged	72	(279)	0	0
Placement of deposits with licensed banks with maturity of more than 3 months	(7,307)	(5,123)	(5)	0
Repayment of hire-purchase and finance lease liabilities	0	(874)	0	0
Repayment of financing-i	(114)	(455)	0	0
Repayment of term loans	(5,720)	(18,812)	0	(12,500)
Drawdown/(Repayment) of revolving credits	0	212	0	0
Advances from/(repaid to) related companies	7,016	24,665	11,615	4,363
Interest paid	(2,868)	(12,603)	(636)	(7,703)
Cash flow from financing activities (discontinued operation)	4,647	(18,460)	0	0
Net financing cash flow	(9,274)	(13,321)	10,974	(15,840)
Net change in cash and cash equivalents	6,473	13,891	1,242	1
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	13,823	(68)	25	24
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR (Note 24)	20,296	13,823	1,267	25

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

Changes in liabilities arising from financing activities

		Movements in cash flows							
2020	As at 1 January RM'000	Proceeds RM'000	Repayments RM'000	Changes in overdraft RM'000	Non-cash changes RM'000	Penalty and other charges RM'000	Interest expense RM'000	Interest paid RM'000	As at 31 December RM'000
GROUP									
Loans and borrowings	517,889	2,883	(5,834)	147	(3,041)	6,302	32,847	(2,868)	548,325
COMPANY									
Loans and borrowings	135,778	0	0	0	1,902	4,580	7,044	(636)	148,668
2019									
GROUP									
Loans and borrowings	518,883	23,620	(24,891)	(3,519)	(2,078)	0	36,617	(30,743)	517,889
COMPANY									
Loans and borrowings	147,500	0	(12,500)	0	0	0	8,481	(7,703)	135,778

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

1 GENERAL INFORMATION

The principal activities of the Company are that of property and investment holding, real property development and provision of management services. The principal activities of the subsidiaries and associates are shown in Notes 16 and 17 to the financial statements. There have been no significant changes in the nature of these activities during the financial year. A subsidiary, Animation Theme Park Sdn. Bhd. was placed under receivership on 4 December 2019 and ceased operations on 28 January 2020.

On 11 February 2020, the Company announced that it had triggered the prescribed criteria pursuant to paragraph 8.04 and paragraph 2.1 (f) of the Practice Note 17 (“PN 17”) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company is now regarded a PN17 company.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The address of the registered office of the Company is as follows:

Registered office
D-3-7, Greentown Square
Jalan Dato’ Seri Ahmad Said
30450 Ipoh
Perak Darul Ridzuan

The address of the principal place of business of the Company is as follows:

No. 1-A, Blok B, Menara PKNP
Jalan Meru Casuarina
Bandar Meru Raya
30020 Ipoh
Perak Darul Ridzuan

2 BASIS OF PREPARATION

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless stated otherwise in the individual policy statement set out in Note 3 to the financial statements and are presented in Ringgit Malaysia and all values are rounded to the nearest thousand (’000) unless otherwise stated.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group’s and the Company’s accounting policies. Although these estimates and judgement are based on the directors’ best knowledge of current events and actions, actual results may differ. The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

2 BASIS OF PREPARATION (CONTINUED

The Group and the Company reported losses after tax of RM102.6 million (2019: RM116.4 million) and RM74.6 million (2019: RM296.3 million) for the financial year ended 31 December 2020 and as at that date, the Group's and the Company's current liabilities exceeded its current assets by RM527.2 million (2019: RM280.4 million) and RM246.6 million (2019: RM153.1 million) respectively. As at 31 December 2020, cash and bank balances of the Group and the Company totalled RM41.7 million and RM1.3 million and borrowings due for repayment over the next 12 months after reporting date totalled RM480.6 million and RM147.6 million respectively.

The financial statements of the Group and of the Company are prepared on a non-going concern basis. There has been no change in the basis of preparation since the previous financial year. As part of the regularisation efforts, management has initiated a preliminary private debt settlement arrangement and are in discussion with the bankers. Management has yet to have any preliminary regularisation plan due for submission to Bursa Malaysia Securities Berhad by 11 February 2022 as of the date of authorisation of the financial statements.

The key chronological events are laid out below with the key determinants considered by the directors in concluding on the above basis of preparation.

Key chronological events

Default of syndicated term loan by Animation Theme Park Sdn. Bhd.
On 26 September 2019, Animation Theme Park Sdn. Bhd. ("ATP"), a direct 51% owned subsidiary of PCB Development Sdn Bhd ("PCBD"), which in turn is a wholly owned subsidiary of the Company, defaulted on a RM25.7 million principal repayment of its syndicated term loan of RM245.1 million representing the principal amount drawn down and interest due at the event of default. Subsequently, on 16 October 2019, Affin Hwang Investment Bank ("AHIB"), the facility agent declared an event of default had occurred and gave notice within 14 days from the day of its letter to effect payment of RM25.7 million, failing which all secured obligations due from ATP shall become immediately due and payable. Consequently, in addition to the syndicated term loan of RM245.1 million mentioned above, included in bank borrowings classified as "current liabilities" as at 31 December 2019 are borrowings totalling RM191.8 million with cross default provision under different financing facilities undertaken by companies within the Group which are repayable on demand.

Appointment of receiver and manager
On 4 December 2019, following ATP's failure to meet the demand for the principal repayment of RM25.7 million for the syndicated term loan, AHIB appointed a receiver and manager over the property of ATP. The carrying amount of ATP's charged assets totalled RM87.8 million, was classified as 'assets held for sale' under current assets as at 31 December 2019. On 28 January 2020, the receiver and manager of ATP decided to close the operations of ATP's theme park.

Demand of full payment from PCB Development Sdn. Bhd. of the Syndicated Term loan pursuant to the Corporate Guarantee
On 18 December 2019, AHIB demanded from PCBD the payment of RM244 million together with interest accrued thereon on the date of full repayment pursuant to the Corporate Guarantee dated 10 July 2014 executed by PCBD in favour of AHIB for the syndicated term loan provided to ATP.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

2 BASIS OF PREPARATION (CONTINUED)

Key chronological events (continued)

Event of default declared on the Company
On 6 February 2020, Affin Islamic Bank Berhad ("AIB") declared an event of default on the Company arising from its failure to pay the scheduled repayment due of RM 3.3 million on 31 January 2020 for the total outstanding credit facilities of RM75.9 million representing the principal amount drawn down and interest due as at the date of the event of default relating to Musharakah Mutanaqisah Term Financing-i and Tawarruq Revolving Credit-i.

Declaration of PN17 status by the Company
After taking into consideration the Group's cash flow position vis-a-vis its total debt obligations payable and the available cash flow then, the directors had, on 11 February 2020, determined that the Company was unable to declare that it was solvent pursuant to paragraph 9.19A(F) of the Listing Requirements. As a result of this and the above defaults on the various loan repayments, the Company was declared a PN 17 company after triggering the prescribed criteria under paragraph 2.1 (f) of the PN 17. As a result of the COVID-19 pandemic, Bursa Malaysia had announced temporary relief on 26 March 2020 whereby the Company has 24 months to submit its regularisation plan to Bursa Malaysia from the date it was first announced as a PN 17 company, which will be due on 11 February 2022. At the date of the authorisation of the financial statements for financial year 2020, management was still considering various regularisation options and no preliminary plan was available.

Cross defaults declared on the Company and PCB Taipan Sdn. Bhd.
Following the declaration of an event of default by AIB for the credit facilities extended to the Company and the Company's declaration being a PN 17 company, CIMB Bank Berhad ("CIMB") had on 28 February 2020 declared an event of cross default in respect of the Revolving Credit Facilities of RM60.0 million and RM30.0 million granted to the Company and its subsidiary, PCB Taipan Sdn. Bhd. ("PCBT") respectively and demanded full payment of RM91.3 million representing the principal amount drawn down and interest due as at the date of the event of default within 14 days from 28 February 2020.

Proposed Scheme of Arrangement with Non-Financial Institutions creditors
On 23 July 2020, the High Court of Malaya in Ipoh, Perak Darul Ridzuan granted the Company and its wholly owned subsidiary, PCB Development Sdn. Bhd. ("PCBD") (collectively "the Scheme Companies") to convene a Secured Creditor's Meeting (hereinafter "the Creditors' Meeting") pursuant to Section 366 of the Companies Act 2016 (hereinafter "the Act") for the purpose of taking into account and if deemed appropriate, to approve with or without modification, a proposed scheme of arrangement and compromise between the Applicant and its Secured Creditors ("the Scheme Creditors") within 90 days from 23 July 2020.

Extensions of time granted for the Proposed Scheme of Arrangement with Non-Financial Institutions creditors
On 19 October 2020, the High Court of Malaya in Ipoh, Perak Darul Ridzuan granted the Scheme Companies further extension of 90 days from 19 October 2020 to convene the Creditors' Meeting pursuant to Section 366 of the Companies Act 2016. On 8 January 2021, the Court Convened Meetings for the Non-Financial Institutions and Direct Financial Institutions of the Company, Corporate Guarantee Financial Institutions and Non-Financial Institutions of PCBD were adjourned. On 13 January 2021, the High Court of Malaya in Ipoh, Perak granted a further extension of the Restraining Order for a period of ninety (90) days and a period of one hundred eighty (180) days from 13 January 2021 to convene a new Creditors' Meeting with the Scheme Creditors pursuant to the provisions of Section 366 of the Companies Act 2016 for the purpose of considering the Proposed Scheme of Arrangement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

2 BASIS OF PREPARATION (CONTINUED)

Key chronological events (continued)

Approvals of the Scheme of Arrangement by the Non-Financial Institutions creditors and the Court
On 19 April 2021, the Company and PCBD obtained the approval from their respective Non-Financial Institutions creditors for an Explanatory Statement, together with the Notice to convene the meetings of the new scheme creditors, unsecured creditors other than the banks and financial institutions ("New Scheme Creditors") issued on 26 March 2021, pursuant to the provisions of Section 366 of the Companies Act 2016 for the purpose of considering the Proposed New Scheme of Arrangement ("PNSA"), to the New Scheme Creditors pursuant to Section 366 and other relevant provisions of the Act. This PNSA as set out in Note 36 to the financial statements was approved by the Court on 11 May 2021 and shall be binding on the Applicants and the New Scheme Creditors. The Company and PCBD will carry out the proof of debt exercise with the target completion date scheduled in September 2021.

With the approval obtained above, the Company is currently in discussion with AHIB, AIB and CIMB (collectively referred as "the Banks") on the preliminary private debt settlement arrangement for the defaulted loans and borrowings of the Group and of the Company. The regularisation plan which is due for submission to the Bursa Malaysia Securities Berhad by 11 February 2022 is also currently at a preliminary stage.

Key determinants in arriving at the basis of preparation of the financial statements on a non-going concern basis

While the Company and its subsidiary, PCBD managed to obtain approval from the New Scheme Creditors on the PNSA in 2021, the major creditors balances included in this PNSA are in respect of amounts due from related companies within the Group. As a result, the debts settlement set out in the PNSA will not substantially reduce the Group's total liabilities and does not address the non-going concern of the Group.

The main determinant to resolve the Group's and the Company's non-going concern issue is the ability of the Group and of the Company to settle their loans and borrowings with the Banks. As at 31 December 2020, the total loans and borrowings of the Group and of the Company amounted to RM548.3 million (2019: RM517.9 million) and RM148.7 million (2019: RM135.8) respectively, constituted about 65% and 45% of the total liabilities of the Group and of the Company. Out of these totals, the carrying amounts of the loans defaulted as at 31 December 2020 by the Group totalled RM438.2 million (2019: RM403.1 million) and by the Company totalled RM146.4 million (2019:RM135.8 million).

In addition, out of the total loans and borrowings of the Group and of the Company, RM480.6 million (2019: RM445.2 million) and RM147.6 million (2019: RM135.8 million) are due repayable on demand or within 1 year respectively

At the date of authorisation of the financial statements, the Group and the Company have not obtained further financing from the Banks and restructuring or modifications have yet to be effected on the defaulted loans and borrowings. In addition, no repayments of principal amount nor interest were made by the Group and the Company since their respective events of default were declared by the Banks and when the cross defaults were triggered. Other than the appointment of the receiver and manager for the theme park owned by ATP, there have been no further actions taken by the Banks during the financial year to seize any other pledged assets owned by the Group or the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

2 BASIS OF PREPARATION (CONTINUED)

Key determinants in arriving at the basis of preparation of the financial statements on a non-going concern basis (continued)

The bank and cash position of the Group and of the Company as at 31 December 2020 of RM41.7 million and RM1.3 million respectively, together with the projected cash inflows to be generated from the on-going projects undertaken by entities within the Group are insufficient to settle the loans and borrowings due for repayment on demand or within 1 year. The various movement control orders imposed by the Government in the financial year 2020 and subsequently for the financial period up to the date of authorisation of the financial statements in response to the COVID-19 pandemic had adversely affected the hospitality and tourism industry and also resulted in weaker demand in the property market.

As the preliminary plan on private debt settlement arrangement is still under discussion with the Banks as at the date of authorisation of the financial statements, the directors are of the view that the Group and the Company are unable to realise their assets and discharging their liabilities and obligations in the normal course of business. This coupled with the absence of any financial assistance from its majority shareholder, the directors are of the view that the Group's and the Company's ability to continue its operations and business had been significantly curtailed since the previous financial year and continued to be curtailed up to the date of this report. In view of this, the directors continued to prepare the consolidated financial statements of the Group and the financial statements of the Company for the financial year ended 31 December 2020 on a non-going concern basis. Consequently, the directors applied the requirements of paragraph 25 of MFRS 101 "Presentation of Financial Statements" which states that *"...When an entity does not prepare financial statements on a going concern basis, it shall disclose that fact, together with the basis on which it prepared the financial statements and the reason why the entity is not regarded as a going concern."*

Basis of measurement

Accordingly, the effect of this is as follows:

- Assets are written down to their recoverable amounts based on conditions existing at the reporting date, taking into consideration the specific circumstances affecting the Group and the Company as disclosed above. This includes realisation of assets through forced sale transactions, where applicable;
- Assets that management has determined to be recovered principally through a sale transaction rather than through continuing use are classified as "assets held for sale" presented separately from the other assets in the statements of financial position;
- Assets are classified as current when these are expected to be recovered within twelve months from the reporting period, considering the liquidity constraints and obligations of the Group and of the Company that would fall due within the next twelve months;
- Liabilities are recorded in accordance with the accounting policies. Provision for future restructuring costs are recognised only when the Group and the Company have a present obligation that is evidenced by a detailed formal plan for restructuring and has raised a valid expectation in those affected that it will carry out the restructuring; and
- Liabilities are classified as current if the liability is due to be settled within twelve months after the reporting period of the Group and of the Company do not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

2 BASIS OF PREPARATION (CONTINUED)

2.1 New standards, amendments to published standards and Issue Committee ("IC") interpretations to existing standards that are applicable to the Group and the Company and are effective

The new accounting standards, amendments and improvements to published standards and IC interpretations to existing standards that are effective for the Group's and Company's financial year beginning on 1 January 2020 are as follows:

- The Conceptual Framework for Financial Reporting (Revised 2018)
- Amendments to MFRS 3 'Definition of a Business'
- Amendments to MFRS 101 and MFRS 108 'Definition of Material'
- Amendments to MFRS 7, 9 and 139 'Interest Rate Benchmark Reform'

IFRS Interpretation Committee ("IFRIC") agenda decisions that are concluded and published

In view that MFRS is fully converged with IFRS, the Group and the Company considers all agenda decisions published by the IFRIC. Where relevant, the Group and the Company may change their accounting policy to be aligned with the agenda decision. There is no such instance in the current financial year.

The adoption of the amendments to published standards and IC Interpretation listed above did not have any impact on the current financial year or any previous financial year and are not likely to affect future financial years.

2.2 Standards, amendments to published standards and IC interpretations early adopted by the Group and the Company

The Group has early adopted the MFRS 16 amendment for the first time in its annual financial statements ended 31 December 2020; with the date of initial application of 1 January 2020 which resulted in changes in accounting policies as follows:

Amendments to MFRS 16 'COVID-19-Related Rent Concessions

On adoption of the MFRS 16 amendment, the Group as a lessee, is not required to assess whether a rent concession that occurs as a direct consequence of the COVID-19 pandemic and meet specified conditions is a lease modification.

The Group accounts for such COVID-19-related rent concession as a variable lease payment in the period(s) in which the event or condition that triggers the reduced payment occurs.

In accordance with the transitional provisions provided in the MFRS 16 amendments, the comparative information for 2019 was not restated and continued to be reported under the previous accounting policies in accordance with the lease modification principles in MFRS 16. These amendments had no impact to the retained earnings on 1 January 2020.

The Group's activities as a lessee are not material and have assessed their leasing arrangements in accordance with the new lease accounting rules in MFRS 16 and do not expect this new standard to have a material impact on the financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

2 BASIS OF PREPARATION (CONTINUED)

2.3 New standards, amendments to published standards and IC interpretations to existing standards that are applicable to the Group and the Company but not yet effective and not early adopted

The Group and the Company will apply the new standards, amendments to published standards and IC interpretations to existing standards in the following financial periods:

(a) Financial year beginning on 1 January 2022

- Amendments to MFRS 116 Property, Plant and Equipment: 'Proceeds before Intended Use'
- Amendments to MFRS 137 'Onerous Contracts – Cost of Fulfilling a Contract'
- Amendments to MFRS 3 Business Combinations: 'Reference to the Conceptual Framework'
- Annual Improvements to MFRSs 2018 – 2020: Amendments to Illustrative Example 13 accompanying MFRS 16 Leases: 'Lease Incentives', Amendment to MFRS 9: 'Fees in the '10 per cent' test for Derecognition of Financial Liabilities' and Amendments to MFRS 141 'Taxation in Fair Value Measurements'

(b) Financial year beginning on 1 January 2023

- Amendments to MFRS 101 'Classification of Liabilities as Current or Non-current' and deferment of effective date
- Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108 on disclosure of accounting policies and definition of accounting estimates.

(c) Date to be determined by IASB

- Amendments to MFRS 10 and MFRS 128 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'

None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

- Amendments to MFRS 116 'Proceeds before Intended Use' (effective 1 January 2022) prohibit an entity from deducting from the cost of a property, plant and equipment the proceeds received from selling items produced by the property, plant and equipment before it is ready for its intended use. The sales proceeds should instead be recognised in profit or loss.

  The amendments also clarify that testing whether an asset is functioning properly refers to assessing the technical and physical performance of the property, plant and equipment.

  The amendments shall be applied retrospectively.

- Amendments to MFRS 3 'Reference to Conceptual Framework' (effective 1 January 2022) replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework. The amendments did not change the current accounting for business combinations on acquisition date.

  The amendments provide an exception for the recognition of liabilities and contingent liabilities should be in accordance with the principles of MFRS 137 'Provisions, contingent liabilities and contingent assets' and IC Interpretation 21 'Levies' when falls within their scope. It also clarifies that contingent assets should not be recognised at the acquisition date.

  The amendments shall be applied prospectively.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

2 BASIS OF PREPARATION (CONTINUED)

2.3 New standards, amendments to published standards and IC interpretations to existing standards that are applicable to the Group and the Company but not yet effective and not early adopted (continued)

- Amendments to MFRS 137 'Onerous Contracts—Cost of Fulfilling a Contract' (effective 1 January 2022) clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts. The amendments also clarify that before recognising a separate provision for an onerous contract, impairment loss that has occurred on assets used in fulfilling the contract should be recognised.

  The amendments shall be applied retrospectively.

- Amendments to Illustrative Example 13 accompanying MFRS 16 'Leases: Lease Incentives' (effective 1 January 2022) removed the illustration on the reimbursement relating to leasehold improvements by the lessor to avoid potential confusion as the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in MFRS 16.

  The amendments shall be applied retrospectively.

- Annual Improvements to MFRS 9 'Fees in the 10% test for derecognition of financial liabilities' (effective 1 January 2022) clarifies that only fees paid or received between the borrower and the lender, including the fees paid or received on each other's behalf, are included in the cash flow of the new loan when performing the 10% test.

  An entity shall apply the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

- Amendments to MFRS 101 'Classification of Liabilities as Current or Non-current' (effective 1 January 2023) clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

  If the right to defer settlement of a liability is subject to the entity complying with specified conditions (for example, debt covenants), the right exists at the end of the reporting period only if the entity complies with those conditions at that date. The amendments further clarify that the entity must comply with the conditions at the end of the reporting period even if the lender does not test compliance until a later date.

  The assessment of whether an entity has the right to defer settlement of a liability at the reporting date is not affected by expectations of the entity or events after the reporting date.

  In addition, the amendments clarify that when a liability could be settled by the transfer of an entity's own equity instruments (e.g. a conversion option in a convertible bond), the conversion option does not affect the classification of the convertible bond if the option meets the definition of an equity instrument in accordance with the MFRS 132 'Financial Instruments: Presentation'. Conversion option that is not an equity instrument should therefore be considered in the current or non-current classification of a convertible instrument.

  The amendments shall be applied retrospectively.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

2 BASIS OF PREPARATION (CONTINUED)

2.3 New standards, amendments to published standards and IC interpretations to existing standards that are applicable to the Group and the Company but not yet effective and not early adopted (continued)

- Amendments to MFRS 141 'Taxation in Fair Value Measurements' removed the requirement to exclude cash flows for taxation when measuring fair value to align with the requirements in MFRS 13 Fair Value Measurements.

  The amendments shall be applied retrospectively.

The Group and the Company are still in the process of assessing the impact of the above new standards, amendments to published standards and IC interpretations to existing standards.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below. Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

3.1 Basis of consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combination. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, any gains or losses arising from such re-measurement are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

(a) Subsidiaries (continued)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiaries. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

(c) Disposal of subsidiary

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Gains or losses on the disposal of subsidiary include the carrying amount of goodwill relating to the subsidiary sold.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

(d) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment in an associate is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the associate in profit or loss, and the Group's share of movements in other comprehensive income of the associate in other comprehensive income. Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interests in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Group's investment in associates includes goodwill identified on acquisition.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. An impairment loss is recognised for the amount by which the carrying amount of the associate exceeds its recoverable amount.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to equity account its associate because of a loss of significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Dilution gains or losses arising in investments in associates are recognised in profit or loss.

(e) Joint arrangements

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

(e) Joint arrangements (continued)

(i) Joint ventures

The Group's interest in a joint venture is accounted for in the financial statements by the equity method of accounting. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the joint venture in profit or loss, and the Group's share of movements in other comprehensive income of the joint venture in other comprehensive income. Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint ventures.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. An impairment is recognised for the amount by which the carrying amount of the joint venture exceeds its recoverable amount and recognises the amount in profit or loss. Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group. When the Group ceases to equity account its joint venture because of a loss of joint control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss. If the ownership interest in a joint venture is reduced but joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

(ii) Joint operations

In relation to the Group's interest in the joint operations, the Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Investment in subsidiaries, associates and joint ventures in separate financial statements

In the Company's separate financial statements, investment in subsidiaries, associates and joint ventures are carried at cost less accumulated impairment losses. On disposal of investment in subsidiary, the differences between net disposal proceeds and the carrying amounts of the investment are recognised in profit or loss.

Where an indication of impairment exists, an analysis is performed to assess whether the carrying amount of the investment is fully recoverable. A write-down is made if the carrying amount exceeds the recoverable amount. See Note 3.7 to the financial statements on accounting policy for impairment of non-financial assets.

3.3 Property, plant and equipment

Property, plant and equipment are initially stated at cost. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs (if applicable) that are directly attributable to the acquisition, construction or production of a qualifying asset (refer to Note 3.20(b) to the financial statements for the accounting policy on borrowing costs).

After initial recognition, property, plant and equipment are subsequently stated at historical cost less accumulated depreciation and accumulated impairment losses, if applicable.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company, and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. Leasehold land classified as finance lease and which is presented as 'right-of-use assets' (refer to accounting policy Note 3.9(a) to the financial statements on finance leases) is amortised in equal instalments over the period of the lease of 99 years, which expires in year 2114.

Other property, plant and equipment are depreciated on a straight-line method to allocate the costs to their residual values over their estimated useful lives. The annual depreciation rates are as follows:

	%
Buildings and improvements	2 - 10
Attractions	10
Furniture, fittings, equipment and electrical installation	5 - 33.33
Computers	20
Motor vehicles	10 - 25
Refurbishment and renovations	10

Assets under construction are carried as 'capital work-in-progress' and depreciation only commences when the assets are ready for their intended use.

Depreciation continues through idle period and ceases at earlier of when asset is disposed or classified as held-for-sale per accounting policy stated in Note 3.8 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Property, plant and equipment (continued)

Residual values and useful lives of assets are reviewed and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals of property, plant and equipment are determined by comparing net proceeds with carrying amount and are included in ‘other income’ or ‘other expenses’ in profit or loss.

At the end of the reporting period, the Group and the Company assess whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See Note 3.7 to the financial statements on accounting policy for impairment of non-financial assets.

3.4 Port facilities

Port facilities are stated at cost less accumulated depreciation and accumulated impairment losses, if applicable.

All expenditure incurred, associated with development of port facilities inclusive of interest cost capitalised in accordance with Note 3.20 are amortised on a straight-line basis to write off the cost of the assets over their estimated useful lives.

The principal annual rates of depreciation are as follows:

	%
Port structure	2
Port equipment	10 - 20

Leasehold port land is presented as ‘right-of-use assets’ in the statements of financial position. See accounting policy Note 3.9 (a) on right-of-use assets. This right-of-use asset is amortised over the lease periods of 80 and 99 years.

Assets under construction are carried as ‘capital work-in-progress’ and depreciation only commences when assets are ready for their intended use.

Depreciation continues through idle period and ceases at earlier of when asset is disposed.

Residual values and useful lives of assets are reviewed and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals of port facilities are determined by comparing net proceeds with carrying amount and are included in ‘other income’ or ‘other expenses’ in profit or loss.

At the end of the reporting period, the Group and the Company assess whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See Note 3.7 to the financial statements on accounting policy for impairment of non-financial assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Investment properties

Investment properties, comprising principally land and office buildings are held for long term rental yields or for capital appreciation or both, and are not substantially occupied by the Group. Building fittings that are attached to tie buildings are also classified as investment properties. Cost also includes professional fees for legal services, property transfer taxes and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (see Note 3.20 on borrowings and borrowing costs).

After initial recognition, investment property is stated at cost less any accumulated depreciation and impairment losses.

Freehold land is not depreciated as it has an infinite life. Investment properties are depreciated on the straight line basis to allocate the cost to their residual values over their estimated useful lives, summarised as follows:

	Years
Commercial property - Freehold property	50

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment property is derecognised either when it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are included in the statements.

At each reporting date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds its recoverable amount (see Note 3.7 on impairment of non-financial assets).

3.6 Intangible assets

(a) Goodwill

Goodwill arises from a business combination and represents the excess of the aggregate of fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed on the acquisition date. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of previously held interest in the acquiree are less than the fair value of the net identifiable assets of the acquiree, the resulting gain is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Intangible assets (continued)

(a) Goodwill (continued)

Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Gain and loss on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(b) Intellectual property rights

Separately acquired intellectual property rights include acquired licenses are shown at historical cost. Licenses have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of licenses over their licensing period.

See Note 3.7 to the financial statements for the accounting policy on impairment of non-financial assets.

(c) Computer software license

Acquired computer software license is initially stated at cost. The cost of computer software license initially recognised includes its purchase price and any cost that is directly attributable to bringing the software to the location and condition necessary for it to be capable of operating in the manner intended by management. The purchase price is amortised from the point at which the asset is ready for use on a straight line basis over the useful life of 5 years.

After initial recognition, computer software license is stated at cost less accumulated depreciation and accumulated impairment losses, if applicable.

At each reporting date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the software is fully recoverable. The carrying amount of computer software license is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount. See Note 3.7 to the financial statements for the accounting policy on impairment of non-financial assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Impairment of non-financial assets

Non-current and non-financial assets that have an indefinite useful life, for example goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Non-current and non-financial assets that are subject to amortisation are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-current and non-financial assets, other than goodwill that suffered an impairment are reviewed for possible reversal of impairment at each reporting date.

The impairment loss is charged to profit or loss. Impairment losses on goodwill are not reversed. In respect of other non-current and non-financial assets that are subject to amortisation, any subsequent increase in recoverable amount is recognised in profit or loss. The reversal is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised.

3.8 Non-current assets held for sale

Non-current assets (or disposal groups) are classified as assets held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statements of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operation are presented separately in the statements of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Leases

(a) Accounting by lessee

Leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Group (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group is a lessee, it has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

Lease term

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group reassesses the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities. See accounting policy below on reassessment of lease liabilities.

ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

The Group presents ROU assets that meet the definition of investment property in the statement of financial position as investment property. ROU assets that are not investment properties are presented as a separate line item in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Leases (continued)

(a) Accounting by lessee (continued)

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase and extension options if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

The Group presents the lease liabilities within the loans and borrowings line item in the statements of financial position. Interest expense on the lease liability is presented within the finance cost in the statements of comprehensive income.

Short term leases and leases of low value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised as an expense in profit or loss when incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Leases (continued)

(a) Accounting by lessee (continued)

Lease liabilities (continued)

Accounting policies applied from 1 January 2020

During the financial year, the Group applies practical expedient to account for a COVID-19 related rent concession that meets all of the following conditions in the same way as they would if they were not lease modification:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the charge;
- Any reduction in lease payments affects only payments due on or before 30 June 2021; and
- There is no substantive change to other terms and conditions of the lease.

The Group accounts for COVID-19 related rent concession as a variable lease payment in the period in which the event or condition that triggers the reduced payment account. Impacts of rent concessions are presented within operating expenses.

Accounting policies applied until 31 December 2019

Until 31 December 2019, a change in lease payments (including rent concession), other than those arising from a change in amounts expected to be payable under residual value guarantees or in an index or rate used to determine lease payments, is accounted for as a lease modification if it is not part of the original terms and conditions of the lease. The lease modification is accounted for as either a new lease or as a remeasurement of an existing lease liability, depending on the criteria set in MFRS 16.

(b) Accounting by lessor

As a lessor, the Group 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 to the lessee. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Leases (continued)

(b) Accounting by lessor (continued)

Finance leases

The Group classifies a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group derecognises the underlying asset and recognises a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee and the unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment. The net investments is subject to MFRS 9 impairment (refer to Note 3.11 (d) on impairment of financial assets). In addition, the Group reviews regularly the estimated unguaranteed residual value.

Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return. The Group revises the lease income allocation if there is a reduction in the estimated unguaranteed residual value.

Operating leases

The Group classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

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

When assets are leased out under an operating lease, the asset is included in the statements of financial position based on the nature of the asset. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of underlying asset and recognised as an expense over the lease term on the same basis as lease income.

MFRS 16.81 require that lease income from operating leases shall be recognised in income on a straight-line basis over the lease term, even if the receipts are not on such a basis, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Leases (continued)

(b) Accounting by lessor (continued)

Sublease classification

When the Group is an intermediate lessor, it assesses the lease classification of a sublease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset. If a head lease is short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

Separating lease and non-lease components

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

3.10 Financial instruments

(a) Financial instruments recognised on the statements of financial position

The particular recognition method adopted for financial instruments recognised on the statements of financial position is disclosed in the individual accounting policy statements associated with each item.

(b) Fair value estimation for disclosure purposes

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis. The market price used for financial assets held by the Group is the closing quoted market price. These instruments are classified under Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value the instruments are observable, these instruments are classified under Level 2.

If one or more of the significant inputs is not based on observable market data, these instruments are classified under Level 3.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Financial assets

(a) Classification

The Group and the Company classify their financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss; and
- those to be measured at amortised cost.

The Group and the Company reclassify debt instruments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commit to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, in the case of a financial asset not at 'fair value through profit or loss' ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest ("SPPI").

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group and the Company classify their debt instruments:

(i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in 'other income' or 'other expenses' together with foreign currency exchange gains and losses. Impairment losses are presented as separate line item in the statements of comprehensive income, as applicable.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Financial assets (continued)

(c) Measurement (continued)

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

Assets that do not meet the criteria for amortised cost or 'fair value through other comprehensive income' ("FVOCI") are measured at FVTPL. The Group and the Company may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes are recognised in profit or loss and presented net within 'other income' or 'other expenses' in the period which it arises.

(d) Subsequent measurement - impairment

(i) Impairment for debt instruments and financial guarantee contracts

The Group and the Company assess on a forward looking basis, the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost and financial guarantee contracts issued. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group and the Company have three types of financial instruments that are subject to the ECL model:
- Trade receivables
- Other receivables and deposits (including non-trade amount due from related parties)
- Financial guarantee contracts

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

ECL represents a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instrument. For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group and the Company expect to receive from the holder, the debtor or any other party.

The measurement of ECL reflects:
- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Financial assets (continued)

(d) Subsequent measurement - impairment (continued)

General 3-stage approach for other receivables, deposits and financial guarantee contracts issued (including non-trade amount due from related parties)

At each reporting date, the Group and the Company measure ECL through loss allowance at an amount equal to 12 month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required. Note 31.2(iii) to the financial statements set out the measurement details of ECL.

Simplified approach for trade receivables

The Group and the Company apply the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. Note 31.2(c) to the financial statements sets out the measurement details of ECL.

(ii) Significant increase in credit risk

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor’s ability to meet its obligations
- actual or expected significant changes in the operating results of the debtor
- significant increases in credit risk on other financial instruments of the same debtor
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the Group and changes in the operating results of the debtor.

Macroeconomic information such as market interest rates or growth rates is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making a contractual payment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Financial assets (continued)

(d) Subsequent measurement – impairment (continued)

(iii) Definition of default and credit-impaired financial assets

The Group and the Company define a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria

The Group and the Company define a financial instrument as default, when the counterparty fails to make contractual payment within 90 days when they fall due.

Qualitative criteria

The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group and the Company consider the following instances:
- the debtor is in breach of financial covenants
- concessions have been made by the lender relating to the debtor's financial difficulty
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- the debtor is insolvent

Financial instruments that are credit-impaired are assessed on individual basis.

(iv) Groupings of instruments for ECL measured on collective basis

Collective assessment

To measure ECL, trade receivables and contract assets arising from goods sold or services rendered are grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group and the Company have therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Individual assessment

Trade receivables and contract assets which are in default or credit-impaired are assessed individually. Other receivables, deposits, amounts due from a subsidiaries and amounts due from related parties in the Company's separate financial statements are assessed on individual basis for ECL measurement, as credit risk information is obtained and monitored based on each amount due including those non-trade amounts due from subsidiaries and related parties.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Financial assets (continued)

(d) Subsequent measurement – impairment (continued)

(v) Write-off

Trade receivables

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 3 years past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other receivables, deposits and financial guarantee contract (including those non-trade amount due from related parties)

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

3.12 Financial liabilities

(a) Classification

The Group and the Company classify the financial liabilities where applicable, in the following categories: at fair value through profit or loss, showing separately (i) those designated as such upon initial recognition, and (ii) those classified as held-for-trading; and financial liabilities measured at amortised cost as 'other financial liabilities'. Management determines the classification of its financial liabilities at initial recognition.

(i) Financial liabilities at fair value through profit or loss'

The Group and the Company have not designated any financial liabilities as 'financial liabilities at fair value through profit or loss'. Financial liabilities held-for-trading are derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Liabilities in this category are classified within current liabilities if they are either held-for-trading or are expected to be settled within 12 months after the reporting date. Otherwise, they are classified as non-current liabilities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Financial liabilities (continued)

(a) Classification (continued)

(ii) '*Other financial liabilities'*

'Other financial liabilities' are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. 'Other financial liabilities' are recognised as current liabilities unless the Group or the Company have an unconditional right to defer repayment of the liabilities for at least 12 months after the reporting date. 'Other financial liabilities' of the Group and of the Company comprise 'payables and accrued liabilities', 'term loans' and 'hire-purchase creditors' in the statements of financial position.

(b) Recognition and initial measurement

Financial liabilities within the scope of MFRS 139 are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial liabilities are initially recognised at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transactions costs.

(c) Subsequent measurement

(i) 'Financial liabilities at fair value through profit or loss'

'Financial liabilities at fair value through profit or loss' are subsequently carried at fair value. Changes in the fair value of 'financial liabilities at fair value through profit or loss', including the effect of foreign currency translation are recognised in profit or loss in the financial period in which the changes arise.

(ii) 'Other financial liabilities'

Subsequent to initial recognition, 'other financial liabilities' are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the other financial liabilities are derecognised, and through the amortisation process.

(d) Derecognition

Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or expired.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Financial guarantee contracts

Financial guarantee contracts are contracts that require the Group or the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

The Company has issued corporate guarantee to banks for borrowings of its subsidiaries and associates. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries or associates fail to make the required repayments when due in accordance with the terms of their borrowings.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the expected credit loss model under MFRS 9 “Financial Instruments” and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15 “Revenue from Contracts with Customers”, where appropriate.

3.14 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

3.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated cost to completion and applicable variable selling expenses.

(a) Completed properties

The cost of completed properties is stated at the lower of historical cost and net realisable value. Historical cost includes, where relevant, cost associated with the acquisition of land, including all related costs incurred subsequent to the acquisition necessary to prepare the land for its intended case, related development costs to projects, direct building costs and other costs of bringing the inventories to present location and condition.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Inventories (continued)

(b) Land held for property development

The cost of land held for property development is stated at the lower of cost and net realisable value. It consists of the purchase price of the land, professional fees, stamp duties, commissions, conversion fees, other relevant levies and direct development cost incurred in preparing the land for development.

Land held for property development for which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle, is classified as non-current asset.

Land held for property development is transferred to property development costs (under current assets) when development activities have commenced and where development activities can be completed within the Group's normal operating cycle.

(c) Property development costs

Cost is determined based on a specific identification basis. Property development costs comprising costs of land, land enhancement costs, direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors that meet the definition of inventories are recognised as an asset and are stated at the lower of cost and net realisable value.

The property development costs is subsequently recognised as an expense in income statements when or as the control of the asset is transferred to the customer.

Property development costs for which work has been undertaken and development activities are expected to be completed within the Group's normal operating cycle, is classified as current asset.

(d) Hotel operating supplies

Cost is determined using the first-in, first-out method and comprises food and beverage, printing and stationeries and guestroom supplies.

(e) Other inventories

Other inventories comprise tools, spares and supplies and the cost is determined using the first-in, first-out method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Trade and other receivables

Trade receivables are amounts due from customers for merchandise, land and properties sold or services performed in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group and of the Company. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, where they are recognised at fair value plus transaction costs. Other receivables are recognised initially at fair value plus transaction costs. Transaction costs include transfer taxes and duties.

After recognition, trade and other receivables are subsequently measured at amortised cost using the effective interest method, less allowance for impairment. See Note 3.11(d) to the financial statements on the accounting policy for impairment of financial assets.

3.17 Cash and cash equivalents

For the purpose of the statements of cash flows, cash equivalents are held for the purpose of meeting short term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts which are repayable on demand and form an integral part of the Group's and the Company's cash management are included as a component of cash and cash equivalents in the statements of cash flows. In the statements of financial position, bank overdrafts are shown within borrowings in current liabilities.

3.18 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other payables generally arise from transactions outside the ordinary course of business of the Group and of the Company. Trade and other payables are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting date. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value net of transaction costs incurred, which include transfer taxes and duties.

Trade and other payables are subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the Group expects a provision to be reimbursed by another party (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provision for warranty and claims cover estimated liability to repair or replace products resulting from customers' complaints and returns. Provision for warranty and claims is recognised when the underlying products are sold. This provision is calculated based on historic warranty data and weighting of all possible outcomes against the associated probabilities of returns.

3.20 Borrowings and borrowing costs

(a) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statements of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been 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 within 'other income' or 'finance costs'.

Where the terms of a financial liability are renegotiated and the Group and the Company issue equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.20 Borrowings and borrowing costs (continued)

(b) Borrowing costs

General and specific 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 added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

All other borrowing costs are recognised in profit or loss in the financial period in which they are incurred.

3.21 Share capital

(a) Classification

Ordinary shares are classified as equity.

(b) Share issue costs

Incremental costs directly attributable to the issue of new shares or options are deducted against equity.

(c) Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group or the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

Distributions to holders of an equity instrument is recognised directly in equity.

(d) Purchase of own shares

Where the Company purchases the Company's equity share capital as a result of a share buy-back, the consideration paid, including any directly attributable incremental external costs, net of tax, is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled, reissued or disposed of.

Where such shares are subsequently sold or reissued, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on disposal or reissue, net of any directly attributable incremental transaction costs, is recognised in the capital reserve account.

Where such shares are subsequently cancelled, the cost of treasury shares is deducted against the retained profits of the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.21 Share capital (continued)

(e) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3.22 Revenue recognition

Revenue which represents income arising in the course of the Group's ordinary activities is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group transfers the control of the goods or services promised in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with customer, the control of the promised goods or services may transfer over time or at a point in time.

A contract with customer exists when the contract has commercial substance, the Group and its customer has approved the contract and intend to perform their respective obligations, the Group's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group will collect the consideration to which it will be entitled to in exchange of those goods or services.

Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of estimated returns, discounts, commissions, rebates and taxes. Discounts and rebates are measured using the most likely amount method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

When the Group has performed by transferring goods or services to a customer before the customer pays consideration or before payment is due, the contract is presented as a receivable. A contract asset is the right to consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditioned on future performance other than the passage of time. The Group's obligation to transfer goods or services to a customer for which the Group has received consideration in advance from customer is presented as contract liability.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.22 Revenue recognition (continued)

Costs that are incremental to obtaining a contract shall be recognised as an asset if the Group expects to recover those costs. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognised as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

Specific revenue recognition criteria for each of the Group's activities are as described below:

(a) Hotel operations

Revenue from hotel operations comprising rental of hotel rooms, hall and office, sale of food and beverages and other related income are recognised when the services are provided.

(b) Port services

Revenue from port services (including operations and maintenance services) is recognised in profit or loss as and when services are rendered.

(c) Rental income

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

(d) Theme park related operations

Revenue from sale of goods (merchandises, photo, food and beverages) are recognised based on invoiced value of goods sold when the control of the goods has been transferred. Revenue from sale of services is recognised net of discounts as and when services are performed.

Entrance fees collected for rights of enjoyment of facilities are recognised when tickets are redeemed.

(e) Sale of land/completed properties

Revenue from sales of land/completed properties is recognised at the point in time when the control of the land/properties is transferred to the buyers without any significant contractual acts to complete.

(f) Revenue from restaurant operations

Revenue from restaurant operations comprising sale of food and beverages. The revenue is recognised upon delivery of the food and beverages to the customers.

(g) Management fees

Management fees in respect of the management services provided by the Group are recognised when the services are provided.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.22 Revenue recognition (continued)

(h) Sale of properties under development

For sale of properties under development, the directors consider whether the contract comprises a contract to construct a property or a contract for the sale of a completed property and whether the financial outcome of the development activity can be reliably estimated.

Where a contract is judged to be for the construction of a property, revenue is recognised using the percentage of completion method.

Where the contract is judged to be for the sale of a completed property, revenue is recognised when the control of the property is transferred to the buyer. If, however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, the percentage-of-completion method of revenue recognition is applied and revenue is recognised as work progresses.

Continuous transfer of work in progress is applied when:

(i) The buyer controls the work in progress, typically when the land on which the development takes place is owned by the final customer; and

(ii) All significant risks and rewards of ownership of the work in progress in its present state are transferred to the buyer as construction progresses, typically, when buyer cannot put the incomplete property back to the Group.

In such situations, the percentage of work completed is measured based on the costs incurred up until the end of the reporting period as a proportion of total costs expected to be incurred.

3.23 Other income

(a) Dividend income

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

(b) Interest income

Interest income is recognised on a time proportion basis that reflects the effective yield on the asset.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.24 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave and sick leave, bonuses, and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the financial period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as part of 'payables and accrued liabilities' in the statements of financial position.

The Group and the Company recognise a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group and the Company recognise a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(b) Post-employment provision benefits – Defined contribution plans

A defined contribution plan is a pension plan under which the Group and the Company pay fixed contributions into a separate entity (a fund) on a mandatory, contractual or voluntary basis. The Group and the Company have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior financial periods.

The Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. The contributions are charged to the profit or loss in the financial period to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of MFRS 137 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.25 Current and deferred taxes

Tax expense for the financial period comprises current and deferred tax. The income tax expense or credit for the financial period is the tax payable on the current financial period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the Company and the subsidiaries operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes (i.e. tax bases) and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax liability is recognised for all taxable temporary differences associated with investment in subsidiary, except where the timing of the reversal of the temporary difference is controlled by the parent and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised on deductible temporary differences arising from investment in subsidiary only to the extent that it is probable that the temporary difference will reverse in the future and there is sufficient taxable profit available against which the deductible temporary difference can be utilised.

Deferred and current income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority where there is an intention to settle the balances on a net basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.26 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of the Group and of the Company are measured using the currency of the primary economic environment in which the entity operates (the ‘functional currency’). The financial statements are presented in Ringgit Malaysia, which is the Group’s and the Company’s functional and presentation currency.

(b) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the foreign currency exchange rates approximating those prevailing at the dates of the transactions or valuation where items are remeasured. Foreign currency exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the end of the financial year using the foreign currency exchange rates approximating those prevailing at the reporting date, are recognised in profit or loss. Foreign currency exchange gains and losses are presented in profit or loss on net basis under ‘other income’ or ‘other expenses’.

3.27 Government grants

Government grants are recognised at the fair value where there is reasonable assurance that the grant will be received and all conditions attached will be met. Where the grant related to an asset, the fair value is presented in the statements of financial position by deducting the grants in arriving at the carrying amount of the asset. Grants received before the Group and the Company comply with all attached conditions are recognised as liability (and included in deferred income within ‘trade and other payables’ and recognised as income when all attached conditions are met. Grant that do not impose any future conditions are recognised as income when grant proceeds are receivable.

3.28 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 33, including the factors used to identify the reportable segments and the measurement basis of segment information.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.29 Contingent assets and liabilities

The Group and the Company do not recognise contingent assets and liabilities other than those arising from business combinations, but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and of the Company. The Group and the Company do not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

3.30 Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

(i) expected to be realised or intended to be sold or consumed in normal operating cycle;
(ii) held primarily for the purpose of trading;
(iii) expected to be realised within twelve months after the reporting period; or
(iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:
(i) it is expected to be settled in normal operating cycle;
(ii) it is held primarily for the purpose of trading;
(iii) it is due to be settled within twelve months after the reporting period; or
(iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

4.1 Current and deferred taxes

Income tax is estimated based on the rules governed under the Income Tax Act, 1967 in Malaysia. Significant judgement is exercised by the directors in establishing the cost that would qualify for the industrial building allowances claim and deductibility of certain expenses during the estimation of the current and deferred taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the current and/or deferred tax provisions in the financial period in which such determination is made.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profit will be available against which the unutilised deductible temporary differences and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimate of future cash flows. These depend on estimates of future operating activities and sales volume, operating costs, capital expenditure, dividends and the other capital management transactions. Judgement is also required about applicable income tax incentives. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unused tax losses and unutilised temporary differences remain unrecognised.

4.2 Revenue recognition on from sales of land

The Group recognises revenue from sales of land at the point in time when the control of the land is transferred to the buyers and whether it is probable that the sale consideration will flow to the Group.

Significant judgement is required in assessing the point in time when the control of the land is transferred to the customers as well as the recoverability of the sales where settlement is paid progressively over a period of time. In making the judgement, the Group evaluates the factors determining the revenue recognition based on past experience and credit assessment of the counter parties.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.3 Impairment assessment of property, plant and equipment, right-of-use assets, port facilities, investment properties and assets held for sale of the Group

The Group reviews the carrying amounts of the property, plant and equipment, right-of-use assets, port facilities, investment properties and assets held for sale at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount which is the higher of its fair value less costs to sell or its value in use is estimated.

In carrying out the impairment assessment, management exercises judgement in determining the recoverable amount which is the higher of fair value less cost of disposal and value-in-use. As the main components of the property, plant and equipment comprises land, properties and hotel buildings held for own use, right-of-use assets being leasehold land and investment properties are held for rental and capital appreciation and assets held for sale is in respect of a theme park, management engaged independent professional valuers to determine the fair value less cost of disposal.

Judgement is required in assessing the fair value less cost of disposal particularly for assessing the methodology used in the fair value calculations undertaken by the valuers. Changes to any of the assumptions to the methodology and market inputs would affect the fair value and the extent of impairment loss, if applicable. For subsidiaries where the basis of preparation is on a non-going concern, the extent of impairment loss takes into consideration the realisation of these assets through forced sale transactions, where applicable. Correspondingly, the directors and management in ascertaining forced sale transactions to estimate the realisation of these assets apply a range of estimates and past experience in order to determine the financial impact arising from a forced sale transaction.

Other than those land and buildings mentioned above, management has assessed the recoverable amounts of 2 CGUs which are a newly completed hotel in 2020 and a hotel under construction based on discounted cash flows analysis to determine their value-in-use. Cash flows are projected based on past experience of running other hotels within the Group and management’s expectation of the recovery of the hospitality and tourism segment amidst the COVID-19 pandemic and the available of hotels in the affected location to cater for local business and casual travel.

The following are the key assumptions used by management for the cash flow projections, applying 3 scenarios i.e. best, expected and worst case for the 2 CGUs above:

a) Weightage of 20%, 70% and 10% applied to the best, expected and worst case scenarios.
b) Room rates are applied based on historical rates and market rates within the same vicinity for hotel of similar grade. Multiple growth rates are applied based on market condition and speed of recovery under different scenarios.
c) Annual inflation rate of 2% applied to the respective scenarios
d) Discount rate of 7.7% is used and additional 10% increase in discount rates applied for year 6 and beyond.
e) Terminal growth rates of 3%, 1% and 0% are applied to best, expected and worst case scenarios.

Based on the impairment assessments performed by management, impairment losses of property, plant and equipment, investment properties and assets held for sale of RM8,087,000 (2019: RM8,035,000), RM Nil (2019: RM3,781,000) and RM9,870,000 (2019: RM69,761,000) respectively are charged to profit or loss. Based on sensitivity analysis performed, a drop of 2% in revenue or an increase of 30 basis point in discount rate, applied in value-in-use, without change in other key assumptions will result in an impairment loss.

No impairment loss noted for the right-of-use assets and port facilities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.4 Impairment assessment of property development inventories

Property development inventories (including freehold and leasehold land held for development) are carried at lower of cost and net realisable value. Property development projects are long term in nature, hence judgement is required in assessing the net realisable value. As the main components of the property development inventories are freehold and leasehold land, management has engaged independent professional valuers to determine the fair value less cost of disposal. Property development costs pertaining to common infrastructure costs for the entire vicinity developed by the Group, assessment is made against the remaining estimated selling price of land available for sale where these common infrastructure costs are recoverable.

No impairment loss noted for the current financial year. The Group has impaired the property development costs which are not recoverable totalling RM12,708,000 in the previous financial year.

4.5 Impairment assessment of investments in subsidiaries

The Company assesses whether there are any indicators of impairment for its investments in subsidiaries at each reporting date. In carrying out the impairment assessment, management exercises judgement in determining the recoverable amount which is the higher of fair value less cost of disposal and value-in-use. Estimating the recoverable amount based on value-in-use requires significant judgements. The value-in-use is the present value of the weighted projected future cash flows derived from discounted at an appropriate discount rate. Projected future cash flows are calculated by the directors based on historical experience, general market and economic conditions and other available information. Changes to any of the assumptions used in determining the recoverable amount may result in recognition/reversal of impairment loss of investments in subsidiaries.

Based on the Company’s impairment review, impairment loss on investments in subsidiaries of RM1,000,000 (2019: RM56,000,000) was charged as impairment loss to the profit or loss in the current financial year.

4.6 Measurement of ECL allowance

The measurement of ECL allowance for financial assets measured at amortised cost are areas that require the use of significant assumptions about the future economic conditions and credit behaviour of customers. Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is detailed in Note 31.2(c). Areas of significant judgements involved in the measurement of ECL are detailed as follows:

a. Establishing groups of similar financial assets for the purpose of measuring ECL on collective basis.

   Where ECL measurement is determined on collective basis, the financial instruments are grouped on the basis of credit risk characteristics, such that risk exposures within a group which is of similar credit risk profile. Note 31.2(c) set out the characteristics considered by the Group in this judgement. Depending on how the groupings are determined for which expected loss rates applied, the measurement of ECL outcome differs accordingly. The Group considers all available reasonable and supportable information that is forward-looking in deriving the groupings. The appropriateness of groupings is monitored and reviewed on periodic basis by the Group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.6 Measurement of ECL allowance (continued)

b. Determining the number and relative weightings of forward-looking scenarios

The Group measures loss allowance at the probability-weighted amount that reflects the possibility of credit loss occurring. This requires forecast of economic variables and their associated impact on PD (‘probability of default’), LGD (‘loss given default’) and EAD (‘exposure at default’) which are provided in possible scenarios along with scenario weightings. Probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting. As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and are appropriately representative of the range of possible scenarios.

ECL allowance for impairment loss for respective receivables and financial guarantee contracts are disclosed in Note 6 to the financial statements.

5 REVENUE

	GROUP		COMPANY	
	2020 RM’000	2019 RM’000	2020 RM’000	2019 RM’000
Revenue from contracts with customers				
Property development revenue				
- Sales of completed properties	0	1,345	0	0
- Sales of properties under development	1,692	3,248	0	0
- Sales of land	1,253	7,207	0	0
Hotel revenue - Rooms and halls	5,514	6,910	0	0
Restaurants, food and beverages	5,003	9,301	0	0
Port services	115,558	119,413	0	0
Management services	556	633	0	0
	129,576	148,057	0	0
Revenue from other sources				
Rental income - premises	1,644	1,629	0	0
Total revenue	131,220	149,686	0	0
Timing of revenue recognition:				
Goods sold at a point in time	8,314	17,853	0	0
Services rendered over time	122,906	131,833	0	0
	131,220	149,686	0	0

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

5 REVENUE (CONTINUED)

Satisfied long-term performance obligations

During the financial year ended 31 December 2020, the Group has recognised revenue from contracts with customers amounting to approximately RM1,200,000 (2019: RM6,453,000) that was included in the contract liability at the beginning of the reporting period.

6 OPERATING LOSS

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Operating loss from continuing operations is stated after charging/(crediting):				
Auditors' remuneration paid/payable:				
- Statutory audit				
- current year	670	691	155	146
- (over)/under provision in prior year	0	*7	0	0
- Non-statutory audit fees				
- assurance related	15	**284	15	199
- Tax and other non-audit services	0	0	0	0
Amortisation of computer software	1,113	798	0	0
Bad debts written off	1	0	0	0
Depreciation				
- Property, plant and equipment	6,051	6,631	78	209
- Port facilities	5,380	5,368	0	0
- Investment properties	222	326	0	0
- Right-of-use assets	1,191	536	632	0
Impairment losses:				
- Trade receivables	5,803	1,502	0	0
- Other receivables	157	15	0	0
- Amounts due from ultimate holding corporation	13,455	0	86	0
- Amount due from fellow subsidiaries	10,151	2,536	1,698	644
- Amount due from an associate	1,461	6,043	804	5,268
Directors' fees and remuneration (Note 8)	1,710	2,373	891	818
Employee benefits expense (Note 7)	39,576	37,407	4,835	4,720
Lease expense for short term leases and low value assets	115	509	12	13

* Fees paid to the former statutory auditors, Ernst & Young PLT

** Included in non-statutory assurance related fee was an amount of RM85,000 paid to the former statutory auditors, Ernst & Young PLT for the 2019 Quarter 1 limited review.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

6 OPERATING LOSS (CONTINUED)

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Included in other income are:				
Interest income from:				
- Unwinding of interest on significant financing component	0	(871)	0	0
- Amounts due from ultimate holding corporation	(400)	(843)	(400)	(843)
- Amounts due from subsidiaries	0	0	(3,787)	(4,283)
- Amounts due from associates	(301)	(225)	(225)	(225)
- Fixed deposits	(522)	(296)	(2)	(4)
Penalty from revolving credit recharged To subsidiary	0	0	(4,316)	0
Fair value loss/(gain) on financial assets at FVTPL	28	(65)	(1)	(2)
Dividend income	(3)	(3)	0	0
Gain on disposal of plant and equipment	(148)	(136)	(148)	(88)
Government wages subsidy	(984)	0	(86)	0
Rental income from leasing of buildings	(181)	(135)	0	0

	GROUP 2020 RM'000	GROUP 2019 RM'000	COMPANY 2020 RM'000	COMPANY 2019 RM'000
Included in other expenses are:				
Impairment losses:				
- Property, plant and equipment	8,087	8,035	0	0
- Investment properties	0	3,781	0	0
- Financial guarantee liabilities	13,340	2,778	44,303	2,778
Reversal of allowance for impairment loss on receivables	(7)	(51)	0	(3,342)
Allowance for write down inventories to net realisable value	445	2,247	0	0
Inventories				
- development costs written off	0	12,708	0	8,231
Loss on disposal of property, plant and equipment	0	147	0	0
Property, plant and equipment written off	992	3,578	0	200
Provision for slow moving inventories	329	1,632	0	0
Waiver of debts - subsidiaries	0	0	0	3,354

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

7 EMPLOYEE BENEFITS EXPENSE

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Salaries and wages	26,981	26,384	3,472	3,139
Employees Provident Fund contributions	3,492	3,277	551	497
Social security contributions and employment insurance systems contributions	377	360	41	37
Other staff related expenses	8,726	7,386	771	1,047
	39,576	37,407	4,835	4,720

8 DIRECTORS' FEES AND REMUNERATION

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Directors of the Company:				
- salaries and other emoluments	616	544	596	474
- fees	398	440	295	344
	1,014	984	891	818
Director of the subsidiaries				
- salaries and other emoluments	236	511	0	0
- fees	460	878	0	0
	696	1,389	0	0
	1,710	2,373	891	818

There is no monetary value of benefits in-kind given to the directors of the Group and of the Company during the current financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

9 FINANCE COSTS

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest expenses				
- penalty from revolving credit	6,302	0	4,580	0
- advances from ultimate holding corporation	463	0	0	44
- finance lease liabilities	180	136	401	0
- revolving credits	6,629	8,217	4,917	6,506
- term loans	22,575	24,450	1,726	1,975
- redeemable convertible preference shares	3,137	3,058	0	0
- overdrafts and other borrowings	326	756	0	0
- payables	1,297	0	27	0
	40,909	36,617	11,651	8,525
Recognised in profit or loss				
- continuing operations	16,934	11,056	11,651	8,525
- discontinued operation	22,349	23,100	0	0
Capitalised in qualifying assets				
- inventories	0	10	0	0
- property, plant and equipment	537	861	0	0
- port facilities	1,089	1,590	0	0
	40,909	36,617	11,651	8,525

The average capitalisation rate for borrowing costs of the Group is 4.48% (2019: 5.50%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

10 TAX EXPENSE/(CREDIT)

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
For continued operations:				
Current financial year:				
Income tax charge	11,606	16,150	0	0
Over provision of Malaysian income tax in prior year	(1,262)	(29)	0	0
	10,344	16,121	0	0
Deferred tax (Note 28):				
Relating to origination and reversal of temporary differences	521	(409)	(42)	0
Tax expense/(credit)	10,865	15,712	(42)	0

The explanation of the relationship between tax expense/(credit) and loss before tax from continuing operations and discontinued operation is as follows:

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Loss before tax from continuing operations	(52,556)	(20,875)	(74,606)	(296,290)
Loss before tax from discontinued operation	(39,515)	(80,068)	0	0
	(92,071)	(100,943)	(74,606)	(296,290)
Tax calculated at the Malaysian income tax rate of 24% (2019: 24%)	(22,097)	(24,226)	(17,905)	(71,110)
Tax effects of:				
- expenses not deductible for tax purposes	25,844	30,114	17,729	70,807
- income not subject to tax	(3,343)	(6,356)	(1,095)	(828)
- deferred tax assets not recognised on unutilised tax losses and unabsorbed capital allowances	11,130	17,520	1,229	1,131
- over provision of Malaysian income tax in prior year	(958)	(1,609)	0	0
Tax expense/(credit)	10,576	15,443	(42)	0

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

11 LOSS PER SHARE

Basic loss per share of the Group is calculated by dividing the net loss for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	GROUP	
	2020	2019
Continuing operations		
Net loss for the financial year attributable to owners of the Company (RM'000)	(74,185)	(30,836)
Weighted average number of ordinary shares in issue during the financial year ('000)	100,000	100,000
Basic loss per share (sen)	(74.18)	(30.84)
Discontinued operation		
Net loss for the financial year attributable to owners of the Company (RM'000)	(21,029)	(52,193)
Weighted average number of ordinary shares in issue during the financial year ('000)	100,000	100,000
Basic loss per share (sen)	(21.03)	(52.19)

No diluted loss per share calculated as the Company does not have potential convertible shares.

Redeemable convertible preference shares issued by a subsidiary to non-controlling interests are anti-dilutive and therefore no impact on the diluted loss per share.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

12 PROPERTY, PLANT AND EQUIPMENT

GROUP	Freehold land RM'000	Buildings and improvements RM'000	Attractions RM'000	Equipment, furniture and fittings and computers RM'000	Motor vehicles RM'000	Refurbishment and renovations RM'000	Capital Work-in progress RM'000	Total RM'000
COST								
At 1.1.2020	9,173	60,932	0	36,869	2,990	5,416	44,044	159,424
Additions	0	59	0	550	394	0	10,050	11,053
Adjustments	0	(60)	0	0	0	0	0	(60)
Disposals	0	0	0	0	(185)	0	0	(185)
Written off	0	0	0	(17)	0	(22)	(982)	(1,021)
Transfer from capital work-in-progress	0	26,024	0	7,805	0	12	(33,841)	0
Transfer to investment properties	0	(759)	0	0	0	0	0	(759)
Transfer from assets held for sale	48,269	196,447	47,314	44,840	1,793	0	1,688	340,351
At 31.12.2020	57,442	282,643	47,314	90,047	4,992	5,406	20,959	508,803
ACCUMULATED DEPRECIATION								
At 1.1.2020	0	7,176	0	25,261	2,217	1,421	0	36,075
Depreciation for the financial year	0	1,523	0	3,399	300	829	0	6,051
Disposals	0	0	0	0	(148)	0	0	(148)
Written off	0	0	0	(13)	0	(16)	0	(29)
Transfer to investment properties	0	(188)	0	0	0	0	0	(188)
Transfer from assets held for sale	0	9,814	4,549	8,526	816	0	0	23,705
At 31.12.2020	0	18,325	4,549	37,173	3,185	2,234	0	65,466

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

GROUP	Freehold land RM'000	Buildings and improvements RM'000	Attractions RM'000	Equipment, furniture and fittings and computers RM'000	Motor vehicles RM'000	Refurbishment and renovations RM'000	Capital work-in-progress RM'000	Total RM'000
ACCUMULATED IMPAIRMENT LOSSES								
At 1.1.2020	0	6,479	0	355	0	93	3,426	10,353
Impairment loss for the financial year	0	7,416	0	604	0	50	17	8,087
Disposals	0	0	0	0	0	0	0	0
Transfer from assets held for sale	0	157,022	42,765	36,314	977	0	1,688	238,766
At 31.12.2020	0	170,917	42,765	37,273	977	143	5,131	257,206
CARRYING AMOUNT								
At 31.12.2020	57,442	93,401	0	15,601	830	3,029	15,828	186,131

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

GROUP	Freehold land RM'000	Leasehold land RM'000	Buildings and improvements RM'000	Attractions RM'000	Equipment, furniture and fittings and computers RM'000	Motor vehicles RM'000	Refurbishment and renovations RM'000	Capital Work-in progress RM'000	Total RM'000
COST									
At 1.1.2019	64,497	12,150	267,787	60,023	84,745	6,044	5,396	64,517	565,159
Impact of adoption of MFRS 16 (Note 13)	0	(12,150)	0	0	0	0	0	0	(12,150)
Additions	0	0	119	0	650	398	20	22,472	23,659
Disposals	0	0	0	0	(443)	(1,249)	0	(142)	(1,834)
Written off	0	0	(655)	0	(407)	(417)	0	(2,783)	(4,262)
Transfer from capital work-in-progress	0	0	0	0	216	0	0	(216)	0
Transfer to investment properties	(7,055)	0	0	0	0	0	0	0	(7,055)
Transfer to intangible assets	0	0	0	0	0	0	0	(2,295)	(2,295)
Assets classified as held for sale	(48,269)	0	(206,319)	(60,023)	(47,892)	(1,786)	0	(37,509)	(401,798)
At 31.12.2019	9,173	0	60,932	0	36,869	2,990	5,416	44,044	159,424
ACCUMULATED DEPRECIATION									
At 1.1.2019	0	413	13,076	3,899	28,280	3,497	551	0	49,716
Impact of adoption of MFRS 16 (Note 13)	0	(413)	0	0	0	0	0	0	(413)
Depreciation for the financial year	0	0	1,150	0	4,250	361	870	0	6,631
Disposals	0	0	0	0	(275)	(792)	0	0	(1,067)
Written off	0	0	(46)	0	(422)	(216)	0	0	(684)
Assets classified as held for sale	0	0	(7,004)	(3,899)	(6,572)	(633)	0	0	(18,108)
At 31.12.2019	0	0	7,176	0	25,261	2,217	1,421	0	36,075

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

GROUP	Freehold land RM'000	Leasehold land RM'000	Buildings and improvements RM'000	Attractions RM'000	Equipment, furniture and fittings and computers RM'000	Motor vehicles RM'000	Refurbishment and renovations RM'000	Capital work-in-progress RM'000	Total RM'000
ACCUMULATED IMPAIRMENT LOSSES									
At 1.1.2019	0	0	116,134	32,575	24,444	596	0	29,271	203,020
Impairment loss for the financial year	0	0	4,278	0	237	0	93	3,427	8,035
Assets classified as held for sale	0	0	(113,933)	(32,575)	(24,326)	(596)	0	(29,272)	(200,702)
At 31.12.2019	0	0	6,479	0	355	0	93	3,426	10,353
CARRYING AMOUNT									
At 31.12.2019	9,173	0	47,277	0	11,253	773	3,902	40,618	112,996

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Equipment, furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
COMPANY			
COST			
At 1.1.2020	860	453	1,313
Additions	5	0	5
Disposal	0	(185)	(185)
At 31.12.2020	865	268	1,133
ACCUMULATED DEPRECIATION			
At 1.1.2020	776	379	1,155
Depreciation for the financial year	41	37	78
Disposal	0	(148)	(148)
At 31.12.2020	817	268	1,085
CARRYING AMOUNT			
At 31.12.2020	48	0	48
COST			
At 1.1.2019	1,090	1,374	2,464
Additions	33	0	33
Disposal	(263)	(521)	(784)
Written off	0	(400)	(400)
At 31.12.2019	860	453	1,313
ACCUMULATED DEPRECIATION			
At 1.1.2019	813	1,023	1,836
Depreciation for the financial year	132	77	209
Disposal	(169)	(521)	(690)
Written off	0	(200)	(200)
At 31.12.2019	776	379	1,155
CARRYING AMOUNT			
At 31.12.2019	84	74	158

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) During the financial year, plant and equipment of the Group and of the Company were acquired by means of:

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Property, plant and equipment additions during the financial year	11,053	23,659	5	33
Less:				
Borrowing costs capitalised	(537)	(861)	0	0
Balance not paid included in payables	(9,423)	(825)	0	0
Purchases made under term loan facility	(841)	0	0	0
Add:				
Payments of amounts brought forward from previous financial year	916	1,747	0	0
Cash payments	1,168	23,720	5	33

(b) At 31 December 2020, certain freehold and leasehold land and building of the Group with a total carrying amount of RM70,019,000 (2019: RM75,740,000) are charged to secure bank loans granted to the Group (see Note 26).

(c) At 31 December 2020, the assets held for sale transferred to property, plant and equipment of RM77,880,000 (2019: RM87,750,000) pledged as securities for the syndicated term loan defaulted, are now placed under the control of the receiver and manager appointed by the bank.

13 RIGHT-OF-USE ASSETS

GROUP	Leasehold port land RM'000	Leasehold land RM'000	Buildings and improvement RM'000	Total RM'000
COST				
At 1.1.2020	88,873	12,150	1,537	102,560
Additions	0	0	172	172
At 31.12.2020	88,873	12,150	1,709	102,732
ACCUMULATED DEPRECIATION				
At 1.1.2020	4,235	526	78	4,839
Depreciation for the financial year	944	122	125	1,191
At 31.12.2020	5,179	648	203	6,030
CARRYING AMOUNT				
At 31.12.2020	83,694	11,502	1,506	96,702

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

13 RIGHT-OF-USE ASSETS (CONTINUED)

	Leasehold port land	Leasehold land	Buildings and improvement	Total
GROUP				
COST				
At 1.1.2019 upon adoption of MFRS 16 (Note 12 and Note 14)	31,873	12,150	1,537	45,560
Transfer from port facilities: capital work-in-progress (Note 14)	57,000	0	0	57,000
At 31.12.2019	88,873	12,150	1,537	102,560
ACCUMULATED DEPRECIATION				
At 1.1.2019 upon adoption of MFRS 16 (Note 12 and Note 14)	3,890	413	0	4,303
Depreciation for the financial year	345	113	78	536
At 31.12.2019	4,235	526	78	4,839
CARRYING AMOUNT				
At 31.12.2019	84,638	11,624	1,459	97,721

COMPANY	Buildings RM'000
COST	
At 1.1.2020	0
Additions	1,895
At 31.12.2020	1,895
ACCUMULATED DEPRECIATION	
At 1.1.2020	0
Depreciation for the financial year	632
At 31.12.2020	632
CARRYING AMOUNT	
At 31.12.2020	1,263

The full lease rental of the leasehold port land has been prepaid at the inception of the lease with no outstanding lease liability as at 31 December 2020 and 31 December 2019. The plots of leasehold port land are amortised over the lease periods of 80 and 99 years.

At 31 December 2020, certain leasehold port land with a carrying amount of RM56,414,000 (2019: RM57,000,000) and leasehold land of RM11,502,000 (2019: RM11,624,000) of the Group are charged to secure term loans granted to the subsidiaries (see Note 26 (b) and (c)).

Right-of-use assets relating to leasehold land and leasehold port land which previously presented under property, plant and equipment and port facilities have now been presented under right-of-use assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

14 PORT FACILITIES

GROUP	Port structure RM'000	Port equipment RM'000	Capital work-in-progress RM'000	Total RM'000
COST				
At 1.1.2020	109,436	46,116	10,651	166,203
Additions	0	741	24,382	25,123
Disposals	0	(401)	0	(401)
At 31.12.2020	109,436	46,456	35,033	190,925
ACCUMULATED DEPRECIATION				
At 1.1.2020	31,087	15,179	0	46,266
Depreciation for the financial year	2,390	2,990	0	5,380
Disposals	0	(401)	0	(401)
At 31.12.2020	33,477	17,768	0	51,245
CARRYING AMOUNT				
At 31.12.2020	75,959	28,688	35,033	139,680

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

14 PORT FACILITIES (CONTINUED)

GROUP	Leasehold port land RM'000	Port structure RM'000	Port equipment RM'000	Capital work-in-progress RM'000	Total RM'000
COST					
At 1.1.2019	31,873	89,117	43,740	87,698	252,428
Impact of adoption of MFRS 16	(31,873)	0	0	0	(31,873)
Reclassification to rights-of-use assets	0	0	0	(57,000)	(57,000)
Additions	0	1,107	1,567	2,185	4,859
Transfer	0	19,212	3,020	(22,232)	0
Written off	0	0	(2,211)	0	(2,211)
At 31.12.2019	0	109,436	46,116	10,651	166,203
ACCUMULATED DEPRECIATION					
At 1.1.2019	3,890	28,692	14,417	0	46,999
Impact of adoption of MFRS 16	(3,890)	0	0	0	(3,890)
Depreciation for the financial year	0	2,395	2,973	0	5,368
Written off	0	0	(2,211)	0	(2,211)
At 31.12.2019	0	31,087	15,179	0	46,266
CARRYING AMOUNT					
At 31.12.2019	0	78,349	30,937	10,651	119,937

During the financial year ended 31 December 2020, included in additions of the port facilities of the Group are borrowing costs capitalised amounting to RM1,089,000 (2019: RM1,590,000) and an amount of RM6,317,000 (2019: Nil) related to the retention sum and progress claims remained unpaid included in other payables. The cash payments, excluding borrowing costs capitalised amounted to RM16,148,000 (2019: RM3,269,000).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

15 INVESTMENT PROPERTIES

GROUP	Freehold land held for future development RM'000	Property investment RM'000	Total RM'000
COST			
At 1.1.2020	10,987	13,505	24,492
Transfer from property, plant and equipment	0	759	759
At 31.12.2019	10,987	14,264	25,251
ACCUMULATED DEPRECIATION			
At 1.1.2020	0	1,775	1,775
Depreciation for the financial year	0	222	222
Transfer from property, plant and equipment	0	188	188
At 31.12.2020	0	2,185	2,185
ACCUMULATED IMPAIRMENT LOSSES			
At 1.1.2020 / 31.12.2020	0	3,781	3,781
CARRYING AMOUNT			
At 31.12.2020	10,987	8,298	19,285

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

15 INVESTMENT PROPERTIES (CONTINUED)

GROUP	Land held for future development RM'000	Property investment RM'000	Total RM'000
COST			
At 1.1.2019	3,932	13,505	17,437
Transfer from property, plant and equipment	7,055	0	7,055
At 31.12.2019	10,987	13,505	24,492
ACCUMULATED DEPRECIATION			
At 1.1.2019	0	1,449	1,449
Depreciation for the financial year	0	326	326
At 31.12.2019	0	1,775	1,775
ACCUMULATED IMPAIRMENT LOSSES			
At 1.1.2019	0	0	0
Impairment loss for the financial year	0	3,781	3,781
At 31.12.2019	0	3,781	3,781
CARRYING AMOUNT			
At 31.12.2019	10,987	7,949	18,936

The above properties are not occupied by the Group and are used to either earn rentals or for capital appreciation, or both. As at 31 December 2020, the fair value of the properties of the Group was estimated at RM151,702,000 (2019: RM183,247,000) by the directors based on valuations by independent professionally qualified valuers using market approach by reference to open market of properties in the vicinity. The fair values of investment properties are within level 3 of the fair value hierarchy. The most significant input in the valuation approach adopted by the Group is price per square foot with adjustment made for size, shape of lot and time element.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

16 INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2020 RM'000	2019 RM'000
Unquoted shares, at cost	1,602	1,602
Equity loans to subsidiaries	153,997	153,997
	155,599	155,599
Less: Accumulated impairment losses	(57,500)	(56,500)
Carrying amount	98,099	99,099
Accumulated impairment losses		
At 1 January	56,500	500
Impairment loss during the financial year	1,000	56,000
At 31 December	57,500	56,500

During the previous financial year, the equity loan of RM56 million granted to PCBD was fully impaired and charged to profit or loss. The directors are of the view that the equity loan is not recoverable as PCBD is insolvent and had prepared its financial statements for the financial year ended 31 December 2020 and 31 December 2019 on a non-going concern basis, and therefore it would not be able to meet its obligation as the corporate guarantor for the ATP's syndicated term loan..

Detail of the subsidiaries which are incorporated in Malaysia, are as follows:

Name of subsidiaries	Effective interest held by the Company 2020 %	Effective interest held by the Company 2019 %	Principal activities
PCB Development Sdn. Bhd. ("PCBD")	100	100	Investment holding and real property development.
PCB Equity Sdn. Bhd.	100	100	Property development and project management.
PCB Leisure Sdn. Bhd.	100	100	Property investment and investment holding.
PCB Taipan Sdn. Bhd.	100	100	Investment holding.
Rungkup Port Sdn. Bhd.	70	70	Dormant.
Held by PCB Development Sdn. Bhd.			
Animation Theme Park Sdn. Bhd. ("ATP")	51	51	Owner and operator of an animation theme park. It was placed under receivership on 4 December 2019 and the theme park was closed on 28 January 2020.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

16 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Effective interest held by the Company 2020 %	Effective interest held by the Company 2019 %	Principal activities
Held by PCB Leisure Sdn. Bhd.			
Casuarina Teluk Intan Sdn. Bhd.	100	100	Operation and management of hotel.
Casuarina Boathouse Sdn. Bhd.	100	100	Provision of accommodation facilities.
Casuarina Taiping Sdn. Bhd.	100	100	Operation and management of rest house.
Lanai Casuarina Sdn. Bhd.	100	100	Operation and management of hotel.
Meru Raya Park Sdn. Bhd.	100	100	Dormant. Was involved in the property development and facilities management.
BioD Leisure and Recreation Sdn. Bhd.	100	100	Provision of transportation and travel services.
Labu Sayong Cafe Sdn. Bhd.	100	100	Operation and management of restaurant and cafe. Ceased operations in December 2020.
Casuarina Pangkor Sdn. Bhd.	100	100	Was involved in the operation and management of hotel. Dormant and struck off on 21 February 2020.
Casuarina Tanjong Malim Sdn. Bhd.	100	100	Was involved in the operation and management of hotel. Dormant and struck off on 21 February 2020.
Meru Raya Water Park Sdn. Bhd.	100	100	Was involved in management of water parks, theme parks, water sport and recreation related activities. Dormant and struck off on 13 March 2020.
Rimba Land Sdn. Bhd.	100	100	Was involved in jungle adventure park operator. Dormant and struck off on 21 February 2020.
Held by PCB Taipan Sdn. Bhd.			
Lumut Maritime Terminal Sdn. Bhd.	50 plus 1 share	50 plus 1 share	Development of an integrated privatised project encompassing ownership and operations of multi-purpose port facilities, operation and maintenance of a bulk terminal, sales and rental of port related land and other ancillary activities.
Casuarina Meru Sdn. Bhd.	89.54	89.54	Hotelier, restaurateur and property developer.
Held by Lumut Maritime Terminal Sdn. Bhd.			
LMT Capital Sdn. Bhd. *	50 plus 1 share	50 plus 1 share	Dormant.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

16 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Effective interest held by the Company 2020 %	2019 %	Principal activities
Held by Casuarina Meru Sdn. Bhd.			
Silveritage Corporation Sdn. Bhd.	89.54	89.54	Development of tourism projects.
Held by Silveritage Corporation Sdn. Bhd.			
Cash Complex Sdn. Bhd.	66.18	66.18	Investment holding.

* Although the Group has 50% effective ownership interest, the directors have determined that the Group controls LMT Capital Sdn. Bhd. as Lumut Maritime Terminal Sdn. Bhd. has 100% voting interest in LMT Capital Sdn. Bhd.

As at 31 December 2020, the total non-controlling interests are negative RM208,210,000 (2019: RM195,777,000), mainly attributed by the 3 subsidiaries listed below. The other non-controlling interest are individually insignificant.

Set out below are the summarised financial information for the subsidiaries which have non-controlling interests that are material to the Group. The financial information below is based on amounts before intercompany eliminations.

(a) Summarised statements of financial position

	Lumut Maritime Terminal Sdn. Bhd.		Casuarina Meru Sdn . Bhd.		Animation Theme Park Sdn. Bhd.	
	2020	2019	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets	231,034	213,449	64,681	71,603	77,880	0
Current assets	73,925	67,975	1,551	6,161	1,224	89,571
Total assets	304,959	281,424	66,232	77,764	79,104	89,571
Non-current liabilities	25,178	30,580	0	0	76,897	75,980
Current liabilities	24,669	18,606	13,051	11,748	692,553	662,704
Total liabilities	49,847	49,186	13,051	11,748	769,450	738,684
Net assets/(liabilities)	255,112	232,238	53,181	66,016	(690,346)	(649,113)
Equity attributable to:						
Owners of the Company	127,556	116,258	47,618	59,111	(353,633)	(332,604)
Non-controlling interests	127,556	115,980	5,563	6,905	(336,713)	(316,509)
	255,112	232,238	53,181	66,016	(690,346)	(649,113)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

16 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) Summarised statements of comprehensive income

	Continuing operations				Discontinued operation	
	Lumut Maritime Terminal Sdn. Bhd.		Casuarina Meru Sdn . Bhd.		Animation Theme Park Sdn. Bhd.	
	2020	2019	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	115,558	119,413	10,679	17,245	429	14,135
Profit/(Loss) for the financial year	32,874	34,552	(12,835)	(4,624)	(41,233)	(102,339)
Total comprehensive income	32,874	34,552	(12,835)	(4,624)	(41,233)	(102,339)
Profit/(Loss) attributable to:						
Owners of the Company	16,437	17,276	(11,042)	(4,624)	(21,029)	(52,193)
Non-controlling interests	16,437	17,276	(1,793)	*	(20,204)	(50,146)
	32,874	34,552	(12,835)	(4,624)	(41,233)	(102,339)
Total comprehensive income attributable to:						
Owners of the Company	16,437	17,276	(11,042)	(4,624)	(21,029)	(52,193)
Non-controlling interests	16,437	17,276	(1,793)	*	(20,204)	(50,146)
	32,874	34,552	(12,835)	(4,624)	(41,233)	(102,339)
Dividend paid to non-controlling interests	5,000	5,000	0	0	0	0

* Amount is less than RM500

(c) Summarised statements of cash flows

	Lumut Maritime Terminal Sdn. Bhd.		Casuarina Meru Sdn . Bhd.		Animation Theme Park Sdn. Bhd.	
	2020	2019	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net cash flows generated from/(used in):						
Operating activities	35,458	46,516	(315)	3,294	(5,173)	(7,991)
Investing activities	(16,692)	(4,738)	516	(3,470)	2	11,147
Financing activities	(23,959)	(27,485)	(311)	(176)	4,647	(3,625)
Net (decrease)/increase in cash and cash equivalents	(5,193)	14,293	(110)	(352)	(524)	(469)
Cash and cash equivalents at:						
Beginning of the financial year	16,376	2,083	(4,791)	(4,439)	1,152	1,621
End of the financial year	11,183	16,376	(4,901)	(4,791)	628	1,152

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

17 INVESTMENTS IN ASSOCIATES

	GROUP	
	2020	2019
	RM'000	RM'000
Unquoted shares		
Ordinary shares, at cost	6,100	6,100
Less: Accumulated impairment losses	(6,100)	(6,100)
	0	0

Details of the associates are as follows:

Name of associates	Country of incorporation	Principal activity	Percentage of equity held through subsidiary 2020	
			2020	2019
Held by PCB Equity Sdn. Bhd.			%	%
VC Telekom Sdn. Bhd. *	Malaysia	Network facilities provider	49	49
Unified Million (M) Sdn. Bhd. *	Malaysia	Resort operator for Pangkor Village Resort	30	30

* Not audited by PricewaterhouseCoopers PLT, Malaysia

Financial information of material associates

As at 31 December 2020 and 31 December 2019, the Group did not have any associate that is individually material to the Group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

18 OTHER INVESTMENTS

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current				
Unquoted shares in Malaysia				
- Financial assets at fair value through profit or loss	25	25	0	0
Current				
Unit trust fund (quoted in Malaysia)				
- Financial assets at fair value through profit or loss	4,247	4,175	42	41
Market value of quoted investments	4,247	4,175	42	41

19 INTANGIBLE ASSETS

	Goodwill RM'000	Computer software RM'000	Total RM'000
GROUP			
COST			
At 1.1.2020/31.12.2020	23,950	5,303	29,253
ACCUMULATED AMORTISATION			
At 1.1.2020	0	1,028	1,028
Amortisation	0	1,113	1,113
At 31.12.2020	0	2,141	2,141
ACCUMULATED IMPAIRMENT LOSSES			
At 1.1.2020/31.12.2020	139	0	139
CARRYING AMOUNT			
At 31.12.2020	23,811	3,162	26,973

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

19 INTANGIBLE ASSETS (CONTINUED)

	Goodwill RM'000	Intellectual property rights RM'000	Computer software RM'000	Total RM'000
GROUP				
COST				
At 1.1.2019	23,950	3,569	2,111	29,630
Additions	0	0	897	897
Written off	0	(3,569)	0	(3,569)
Transfer from property, plant and equipment	0	0	2,295	2,295
At 31.12.2019	23,950	0	5,303	29,253
ACCUMULATED AMORTISATION				
At 1.1.2019	0	1,145	230	1,375
Amortisation	0	130	798	928
Written off	0	(1,275)	0	(1,275)
At 31.12.2019	0	0	1,028	1,028
ACCUMULATED IMPAIRMENT LOSSES				
At 1.1.2019	139	1,617	0	1,756
Written off	0	(1,617)	0	(1,617)
At 31.12.2019	139	0	0	139
CARRYING AMOUNT				
At 31.12.2019	23,811	0	4,275	28,086

Goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes. The goodwill of RM23,811,000 as at 31 December 2020 (2019: RM23,811,000) is related to Lumut Maritime Terminal Sdn. Bhd.

The recoverable amount for the above was based on its VIU and was determined by discounting the weighted future cash flows expected to be generated from the continuing activities of the entity and was based on the following key assumptions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

19 INTANGIBLE ASSETS (CONTINUED)

Goodwill (continued)

- Cash flow were projected based on actual operating results and a 5 year projection (2019: 5 years).
- Revenue was projected at anticipated annual growth of 2% (2019: 2%) per annum.
- A pre-tax discount rate for 10% (2019: 10%) was applied in determining the recoverable amount of the division. The discount rate was estimated based on the industry average weighted average cost of capital.
- Terminal growth rate is projected at 0% (2019: 0%).

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources.

Intellectual property rights

Intellectual property rights were in respect of license rights acquired for the use in a theme park operated by a subsidiary in the previous financial year. The unamortised balance of the intellectual property rights as at 31 December 2019 had been fully impaired in the previous financial year with the theme park being placed under receivership and subsequent cessation of operations in January 2020.

20 FINANCE LEASE RECEIVABLE

A subsidiary of the Group is a lessor in connection with the finance lease. Essentially, this relates to the leasing of air-conditioning equipment. The Group recognises a receivable for the amount of the net investment in the lease. The lease payments made by the lessee are split into an interest component and a principal component using the effective interest method. The lease receivable is reduced by the principal received. The interest component of the payments is recognised as interest income in profit or loss.

	GROUP	
	2020 RM'000	2019 RM'000
Present value of finance lease:		
Non-current	57	188
Current	131	124
	188	312
Maturity:		
Not later than 1 year	138	138
Later than 1 year and not later than 5 years	58	195
	196	333
Less: Unearned interest income	(8)	(21)
	188	312

The finance lease of the Group bears interest at 3% (2019: 3%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

21 INVENTORIES

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current				
Freehold land held for development	13,817	13,817	0	0
Leasehold land held for development	10,494	10,494	0	0
Total non-current	24,311	24,311	0	0
Current				
Properties under development				
- Freehold land	44,011	44,135	23,733	23,857
- Leasehold land with unexpired lease period of more than 50 years	63,513	63,444	49,230	49,161
- Development costs	28,987	29,835	194	193
Property development cost	136,511	137,414	73,157	73,211
Completed properties	12,077	12,277	0	0
Food and beverages	100	90	0	0
Other supplies	3,321	234	0	0
Tools and spares	9,748	11,722	0	0
	161,757	161,737	73,157	73,211
	186,068	186,048	73,157	73,211
Presented as:				
At cost	172,259	172,039	73,157	73,211
Net realisable value	13,809	14,009	0	0
Recognised in profit or loss				
Inventories recognised as cost of sales	10,705	20,728	0	0
Provision for slow moving inventories	329	1,632	0	0
Merchandise goods written off	7	626	0	0
Development costs written off	0	12,708	0	8,231
Write-down of development costs to net realisable value	245	0	0	0
Write-down of completed properties to net realisable value	200	2,247	0	0

(a) The ultimate holding corporation, Perbadanan Kemajuan Negeri Perak had issued master block titles for certain parcels of land to the Group through Pejabat Tanah dan Galian ("PTG"). Upon receiving the master block titles, the Group had throughout the past years disposed of certain pieces of vacant land to third parties.

During the financial year, freehold land title of the Group with the land cost of RM2,641,000 (2019: one 99-year leasehold land title with land cost of RM1,287,000) has been issued by PTG.

As at 31 December 2020, certain land titles belong to the Group totalling RM4,977,000 (2019: RM7,618,000) have been surrendered to PTG and the land titles will be re-issued to the Group in due course.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

21 INVENTORIES (CONTINUED)

(b) Freehold land under development with carrying amounts totalling RM31,280,000 (2019: RM26,058,000) of the Group have been pledged to financial institutions as security for banking facilities as disclosed in Note 26 to the financial statements.

(c) Included in development costs of the Group were borrowing costs capitalised of RMNil (2019: RM10,000).

(d) As at 31 December 2020, certain land titles belonging to the Group with costs totaling RMNil (2019: RM1,696,000 were held in trust by an agency of Perak State Government.

22 RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current				
Trade receivables, gross	29,197	29,481	0	0
Less: Allowance for impairment loss	(9,010)	(3,213)	0	0
Trade receivables, net	20,187	26,268	0	0
Other receivables	101,663	101,750	390	390
Less: Allowance for impairment loss	(100,217)	(100,020)	0	0
	1,446	1,730	390	390
Deposits	1,844	1,946	8	7
Prepayments	1,361	1,916	182	203
Goods and Services Tax receivable	63	282	50	50
	24,901	32,142	630	650
Amount due from related parties (trade):				
Ultimate holding corporation	4,061	5,092	0	0
Fellow subsidiaries	812	677	0	0
	4,873	5,769	0	0
Less: Allowance for impairment loss				
Ultimate holding corporation	(4,061)	0	0	0
Fellow subsidiaries	(676)	(2)	0	0
	(4,737)	(2)	0	0
	136	5,767	0	0

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

22 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Amounts due from related parties (non-trade):				
Ultimate holding corporation	9,962	10,661	633	1
Subsidiaries	0	0	261,177	247,342
Associate	8,568	7,097	6,072	5,268
Fellow subsidiaries	12,316	12,256	2,342	2,355
	30,846	30,014	270,224	254,966
Less: Allowance for impairment loss				
Amounts due from ultimate holding corporation	(9,394)	0	(86)	0
Amounts due from subsidiaries	0	0	(255,737)	(243,064)
Amounts due from an associate	(8,558)	(7,097)	(6,072)	(5,268)
Amounts due from fellow subsidiaries	(12,203)	(2,726)	(2,342)	(644)
	(30,155)	(9,823)	(264,237)	(248,976)
	691	20,191	5,987	5,990
Total amounts due from related parties	827	25,958	5,987	5,990
Total	25,728	58,100	6,617	6,640

(a) Trade receivables are non-interest bearing and are generally on 30 to 60 days (2019: 30 to 60 days) terms. Other credit terms are assessed and approved on a case-by-case basis. They are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

	GROUP	
	2020 RM'000	2019 RM'000
Movements in allowance accounts		
- trade receivables		
At 1 January	3,213	1,762
Impairment charge for the financial year	5,803	1,502
Reversal of impairment losses	(6)	(51)
At 31 December	9,010	3,213

The allowance amount in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Trade receivables that are individually determined to be impaired at the reporting date related to debtors that are in significant financial difficulties and/or have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

22 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

(b) Related parties (non-trade)

Amount due from ultimate holding corporation ("UHC")

The amount due from UHC is unsecured and interest-free (2019: unsecured and interest-free).

Amounts due from subsidiaries, an associate and fellow subsidiaries

The amounts due from subsidiaries, an associate and fellow subsidiaries are unsecured and interest-free (2019: unsecured and interest-free).

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Movements in allowance accounts				
- related parties				
At 1 January	9,825	1,246	248,976	32,903
Impairment charge for the financial year	25,067	8,579	15,261	219,415
Reversal of impairment losses	0	0	0	(3,342)
At 31 December	34,892	9,825	264,237	248,976

(c) Other receivables

Included in other receivables are:
(i) amount due from a contractor, Daya Sejahtera Sdn. Bhd. amounting to RM99,824,000 (2019: RM99,824,000) which had been fully provided for allowance for impairment loss.

(ii) amount due from Lekir Bulk Terminal Sdn. Bhd., a related party of a subsidiary, amounting to RM85,260 (2019: RM397,000).

	GROUP	
	2020 RM'000	2019 RM'000
Movements in allowance accounts		
- other receivables		
At 1 January	100,020	99,724
Impairment charge for the financial year	197	296
At 31 December	100,217	100,020

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

23 ASSETS HELD FOR SALE

Assets held for sale comprised property, plant and equipment of its subsidiary, Animation Theme Park Sdn. Bhd. ("ATP"). ATP was the developer, owner and operator of Movie Animation Park Studios ("MAPS"), an animation theme park located in Ipoh, Perak, Malaysia.

On 4 December 2019, Datuk Duar Tuan Kiat of Messrs. Ernst & Young was appointed as Receiver and Manager ("R&M") of ATP under the terms of a debenture dated 10 July 2014 ("Debenture") given to Affin Hwang Investment Bank Berhad. As part of the receivership strategy, the R&M ceased the operations of MAPS on 28 January 2020. Thereafter, the R&M will conduct an offer for sale exercise to identify strategic investors for the sale of the charged assets of ATP.

As at 31 December 2020, the Group assessed the results of the offer for sale conducted by the receiver and manager during the financial year. While the receiver and manager have confirmed that they will continue to advertise, market and source for interested parties to acquire the theme park, the directors ascertained that the likelihood of the assets would be sold within 12 months from the reporting date would not be highly probable. In view of this, the assets held for sale have been reclassified to property, plant and equipment at the recoverable amounts as at 31 December 2020.

Financial performance and cash flow information of ATP presented as discontinued operation

	2020 RM'000	2019 RM'000
Revenue	415	14,030
Cost of sales	(187)	(7,445)
Gross profit	228	6,585
Other income	2	41,013
Selling and distribution expenses	(97)	(2,275)
Administrative expenses	(7,388)	(35,575)
Impairment losses	(9,911)	(70,043)
Reversal of impairment losses	0	15,460
Assets written off	0	(2,974)
Depreciation and amortisation expenses	0	(9,159)
Loss from discontinued operation	(17,166)	(56,968)
Finance costs	(22,349)	(23,100)
Loss before taxation	(39,515)	(80,068)
Tax credit	289	269
Net loss from discontinued operation	(39,226)	(79,799)
Net cash flow used in operating activities	(3,166)	(8,406)
Net cash flow generated from investing activities	2	11,147
Net cash flow generated/(used in) from financing activities	4,647	(18,460)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

23 ASSETS HELD FOR SALE (CONTINUED)

Financial performance and cash flow information of ATP presented as discontinued operation (continued)

	2020 RM'000	2019 RM'000
Loss from discontinued operation is stated after charging/(crediting):		
Auditors' remuneration paid/payable:		
- Statutory audit		
- current year	22	95
- under provision in prior year	0	*45
Reversal of unwinding of discount on provision for intellectual property right	0	(849)
Gain on disposals of property, plant and equipment	0	(10,595)
Waiver of license fee arising from settlement agreement	0	(29,281)
Penalties and fines	120	1,264
Minimum guarantee costs due to termination prior to unexpired terms	0	1,371
Claw back of import duty previously exempted for importation of oversea rides	0	7,824
Rental expense in respect of		
- Motor vehicles, plant and office equipment	1	224
- Premises	0	74
Royalty fees	0	70
Provision for slow moving inventories	0	1,327
Directors' fees		
- Current year charge	0	54
Employee benefits expense	1,661	18,209
Termination benefits	1,150	0
Impairment losses		
- Trade receivables	1	0
- Other receivables	40	282
- Property, plant and equipment	9,870	69,761
Reversal of impairment losses on property, plant and equipment	0	(15,460)
Assets written off		
- Inventories - merchandise goods	0	500
- Intellectual property rights	0	677
- Property, plant and equipment	0	1,797
Depreciation and amortisation expenses		
- Property, plant and equipment	0	9,029
- Intellectual property rights	0	130
Net realised foreign currency exchange loss	0	189
Net unrealised foreign currency exchange gain	0	(45)

* Fees paid to former statutory auditors, Ernst & Young

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

23 ASSETS HELD FOR SALE (CONTINUED)

Financial performance and cash flow information of ATP presented as discontinued operation (continued)

	2020 RM'000	2019 RM'000
Finance costs mainly comprise:		
- redeemable convertible preference shares	3,137	3,058
- term loan	18,482	19,454
- others	730	588
	22,349	23,100

Assets classified as held for sale

GROUP	Freehold land RM'000	Buildings and improvements RM'000	Attractions RM'000	Equipment, furniture and fittings and computers RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
COST							
At 1.1.2020	48,269	196,447	47,314	44,840	1,793	1,688	340,351
Reclass to property, plant and equipment	(48,269)	(196,447)	(47,314)	(44,840)	(1,793)	(1,688)	(340,351)
At 31.12.2020	0	0	0	0	0	0	0
ACCUMULATED DEPRECIATION							
At 1.1.2020	0	9,814	4,549	8,526	816	0	23,705
Reclass to property, plant and equipment	0	(9,814)	(4,549)	(8,526)	(816)	0	(23,705)
	0	0	0	0	0	0	0
ACCUMULATED IMPAIRMENT LOSSES							
At 1.1.2020	0	147,152	42,765	36,314	977	1,688	228,896
Impairment loss for the financial year	0	9,870	0	0	0	0	9,870
Reclass to property, plant and equipment	0	(157,022)	(42,765)	(36,314)	(977)	(1,688)	(238,766)
At 31.12.2020	0	0	0	0	0	0	0
CARRYING AMOUNT							
At 31.12.2020	0	0	0	0	0	0	0

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

23 ASSETS HELD FOR SALE (CONTINUED)

Assets classified as held for sale (continued)

	Freehold land	Buildings and improvements	Attractions	Equipment, furniture and fittings and computers	Motor vehicles	Capital work-in-progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
COST							
At 1.1.2019	0	0	0	0	0	0	0
Reclass from property, plant and equipment	48,269	206,319	60,023	47,892	1,786	37,509	401,798
Additions	0	0	0	700	7	0	707
Transfer from capital work-in-progress	0	5,473	522	967	0	(6,962)	0
Disposals	0	0	0	(347)	0	(20,333)	(20,680)
Written off	0	(270)	(3,527)	(363)	0	(4,604)	(8,764)
Written back	0	(15,075)	(9,704)	(4,009)	0	(3,922)	(32,710)
At 31.12.2019	48,269	196,447	47,314	44,840	1,793	1,688	340,351
ACCUMULATED DEPRECIATION							
At 1.1.2019	0	0	0	0	0	0	0
Reclass from property, plant and equipment	0	7,004	3,899	6,572	633	0	18,108
Depreciation for the financial year	0	3,296	2,541	3,009	183	0	9,029
Disposals	0	0	0	(199)	0	0	(199)
Written off	0	(33)	(431)	(253)	0	0	(717)
Written back	0	(453)	(1,460)	(603)	0	0	(2,516)
At 31.12.2019	0	9,814	4,549	8,526	816	0	23,705

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

23 ASSETS HELD FOR SALE (CONTINUED)

Assets classified as held for sale (continued)

	Freehold land	Buildings and improvements	Attractions	Equipment, furniture and fittings and computers	Motor vehicles	Capital work-in-progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ACCUMULATED IMPAIRMENT LOSSES							
At 1.1.2019	0	0	0	0	0	0	0
Reclass from property, plant and equipment	0	113,933	32,575	24,326	596	29,272	200,702
Impairment loss for the financial year	0	38,238	16,628	13,737	381	777	69,761
Disposals	0	0	0	(113)	0	(19,744)	(19,857)
Transfer from capital work-in-progress	0	3,087	294	475	0	(3,856)	0
Written off	0	(143)	(1,866)	(101)	0	(4,140)	(6,250)
Written back	0	(7,963)	(4,866)	(2,010)	0	(621)	(15,460)
At 31.12.2019	0	147,152	42,765	36,314	977	1,688	228,896
CARRYING AMOUNT							
At 31.12.2019	48,269	39,481	0	0	0	0	87,750

The composition of assets held for sale as at 31 December 2019 as stated above was pertaining to MAPS that was owned by ATP, a subsidiary of the Company.

In the previous financial years, the Group had performed impairment assessments on buildings and improvements, theme park attractions and the related assets located at the theme park with accumulated impairment as at 1 January 2019 of RM200,702,000. Further impairment charge of RM69,761,000 was taken to profit or loss with the entity operating the theme park, ATP was placed under receivership by the bank arising from the default of loan repayment during the financial year ended 31 December 2019. As at 31 December 2019, these assets related to theme park were transferred to 'assets held for sale' with the receivers took over the theme park and arranging it for sale.

During the current financial year, the Group further impaired the building costs by RM9,870,000 based on the updated impairment assessment, taking the current economic condition and impact of COVID-19 into consideration.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

24 DEPOSITS, BANK AND CASH BALANCES

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

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deposits with licensed banks	20,876	15,278	5	5
Bank and cash balances	20,858	12,528	1,267	20
	41,734	27,806	1,272	25
Deposits, bank and cash balances	41,734	27,806	1,272	25
Less:				
Deposits pledged with banks	3,029	3,150	0	0
Fixed deposits with maturity of more than 3 months	13,307	6,005	5	0
Overdraft (Note 26)	5,102	4,828	0	0
Cash and cash equivalents	20,296	13,823	1,267	25
	%	%	%	%
Weighted average effective interest rate at the reporting date is as follows:				
Deposits with licensed banks	1.25 - 3.15	2.80 - 3.60	1.75	3.35
	Days	Days	Days	Days
The range of maturity periods of the deposits with licensed banks are as follows:				
- unencumbered	30 - 366	30 - 365	366	365
- encumbered	4 - 823	1 - 365	N/A	N/A

Included in the deposits with licensed banks of the Group are RM3,029,000 (2019: RM3,150,000) pledged as securities for bank facilities granted as disclosed in Note 26.

25 SHARE CAPITAL

	Number of ordinary shares		Share capital	
	2020	2019	2020 RM'000	2019 RM'000
Issued and fully paid ordinary shares with no par value				
At 1 January/31 December	100,000,000	100,000,000	272,770	272,770

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

26 LOANS AND BORROWINGS

	GROUP		COMPANY	
	2020	2019	2020	2019
Secured	RM'000	RM'000	RM'000	RM'000
Current				
Hire purchase and finance lease liabilities	559	1,281	1,180	0
Term financing-i	5,720	5,720	0	0
Business financing-i and cash line-i **	28,942	28,215	0	0
Syndicated term loan	258,491	237,126	0	0
Term loans **	28,726	27,000	26,726	25,000
Revolving credits **	153,020	140,987	119,647	110,778
Overdraft	5,102	4,828	0	0
	480,560	445,157	147,553	135,778
Non-current				
Hire purchase and finance lease liabilities	16,664	17,117	1,115	0
Term financing-i	14,160	19,880	0	0
RCPS	36,941	35,735	0	0
	67,765	72,732	1,115	0
Total borrowings				
Hire purchase and finance lease liabilities	17,223	18,398	2,295	0
Term financing-i	19,880	25,600	0	0
Business financing-i and cash line-I **	28,942	28,215	0	0
Syndicated term loan	258,491	237,126	0	0
Term loans **	28,726	27,000	26,726	25,000
Revolving credits **	153,020	140,987	119,647	110,778
Overdraft	5,102	4,828	0	0
RCPS	36,941	35,735	0	0
	548,325	517,889	148,668	135,778
Maturity of borrowings				
On demand or within one year	480,560	445,157	147,553	135,778
More than 1 year and less than 2 years	6,156	6,402	1,115	0
More than 2 years and less than 5 years	10,461	16,052	0	0
More than 5 years	51,148	50,278	0	0
	548,325	517,889	148,668	135,778

** loans and borrowings with cross default clauses

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

26 LOANS AND BORROWINGS (CONTINUED)

Restatement of loans and borrowings in previous financial years were due to breach of covenants of a syndicated term loan that triggered the reclassification of loans and borrowings with cross default clauses from 'non-current' to 'current'. Please refer to Notes 35 and 36 for events occurred during and after financial year end for details.

The preliminary plan relating to the private debts settlement arrangement between the Company and affected subsidiaries with the Banks which is currently under discussion covers borrowings related to Note 26 (d), (e)(i) and (f)(i) to (iii) disclosed below.

(a) Hire purchase and finance lease liabilities

The hire purchase and finance leases of the Group bear interest rates range between 3.91% to 6.85% (2019: 3.91% to 4.19%) per annum.

(b) Term financing-i granted to a subsidiary

The term financing-i carries cost of fund ("COF") plus 1.25% and is secured by the following:

- registered first party fixed legal charge in favour of the bank over 4 lots of the leasehold land of the subsidiary;
- debenture by way of registered first fixed and floating charge over all the present and future assets of the subsidiary; and
- first party assignment and charge over financing payment reserve account.

This term financing-i is repayable by 28 quarterly instalments effective May 2017.

(c) Business Financing-i and Business Cash Line-i granted to subsidiaries

The 2 loan facilities of the subsidiaries are secured by:

(a) third party first and second legal charges over 3.782 acres of commercial land in Bandar Baru Teluk Intan, Daerah Hilir Perak, Perak;

(b) third party first and second legal charges over 2 acres of commercial land in Bandar Kuala Kangsar, Mukim Sayong, Daerah Kuala Kangsar, Perak; and

(c) corporate guarantee of the Company.

The term loans bear interest rate at 5.47% (2019: 6.72% to 6.98%) per annum and are repayable by 180 monthly instalments starting from July 2019.

During the financial year, there was moratorium period from April 2020 to September 2020 in which the affected subsidiaries did not make any repayments. Subsequent to the moratorium period, approval was obtained on 5 November 2020 to reschedule and extend the repayment tenure of one of the loans for a further 34 months.

(d) Syndicated term loan granted to a subsidiary

The syndicated term loan of a subsidiary bears interest at 5.30% to 8.55% (2019: 5.30% to 8.55%) per annum. The loan principal is repayable in 8 equal annual instalments with the first repayment due on 26 September 2017 (the third year from the first drawndown date).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

26 LOANS AND BORROWINGS (CONTINUED)

(d) Syndicated term loan granted to a subsidiary (continued)

The term loan is secured by:

- Legal charges on the subsidiary's freehold land;
- Jointly and severally guaranteed by a director and two former directors of the subsidiary;
- Corporate guarantee from its immediate holding company and a corporate shareholder;
- Deed of guarantee and indemnity by a director and two former directors of the subsidiary;
- Assignment and charge over the designated accounts of the subsidiary;
- Assignment of proceeds by way of first legal assignment on the subsidiary's revenue proceeds;
- Assignment on insurance procured in connection with a project of the subsidiary and all the benefits thereof including proceeds from claims and any return of premium;
- Assignment of performance guarantee issued for or in connection with a project of the subsidiary during the construction period by way of first legal assignment;
- Fixed and floating debenture on all present and future assets of the subsidiary; and
- Letter of undertaking by its immediate holding company and a corporate shareholder.

The syndicated term loan is subjected to covenant clauses whereby the subsidiary is required to meet certain financial covenants. The subsidiary did not fulfil the debt equity ratio and debt service coverage ratio as required in the agreement since 31 December 2017 of which the subsidiary had since reclassified all its then borrowings to 'current' and currently has an outstanding loan due of RM258,491,000 (2019: RM237,126,000).

On 26 September 2019, the subsidiary defaulted on a RM30,000,000 principal repayment of the syndicated term loan of RM245,000,000. Subsequently, on 16 October 2019, Affin Hwang Investment Bank Berhad ("AHIB"), the facility agent declared an event of default had occurred and gave the subsidiary notice within 14 days from the day of its letter to effect payment of outstanding indebted sum for repayment instalment amounted to RM25,700,400, failing which all secured obligations due from the subsidiary shall become immediately due and payable.

On 4 December 2019, following the subsidiary's failure to meet the demand for the principal repayment of RM25,700,400 for the syndicated term loan, AHIB appointed a Receiver and Manager to take over the property of the said subsidiary with the net carrying amount as at 31 December 2020 of RM77,880,000 (2019: RM87,750,000 as at 31 December 2019).

(e) Term loans

(i) Musharakah Mutanaqisah Term Financing-i granted to the Company

The term loan granted to the Company carries cost of fund plus 1.5% and is secured by a charge over a hotel and office blocks of a subsidiary. The Company defaulted the scheduled principal repayment due on 31 January 2020 and the bank has declared an event of default for this facility on 6 February 2020.

(ii) Short term loan granted to a subsidiary

The short term loan of RM2 million granted to a subsidiary from a licensed money lender carries an interest rate of 12% (2019: 12%) per annum with a repayment period of 12 months. The subsidiary is currently negotiating with the licensed money lender to extend the terms of repayment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

26 LOANS AND BORROWINGS (CONTINUED)

(f) Revolving credits

The revolving credits of the Group are as follows:

(i) Tawarruq Revolving Credit-i granted to the Company

The Tawarruq Revolving Credit-i facility is secured by:

(a) Third party first legal charge over a hotel and office blocks of the Group; and

(b) First party first legal charge over the current account maintained with Affin Islamic Bank Berhad.

(ii) Revolving credit (secured) granted to the Company

The revolving credit of the Company bears interest rate at 5.86% (2019: 5.61% to 5.86%) per annum and is secured by way of:

(a) Third party first fixed legal charge over two adjoining parcels of freehold commercial land of a subsidiary of the Company;

(b) Third party second fixed legal charge over a parcel of freehold commercial land of a subsidiary; and

(c) Publicly quoted shares deposited or which may from time to time be deposited by Security Party.

(iii) Revolving credit (secured) granted to a subsidiary

The revolving credit of a subsidiary bears interest rate at 5.36% to 5.61% (2019: 5.51% to 5.86%) per annum and is secured by way of:

(a) Third party second fixed legal charge over a parcel of freehold commercial land of a subsidiary;

(b) Third party first fixed legal charge over a piece of leasehold land in Mukim Hulu Bernam Timur, Perak;

(c) Fixed deposit of RM183,000 (2019: RM248,000) via execution of Memorandum of Deposit of Fixed Deposit Receipts and a Letter of Authorisation; and

(d) Corporate guarantee of the Company.

With Musharakah Mutanaqisah Term Financing-i loan as stated under Note 26(e)(i) defaulted in January 2020 and the bank called for an event of default on 6 February 2020, the bank for revolving credit under (i), (ii) and (iii) above has on 28 February 2020 declared an event of cross default for the said revolving credits granted to the Company and its subsidiary respectively.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

26 LOANS AND BORROWINGS (CONTINUED)

(g) Overdraft

The overdraft of a subsidiary, bears interest rate of 9.4% (2019: 10.4%) per annum and is secured by way of:

(a) Fresh asset sale agreement ("ASA") for RM7,712,500 over Shariah compliant commodities; and

(b) A registered third party legal charge over parcels of land held under the title No. Geran 173661 – 173664, Lot 530695 – 530698 in Mukim Hulu Kinta, Daerah Kinta, Perak.

(h) Redeemable convertible preference shares ("RCPS")

	Number of shares		Amount	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Issued and fully paid shares classified as debt instruments:				
At 1 January	31,743	31,743	35,735	34,614
Accretion during the financial year	0	0	1,206	1,121
As 31 December	31,743	31,743	36,941	35,735

The RCPS comprise 48,400,000 shares issued by Animation Theme Park Sdn. Bhd. ("ATP") a subsidiary of the Group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

26 LOANS AND BORROWINGS (CONTINUED)

(h) Redeemable convertible preference shares ("RCPS") (continued)

The salient features of the RCPS are as follows:

- From the date of issuance up and including first anniversary date of the issue, the RCPS is redeemable for cash at the option of the issuer with each nominal value of RCPS is convertible into 1 new ordinary shares of RM1.00 each at a conversion price of RM1.00 each;
- Thereafter, the RCPS is redeemable for cash from the first anniversary date of the issue up and including the Maturity Date (20 years) at the option of the RCPS holders and is subject to the banking facilities to part-finance the proposed theme park have been fully repaid by the issuer and availability of funds; or after the fifteenth anniversary of the date of issue of RCPS, whichever is later;
- The RCPS holders are entitled to annual cumulative preferential dividend rate of four percent (4.0%) per annum calculated based on the issue price of RM1.00 per RCPS.
- Any outstanding RCPS which have not been redeemed or cancelled at Maturity Date (20 years) shall be convertible into fully paid new ordinary shares of 1 new ordinary shares of RM1.00 each at a conversion price of RM1.00 each;
- Any accrued RCPS dividends payable for any outstanding RCPS which have not been redeemed or cancelled at Maturity Date (20 years) shall be convertible into fully paid new ordinary shares at RM1.00 each, at equivalent to its accrued sum;
- The RCPS shall carry no right to vote at any general meeting of ATP except with regards to any proposal to reduce the capital of ATP, to dispose the whole of ATP's property, business and undertaking, to wind-up ATP, during the winding up of ATP and on any proposal that affects the rights attached to RCPS. In any such case, the holders of RCPS shall be entitled to vote together with the holders of ordinary shares and to one (1) vote for each RCPS held; and
- The RVCPS shall entitle a holder to one (1) vote for each RCPS held at any class meeting in relation to any proposal by ATP to vary or abrogate the rights of RCPS as stated in the Articles of Associate of ATP. In all class meetings, each RCPS shall entitle the holder to one (1) vote.

The RCPS are compound financial instruments. As such, the RCPS are allocated and classified as debt and equity component attributable to non-controlling interest holder of ATP as follows:

	GROUP	
	2020 RM'000	2019 RM'000
Total consideration received from issuance of RCPS to non-controlling interests in ATP	48,412	48,412
Amount classified as equity component attributed to non-controlling interests in ATP	(13,128)	(13,128)
Deferred tax liabilities	(4,000)	(4,000)
	31,284	31,284
Accrual of interest	5,657	4,451
Amount classified as debt instruments	36,941	35,735

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

27 PAYABLES AND ACCRUED LIABILITIES

	GROUP		COMPANY	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Non-current				
Other payables	0	0	0	0
Financial guarantee liabilities	0	2,778	0	2,778
Amounts due to related parties (non-trade):				
Ultimate holding corporation	0	40,632	0	17,056
Total payables and accrued liabilities (non-current)	0	43,410	0	19,834
Current				
Trade payables	14,447	14,487	6,607	5,806
Other payables	87,311	63,229	11,117	4,176
Financial guarantee liabilities	16,118	0	47,081	0
Contract liabilities	33,612	16,244	0	0
Deposits received	1,744	1,584	0	0
Accruals	52,124	44,326	175	403
	205,356	139,870	64,980	10,385
Amounts due to related parties (trade):				
Fellow subsidiaries	190	1,728	0	0
Amounts due to related parties (non-trade):				
Ultimate holding corporation	41,335	0	22,895	0
Fellow subsidiaries	10,056	8,212	1,271	1,936
Subsidiaries	0	0	90,958	84,909
Associate	380	1,103	0	0
Shareholder	6,336	6,250	0	0
Directors	0	104	0	0
	58,107	15,669	115,124	86,845
Total amounts due to related Parties	58,297	17,397	115,124	86,845
Total payables and accrued liabilities (current)	263,653	157,267	180,104	97,230
Total payables and accrued liabilities (non-current and current)	263,653	200,677	180,104	117,064

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

27 PAYABLES AND ACCRUED LIABILITIES (CONTINUED)

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled within 7 to 90 days (2019: 7 to 90 days).

(b) Related parties balances

The amounts due to related parties (excluding amounts due to directors and a shareholder) are non-trade in nature, unsecured and interest free.

The amounts due to directors and a shareholder are unsecured, non-interest bearing and repayable on demand.

(c) Included in the trade payables, other payables and accruals are liabilities recognised or accrued in relation to the material litigations of the Group and of the Company of RM36,218,000 (2019: RM27,099,000) and RM6,540,000 (2019: RM117,000).

(d) Contract liabilities mainly relates to proceeds received in advance before completion of sales of land.

Significant changes in contract liabilities balances during the financial year are as follows:

	GROUP	
	2020 RM'000	2019 RM'000
At 1 January	16,244	13,448
Revenue recognised that was included in the contract liability balance at the beginning of the year	(1,200)	(5,404)
Increases due to cash received, excluding amounts recognised as revenue during the year	7,868	8,200
Reclassification for consideration received in advance from other payables upon the signing of agreements	12,200	0
Reclassification to other payables for consideration received in advance to be refunded upon the termination of contract	(1,500)	0
At 31 December	33,612	16,244

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

28 DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax relates to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deferred tax liabilities				
- subject to income tax	(14,964)	(14,732)	(7)	(49)

The movements in deferred tax assets/(liabilities) during the financial year comprise the following:

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 January	(14,732)	(15,412)	(49)	(49)
Credited/(Charged) to profit or loss (Note 10)				
- property, plant and equipment and port facilities	(2,660)	(399)	42	0
- property development activities	(251)	746	0	0
- redeemable convertible preference shares	0	(2)	0	0
- provisions and allowance	2,390	64	0	0
	(521)	409	42	0
Credited/(Charged) to profit or loss relating to discontinued operation				
- redeemable convertible preference shares	289	271	0	0
At 31 December	(14,964)	(14,732)	(7)	(49)
<u>Subject to income tax:</u>				
Deferred tax assets (before offsetting)				
- provisions and allowances	2,713	323	0	0
- property development activities	495	746	0	0
	3,208	1,069	0	0
Offsetting	(3,208)	(1,069)	0	0
Deferred tax assets (after offsetting)	0	0	0	0
Deferred tax liabilities (before offsetting)				
- property, plant and equipment and port facilities	(13,744)	(11,084)	(7)	(49)
- redeemable convertible preference shares	(4,428)	(4,717)	0	0
Deferred tax liabilities (before offsetting)	(18,172)	(15,801)	(7)	(49)
Offsetting	3,208	1,069	0	0
Deferred tax liabilities (after offsetting)	(14,964)	(14,732)	(7)	(49)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

28 DEFERRED TAX LIABILITIES (CONTINUED)

The analysis of deferred tax assets/(liabilities) is as follows:

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deferred tax liabilities				
- to be settled within 12 months	(902)	(622)	(7)	0
- to be settled after 12 months	(17,270)	(15,179)	0	(49)
	(18,172)	(15,801)	(7)	(49)
Deferred tax assets				
- to be settled within 12 months	1,826	771	0	0
- to be settled after 12 months	1,382	298	0	0
	3,208	1,069	0	0

As at the reporting date, the Group and the Company have the following unused tax losses, unabsorbed capital allowances and other deductible temporary differences that are available to offset against future taxable profits of the respective entities in which these unused tax losses, unabsorbed capital allowances and other deductible temporary differences arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability.

While unabsorbed capital allowances do not have any expiry date, the unused tax losses have an expiry of 7 years with substantial portion of the unused tax losses expire in year of assessment 2025. Any amount not utilised at the end of expiry date will be disregarded.

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unused tax losses	259,043	234,232	32,318	27,198
Unabsorbed capital allowances	83,991	55,204	0	0

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

29 RELATED PARTY DISCLOSURES

(a) Related parties and relationship

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 party are subject 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 and entity that provides key management personnel services to the Group. Remuneration of the directors of the Group and of the Company are disclosed in Note 8.

The Group has related party relationship and transactions with its holding corporation, Perbadanan Kemajuan Negeri Perak ("PKNP"), Majuperak Holdings Berhad ("MHB"), a subsidiary of PKNP and a company listed on the Main Market of Bursa Malaysia Securities Berhad and other related companies under PKNP or MHB Group.

The Group is related to the Perak State Government as it is controlled by an agency of the Perak State Government.

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 party are subject 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 and entity that provides key management personnel services to the Group. Remuneration of the directors of the Group and of the Company are disclosed in Note 8.

The Group has related party relationship and transactions with its holding corporation, Perbadanan Kemajuan Negeri Perak ("PKNP"), Majuperak Holdings Berhad ("MHB"), a subsidiary of PKNP and a company listed on the Main Market of Bursa Malaysia Securities Berhad and other related companies under PKNP or MHB Group.

The Group is related to the Perak State Government as it is controlled by an agency of the Perak State Government.

(b) Related party balances

Related party balances have been disclosed in Note 22 and Note 27 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

29 RELATED PARTY DISCLOSURES (CONTINUED)

(c) Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year.

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
PKNP - Holding corporation				
Advances received	7,946	9,710	5,994	5,605
Transfer of property development cost	0	(9,411)	0	0
Deposit received	0	8,100	0	0
Recharge of staff costs	0	(401)	0	0
Rental income	1,435	1,564	0	0
Interest expenses	(463)	0	0	0
Set off of debts	(387)	(1,739)	(387)	(819)
Sales income	114	403	0	0
Interest income	400	843	400	843

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year.

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Subsidiaries				
Advances paid	0	0	(5,293)	(9,538)
Advances received	0	0	5,836	27,065
Interest income	0	0	3,787	4,288
Set off of debts	0	0	5,145	2
Waiver of debts	0	0	0	3,353
Rental expenses	0	0	(602)	0
Rental paid	0	0	0	(773)
Other related companies				
Set off of debts	13	(88)	13	0
Rental income	240	669	0	0
Advances received	47	171	0	168
Advances paid	(43)	(2)	0	(2)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

29 RELATED PARTY DISCLOSURES (CONTINUED)

(c) Significant related party transactions

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Associate				
Advances paid	(1,171)	(2,466)	(579)	(1,916)
Rendering of internet services	(483)	(1,329)	0	0
Interest income	226	300	226	225
Government related entity				
Revenue from operation and maintenance in respect of Lekir Bulk Terminal Sdn. Bhd.	44,473	46,735	0	0
Shareholders				
Accrued preferential dividend on RCPS	1,936	1,936	0	0
Revenue sharing	279	3,118	0	0

(d) Key management compensation

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Salaries and other short term employee benefits	2,286	3,410	1,017	1,732
Post employment benefits	343	69	175	0
	2,629	3,479	1,192	1,732
Included herein are directors' remuneration disclosed in Note 8 to the financial statements	1,710	2,373	891	818

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

30 CAPITAL COMMITMENTS

Capital commitments in respect of property, plant and equipment and port facilities not provided for in the financial statements are as follows:

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Approved and contracted for:				
- property, plant and equipment	15,611	22,647	0	0
- port facilities	12,361	26,037	0	0
- intangible assets – computer software	102	0	0	0
	28,074	48,684	0	0

31 FINANCIAL INSTRUMENTS

31.1 Classification of financial instruments

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Financial assets				
Financial asset measured at fair value through profit or loss:				
- Other investments	4,272	4,200	42	41
Financial assets at amortised cost:				
- Receivables and deposits	23,477	29,944	398	397
- Amount due from ultimate holding corporation	568	15,753	547	0
- Amounts due from subsidiaries	0	0	5,440	4,278
- Amounts due from related parties	249	10,205	0	1,711
- Amounts due from associates	10	0	0	0
- Deposits, cash and bank balances	41,734	27,806	1,272	25
Total	70,310	87,908	7,699	6,452
Financial liabilities at amortised cost:				
- Payables and accrued liabilities	170,000	124,820	64,980	13,163
- Amount due to ultimate holding corporation	41,335	40,632	22,895	17,056
- Amounts due to subsidiaries	0	0	90,958	84,909
- Amount owing to related parties	16,962	17,397	1,271	1,936
- Loans and borrowings	548,325	517,889	148,668	135,778
Total	776,622	700,738	328,772	252,842

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

31 FINANCIAL INSTRUMENTS (CONTINUED)

31.2 Financial risk management

The Group's overall financial risk management objectives and policies are to ensure that the Group creates value and maximises returns for its shareholders. Financial risk management is carried out through risk review, internal control systems, benchmarking to the industry's best practices and adherence to the Group's financial risk management policies. The main risks arising from the financial instruments of the Group are market risk, price risk, credit risk and liquidity risk. Management monitors the Group's financial position closely with the objective to minimise potential adverse effects on the financial performance of the Group.

The nature of these risks and the Group's approaches in managing these risks are listed below:

(a) Market risk – interest rate risk

Interest rate risk is the risk that fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to changes in interest rates relates mainly to bank borrowings contracted on variable terms.

Sensitivity analysis for interest rate risk

Assuming all variables remain constant, an increase in interest rate by 0.5% (2019: 0.5%) on financial liabilities of the Group and of the Company which have variable interest rates would have an impact on the Group's and the Company's profit or loss as shown below:

	GROUP		COMPANY	
	Impact on profit or loss (Unfavourable)/Favourable		Impact on profit or loss (Unfavourable)/Favourable	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Increase in interest rate				
- bank borrowings	(2,717)	(1,996)	(732)	(679)

Conversely, a decrease in interest rate by 0.5% on financial liabilities of the Group and the Company would have had equal but opposite effect on the amounts shown above on the basis that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

31 FINANCIAL INSTRUMENTS (CONTINUED)

31.2 Financial risk management (continued)

(b) Price risk

Price risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market prices (other than interest or foreign currency exchange rates).

The Group and the Company are exposed to price risk arising from its short term investments in unit trust fund. The short term investments are classified as fair value through profit or loss.

At the end of the reporting period, if the price of the unit trust had been 2% (2019: 2%) higher/lower, with all other variables held constant, the Group's and the Company's net profit would have been approximately RM85,000 (2019: RM84,000) and RM1,000 (2019: RM1,000) respectively higher/lower, as a result of an increase/decrease in the fair value of the quoted funds.

(c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial assets should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade receivables, other receivables and deposits, amount due from subsidiaries and related companies under PKNP Group, deposits with licensed banks and bank balances, where applicable.

The Group's and the Company's deposits with licensed banks and bank balances are only placed with licensed and established financial institutions in Malaysia. The directors are of the view that the possibility of non-performance by the financial institutions is remote.

The Group and the Company manage their credit risk arising from trade and other receivables through credit quality evaluations, ageing debt collection, and regular monitoring of debtors' account and credit limit.

Measurement of expected credit losses ("ECL")

The Group's and the Company's financial assets that are subject to the ECL model include trade receivables, other receivables (including non-trade amount due from related companies), deposits and financial guarantee contract. While deposits and bank balances with financial institutions are also subject to the impairment requirements of MFRS 9, the impairment loss is expected to be immaterial.

Simplified approach for trade receivables

The Group applies a provision matrix (i.e. net flow rate method) to derive the expected loss rates for each aging band to be applied to trade receivables segregated by customers' types as at reporting date. The expected loss rates are based on the payment profiles of sales over a period of 2 years before reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information based on macroeconomic factors affecting the ability of the customers to settle the receivables. No significant changes to estimation techniques or assumptions were made during the reporting period.

The reconciliation of allowance for impairment are disclosed in Note 22(a) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

31 FINANCIAL INSTRUMENTS (CONTINUED)

31.2 Financial risk management (continued)

(c) Credit risk (continued)

Measurement of expected credit losses ("ECL") (continued)

Simplified approach for trade receivables (continued)

GROUP	Performing	Under-performing	Not performing	Total
2020				
Expected loss rate	1.5%	7.8%	100%	30.9%
	RM'000	RM'000	RM'000	RM'000
Trade receivables				
Gross carrying amount	16,673	4,080	8,444	29,197
Accumulated impairment loss	(246)	(320)	(8,444)	(9,010)
Net carrying amount	16,427	3,760	0	20,187

General 3-stage approach for other receivables, non-trade amount due from related companies, deposits and bank balances and financial lease receivables

The Group uses 3 categories model for other receivables, deposits, financial guarantee contract and non-trade amount due from related companies which reflect its credit risk and how the loss allowance for impairment is determined for each of those categories. A summary of the assumptions underpinning the Group's ECL model is as follows:

Category	Company's definition of category	Basis for recognising ECL
Performing	Debtors have a low risk of default and a strong capacity to meet contractual cash flows.	12-month ECL
Underperforming	Debtors for which there is a significant increase in credit risk or significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due. See Note 3.11(d)(ii) to the financial statements.	Lifetime ECL
Non-performing	Interest and/or principal repayments are 90 days past due or there is evidence indicating the asset is credit-impaired. See Note 3.11 (d)(iii) to the financial statements.	Lifetime ECL (credit impaired)
Write-off	There is evidence indicating that there is no reasonable expectation of recovery based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. See Note 3.11(d)(v) to the financial statements.	Write-off

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

31 FINANCIAL INSTRUMENTS (CONTINUED)

31.2 Financial risk management (continued)

(c) Credit risk (continued)

Measurement of expected credit losses (“ECL”) (continued)

General 3-stage approach for other receivables, non-trade amount due from related companies, deposits and bank balances and financial lease receivables (continued)

Based on the above, loss allowance for impairment is measured on either 12 month ECL or lifetime ECL using a PD x LGD x EAD methodology as follows:

- PD (‘probability of default’) - the likelihood that the debtor would not be able to repay during the contractual period (12-month or lifetime depending on category);
- LGD (‘loss given default’) - the percentage of contractual cash flows that will not be collected if default happens; and
- EAD (‘exposure at default’) - the outstanding amount that is exposed to default risk.

In deriving the PD and LGD, the Group considers historical data by each debtor by category and adjusts for forward-looking macroeconomic data. The Group has identified the GDP of the country where the debtor operates in to be the most relevant factor, and accordingly adjust the historical loss rates based on the forecasted GDP rates released by the government of the affected countries. Loss allowance for impairment is measured at a probability-weighted amount that reflects the possibility that a credit loss occurs and the possibility that no credit loss occurs. No significant changes to estimation techniques or assumptions were made during the reporting period.

GROUP	Performing	Under-performing	Not performing	Total
2020				
Expected loss rate	0%	0%	100%	99%
	RM'000	RM'000	RM'000	RM'000
Other receivables				
Gross carrying amount	1,446	0	100,217	101,663
Accumulated impairment loss	0	0	(100,217)	(100,217)
Net carrying amount	1,446	0	0	1,446
Expected loss rate	0%	0%	100%	98%
Amounts due from related parties				
Gross carrying amount	827	0	34,892	35,719
Accumulated impairment loss	0	0	(34,892)	(34,892)
Net carrying amount	827	0	0	827
Deposits and bank balances				
Gross/net carrying amount	41,734	0	0	41,734

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

31 FINANCIAL INSTRUMENTS (CONTINUED)

31.2 Financial risk management (continued)

(c) Credit risk (continued)

COMPANY 2020	Performing	Under- performing	Not performing	Total
	RM'000	RM'000	RM'000	RM'000
Other receivables				
Gross / Net carrying amount	390	0	0	390
Expected loss rate	0%	86%	100%	98%
	RM'000	RM'000	RM'000	RM'000
Amounts due from related parties (including subsidiaries)				
Gross carrying amount	0	43,104	227,120	270,224
Accumulated impairment loss	0	(37,117)	(227,120)	(264,237)
Net carrying amount	0	5,987	0	5,987
Deposits and bank balances				
Gross/net carrying amount	1,272	0	0	1,272

Information on entity's credit risk exposure and significant credit risk concentrations

The Group has significant concentration of credit risk in the form of outstanding amount due from 2 customers (2019: 2 customers) representing 63% (2019: 59%) of the total trade receivables as at reporting date.

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position except for the financial guarantee contracts applicable to the Company. The maximum exposure for financial guarantee contracts are as disclosed in Note 34 to the financial statements.

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities and its ability to meet its high financial obligation to service its loans and interest as scheduled.

As noted during the current financial year, with ATP defaulted on its syndicated term loan in September 2019, it heightened the liquidity risk as there are other credit facilities with cross default clauses where lenders could call for an event of default and demanded for full immediate repayment of total outstanding borrowings amount. All borrowings with cross default clauses are presented under "On demand" column in the table below.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

31 FINANCIAL INSTRUMENTS (CONTINUED)

31.2 Financial risk management (continued)

(d) Liquidity risk (continued)

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

GROUP	2020 On demand RM'000	Within one year RM'000	Two to five years RM'000	More than five years RM'000	Total RM'000
Financial liabilities:					
Payables and accrued liabilities	0	155,626	0	0	155,626
Amount owing to related parties	0	58,297	0	0	58,297
Loans and borrowings	482,938	14,146	14,952	69,980	582,016
Hire-purchase and finance lease liabilities	0	1,039	4,145	77,036	82,220
Financial guarantee liabilities	45,100	0	0	0	45,100
Total undiscounted financial obligations	528,038	229,108	19,097	147,016	923,259

GROUP	2019 On demand RM'000	Within one year RM'000	Two to five years RM'000	More than five years RM'000	Total RM'000
Financial liabilities:					
Payables and accrued liabilities	0	123,626	0	0	123,626
Amount owing to related parties	0	17,397	40,632	0	58,029
Loans and borrowings	473,410	12,340	21,918	48,400	556,068
Hire-purchase and finance lease liabilities	0	1,444	3,810	77,658	82,912
Financial guarantee liabilities	45,100	0	0	0	45,100
Total undiscounted financial obligations	518,510	154,807	66,360	126,058	865,735

COMPANY	2020 On demand RM'000	Within one year RM'000	Two to five years RM'000	More than five years RM'000	Total RM'000
Financial liabilities:					
Payables and accrued liabilities	0	17,899	0	0	17,899
Amount owing to related parties	0	24,166	0	0	24,166
Amount owing to subsidiaries	0	90,958	0	0	90,958
Loans and borrowings	146,373	0	0	0	146,373
Hire-purchase and finance lease liabilities	0	1,333	1,334	0	2,667
Financial guarantee liabilities	123,763	0	0	0	123,763
Total undiscounted financial obligations	270,136	134,356	1,334	0	405,826

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

31 FINANCIAL INSTRUMENTS (CONTINUED)

31.2 Financial risk management (continued)

(d) Liquidity risk (continued)

	2019				
COMPANY	On demand	Within one year	Two to five years	More than five years	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Financial liabilities:					
Payables and accrued liabilities	0	10,385	0	0	10,385
Amount owing to related parties	0	1,936	17,056	0	18,992
Amount owing to subsidiaries	0	84,909	0	0	84,909
Loans and borrowings	143,794	0	0	0	143,794
Financial guarantee liabilities	92,800	0	0	0	92,800
Total undiscounted financial obligations	236,594	97,230	17,056	0	350,880

(e) Capital management

The Group's and the Company's objective when managing capital is to safeguard the Group's and the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value.

Management monitors capital based on shareholders' equity attributable to the owners of the Company as stated in the statements of financial position. The capital structure of the Group and of the Company consists of net debt and net equity of the Group and of the Company.

The Company was declared a PN 17 company after triggering the prescribed criteria under paragraph 2.1(f) of the Practice Note 17 on 11 February 2020. This was after taking into consideration of the Group's and the Company's current cash flows position vis-à-vis its debts obligations payable where the Group and the Company have defaulted on certain of their loans during the financial year as well as subsequent to the financial year end. The original objective of safeguard the Group and the Company to continue as a going concern could not be met. With the approval of New Scheme Creditors of the Proposed New Scheme of Arrangement on 19 April 2021, the directors are currently working with management to develop a private debt restructuring scheme with the lenders and a regularisation plan to manage the Group's debts and subsequently, its ability to continue its operation without significant curtailment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

31 FINANCIAL INSTRUMENTS (CONTINUED)

31.2 Financial risk management (continued)

(e) Capital management

There were no changes in the Group's approach to capital management during the financial year and details are as follows:

	GROUP 2020 RM'000	GROUP 2019 RM'000
Loans and borrowings	548,325	517,889
Payables and accrued liabilities	263,653	200,677
Less: Cash and bank balances	(41,734)	(27,806)
Net debt	770,244	690,760
Equity attributable to the owners of the Company	91,475	186,689
Capital and net debt	861,719	877,449
Gearing ratio	89%	79%

32 FAIR VALUE ESTIMATION

The carrying amounts of the following financial assets and liabilities approximate their fair values due to the relatively short term maturity of these financial instruments: deposits, cash and bank balances, receivables and payables.

The fair value of the floating interest rate borrowings approximates the carrying value as at the reporting date.

The disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

32 FAIR VALUE ESTIMATION (CONTINUED)

The following table presents the Group's and the Company's assets that are measured at fair value:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 31 December 2020				
GROUP				
Assets				
Other investments	4,247	0	25	4,272
Property, plant and equipment	0	0	118,997	118,997
Investment properties	0	0	533	533
COMPANY				
Asset				
Other investments	42	0	0	42
At 31 December 2019				
GROUP				
Assets				
Other investments	4,175	0	25	4,200
Assets held for sale	0	0	87,750	87,750
COMPANY				
Asset				
Other investments	41	0	0	41

The fair values of the short term investments of the Group and of the Company are based on quoted market prices in active market and are therefore classified in Level 1.

Included in property, plant and equipment as at 31 December 2020 is the carrying value of the theme park transferred from assets held for sale of RM77,800,000 (2019: RM87,750,000).

The fair value less cost of disposal of the land and buildings under property, plant and equipment, investment properties and assets held for sale is classified under Level 3 as the fair value is derived using the comparison approach of recent sales of land/properties in the same location. Valuation has been performed using an unobservable input which is the land price per square feet in the range of RM50 to RM80 (2019: RM85 to RM104) per square feet, adjusted for size, shape of the lots and for properties, the age of the building.

There were no transfers between Levels 1, 2 and 3 during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

33 SEGMENT REPORTING

The Group operates in Malaysia under four business segments:

- Ports and logistics - maritime services in respect of the development of an integrated privatised project and encompassing operations of multipurpose port facilities, operation and maintenance of a bulk terminal, sales and rental of port related land and other ancillary activities.
- Property development - township development of real property and ancillary services.
- Hospitality and tourism - hotelier, restaurateur and theme park.
- Management services and others - provision of management services and other business segments which include property investment and distribution, none of which are of a sufficient size to be reported separately.

The assets held for sale and discontinued operation are included and reported under the ‘Hospitality and tourism’ segment. Intersegment revenue comprises rental and food and beverages earned by the hotel operator and rental of office premises to entities with the Group. These transactions are transacted at terms agreed between the segments.

Unallocated assets include income tax recoverable. Unallocated liabilities include income tax payables and deferred tax liabilities.

All revenue of the Group is generated in Malaysia and all non-current assets of the Group are located in Malaysia. For the current financial year, the revenue of 2 (2019: 1) customers contributed more than 10% of the total revenue of the Group amounted to RM44,473,000 and RM17,809,000 respectively (2019: RM46,735,000).

The basis of measurement of reported segment profit or loss, segment assets and segment liabilities is consistent with the basis used for the statement of comprehensive income of the Group for the financial year ended 31 December 2020 and the statement of financial position as at 31 December 2020. The components of the segment assets and liabilities include classes of assets and liabilities disclosed in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

33 SEGMENT REPORTING (CONTINUED)

(a) Analysis of results and financial position

	Ports and logistics RM'000	Property development RM'000	Hospitality and tourism RM'000	Management services and others RM'000	Total RM'000
2020					
Revenue:					
Total revenue	115,558	2,945	13,034	8,567	140,104
Less: Inter-segment revenue	0	0	(1,950)	(6,519)	(8,469)
Revenue from external customers	115,558	2,945	11,084	2,048	131,635
Revenue from contracts with customers:					
Timing of revenue recognition					
- At a point in time	2,058	1,253	5,401	0	8,712
- Over time	113,500	1,692	5,683	2,048	122,923
Results:					
Profit/(Loss) from operations	43,074	(23,921)	(39,592)	(32,349)	(52,788)
Finance costs	(82)	(854)	(23,690)	(14,657)	(39,283)
Profit/(Loss) before tax	42,992	(24,775)	(63,282)	(47,006)	(92,071)
Tax (expense)/credit	(10,124)	622	(92)	(982)	(10,576)
Net profit/(loss) for the financial year	32,868	(24,153)	(63,374)	(47,988)	(102,647)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

33 SEGMENT REPORTING (CONTINUED)

(a) Analysis of results and financial position (continued)

2020	Ports and logistics RM'000	Property development RM'000	Hospitality and tourism RM'000	Management services and others RM'000	Total RM'000
Included in profit/(loss) from operations are:					
- interest income	496	18	2	709	1,225
- depreciation of property, plant and equipment, port facilities, investment properties and right-of-use assets	(7,352)	(135)	(3,897)	(1,460)	(12,844)
- amortisation of intangible assets	(1,113)	0	0	0	(1,113)
- fair value gains on short term investments	(31)	0	0	3	(28)
- impairment losses on trade and other receivables	(795)	(5,029)	(162)	(15)	(6,001)
- impairment losses on amounts due from related parties	0	(12,759)	(3,313)	(8,995)	(25,067)
- impairment losses of property, plant and equipment	0	0	(8,087)	0	(8,087)
- impairment losses on financial guarantee contracts	0	0	0	(13,340)	(13,340)
Segment assets	295,942	111,589	202,897	116,333	726,761
Unallocated assets	377	0	382	0	759
Total assets	296,319	111,589	203,279	116,333	727,520
Segment liabilities	38,840	73,612	459,010	240,516	811,978
Unallocated liabilities	11,018	11,422	7,711	2,126	32,277
Total liabilities	49,858	85,034	466,721	242,642	844,255
Capital expenditure of property, plant and equipment, port facilities and right-of-use assets	26,050	3	10,289	6	36,348

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

33 SEGMENT REPORTING (CONTINUED)

(a) Analysis of results and financial position (continued)

	Ports and logistics RM'000	Property development RM'000	Hospitality and tourism RM'000	Management services and others RM'000	Total RM'000
2019					
Revenue:					
Total revenue	119,413	11,800	32,712	8,797	172,722
Less: Inter-segment revenue	0	0	(2,471)	(6,535)	(9,006)
Revenue from external customers	119,413	11,800	30,241	2,262	163,716
Revenue from contracts with customers:					
Timing of revenue recognition					
- At a point in time	0	8,552	23,145	0	31,697
- Over time	119,413	3,248	7,096	2,262	132,019
Results:					
Profit/(Loss) from operations	46,528	(15,215)	(70,104)	(27,996)	(66,787)
Finance costs	(156)	(180)	(23,584)	(10,236)	(34,156)
Profit/(Loss) before tax	46,372	(15,395)	(93,688)	(38,232)	(100,943)
Tax (expense)/credit	(11,816)	(4,650)	(127)	1,150	(15,443)
Net profit/(loss) for the financial year	34,556	(20,045)	(93,815)	(37,082)	(116,386)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

33 SEGMENT REPORTING (CONTINUED)

(a) Analysis of results and financial position (continued)

2019	Ports and logistics RM'000	Property development RM'000	Hospitality and tourism RM'000	Management services and others RM'000	Total RM'000
Included in profit/(loss) from operations are:					
- interest income	159	898	3	1,175	2,235
- depreciation of property, plant and equipment, port facilities, investment properties and right-of-use assets	6,708	292	12,357	2,533	21,890
- amortisation of intangible assets	798	0	130	0	928
- fair value gains on short term investments	61	0	0	4	65
- impairment losses on trade and other receivables	0	1,400	399	0	1,799
- impairment losses on amounts due from related parties	0	550	0	8,029	8,579
- impairment losses of property, plant and equipment and investment properties	0	3,781	77,796	0	81,577
- impairment losses on financial guarantee contracts	0	0	0	2,778	2,778
Segment assets/Total assets	272,784	200,120	222,344	47,025	742,273
Segment liabilities	37,682	59,042	423,334	198,508	718,566
Unallocated liabilities					32,795
Total liabilities					751,361
Capital expenditure	6,578	99	23,411	34	30,122

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

34 FINANCIAL GUARANTEE CONTRACTS

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Corporate guarantees given to banks for credit facilities granted to:				
Amounts guaranteed				
Subsidiaries	0	0	77,700	47,700
Associates	45,100	45,100	45,100	45,100

For corporate guarantees granted to associates and its subsidiaries, the Group and the Company have performed the assessment on the risk of defaults and have made the necessary loss allowance on impairment for the financial guarantee contracts as disclosed in Note 27 to the financial statements.

35 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 6 February 2020, Affin Islamic Bank Berhad ("AIB") declared an event of default on the Company arising from its failure to pay the scheduled principal repayment due on 31 January 2020 for the credit facilities of RM75.9 million relating to Musharakah Mutanaqisah Term Financing-i and Tawarruq Revolving Credit-i.

(b) After taking into consideration of the Group's current cash flows position vis-a-vis its total debt obligations payable and the available cash flows, the directors had, on 11 February 2020, determined that the Company was unable to declare that it was solvent pursuant to paragraph 9.19A(F) of the Listing Requirements. As a result, the Company was declared a PN 17 company after triggering the prescribed criteria under paragraph 2.1 (f) of the PN 17.

(c) Following the declaration of an event of default by AIB for the credit facilities extended to the Company and the Company's declaration being a PN17 company, CIMB Bank Berhad ("CIMB") had on 28 February 2020 declared an event of cross default in respect of the Revolving Credit Facilities of RM60.0 million and RM30.0 million granted to the Company and its subsidiary, PCB Taipan Sdn. Bhd. ("PCBT") respectively and demanded full payment of RM91.3 million together with interest within 14 days from 28 February 2020.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

35 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(d) On 23 July 2020, the High Court of Malaya at Ipoh ("High Court") granted the following orders upon hearing an application filed by the Company and PCB Development Sdn. Bhd. ("Scheme Companies") pursuant to section 366 of the Companies Act, 2016 :-

(i) that the Scheme Companies be given the liberty to convene a meeting ("Court Convened Meeting") with its creditors ("Scheme Creditors") pursuant to section 366 of the Companies Act 2016 for the purposes of taking into consideration and if considered fit, to approve with or without any alteration or modification, a proposed scheme of arrangement and compromise where further details of the proposed scheme will contain in an explanatory statement which will be issued to the Scheme Companies in due course;

(ii) that the Court Convened Meeting shall be held within 180 days from the date of the order dated 23 July 2020; and

(iii) that all further proceedings or actions and/or any forthcoming proceedings or actions against the abovenamed Scheme Companies by any party (including Scheme Creditors) be restrained for a period of ninety (90) days from the date of the High Court Order, subject to the terms as may be determined or any further extension as the case may be pursuant to section 368 of the Companies Act 2016 ("Restraining Order").

(e) The receiver and manager of ATP had taken the necessary steps to have the assets belonging to ATP ("the said Assets") be put up on a sale notice. In line with this, on 17 August 2020, the receiver and manager had placed an advertisement in local newspapers calling out interested parties to submit an offer to purchase the said Assets on an "as is where is" basis. However, no offers were received by the receiver and manager.

(f) On 19 October 2020, on an application made by the Scheme Companies, the High Court of Malaya at Ipoh, had granted the Scheme Companies an extension of the restraining order for a period of 90 days from the date of the order, the Scheme Companies to call for its Court Convened Meeting pursuant to Section 366 and 368 of the Companies Act 2016 and approved the appointment of Mr. James Tan Chee Hau as an Independent Director of the Scheme Companies pursuant to Section 368(2) of the Companies Act 2016.

(g) Given the circumstances in paragraph (e) above, the receiver and manager had on 14 December 2020, placed another advertisement in the local newspapers for the same purposes as expressed in paragraph (e) above, however, to date, the said Asset has yet to be sold.

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(h) In line with continuous efforts to restructure the debts, the Company had on 17 December 2020, issued an Explanatory Statement, together with a Notice calling for the Court Convener Meetings be held on 8 January 2021 pursuant to the provisions of Section 366 of the Companies Act 2016 for the purposes of considering a Proposed Scheme of Arrangement ("PSOA"), to the Scheme Creditors.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

36 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE CURRENT FINANCIAL YEAR

(a) The Court Convened Meetings for the Non-Financial Institutions of Perak Corporation Berhad, Direct Financial Institutions of Perak Corporation Berhad, Corporate Guarantee Financial Institutions of PCB Development Sdn. Bhd. and Non-Financial Institutions of PCB Development Sdn. Bhd. held on 8 January 2021 were adjourned.

(b) In furtherance to the event in Note 35 (f) above, the Company had filed in an application to seek a further extension of the Restraining Order given its expiry on 17 January 2021. The High Court of Malaya at Ipoh had on n 13 January 2021 granted a further extension of the Restraining Order for an extended period of ninety (90) days from the date of the order and a period of one hundred eighty (180) days from the date of the order to call for a fresh Court Convener Meetings with its Scheme Creditors pursuant to the provisions of Section 366 of the Companies Act 2016 for the purpose of considering the Proposed Scheme of Arrangement.

(c) Subsequent to the event which took place in Note 35 (h) above on 26 March 2021, the Company issued a Proposed New Scheme of Arrangement (“PNSA”), together with a Notice to call for a Court Convened Meeting consisting of unsecured creditors other than the banks and financial institutions (“New Scheme Creditors”), to be held on 19 April 2021 pursuant to the provisions of Section 366 of the Companies Act 2016 for the purposes of considering the scheme as detailed in the PNSA dated 26 March 2021.

The Direct Financial Institutions of Perak Corporation Berhad and Corporate Guarantee Financial Institutions of PCB Development Sdn Bhd shall now be excluded from the scheme as per the PNSA dated 26 March 2021.

The Scheme Companies have been actively engaging with the Direct Financial Institutions of Perak Corporation Berhad and Corporate Guarantee Financial Institutions of PCB Development Sdn Bhd. In line with the spirit of settlement, there have been series of on-going negotiations with the Direct Financial Institutions of Perak Corporation Berhad and Corporate Guarantee Financial Institutions of PCB Development Sdn Bhd for the purpose of entering into a Proposed Private Debt Settlement with the respective parties.

(d) On 19 April 2021, the Company and its subsidiary, PCB Development Sdn. Bhd. obtained the approval from their respective New Scheme Creditors on the scheme as detailed in the PNSA dated 26 March 2021 under Section 366 and other provisions of the Companies Act 2016.

The New Scheme Creditors consist of Non-Financial Institutions of Perak Corporation Berhad and Non-Financial Institutions of PCB Development Sdn Bhd that are owed to, or may potentially have a claim against Perak Corporation Berhad and PCB Development Sdn Bhd as at 30 June 2020. Non-Financial Institutions of Perak Corporation Berhad and PCB Development Sdn Bhd comprises:

- Intercoompany Creditors
- Other Creditors
- Contingent Creditors
- Essential Creditors

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

36 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE CURRENT FINANCIAL YEAR (CONTINUED)

(d) For Non-Financial Institutions of Perak Corporation Berhad, the amount owing to Intercompany Creditors, Other Creditors and Contingent Creditors would be settled via issuance of Redeemable Cumulative Preference Shares Class B (“RCPS-B”) with debt waiver of 90% of the total amount owing, while the amount owing to Essential Creditors would be settled in full through the ordinary course of business.

For Non-Financial Institutions of PCB Development Sdn Bhd, the amount owing to Intercompany Creditors, Other Creditors and Contingent Creditors would be settled via issuance of RCPS-B with debt waiver of 90% of the total amount owing, while the amount owing to Essential Creditors would be settled in full through the ordinary course of business.

Upon the Completion Date, any remaining balance debts not settled to the New Scheme Creditors above shall be waived in full.

All existing corporate guarantees and/or personal guarantees (if any) given by the Scheme Companies to non-financial institutions creditors shall accordingly be discharged.

On 7 May 2021, the High Court had approved and sanctioned the scheme as detailed in the PNSA dated 26 March 2021and the sealed order granted thereof had been extracted on 11 May 2021 following an application made by the Company and PCB Development Sdn. Bhd. pursuant to section 366 (3), (4), (5), (6) and (7) of the Companies Act 2016 for the sanction and approval of the PNSA. The PNSA shall be binding on the Scheme Companies and the New Scheme Creditors.

37 IMPACT OF COVID-19 PANDEMIC

On 11 March 2020, the World Health Organisation declared the global outbreak of COVID-19 to be a pandemic. The COVID-19 pandemic significantly impacted economic activity and markets around the world. If the pandemic continues and conditions worsen, it could negatively impact the Group’s and the Company’s business, results of operations, financial condition and liquidity in numerous ways, including but not limited to lower revenues and aggravated losses of the Group and the Company.

The directors reported that the hospitality and tourism segment was badly hit by the Covid-19 pandemic and Movement Control Order with the significant reduction of incoming visitors from overseas and domestic travellers from other states in Malaysia. With corporates postponing / cancelling seminars, events and functions, this directly contributed to a drop in rental of function halls and hotel rooms.

The impact of ports and logistic segment was not materially affected with the throughput at Lumut Maritime Terminal remain relatively stable except for the month of April 2020 where certain corporates using Lumut Port for exports halted their operations and shipments during the Movement Control Order period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

37 IMPACT OF COVID-19 PANDEMIC (CONTINUED)

Slower market, overall drop in demand in property market and the heightened credit risk limited the availability of funds for corporates to start to engage in new projects which also impacted the property development segment.

The severity, magnitude and duration of the COVID-19 pandemic are uncertain, rapidly changing and hard to predict. The extensive and recurring lockdown, couple with other limitations imposed to curb the resurgence of COVID-19, had curtailed business activities and income with hospitality and tourism emerged as one of the most heavily hit segments

In the near term, the directors expect the Group and the Company to continue to face difficult market conditions as many borders remain closed, restriction imposed on inter-state and inter-district travels and the resurgence of COVID-19 continues to be a concern. At this juncture, management is unable to reliably estimate the exact amount of the financial impact on the Group’s and the Company’s financial results for financial year 2021. With the ongoing battle with the pandemic, the uncertainty over its prolong duration and undefined future impact, the Company will continue to monitor the situation, assess the risk associated with the pandemic, its potential effects on business and financial positions, and to identify the most effective mitigation plan and appropriate measures to be taken to ensure the Group and the Company stay relevant in this uncertain period.

38 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 31 May 2021.

PERAK CORPORATION BERHAD

Registration No.: 199101000605 (210915-U) (Incorporated in Malaysia)

FORM OF PROXY

Before completing the form please refer to the notes below.

Number of ordinary shares held

I/We ______________________________ NRIC/Passport/Company No. ______________
(FULL NAME IN BLOCK CAPITALS)

of ______________________________ Tel. No. ______________
(FULL ADDRESS)

being a member of **PERAK CORPORATION BERHAD**, hereby appoint:

PROXY 1 (FULL NAME IN BLOCK CAPITALS)	NRIC/Passport No.	No. of shares	% of shareholdings
Address:			
PROXY 2 (FULL NAME IN BLOCK CAPITALS)	NRIC/Passport No.	No. of shares	% of shareholdings
Address:			

or failing him/her, the Chairman of the Meeting, as my/our proxy to attend, speak (posing questions to the Board via real time submission of typed texts) and vote (collectively, "**Participate**") remotely for me/us and on my/our behalf, at the **THIRTIETH ANNUAL GENERAL MEETING ("AGM")** of the Company to be held fully virtual at the broadcast venue at Sound Innovations Studio, Lot 9, No. 7 Jalan 1/57D, 51200 Kuala Lumpur (**"Broadcast Venue"**) on Tuesday, 29 June 2021 at 10.30 a.m. or at any adjournment thereof in the manner indicated below:

No.	RESOLUTIONS	For	Against
1.	To approve the payment of Directors' fees and benefits up to an amount of RM550,500 from the date of the conclusion of this AGM until the date of the next AGM to be paid on a monthly basis.		
2.	To re-elect Encik Zainal Iskandar bin Ismail as Director of the Company.		
3.	To re-elect Datuk Redza Rafiq bin Abdul Razak as Director of the Company.		
4.	To re-elect Mr Tan Chee Hau as Director of the Company.		
5.	To re-appoint Messrs PricewaterhouseCoopers PLT as Auditors of the Company.		
6.	Authority to Issue and Allot Shares		
7.	Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

(Please indicate with an "X" in the appropriate box above how you wish to cast your vote. If this form is returned without any indication as to how the proxy shall vote, the proxy shall vote or abstain as he/she thinks fit.)

Dated this _____ day of ________________ in the year 2021.

____
Signature/Seal

Notes:

1. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Members and proxies **WILL NOT BE ALLOWED** to attend this AGM in person at the Broadcast Venue on the day of the meeting. Members are to Participate remotely at this AGM via Remote Participation and Voting ("**RPV**") facilitates provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("**Tricor**") through its TIIH Online website at https://tiih.online. Members are advised to read and follow the procedures provided in the Administrative Guide for this AGM in order to Participate remotely via RPV.
2. For the purpose of determining a member who shall be entitled to Participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a Record of Depositors as at **22 June 2021**. Only members whose names appear in the Record of Depositors as at 22 June 2021 will be entitled to Participate in this AGM via RPV.
3. A member of the Company entitled to Participate at the meeting may appoint any person to be his/her proxy to Participate in his/her stead. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy. A proxy shall have the same rights as the member to Participate at the meeting.
4. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. When a member appoints more than one proxy the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
7. The Form of Proxy can be submitted through either one of the following avenues no later than Sunday, **27 June 2021 at 10.30 a.m.** or at any adjournment thereof:
   (a) Lodgement of Form of Proxy in hardcopy - To be deposited at Tricor's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, at Tricor's Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia; OR
   (b) Electronic lodgement of Form of Proxy - The Form of Proxy can be lodged electronically via TIIH Online website at https://tiih.online. Kindly refer to the Administrative Guide for this AGM on the procedures for electronic lodgement of Form of Proxy via **TIIH Online** website.
8. A member who has appointed a proxy to Participate in this AGM must request his/her proxy to register himself/herself for the RPV at Tricor's TIIH Online website at https://tiih.online. Please read and follow the procedures provided in the Administrative Guide for this AGM in order to Participate remotely via RPV.

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THE COMPANY SECRETARY
PERAK CORPORATION BERHAD
c/o Tricor Investor & Issuing House Services Sdn. Bhd.
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PERAK CORPORATION BERHAD
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