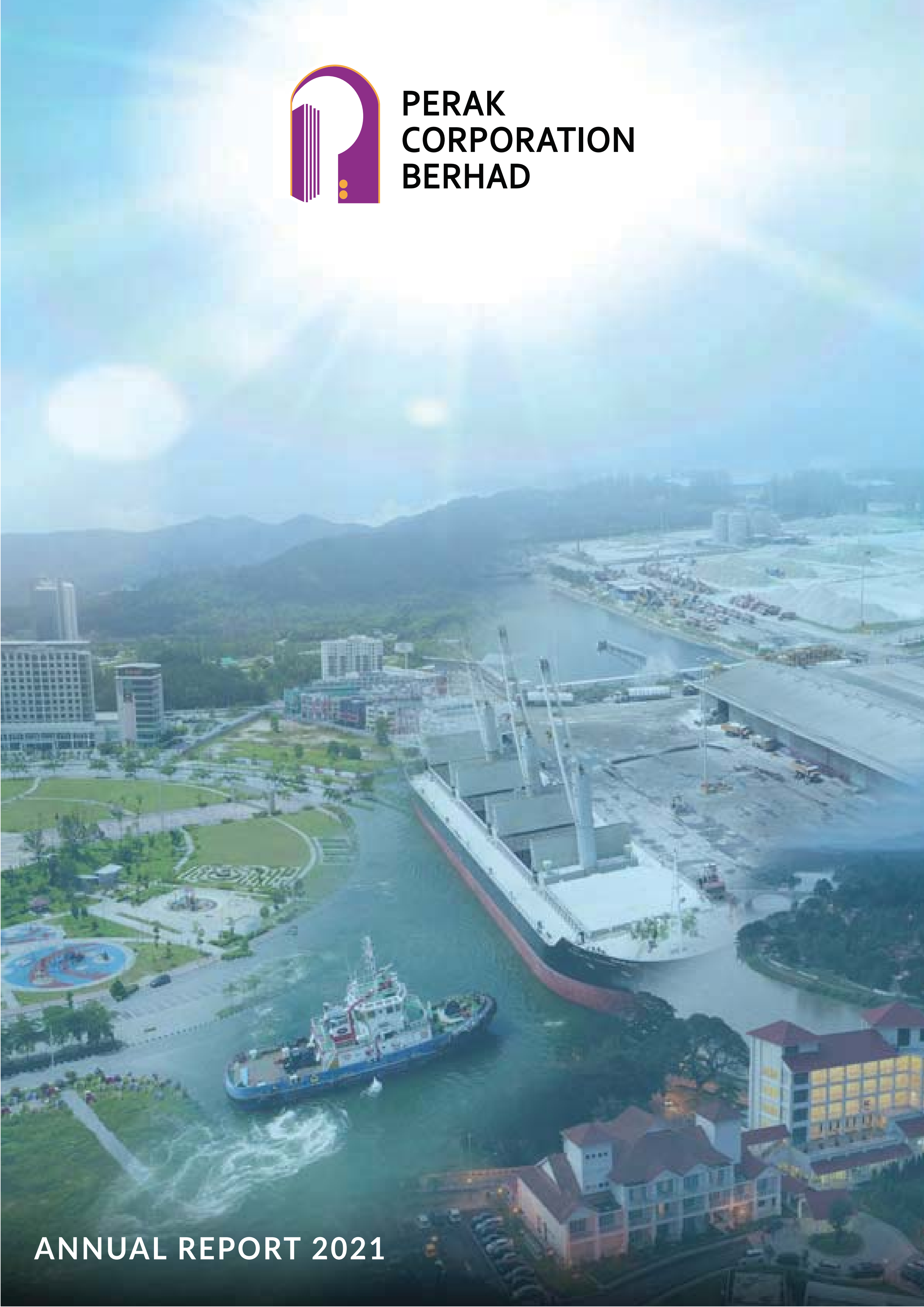
# PERAK CORPORATION BERHAD



ANNUAL REPORT 2021

# PERAK CORPORATION BERHAD

INCORPORATED IN MALAYSIA
199101000605 (210915-U)

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2021 ANNUAL REPORT

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Thirty-first Annual General Meeting ("**AGM**") of Perak Corporation Berhad ("**Perak Corp**" or "**Company**") will be held fully virtual through the TIIH Online website at https://tiih.online or https://tiih.com.my (Domain registration number with MYNIC: D1A282781) provided by Tricor Investor & Issuing House Services Sdn Bhd on Thursday, 2 June 2022 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 2021 together with the Report of the Directors and Auditors thereon. | [Please refer to Note 10] |
| 2. | To approve the payment of Directors' fees and benefits up to an amount of RM609,000 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 the following Directors who retire in accordance with Clause 15.2 of the Company's Constitution: | |
| | a) Tan Sri Abdul Rashid bin Abdul Manaf | Resolution 2 |
| | b) Tan Sri Ir Kunasingam a/l V. Sittampalam | Resolution 3 |
| 4. | To re-elect the following Directors who retire in accordance with Clause 15.9 of the Company's Constitution: | |
| | a) Encik Ahmad Yani bin Aminuddin | Resolution 4 |
| | b) Tuan Haji Faizul Hilmy bin Ahmad Zamri | Resolution 5 |
| 5. | To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company for the financial year ending 31 December 2022 and to authorise the Directors to fix their remuneration. | Resolution 6 |

**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 7

"**THAT**, pursuant to Sections 75 and 76 of the Companies Act 2016 ("**Act**"), and subject always to the Constitution of the Company and the approval of the relevant authorities, the Directors be and are hereby authorised to issue and allot shares in the Company at any time until the conclusion of the next AGM and to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deemed fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company for the time being and that the Directors are also empowered to obtain the approval from the Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing of and quotation for the additional shares to be issued."

7. **Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** — Resolution 8

"That approval be and is hereby given pursuant to Paragraph 10.09 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements 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 29 April 2022, 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
29 April 2022

**NOTES:**

1. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions at the AGM will be put to vote by way of poll.

2. An online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 if the online platform is located in Malaysia. 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.

3. 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 **27 May 2022**. Only members whose names appear in the Record of Depositors as at 27 May 2022 will be entitled to Participate in this AGM via the RPV.

4. 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.

5. 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.

6. 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.

7. 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.

8. The Form of Proxy can be submitted through either one of the following avenues no later than **Tuesday, 31 May 2022 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.

9. 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.

10. **Audited Financial Statements for financial year ended 31 December 2021**

    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.

11. **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 RM136,500 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.

12. **Resolutions 2 to 5**

    The profiles of the Directors standing for re-election ("**Retiring Directors**") are disclosed under the Profile of Board of Directors in the Annual Report and the details of their interest in the securities of the Company are disclosed under Analysis of Shareholdings in the Annual Report.

    The Retiring Directors, being eligible for re-election, have given their consent to seek for re-election at the AGM.

    The Board through the Nomination and Remuneration Committee has deliberated on the suitability of the Retiring Directors to be re-elected as Directors at their respective meetings held on 23 February 2022. Upon deliberation, the Board (except for the Retiring Directors) collectively agreed that the Retiring Directors have appropriate mix of skill and experience as well as have sufficient level of involvement and deliberation of relevant issues as in line with the Group's strategy. In addition, the performance and contribution of the Retiring Directors to the Company are highly satisfactory to discharge their respective roles as Directors of the Company and the Board recommended the Retiring Directors to be re-elected as the Directors of the Company.

13. **Resolution 6**

The Audit Committee and the Board having assessed and are satisfied with the quality of audit and services, adequacy of resources, performance, competency and independence of the external auditors, Messrs Crowe Malaysia PLT, which are in accordance with the Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, at their respective meetings on 21 February 2022 and 23 February 2022 and recommended the re-appointment of Messrs Crowe Malaysia PLT.

14. **Resolution 7**

Ordinary Resolution 7, if passed, will give authority to the Directors of the Company to allot and issue shares of the Company up to and not exceeding 10% of the total number of issued shares of the Company (excluding treasury shares, if any) for the time being for such purposes as the Directors consider would be in the best interest of the Company without convening a meeting of members. The general mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital, repayment of bank borrowings and/or acquisition(s).

This general mandate, unless revoked or varied at a meeting of members, will expire at the conclusion of the next AGM.

15. **Resolution 8**

Resolution 8, 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 29 April 2022 issued together with the Annual Report 2021 of the Company.

# CORPORATE INFORMATION

### BOARD OF DIRECTORS

**Tan Sri Abdul Rashid bin Abdul Manaf**
*Chairman, Independent Non-Executive Director*

**Tan Sri Ir Kunasingam a/l V. Sittampalam**
*Independent Non-Executive Director*

**Datuk Redza Rafiq bin Abdul Razak**
*Non-Independent Non-Executive Director*

**Zainal Iskandar bin Ismail**
*Non-Independent Executive Director*
*Group Chief Executive Officer*

**Andy Liew Hock Sim**
*Independent Non-Executive Director*

**Tan Chee Hau**
*Independent Non-Executive Director*

**Ahmad Yani bin Aminuddin**
*Independent Non-Executive Director*

**Haji Faizul Hilmy bin Ahmad Zamri**
*Independent Non-Executive Director*

### AUDIT COMMITTEE

**Andy Liew Hock Sim**
*Chairman/Independent Non-Executive Director*

**Ahmad Yani bin Aminuddin**
*Member/ Independent Non-Executive Director*

**Datuk Redza Rafiq bin Abdul Razak**
*Member/Non-Independent Non-Executive Director*

### NOMINATION AND REMUNERATION COMMITTEE

**Tan Sri Ir Kunasingam a/l V.Sittampalam**
*Chairman/Independent Non-Executive Director*

**Ahmad Yani Bin Aminuddin**
*Member/ Independent Non-Executive Director*

**Faizul Hilmy bin Ahmad Zamri**
*Member/ Independent Non-Executive Director*

### RISK MANAGEMENT COMMITTEE

**Tan Chee Hau**
*Chairman/ Independent Non-Executive Director*

**Tan Sri Ir Kunasingam a/l V.Sittampalam**
*Member/ Independent Non-Executive Director*

**Andy Liew Hock Sim**
*Member/ Independent Non-Executive Director*

### TENDER COMMITTEE

**Faizul Hilmy bin Ahmad Zamri**
*Chairman/ Independent Non-Executive Director*

**Datuk Redza Rafiq bin Abdul Razak**
*Member/ Non-Independent Non-Executive Director*

**Tan Chee Hau**
*Member/ 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 a/p Muniandy**
*Head, Legal & Corporate Secretarial*

**Salmah binti Mohamed Isimail**
*Head, Human Resources and Administration*

**Faren Izzuan bin Mohd Rajil**
*Acting Head, Internal Audit*

**Yusmarul Hafis bin Khusni**
*Head, Risk Management*

**Annas Asqalanee bin Ab Ghafar**
*Head, Integrity & Governance*

**Sharifah Nor Hashimah binti Syed Kamaruddin**
*Head, Land & Property*

**Juani binti Jamalludin**
*Head, Hotel Operation & Tourism*

**Mubarak Ali bin Gulam Rasul**
*Chief Executive Officer Lumut Maritime Terminal Sdn. Bhd.*

**Asakir bin Abdul Hamid**
*Chief Operating Officer Meru Raya Park 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 9927
Website : www.perakcorp.com.my

**COMPANY SECRETARY**
Cheai Weng Hoong
(LS 0005624)

**AUDITORS**
Messrs Crowe Malaysia PLT
(201906000005 (LLP0018817-LCA) &
AF 1018)
Chartered Accountants

**PRINCIPAL BANKERS**
CIMB Bank Berhad
Malayan Banking Berhad

**REGISTRAR**
Shared Services & Resources Sdn Bhd

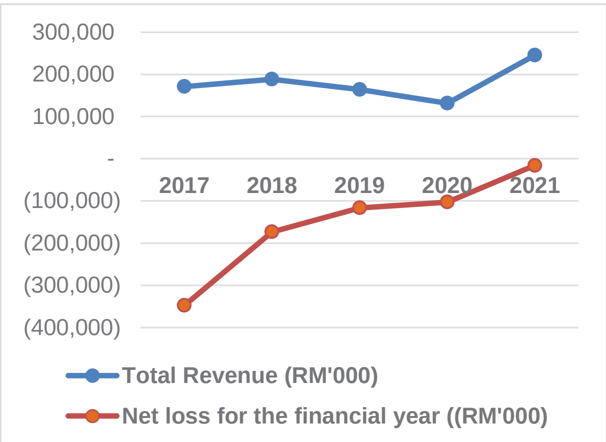
**REGISTERED OFFICE**
No. 1, Jalan Lasam
30350 Ipoh, Perak Darul Ridzuan
Tel. : +6 (05) 2380612
Fax : +6 (05) 2461689

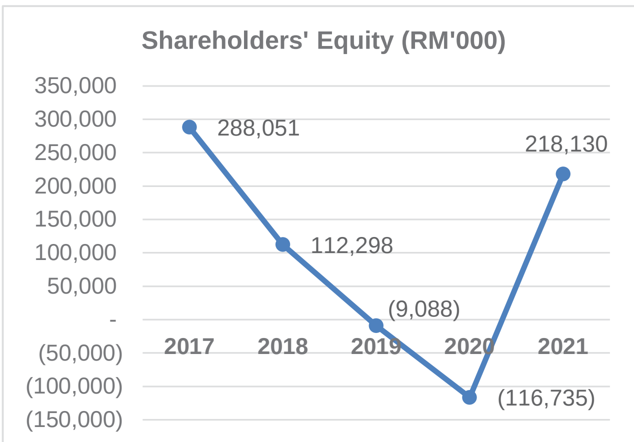
**STOCK EXCHANGE LISTING**
Main Market,
Bursa Malaysia Securities Berhad
Name : PRKCORP
Stock Code : 8346

# FINANCIAL HIGHLIGHTS

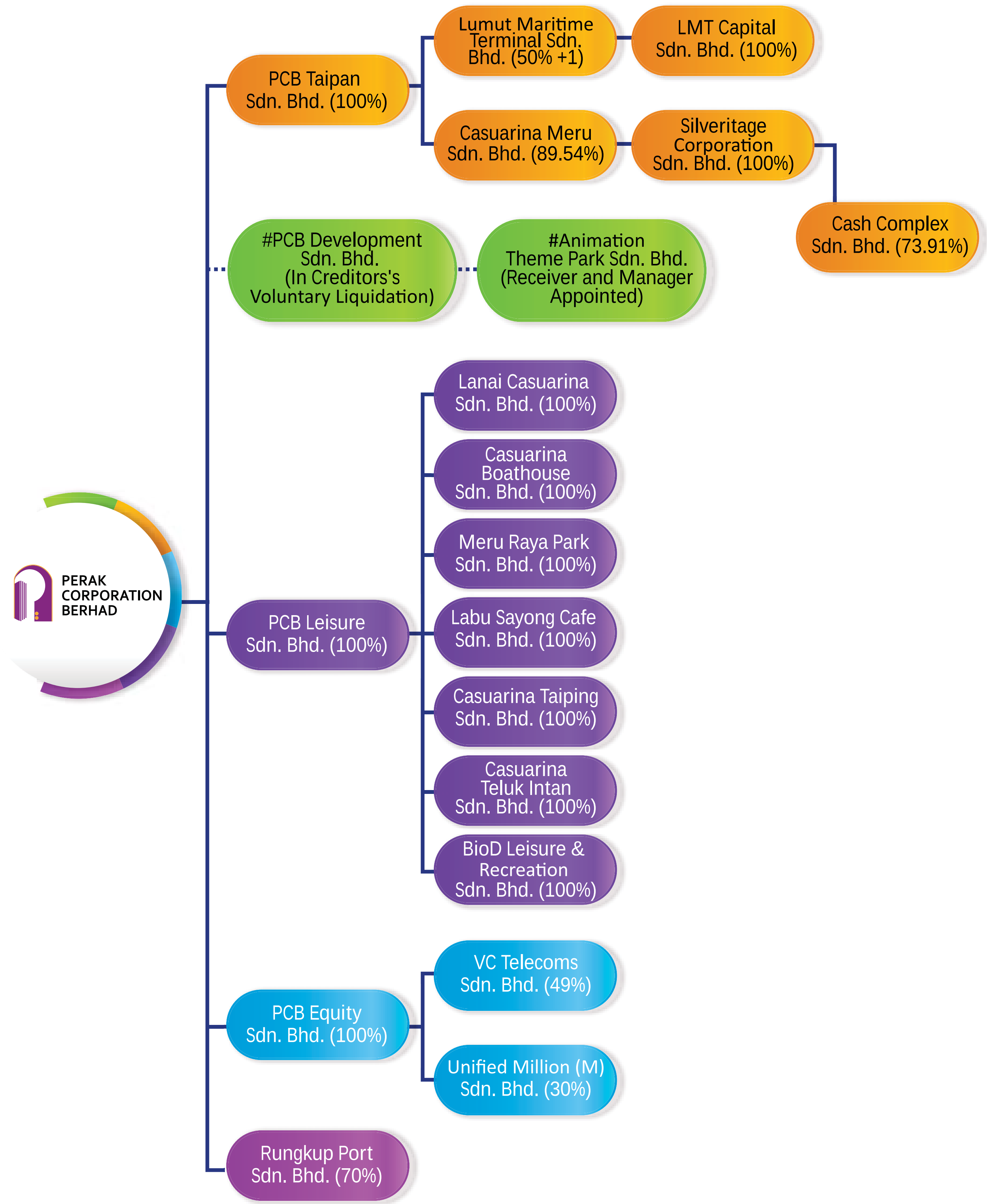
| Financial year ended 31 December | 2017<br>RM'000 | 2018<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 |
|---|---|---|---|---|---|
| Continuing Operations | | | | | |
| Revenue | 156,566 | 164,191 | 149,686 | 131,220 | 245,244 |
| Earnings/ (Loss) before interest, taxes, depreciation and amortisation | 53,065 | 23,867 | 3,840 | (21,665) | 78,828 |
| Profit/(Loss) before tax | 34,094 | (4,423) | (20,875) | (52,556) | 49,040 |
| Profit/(Loss) after tax | 15,265 | (27,562) | (36,587) | (63,421) | 18,958 |
| Discontinued Operation | | | | | |
| Revenue | 14,561 | 24,375 | 14,030 | 415 | - |
| Loss before interest, taxes, depreciation and amortisation | (324,844) | (113,185) | (47,809) | (17,166) | (2,526) |
| Loss before tax | (362,940) | (145,774) | (80,068) | (39,515) | (35,177) |
| Loss after tax | (362,707) | (145,691) | (79,799) | (39,226) | (34,930) |
| Net loss for the financial year | (347,442) | (173,253) | (116,386) | (102,647) | (15,972) |
| Loss attributable to equity holders of the Company | (181,826) | (107,208) | (83,029) | (95,214) | (12,626) |

| | | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|
| Total assets | RM'000 | 1,083,505 | 856,721 | 742,273 | 727,500 | 549,208 |
| Shareholders' equity | RM'000 | 288,051 | 112,298 | (9,088) | (116,735) | 218,130 |
| Owners' equity | RM'000 | 376,926 | 269,718 | 186,689 | 91,475 | 78,849 |
| Total borrowings | RM'000 | 549,300 | 518,883 | 517,889 | 548,325 | 183,212 |
| Paid-up capital | unit | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| Net assets per share | RM | 2.88 | 1.12 | (0.09) | (1.17) | 2.18 |
| Share price as at fiscal year-end | RM | 1.28 | 0.38 | 0.38 | 0.34 | 0.42 |
| Return on total assets | % | (30.35) | (17.53) | (13.60) | (12.66) | 2.52 |
| Return on equity | % | (48.24) | (39.75) | (44.47) | (104.09) | (16.01) |
| 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 | (181.83) | (107.21) | (83.03) | (95.21) | (12.63) |
| Price-earnings ratio | times | (0.01) | (0.00) | (0.00) | (0.00) | (0.03) |
| Gearing ratio | % | 65.14 | 72.33 | 78.72 | 89.38 | 77.40 |

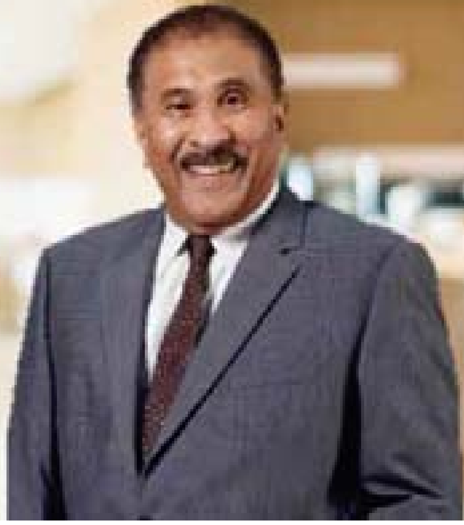


# CORPORATE STRUCTURE AS AT 31 DECEMBER 2021




*# Derecognised as at 20 December 2021.*



TAN SRI
# ABDUL RASHID
BIN ABDUL MANAF

Independent and Non-Executive Director
Malaysian, Male, aged 75 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.

Tan Sri Abdul Rashid started his career in 1970 in the Malaysian Judicial and Legal Service and served as Magistrate, President, Sessions Court and Senior Federal Counsel to the Income Tax Department.

He left the Government service in 1977 to pursue his career as a practicing lawyer and subsequently in business. He became one of the principal legal advisers to the Renong Conglomerate with involvement in various Federal Government transactions, on and off-shore, and in various infrastructure projects throughout 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 Chairman, Independent Non-Executive Director of Salcon Bhd.

He attended 4 out of 4 Board of Directors' meetings held during the financial year ended 31 December 2021.

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 69 years

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 the Chairman of Nomination and Remuneration Committee and a member of the Risk Management Committee on 23 February 2022 and 6 October 2020 respectively.

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.

In October 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 4 out of 4 Board of Directors' meetings held during the financial year ended 31 December 2021.

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 53 years

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 Audit Committee and Tender Committee on 5th May 2021 and 23rd February 2022 respectively.

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 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 2021.

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 41 years

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 and redesignated as a member of the Risk Management Committee on 6th August 2020 and 23rd February 2022 respectively.

Andy is a Chartered Accountant with Malaysian Institute of Accountants (MIA) and member of Certified Practising Accountant (CPA Australia. He has over twenty (20 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 involve in the audit of multinational corporation (MNC) and public listed company (PLC). He 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 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.

Upon his return to Malaysia in 2016, he joined Baker Tilly Malaysia as the Director of the Transaction Reporting department. He was then promoted to Partner in 2017 and led a team of 40, specialise in IPO and 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 XOX Berhad, XOX Networks Berhad and Oversea Enterprise Berhad.

He attended 3 out of 4 Board of Directors' meetings held during the financial year ended 31st December 2021.

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 54

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 the Chairman of the Risk Management Committee and a member of the Tender Committee on 23 February 2022.

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 4 out of 4 Board of Directors' meetings held during the financial year ended 31 December 2021.

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 48 years

Zainal Iskandar bin Ismail was appointed to the Board of Perak Corporation Berhad as the Non-Independent and Executive Director on 3rd 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 4 out of 4 Board of Directors' meetings held during the financial year ended 31st December 2021.

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.

## AHMAD YANI
### BIN AMINUDDIN

Independent & Non Executive Director
Malaysian, Male, aged 51 years

Ahmad Yani bin Aminuddin was appointed to the Board of Perak Corporation Berhad as the Independent and Non-Executive Director on 1st July 2021. He was also appointed as a member of the Audit Committee and the Nomination and Remuneration Committee on 23rd February 2022. He graduated with a Bachelor of Laws (Honors) from the International Islamic University of Malaysia in July 1997. In May 1998, he was admitted as an advocate and solicitor of the High Court of Malaya upon completion of reading in the chambers of the late Ngan Siong Hing of Messrs Abbas & Ngan.

He was retained as legal assistant in Messrs Abbas & Ngan and left the firm in August 2000 to join Malaysian Resources Corporation Berhad. There he was seconded to The News Straits Times Press group of companies as legal adviser. Subsequently he re-joined Messrs Abbas & Ngan in February 2001 as an associate before he was made a partner in 2004. He is still with Messrs Abbas & Ngan and the partner of the firm.

His scope of work from the commencement of his legal practice until the present time includes rendering advice to financial institutions and various individuals as well as corporations in relation to private, corporate and commercial matters, regulatory issues, property development projects and has appeared in all levels of courts and tribunals in a wide range of laws including torts (defamation, trespass, nuisance, negligent misstatement misrepresentation, professional negligence), professional misconduct, intellectual property, insolvency, company (shareholders' disputes, derivative action, oppression), contract, election petition, construction, constitutional and administrative laws.

He is also a Deputy Chairman of Perak Appeal Board under the Town and Country Planning Act 1976 since 2018 and an adjunct lecturer for final year law students in Universiti Utara Malaysia Sintok Kedah on subjects of duties of lawyers, lawyers' immunity, solicitor-client relationship and privileges, professional negligence and professional misconduct since 2019.

He has attended 2 out of 2 Board of Directors' meetings held from the date of his appointment to the end of the financial year ended 31st December 2021.

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.

# FAIZUL HILMY
## BIN AHMAD ZAMRI

Independent & Non Executive Director
Malaysian, Male, aged 55 years

Faizul Hilmy bin Ahmad Zamri was appointed to the Board of Perak Corporation Berhad as the Independent and Non-Executive Director on 1st July 2021. He was also appointed as the Chairman of the Tender Committee and a member of the Nomination and Remuneration Committee on 23 February 2022.

He graduated with LLB (Honours), ADIL, DIL from Universiti Teknologi Mara in 1992 and enrolled as an advocate and solicitor of the High Court of Malaya on 17 April 1993.

He first joined the law firm of Messrs WY Chan & Roy, Advocates & Solicitors as an associate and later joined as a partner in 1995. He is a litigator until the present time with special emphasis on contentious matters pertaining to Land Law, Administrative Law, Commercial, Aviation Law, Banking and Corporate Law, Building and Construction Law and Arbitration.

As the senior partner of the law firm, he advises and has acted for various institutions and corporations including, amongst other: KL Kepong Group of Companies, Taiko Group of Companies, Yee Lee Group of Companies, Batu Kawan Berhad, Tan Chong Holdings Berhad, Hexza Group, Total Investment Group of Companies, MAEKO Group, Aeon Co (M) Bhd, RCI Berhad, Alliance Bank Berhad, Public Bank Berhad, Hong Leong Bank Berhad and Malayan Banking Berhad. He has also advised and acted for the Canadian High Commission and has undertaken work for the Australian High Commission.

Faizul Hilmy is a member of Malaysian Bar Disciplinary Committee since 2014.

He has attended 2 out of 2 Board of Directors' meetings held from the date of his appointment to the end of the financial year ended 31st December 2021.

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 48 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 49 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 of Accounting (Hons) University Teknologi MARA (UiTM)*
- ~ *Diploma in Accounting University Teknologi MARA (UiTM)*

Directorship in Public Companies and Listed Issuer

~ *Nil*

Working Experiences

- ~ *Director, Accounting Division, Perak Corporation Berhad*
- ~ *Director, Finance and Accounting Division, Kumpulan Perbadanan Kemajuan Negeri Perak*
- ~ *Accounts Executive, Finance and Accounting Division, Perak Corporation 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.*

# KEY SENIOR MANAGEMENT

**CHEW JIA YIENG**
Malaysian, Female, aged 45 years

**Financial Controller**
Date of Appointment:
1 September 2019

Academic/ Professional Qualification(s)

~ *Bachelor of Accounting (Honours), Universiti Tenaga Nasional (UNITEN)*
~ *MICPA Member*

Directorship in Public Companies and Listed Issuer

~ *Nil*

Working Experiences

~ *Financial Controller, Animation Theme Park Sdn. Bhd.*
~ *Senior 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 35 years

**Head of Legal & Corporate Secretarial**
Date of Appointment:
1 March 2020

Academic/ Professional Qualification(s)

~ *Advocate & Solicitor of High Court of Malaya*
~ *Diploma in Corporate Governance & Compliance, The Basel Institute on Governance.*
~ *Masters in International Law (LLM) (major in Maritime Law), International Islamic University Malaysia (IIUM).*
~ *Bachelor of 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.*

# KEY SENIOR MANAGEMENT

## SALMAH BINTI MOHAMED ISIMAIL

Malaysian, Male, aged 55 years

### Head, Human Resources & Administration

Date of Appointment:
1 October 2018

Academic/ Professional Qualification(s)

~ *Diploma in Secretarial Science, Universiti Teknologi MARA (UiTM)*

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 Holdings 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 38

### Head, Integrity & Governance

Date of Appointment:
1 December 2020

Academic/ Professional Qualification(s)

~ *Bachelor of Accounting (Honours), International Islamic University Malaysia (IIUM)*
~ *Associate Member of The Institute of Internal Auditors Malaysia, (AIIA)*

Directorship in Public Companies and Listed Issuer

~ *Nil*

Working Experiences

~ *Head of Internal Audit, Perak Corporation Berhad*
~ *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 Malaysia*

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.*

# KEY SENIOR MANAGEMENT

**FAREN IZZUAN BIN MOHD RAJIL**
Malaysian, Male, aged 41 years

**Acting Head, Internal Audit**
Date of Appointment:
1 July 2021

Academic/ Professional Qualification(s)

~ *Master in Strategic Management Accounting, Universiti Teknologi MARA (UiTM)*
~ *Certified Fraud Examiner (CFE), Association of Certified Fraud Examiners (ACFE) (US)*
~ *Certified System Investigator (CSI), CSI World Headquarters (US)*
~ *Bachelor of Accountancy (Honours), Universiti Teknologi MARA (UiTM)*
~ *Chartered Accountant (CA), Malaysian Institute of Accountants (MIA)*
~ *Associate Member of The Institute of Internal Auditors Malaysia (AIIA)*

Directorship in Public Companies and Listed Issuer

~ *Nil*

Working Experiences

~ *Assistant Manager, Group Internal Audit, Boustead Holdings Berhad*
~ *Personal Assistant to Managing Director, Titan Model Sdn. Bhd.*
~ *Account Officer, Maybank Berhad*
~ *Internal Auditor, Public Bank Berhad*
~ *Mortgage Executive, Citibank Berhad*
~ *Account Executive, Titan Model 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*

**YUSMARUL HAFIS BIN KHUSNI**
Malaysian, Male, aged 40 years

**Head, Risk Management**
Date of Appointment:
1 May 2021

Academic/ Professional Qualification(s)

~ *Masters in Administration, Universiti Teknologi MARA (UiTM)*
~ *Certified Data Engineering Associate, Fusionex*
~ *Certified Data Sciences Analyst, Fusionex*
~ *Certificate in Compliance, Basel Institute*
~ *Certificate in Project Management, Project Management Institute*

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*
~ *Internal Auditor, Public Bank Berhad*
~ *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.*

# KEY SENIOR MANAGEMENT

## SHARIFAH NOR HASHIMAH BINTI SYED KAMARUDDIN

Malaysian, Female, aged 61 years

### Head, Land & Property

Date of Appointment:
20 December 2021

Academic/ Professional Qualification(s)

~ *Bachelor of Agricultural Science; University Putra Malaysia (UPM)*

Directorship in Public Companies and Listed Issuer

~ *Nil*

Working Experiences

~ *Chief Executive Officer, PCB Development Sdn. Bhd.*
~ *Chief Coordinator for Perak State Women Development and Empowerment Council, Perak State Administration*
~ *Group General Manager, Perak Corporation Berhad;*
~ *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.*

## JUANI BINTI JAMALLUDIN

Malaysian, Female, aged 32 years

### Head, Hotel Operation & Tourism

Date of Appointment:
1 September 2020

Academic/ Professional Qualification(s)

~ *Masters in Communications, Taylor's University*
~ *BA (Hons) in Media Marketing, Staffordshire University, United Kingdom*
~ *Bachelor in Media Marketing Communications, Asia Pacific University*

Directorship in Public Companies and Listed Issuer

~ *Nil*

Working Experiences

~ *Head of Sales and Marketing, Animation Theme Park Sdn. Bhd.*
~ *Assistant Sales Manager, Animation Theme Park Sdn. Bhd.*
~ *Accounts Manager for Sales & Marketing, Clicks Communication Sdn. Bhd.*
~ *Account Manager for Sales and Marketing, TSGI International Cyberport*
~ *Accounts Manager, Astro Digital Publications*
~ *Assistant Manager, Technical Support (IT Helpdesk), SCICOM (MSC) Berhad*
~ *Customer Support Executive, SCICOM (MSC) Berhad*
~ *Business Development Executive, TMI Media House Sdn. Bhd.*

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.*

# KEY SENIOR MANAGEMENT

## MUBARAK ALI BIN GULAM RASUL
Malaysian, Male, aged 54 years

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

Academic/ Professional Qualification(s)

~ *Masters 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.*

## ASAKIR BIN ABDUL HAMID
Malaysian, Male, aged 52 years

**Chief Operating Officer**
**Meru Raya Park Sdn. Bhd.**
Date of Appointment:
1 March 2021

Academic/ Professional Qualification(s)

~ *Bachelor of Science (Hons)- Chemistry, University of Malaya*

Directorship in Public Companies and Listed Issuer

~ *Nil*

Working Experiences

~ *Head of Corporate Planning & Business Development, Amanjaya Holdings and Ventures*
~ *General Manager, Pengurusan Pasir Perak Sdn Bhd*
~ *General Manager, Amanjaya Trading & Ventures Sdn Bhd*
~ *Site Manager, Amanjaya Natural Resources Sdn Bhd*
~ *Operation Manager, Frontken Malaysia Sdn Bhd*
~ *Assistant Technical Manager, Kayel Rubber Products Sdn Bhd*
~ *Fluid Engineer, Premier Lubricants (M) Sdn Bhd*
~ *QC Chemist, SM Pharmaceuticals & Chemicals 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.*

*Dear Shareholders,*

***On behalf of the Board of Directors of Perak Corporation Berhad ("Perak Corp" or "Company"), I am pleased to present the Annual Report of Perak Corp for the financial year ended 31 December 2021 ("FYE 2021").***

The year 2021 was indeed a challenging year for the Company and its subsidiaries ("Group") with our management taking continuous preventive measures to mitigate the risk of COVID-19 outbreak to the Group's operations, more so when the country had entered the "Transition to Endemic" phase of COVID-19 on 1 April 2022, with all restrictions on business operating hours and interstate travel removed, coupled with reopening of the borders.

Fellow Board members, thank you for your invaluable contributions and counsel. My appreciation also goes to members of the Boards within the Group and to our Executive team who have demonstrated strong leadership and commitment during this trying times.

**MARKET ENVIRONMENT OVERVIEW**

The year 2021 has been a challenging financial year with the prolonged COVID-19 pandemic amid resurgence of cases significantly impacting the global and domestic economy. Although most business operations have been allowed to return to normalcy with strict adherence to standard operating procedures (SOPs), periodic outbreaks throughout 2021 have dampened economic recovery.

The re-imposition of movement control order with total nationwide lockdown in January and June 2021 i.e., MCO 2.0 and MCO 3.0 respectively, had affected businesses, households and the overall trajectory of the country's economic recovery. The renewed optimism brought upon by the national vaccination drive which begun during the first quarter of 2021, was undermined by the slower than expected vaccine rollout. Across the country, signs of financial distress are getting more prevalent as the COVID-19 pandemic has exacerbated our economy, resulting in increasing unemployment and shrinking incomes for companies and households.

The Group's revenue from its hospitality and tourism segment dropped further from the previous years. As expected, Malaysia's hard-hit property development and hospitality and tourism industries have been the most affected industries during the pandemic. Many prestigious hotels in Malaysia have ceased its operations. As for the general property sector, although initially the market recorded healthy transaction values and volumes however, this recovery was hampered by constant movement control order disruptions (MCO 2.0 & MCO 3.0). Despite various relief measures undertaken by the Government such as reintroduction of Home Ownership Campaign (HOC), exemption of real property gain tax and loan moratoriums for residential properties to boost the sector, the property market was not spared from the impact.

Despite this challenging period, our Group's ports and logistics business remained in operations during the pandemic. Relatively our ports and logistics business, and the disposal of lands in property development segment has helped us in our growth in the year of 2021.

**CORPORATE REVIEW**

The Group has been seeking ways to regularise its financial position, including undertaking a debt restructuring scheme with its various classes of creditors, streamlining business operations of the Company and its subsidiaries as well as focusing its efforts to formulate a suitable business regularisation plan to boost its existing business activities.

During the financial year, the Company had entered into debt settlement agreements with CIMB Bank Berhad and Affin Islamic Bank Berhad for the proposed debt settlement of debts owing by the Company via cash settlement and via issuance of redeemable cumulative preference shares. The proposed debt settlement and proposed amendments to the Constitution of the Company to facilitate the issuance of redeemable cumulative preference shares under the proposed private debt settlement were approved by the shareholders of the Company during the Extraordinary General Meeting held on 31 January 2022.

On 20 December 2021, the Company announced that its wholly owned subsidiary, PCB Development Sdn. Bhd. ("PCB Development") is undergoing a Creditors' Voluntary Winding Up pursuant to Section 440(1) of the Companies Act 2016. On 6 January 2022, a meeting of PCB Development and a meeting of creditors of PCB Development were held, where Mr Andrew Heng and Ms Anoopal Kaur of Baker Tilly Insolvency PLT ("Liquidators") have been appointed as the Joint and Several Liquidators of PCB Development by way of a resolution of its members and creditors.

As a result, the Liquidators have assumed control of PCB Development's business undertakings and all powers of the directors and management now vest in the Liquidators. The Creditors' Voluntary Winding Up is necessary in view of PCB Development's inability to address and resolve all debts owing to its creditors.

## FINANCIAL OVERVIEW

For the financial year ended 31 December 2021, the Group recorded a higher revenue of RM245.2 million compared to the financial year 2020 of RM131.6 million and the profit before tax of RM13.9 million compared to the financial year 2020 of a loss before tax of RM92.1 million, covering both continuing and discontinued operations.

The higher revenue and profit before tax are mainly contributed from the disposal of four (4) pieces of vacant commercial land and one (1) piece of vacant residential land all situated at Mukim Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan for a total cash disposal consideration of RM78.7 million, which was completed on 13 October 2021.

The derecognition of PCB Development and Animation Theme Park Sdn. Bhd. have provided a positive impact on the overall financial position of Perak Corp Group. As at 31 December 2021, total shareholders' equity stood at RM218.1 million, which is a substantial improvement from a negative total equity of RM116.7 million in the year 2020. In addition, the total loans and borrowings positions have reduced from RM548.3 million in 2020 to RM183.2 million in 2021.

## CORPORATE GOVERNANCE

The Board is committed to maintaining the highest standards of corporate governance across the business to support the delivery of our strategy and the creation of long-term sustainable value.

Further to the introduction of the new Malaysian Code of Corporate Governance on 28 April 2021, the Companies Act 2016 and the enhancements in the corporate governance disclosure framework under Bursa Malaysia Securities Berhad Listing Requirements, the Group has adopted and embedded the new principles and amendments to improve the overall Board leadership and effectiveness, including the quality of audits, risk management and internal controls.

The Board had worked closely with Perak Corp's management to drive a proactive risk management, governance, and compliance strategies to instil accountability among employees in carrying out their day-to-day duties of our business.

Besides that, the Company had established the Integrity and Governance Unit mainly to enhance governance and ethics within the Group, which aimed to monitor, strengthen and reengineer all drives and dynamism that can be utilised in business environment towards zero tolerance on corruption, fraud and malpractices.

The Board's unwavering commitment to maintaining the highest standards of corporate governance across the business will continue to support the delivery of our strategy and the creation of long-term sustainable value to our stakeholders. I am confident we can do so as we are well guided by a robust corporate governance framework, a culture of transparency and inclusivity that is infused throughout the Group.

## PROSPECTS FOR THE YEAR 2022

The Group's future prospect is dependent on the successful implementation of its proposed debt restructuring scheme and the ability of the Company to formulate a suitable regularisation plan to uplift the Company from being an Affected Listed Issuer under the PN17 Listing Requirements.

Amid the uncertainty surrounding the stability of the global economy, the business environment will remain challenging. With the COVID-19 transition into endemicity, the Group remains committed to delivering sustainable growth for its ports and logistics business and tap into new business opportunities for growth arising from new market dynamics post-pandemic environment. Our ultimate goal is to build long term earnings profitability and sustainability to enhance shareholder value.

## DIVIDEND

The Board does not recommend the payment of dividend in respect of the financial year ended 31 December 2021.

## APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my appreciation to all our 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.

On behalf of the Board, I would like to thank the management and all employees for their contribution, commitment and dedication in achieving an improved results for the current financial year as compared to the year before.

Thank you.

**Tan Sri Abdul Rashid bin Abdul Manaf**
Chairman
29 April 2022

Perak Corporation Berhad ("Perak Corp" or the "Company"), under the leadership of the Board of Directors, has been seeking ways to regularise the financial position of the Company, including undertaking a debt restructuring scheme with its various classes of creditors, streamlining business operations of the Company and its subsidiaries ("Group") as well as undertaking business regularisation plans of the Group.

During the financial year, the Company has achieved the following milestones and progress towards its Regularisation Plan:

1. **Private Debt Settlement Arrangement between Perak Corp with CIMB Bank Berhad ("CIMB") and Affin Islamic Bank Berhad ("AIB")**

   On 8 November 2021, Perak Corp had entered into the following debt settlement agreements with CIMB and AIB:

   (a) debt settlement agreement with CIMB for the proposed debt settlement of the debt owing by Perak Corp to CIMB amounting to RM34.7 million based on the amount outstanding as at the cut-off date as at 31 December 2021; and

   (b) debt settlement agreement with AIB for the proposed debt settlement of the debt owing by Perak Corp Group to AIB amounting to RM53.8 million based on the amount outstanding as at the cut-off date as at 31 March 2022.

   *(collectively known as "Proposed Debt Settlement")*

   In conjunction with the Proposed Debt Settlement, the Company has also proposed to undertake the proposed amendments to the Constitution of the Company to facilitate the issuance of redeemable cumulative preference shares under the Proposed Debt Settlement ("Proposed Amendments").

   The Proposed Debt Settlement and Proposed Amendments to the Constitution of the Company were approved by the shareholders of Perak Corp during the Extraordinary General Meeting which was held on 31 January 2022.

2. **Proposed Scheme of Arrangement with Scheme Creditors**

   On 19 April 2021, the Court Convened Creditors' Meetings were held between Perak Corp and its wholly owned subsidiary, PCB Development Sdn. Bhd. ("PCB Development"), (collectively "the Scheme Companies") with their new scheme creditors, comprising of unsecured creditors other than the banks and financial institution ("New Scheme Creditors"), which have approved the proposed new scheme of arrangement ("PNSA") as detailed in the Explanatory Statement dated 26 March 2021 pursuant to the Section 366 and other relevant provisions of the Companies Act 2016.

On 7 May 2021, the High Court had approved and sanctioned the PNSA as detailed in the Explanatory Statement dated 26 March 2021 and the sealed order granted thereof had been extracted on 11 May 2021 following the application which was made by the Scheme Companies pursuant to section 366(3), (4), (5), (6) and (7) of the Companies Act 2016 for a sanction and approval of the PNSA. The PNSA shall be binding on the Scheme Companies and the New Scheme Creditors

## 3. Creditors' Voluntary Winding Up of PCB Development

On 20 December 2021, the Company announced that PCB Development Sdn. Bhd. ("PCB Development") is undergoing a Creditors' Voluntary Winding Up pursuant to Section 440(1) of the Companies Act 2016.

On 6 January 2022, a meeting of the company and a meeting of creditors of PCB Development were held, where Mr. Andrew Heng and Ms. Anoopal Kaur of Baker Tilly Insolvency PLT ("Liquidators") has been appointed as the Joint and Several Liquidators of PCB Development by way of a resolution of its members and creditors. As a result, the Liquidators has assumed control of PCB Development's business undertakings and all powers of the directors and management now vest in the Liquidators.

The Creditors' Voluntary Winding Up is necessary in view of PCB Development's inability to address and resolve all debts owing to its creditors. The shareholder of PCB Development has resolved to not provide further financial assistance to PCB Development. As such, PCB Development cannot by reason of its liabilities to continue business as usual.

The assets of PCB Development to be realised by the Liquidators will be utilised to settle all the unsecured creditors not settled under the approved and sanction Scheme of Arrangement, including the syndicated term loan lenders pursuant to the Corporate Guarantee dated 10 July 2014 executed by PCB Development in favour of Affin Hwang Investment Bank Berhad for the syndicated term loan provided to Animation Theme Park Sdn. Bhd. ("ATP").

As the Company lost control of PCB Development and its subsidiary, ATP, the Company derecognised the assets and liabilities of these former subsidiaries from the consolidated statement of financial position as at 20 December 2021 and recognised the gain on derecognition of these subsidiaries amounting to RM183.8 million. However, this is offset by the impairment losses on amount due from these subsidiaries of RM194.3 million.

The derecognition of PCB Development and ATP provided positive impact on the financial position of Perak Corp Group where the shareholders' equity improved from a negative total equity of RM116.7 million in 2020 to a positive total equity RM218.1 million in 2021 and the total loans and borrowings reduced from RM548.3 million in 2020 to RM183.2 million in 2021 as illustrated below:


**REVIEW OF FINANCIAL RESULTS**

Perak Corp Group is principally involved in the following business activities:

(a) Ports and logistics ("PL segment");
(b) Property development ("PD segment");
(c) Hospitality and tourism ("H&T segment"); and
(d) Management Services ("MS segment").

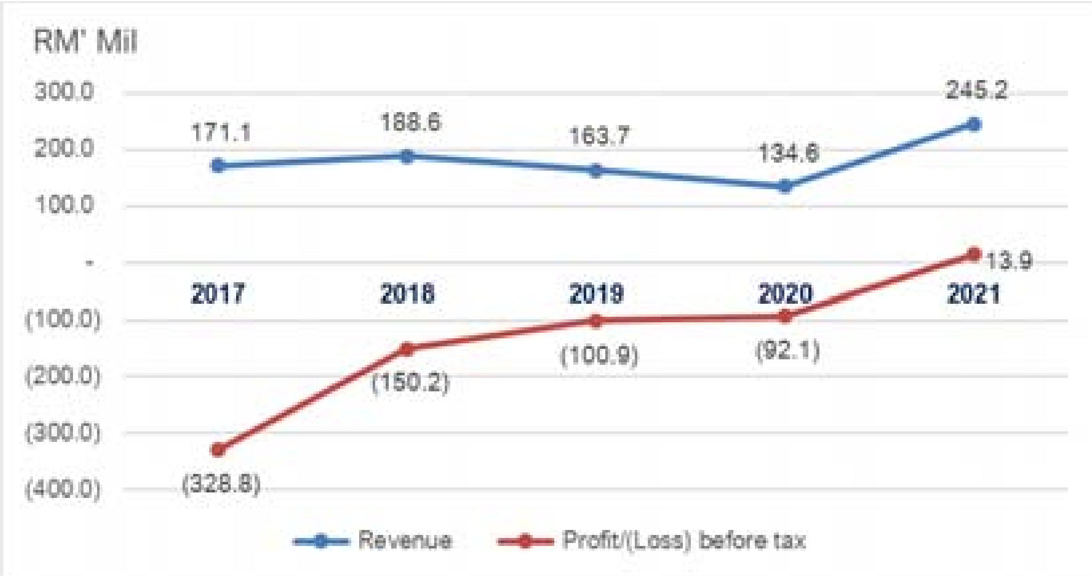
The Group's revenue, covering both continuing and discontinued operations, increased by 86% to RM245.2 million in 2021 from RM131.6 million in 2020. The Group's main revenue contributor during the financial year 2021 is PL segment which contributed 50% of the Group's total revenue (2020: 88%). Under the 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 PD segment contributed 46% (2020: 2%) of the Group's total revenue. The higher revenue in the PD segment was mainly contributed by realisation of revenue from sale of land and joint arrangement projects, including the disposal of four (4) pieces of vacant commercial land and one (1) piece of vacant residential land all situated at Mukim Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan to Pertubuhan Keselamatan Sosial for a total cash disposal consideration of RM78.7 million ("Disposal Sum"), which was completed on 13 October 2021. The Disposal Sum has been earmarked as partial repayment to CIMB and AIB as partial settlement of the outstanding amount to CIMB and AIB prior to the debt settlement agreement.

The HT segment continued to be impacted due to the resurgence of COVID-19 cases and the various lockdown measures during the financial year. The revenue contribution from HT segment reduced further to 4% in 2021 (2020: 8%).

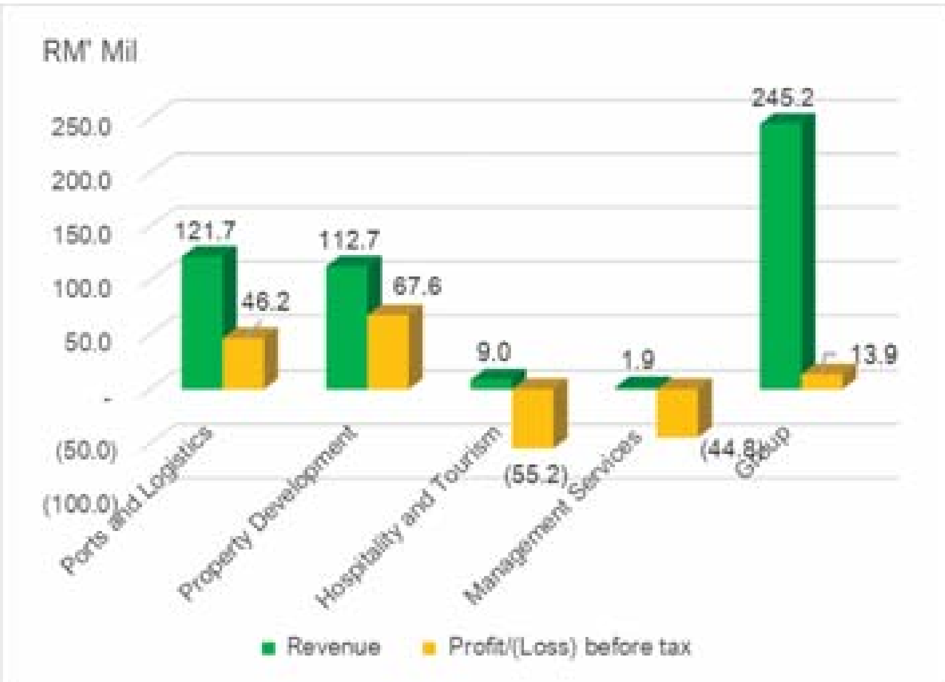
The MS segment contributed 1% of the Group's total revenue in 2021 (2020: 2%).

The Group recorded a pre-tax profit of RM13.9 million covering both continuing and discontinued operations for the financial year under review, a significant improvement from the pre-tax loss of RM92.1 million in 2020. The improvement was mainly contributed by the profit generated from PD segment on sales of land.




## SEGMENTAL PERFORMANCE REVIEW

Contributions from the respective segments are as illustrated below:



Ports & Logistics ("PL")

LMT provides an integrated port service, inclusive of tuggage, pilotage, berthing, stevedorage, cargo handling, storage and ancillary services. LMT is also the operator and manager of Lekir Bulk Terminal (**"LB Terminal"**), a dedicated terminal to handle coal for Janakuasa Sultan Azlan Shah in Sri Manjung, Perak.

The PL segment remained the largest contributor to the Group's revenue amounting to RM121.7 million in 2021 compared to RM115.6 million in 2020. The pre-tax profit generated by PL segment amounting to RM46.2 million (2020: RM43.0 million). The increment was due to continuation of corporations using the port for exports and imports when the Movement Control Order (MCO) was gradually lifted by the government. With the economic activity gradually picked up, the PL segment remains resilient to contribute positive results to the Group

Property Development ("PD")

The revenue from PD segment derives mainly from sales of land, profits from property development joint arrangement and other ancillary services. For the financial year ended 31 December 2021, the PD segment's revenue increased to RM112.7 million from RM2.9 million in the previous financial year. PD segment recorded a pre-tax profit of RM67.6 million during the financial year under review compared to pre-tax loss of RM24.8 million in previous financial year.

Hospitality and Tourism ("H&T")

Throughout the entire 2021, the H&T segment was greatly impact by the COVID-19 pandemic. The implementation of various lockdown measures by the government had substantially reduced the number of guests staying in the Group's hotels. With the closure of international borders and extended restrictions on interstate travel, revenue from the Group's hotels plummeted down to RM8.9 million in 2021 from RM11.1 million in 2020. To mitigate the revenue loss, the Group's hotels undertook major cost rationalisation measures including streamlining operations with a leaner work force and lower cost base. The Group's hotels also took to offering flexible staycation packages and expanded its food catering options to include delivery and pick-up services.

Despite the reduction in the revenue, the hospitality and tourism segment posted an improvement in the pre-tax loss of negative RM55.2 million in 2021 compare to pre-tax loss of RM63.3 million in 2020.

Perak Corp owns and operates several properties including Casuarina @ Meru in Ipoh, Casuarina @ Kuala Kangsar, Casuarina @ Pangkor in Pulau Pangkor and Casuarina Houseboat @ Temenggor 1 in Tasik Temenggor, Gerik, Perak. The Group expects that the H&T segment shall continue to grow and provide higher yield to the Group in the coming years. Given the COVID-19 transition phase since April 1st 2022 with restrictions being removed, the Group is of the view that that domestic travelling and foreign tourist will improve in time and contribute towards the growth in the revenue of this segment.

Management Services ("MS")

The MS segment recorded RM1.8 million revenue in 2021 (2020: RM2.0 million) mainly derived from rental income. This segment recorded pre-tax loss of RM44.8 million compared to pre-tax loss of RM47.0 million in the previous financial year.

Risk

We are aware that the operations environment across all our business segments will continue to remain challenging as the effects of the pandemic may linger on. We will look ahead with the lessons learnt and diligently improve the way we operate to stay competitive.

Future Prospect

We will plan and implement various business strategies and to keep up with the rapid changes in the marketplace. The pandemic, while exposing weaknesses, has also managed to create and accelerate many new trends and opportunities. Also, the pent-up demand should augur well for some of our businesses such as Hospitality & Tourism sector. Overall, economic recovery looks set to be on track and will vary across business sectors and countries.

The submission of the Company's regularisation plan to Bursa Malaysia was due on 11 February 2022. The Company had on 4 February 2022 submitted an application to Bursa Malaysia for an extension of time for a period of 12 months of up to 9 February 2023. On 28 February 2022, Bursa Malaysia extended the regularisation plan submission dateline to 10 August 2022.

With the resolutions of majority of the debt issues, the Company is in the midst of formulating a plan to regularise its financial conditions to achieve the following:

(a) complete the proposed debt settlements, which is an important milestone towards resolving/ restructuring its debt obligations and rehabilitate its business viabilities through the private debt settlement agreements;

(b) repayment of the Group's future debt obligations via the redemption of RPS to be issued to the financial institutions and New Scheme Creditors as well as the settlement to the New Scheme Creditors in the ordinary course of business; and

(c) improve the financial state of the Group by securing new projects/business to revitalise the Group's existing ports and logistics, property development and hospitality and tourism business segments.

## INTRODUCTION

The Board of Directors ("**Board**") of Perak Corporation Berhad ("**Company**" or "**Perak Corp**") is committed to ensuring 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, our 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.

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 Group and in doing so, strengthen trust and relationship with our stakeholders through increased transparency and disclosure.

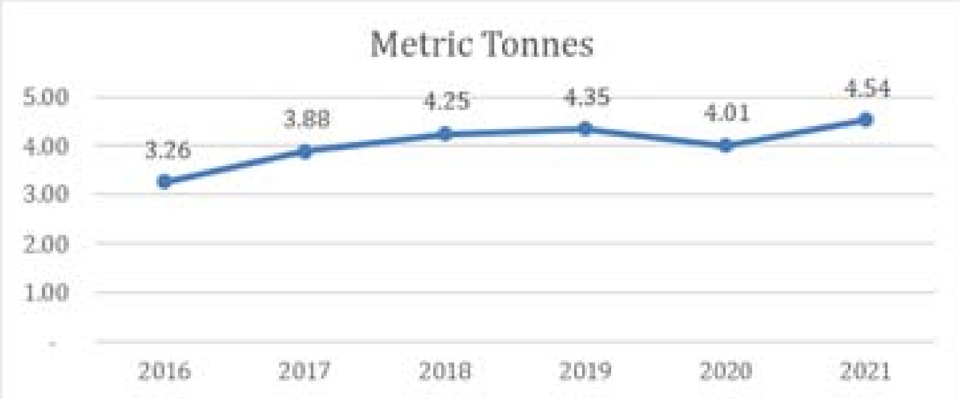
## SUSTAINING ECONOMY

### Ports 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.

The ports and logistics segment remain the largest contributor to the Group's revenue. The Group manages Lumut Port, through its subsidiary Lumut Maritime Terminal Sdn Bhd ("**LMTSB**") with the vision to be the most efficient bulk cargo terminal operator in South East Asia. LMTSB, provides an integrated port service, inclusive of tuggage, pilotage, berthing, stevedorage, cargo handling, storage and ancillary services.

Since the implementation of phase 1 of LMTSB's strategic business plan from 2016, LMTSB has begun to record a steady tonnage increase in cargo handling except 2020 as illustrated below




LMTSB has embarked on the new terminal, namely Lumut Port 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 total port capacity from 4.84 million MT per annum to around 14 million MT per annum, when completed.

LMT Certified to ISO 9001:2015

Lumut Port endeavours to control and mitigate the impacts of LMTSB'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 LMTSB has established a systematic approach to instil quality by ensuring that its products meet customer requirements.

**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.

With the recent recognition by Ipoh City Council - Bandar Meru Raya ("BMR") as the 'Bandar / Pusat Utama'- second hierarchy after 'Bandar / Pusat Wilayah Negeri' under the Ipoh Local Plan 2035, the Company is optimistic that there will be increase in potential investors and residential buyers in this area. To cater for the potential growth in residential demand and to optimise its land resources, the Company had taken the following:

a. identified potential plots of land to be developed for residential development; and
b. obtained approval from relevant authorities for land conversion and increased of development density and plot ratio.

In order to address the sustainability of the development and to meet the standards set out under the local authority policy and regulation, the Company continuously conduct feasibility study to ascertain efficient development components and development value.

The upcoming development of PERKESO Rehabilitation Centre is expected to contribute to employment and business-related opportunities thus enhancing the sustainable growth and vibrancy of BMR.

PCB Development Sdn. Bhd. ("PCB Development"), a subsidiary principally involved in property development was placed under Creditors' Voluntary Winding Up on 20 December 2021. The derecognition of assets and liabilities of PCB Development have provided a positive impact on the overall financial position of Perak Corp Group.

As at 31 December 2021, total shareholders' equity stood at RM218.1 million, which is a substantial improvement from a negative total equity of RM116.7 million in the year 2020. The Company will continue to drive business growth by securing new projects/business to revitalise the Group's existing property development business segments.

## Hospitality and Tourism

Perak state will be in a position to capitalise on the positive economic overview, especially in the hospitality and tourism sector. Though the sector was badly impacted by the COVID-19 pandemic and Movement Control Order (MCO) implemented by the government, the Group is optimistic with the current sentiment of the Malaysian economy, domestic visitors' trend and opening of borders to international tourists in the transition COVID-19 phase effective 1st April 2022.

Perak Corp owns and operates numerous hotels including Casuarina @ Meru, Casuarina @ Kuala Kangsar and Casuarina @ Pangkor. The Group also owns a houseboat in Tasik Temenggor, Gerik named Casuarina Houseboat @ Temenggor 1.

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

## CONSERVING ENVIRONMENT

Since its establishment in 1991, Perak Corp has always been committed to comply with the legal and regulatory requirements of the Malaysian Department of Environment ("**DOE**") as well as other regulators and authorities. To this end, environmental protection measures and considerations have long been embedded in our organisation.

### Consumption of Resources

Our Group is 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, our Group promoted environmental awareness among the employees through various initiatives and encouraged them to adopt environment-friendly working methods.

As such, since the completion in 2013, Casuarina @ Meru was designed to continuously harvest rain water. The hotel has implemented the green programme to save the earth for various activities including watering our plants and gardens and cleaning our drain.

Apart from water consumption, our Group is also strict when it comes to the electricity consumption. We are of the view that efficient use of energy will contribute to a healthier environment for the benefit of all, now and in the future. We encourage the use of energy-saving lightings, devices and practices in our hotels, and offices premises.

Our Group also encourages the employees to reduce the consumption of paper. Printing of documents are widely discouraged unless necessary given the technology we are moving into; i.e. paperless as to save the environment. Moving forward, Perak Corp intends to be a fully digitise organisation.

### Environment Impact Assessment

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

### Urban Farming Project – Greening the empty spaces

Perak Corp had its Urban Farming project as part of its Corporate Social Responsibility efforts to cultivate interest amongst urban citizens to venture into urban farming by utilising spaces to produce vegetables. The productive urban farming, sometimes called vertical farming was implemented on the empty outdoor space of the 2$^{nd}$ floor or Casuarina @ Meru, ('Hotel') and it became a productive urban green farm that produces vegetables and salads which are consumed by the Hotel. Perak Corp also donates the vegetables to orphanage homes surrounding Ipoh.

## SOCIAL RESPONSIBILITY

Our Group 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 2021, Perak Corp continued to make progress to operate responsibly and with care to meet the changing expectations not limited to employees but also society.

### Humanitarian Relief

*Food Box Donation to Affected Families during movement Control Order (MCO)*

Our Group 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.

In June 2021, Perak Corp provided Kotak Bantuan Kasih which was distributed through MKN's Collection centre to public and employees within the Group (*including their family members)* who were affected by the MCO, throughout Perak Darul Ridzuan that were affected by the implementation of Enhanced Movement Control Order (EMCO).

Notwithstanding the above food donation, Perak Corp had also extended its direct aids to the affected family members of the employees of Perak Corp during the difficult period due to MCO and EMCO to elevate the burden faced by them and their family.

*Flood Relief Aid ~ Teluk Intan*

A tropical downpour made landfall on the western coast of Peninsular Malaysia bringing intense downpour that led Sungai Batang Padang in Teluk Intan to overflow. Perak Corp immediately reached out to the affected families by distributing food boxes as aides to the flood victims and their family members to ease their burden.

*Iftar Programme with Rumah Baitul Aini*

In April 2021, with the aim to promote social welfare among the less fortunate, the Group organised charity activities which included iftar programme with an orphanage home, *Rumah Baitul Aini.* This program has become one of our Corporate Social Responsibility (CSR) programmes to care for the welfare of the people especially during *Ramadan.*

## Employees

Our Group believes that the long-term sustainability of our businesses is dependent on our workforce which we regard as our most important asset. Thus, we seek to creating a workplace environment that values mutual respect, equal treatment and opportunities for all and continuous training. We ensure that our Human Resources policies and guidelines are in compliance with all relevant legislations and that our workplace embraces diversity, inclusion and equality. As our employees are our key assets, managing talents at all levels is a priority. The health and wellbeing of staff is also of great importance. Benefits for employees include medical, hospitalisation and insurance coverage. Operating in the midst of the pandemic, we comply strictly with the Standard Operating Procedures (SOPs) as established by the Ministry of Health and other relevant authorities.

### 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.

### Anti-Bribery and Anti-Corruption Policy

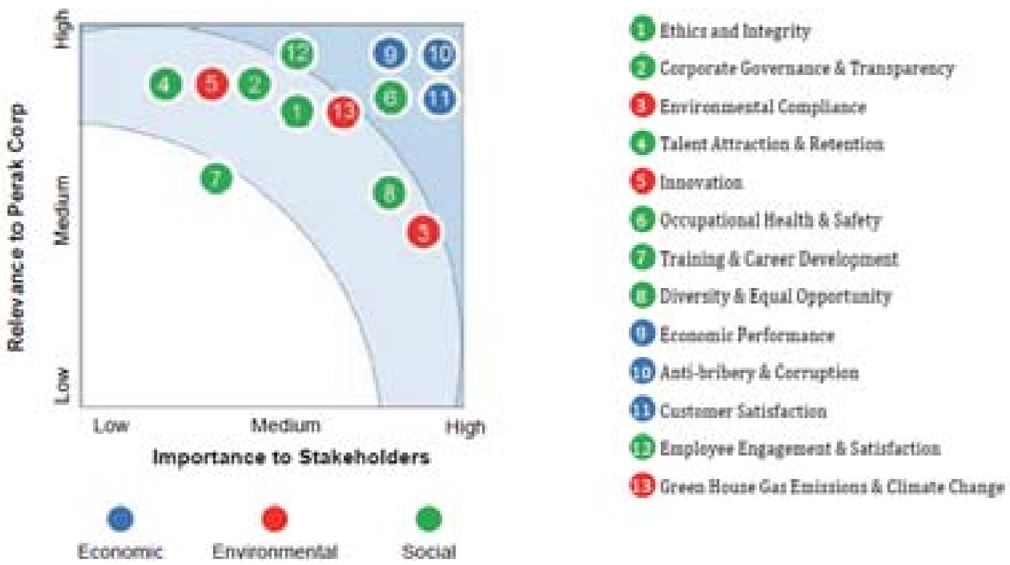
Ethical engagement with the marketplace is something the Group views seriously. In this regard, the Anti-Bribery and Anti-Corruption Policy is in place to ensure that one of the underlying principles of our Group's business philosophy, fair dealings in its business practices, is upheld for long-term recurring values for both stakeholders and shareholders.

### Governance

One of the fundamental principles that our Group encourages in all its business practices is fair dealings and ethical engagement in the marketplace. In this regard, our Group strives to deliver products and services that meet the criteria of value, safety and quality.

## 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.




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.

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 2021 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 and plays an important role in defining the scope of corporate governance within the Group. 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 and responsibilities.

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 and Bribery Policy

The Board has formalised an Anti-Corruption and Bribery Policy which outlines the responsibilities of the directors, officers and employees of the Group to uphold all laws to combat corruption and bribery and the procedures on anti-corruption and anti-bribery.

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.

The details of the Anti-Corruption and Bribery Policy are available for reference on the Company's website at www.perakcorp.com.my.

## 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 Whistle Blowing Policy is available for reference on the Company's website at www.perakcorp.com.my.

**Board Composition**

The Board has eight (8) 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 six (6) independent directors. More than half of the Board members are independent directors as recommended under Practice 5.2 of the MCCG.

The profile of the Board members is set out on pages 9 to 16 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, the Risk Management Committee and the Tender 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 2021, the Board held four (4) meetings on 24 February 2021, 20 May 2021, 26 August 2021 and 24 November 2021.

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

| | *Meeting attendance in 2021* |
|---|---|
| Tan Sri Abdul Rashid bin Abdul Manaf *(Chairman)* | 4/4 |
| Tan Sri Ir Kunasingam a/l V. Sittampalam | 4/4 |
| Datuk Redza Rafiq bin Abdul Razak (appointed on 25 February 2021) | 3/3 |
| Zainal Iskandar bin Ismail | 4/4 |
| Andy Liew Hock Sim | 3/4 |
| Tan Chee Hau | 4/4 |
| Ahmad Yani bin Aminuddin (appointed on 1 July 2021) | 2/2 |
| Faizul Hilmy bin Ahmad Zamri (appointed on 1 July 2021) | 2/2 |
| Mohd Ariff bin Yeop Ishak (resigned on 5 February 2021) | - |

At the scheduled meetings, the Board reviewed and deliberated on the operational and financial performance, risk management, internal audit findings, internal control system and significant issues of the Company and the Group.

**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.

In keeping with the provisions of the MCCG, Tan Sri Abdul Rashid bin Abdul Manaf being the Chairman of the Board, has resigned as a Chairman of the Nomination and Remuneration Committee on 23 February 2022. The Chairman is not involved in any of the Board Committees to ensure that there is appropriate check and balance as well as objective review by 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. The Company Secretary also ensure that all resolutions of the Board and Board Committees are properly drafted and maintained.

### Supply of Information

Each Board member receives quarterly interim financial reports, including comprehensive review and analysis. Prior to each Board and Board Committees' meeting, directors are sent an agenda of the meeting and a full set of meeting 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 and Board Committee 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.

The independent directors, namely Tan Sri Abdul Rashid bin Abdul Manaf, Tan Sri Ir Kunasingam a/l V. Sittampalam, Mr Andy Liew Hock Sim, Mr Tan Chee Hau, Encik Ahmad Yani bin Aminuddin and Tuan Haji Faizul Hilmy bin Ahmad Zamri, 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 reaches the cumulative term of nine (9) years.

All six (6) independent directors' tenure have yet to exceed the cumulative term of nine (9) years as at the end of the financial year 2021.

## 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.

The position of the Company's Chief Financial Officer, Financial Controller, Head, Legal & Corporate Secretarial and Head, Human Resources & Administration, all senior management positions, are held by women. It is the Company's aim to increase the participation of women in the senior management to promote diversity and ensure a healthy talent pipeline and succession.

### 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 fulfil 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 Nomination and Remuneration Committee comprises three (3) independent directors. The Nomination and Remuneration Committee was revamped on 23 February 2022 and is now headed by Tan Sri Ir Kunasingam a/l V. Sitampalam and the other members are Encik Ahmad Yani bin Aminuddin and Tuan Haji Faizul Hilmy bin Ahmad Zamri. 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.

During the financial year 2021, the Nomination and Remuneration Committee held four (4) meetings on 24 February 2021, 20 May 2021, 26 August 2021 and 24 November 2021.

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

| | *Meeting attendance in 2021* |
|---|---|
| Tan Sri Abdul Rashid bin Abdul Manaf (Chairman) | 4/4 |
| Tan Sri Ir Kunasingam a/l V. Sitampalam | 4/4 |
| Datuk Redza Rafiq bin Abdul Razak | 3/3 |

The activities carried out by the Nomination and Remuneration Committee during the financial year 2021, amongst others, included the recommendations to the Board on the following matters:

(a) Reviewed the directors' fees and benefits packages for the duration from the month following the Annual General Meeting ("**AGM**") in 2021 up to the month of the next AGM in 2022;

(b) Assessment of the eligibility of the retiring directors for re-election at the AGM of the Company;

(c) Assessment of the Directors' training needs to ensure all directors receive appropriate continuous training;

(d) Renewal of contract of service of the Chief Financial Officer;

(e) Assessment of candidates for appointment as directors of the Company and nomination of director to its subsidiaries;

(f) Determined the process to perform annual evaluation of Board, Audit Committee and Individual Director Assessment; and

(g) Reviewed the composition of Board Committees.

**Board, Audit Committee and Individual Director Assessment**

The Nomination and Remuneration Committee 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 assessment is carried out internally wherein at the end of the financial year, each director is distributed a Board Evaluation Form to conduct the self and peer assessment. Upon completion, the Board Evaluation Form is returned to the Company Secretary for compilation of the assessment results to be tabled at the next Committee meeting.

The areas covered by the annual assessment are:

- Attributes of each individual director i.e., professionalism, industry knowledge, specific competencies, business acumen, strategic vision, integrity, attendance, active participation, teamwork and more
- Board structure – whether the Board composed of directors with appropriate mix of skill and experience to meet the Company's requirements
- Board operations and interactions in terms of the conduct of Board meetings and Board communication
- Board roles and responsibilities - strategy planning, performance management, risk management and succession planning

Based on the results of the annual assessment, the directors had evaluated and agreed that the Board structure is efficient and the performance of the Board is generally good. The Nomination and Remuneration Committee was satisfied that the Board is composed of directors with appropriate mix of skill and experience, has sufficient level of involvement and deliberation of relevant issues and has put in place adequate risk management procedures.

The Nomination and Remuneration Committee also 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.

The overall results of the evaluation process and the improvements recommended thereon are presented by the Chairman of the Nomination and Remuneration Committee to the Board in respect of the performance of the Audit Committee and its members and the Board as a whole.

Based on the results of the annual assessment, the Nomination and Remuneration Committee concluded that:

- The Audit Committee is competent and efficient in discharging and fulfilling their roles and responsibilities in accordance with its terms of reference;
- The Board structure is efficient and the performance of the Board is generally good;
- The Board is composed of directors with appropriate mix of skill and experience, has sufficient level of involvement and deliberation of relevant issues and has put in place adequate risk management procedures; and
- The independent directors have satisfied the criteria of independence as defined in the Listing Requirements.

### 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 | • Delivering Business Resilence in Transformative Times – Setting an Efficient Growth Framework<br>• Rethinking Corp Risk to Manage Market Uncertainty – Ethics, Regulatory Compliance and Control Environment<br>• Sustainable Finance: Making better financial decisions<br>• Integrated Reporting Virtual – Briefing for Board of Directors and Senior Management |

| Name | Training Programme |
|---|---|
| Tan Sri Ir Kuna a/l V. Sittampalam | • The International Exhibition for the Engineering sector<br>• Updates on Directors' Duties & Responsibilities<br>• Virtual Coffee talk on Engineering with Dr Hayaatun Sillem CBE<br>• Project Management in Telecommunication<br>• The Indo Pacific Business Summit<br>• Transforming the industry by opening up ECP share equity<br>• Is the Turbulent Period Over?<br>• Bual Bicara Tokoh Teknikal 2021 |
| Datuk Redza Rafiq bin Abdul Razak | • Mandatory Accreditation Programme for Directors of Public Listed Companies<br>• Seeing the Big Picture: Getting Grip on Business Finance |
| Andy Liew Hock Sim | • Fraud and the Auditor's Responsibilities – Incorporating ISAs 240, 315, 450, 550 and 580 and selected case studies<br>• Decoding Transactions and RPT Rules<br>• Transfer Pricing<br>• Fraud Risk Management |
| Tan Chee Hau | • National Trade Blueprint<br>• Upclose with Budget 2022<br>• IEN International Conference for Entrepreneurs |
| Ahmad Yani bin Aminuddin | • Mandatory Accreditation Programme for Directors of Public Listed Companies |
| Faizul Hilmy bin Ahmad Zamri | • Mandatory Accreditation Programme for Directors of Public Listed Companies |
| Zainal Iskandar bin Ismail | • Anti Rasuah dengan kerjasama Suruhanjaya Pencegah Rasuah Malaysia, Negeri Perak<br>• MIDF Conversations<br>• Key Considerations and Impact to Business<br>• Securities Commission Guidelines on Conduct of Directors and the Implications |

## 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 2021 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 | 54 | - | 15 | - | 69 |
| Tan Sri Ir Kunasingam a/l V. Sittampalam | 51 | - | 16 | - | 67 |
| Datuk Redza Rafiq bin Abdul Razak | 43 | - | 14 | - | 57 |
| Andy Liew Hock Sim | 51 | - | 15 | - | 66 |
| Tan Chee Hau | 51 | - | 17 | - | 68 |
| Ahmad Yani bin Aminuddin | 27 | - | 7 | - | 34 |
| Faizul Hilmy bin Ahmad Zamri | 27 | - | 7 | - | 34 |
| Zainal Iskandar bin Ismail | 51 | 436 | 16 | - | 503 |
| Mohd Ariff bin Yeop Ishak | 5 | - | - | - | 5 |

**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 | 5 | - | - | - | 5 |
| Zainal Iskandar bin Ismail | 111 | 436 | 19 | - | 566 |

### 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 2021 are as follows:

| Remuneration in band | Senior management (number) |
|---|---|
| RM250,001-RM300,000 | 3 |
| RM 300,001-EM350,000 | - |
| RM350,001-RM400,000 | - |
| RM400,001-RM450,000 | - |
| RM450,001-RM500,000 | - |
| Above RM500,001 | 2 |

The Board noted that Practice 8.2 of the MCCG recommends the disclosure on a named basis, the top five senior management's remuneration components including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

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 composition of the Audit Committee was revamped on 23 February 2022 and is headed by Mr Andy Liew Hock Sim and the other members are Datuk Redza Rafiq bin Abdul Razak and Encik Ahmad Yani bin Aminuddin.

In order to ensure transparency and objectivity in the discussions and decisions of the Audit Committee, the Chairman of the Audit Committee is not the Chairman of the Board. The Audit 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 64 to 68 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 74 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 performance, technical competence, audit quality, sufficiency of resources and allocation of audit staff assigned to the audit;
- the appropriateness of audit fees to support a quality 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 Crowe Malaysia 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, suitability, objectivity, technical competency and professionalism demonstrated by Messrs Crowe Malaysia 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 Crowe Malaysia PLT as external auditors of the Company for the financial year ending 31 December 2022.

**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 three (3) independent directors. The composition of Risk Management Committee was revamped on 23 February 2022 and is now headed by Mr Tan Chee Hau and the other members are Tan Sri Ir

Kunasingam a/l V. Sittampalam and Mr Andy Liew Hock Sim. The role of the Risk Management Committee is to evaluate and assess the impact of the risks faced by 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 2021, the Risk Management Committee held four (4) meetings on 22 February 2021, 19 May 2021, 25 August 2021 and 23 November 2021.

The attendance of the previous members of the Risk Management Committee is as follows:

| | *Meeting attendance in 2021* |
|---|---|
| Andy Liew Hock Sim (Chairman) | 4/4 |
| Tan Sri Ir Kunasingam a/l V. Sittampalam | 4/4 |
| Zainal Iskandar bin Ismail | 4/4 |

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 55 to 63 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 are sent out to shareholders at least twenty eight (28) days before the date of meeting. The Annual Report and other accompanying documents are also made available to shareholders at least 28 days before the date of the AGM.

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 the 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 a fully virtual Thirtieth AGM on 29 June 2021 which 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. The Extraordinary General Meetings ("**EGM**") held on 8 June 2021 and 31 January 2022 were held in a similar manner.

At the Thirtieth AGM and EGM, poll voting was conducted in respect of all resolutions using the Remote Participation and Voting Facilities provided by Tricor Investor & Issuance House Sdn Bhd to enable shareholders to participate and to exercise their rights to speak and vote at the AGM and EGM 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 2021 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".

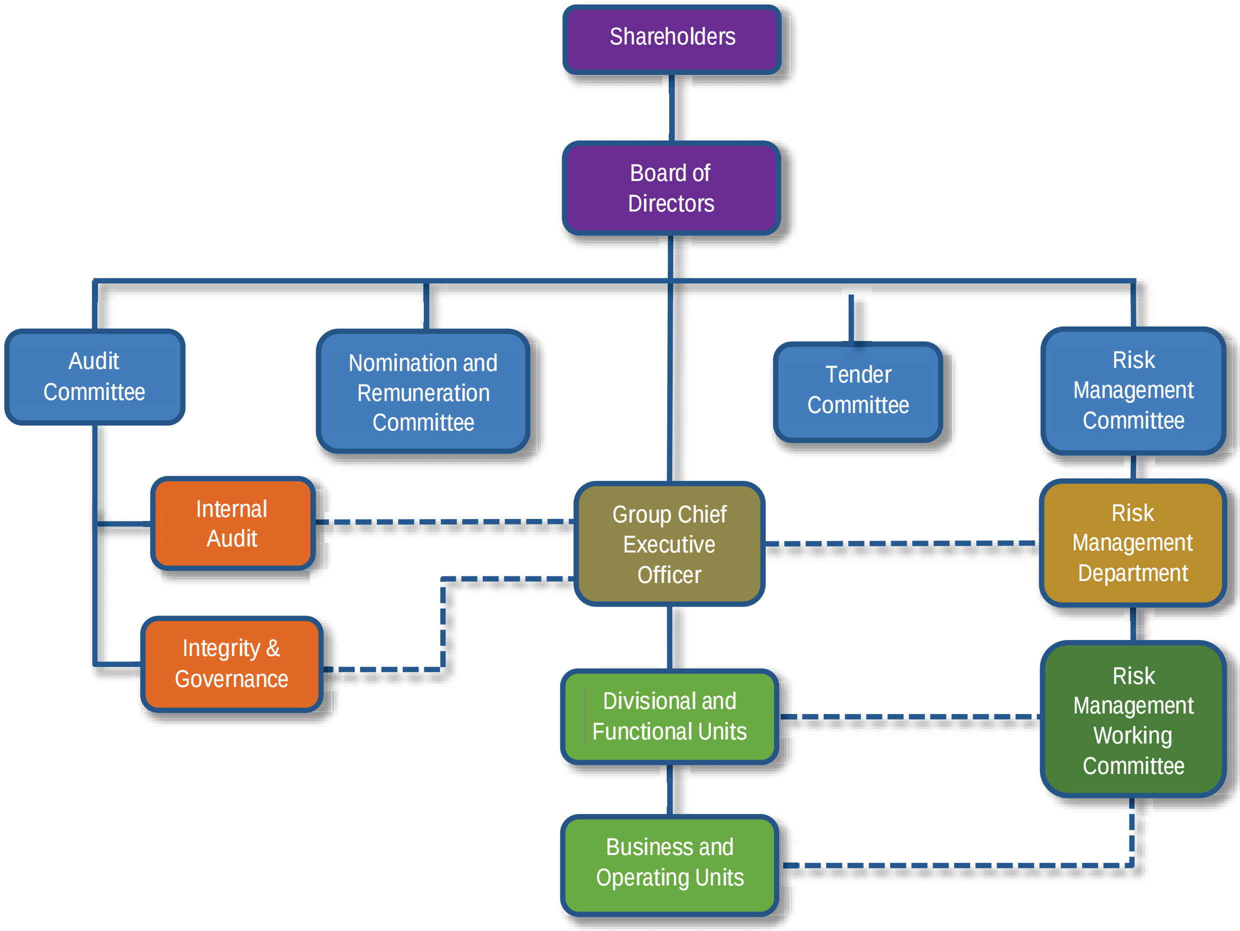
## RESPONSIBILITY OF THE BOARD

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 identify, evaluate, mitigate and monitor key risk associated with the Group. As such it provides reasonable but 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 are as follows:




**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 has instituted the following:-

Board and Board Committees:

- As at date of issuance of the annual report, there are eight (8) Directors on the Board comprising one (1) Non-Independent and Executive Director, one (1) Non-Independent and Non-Executive Director and six (6) Independent and Non-Executive Directors.

- The Board has established the Audit Committee ("AC"), Nomination and Remuneration Committee ("NRC"), Tender Committee ("TC") and Risk Management Committee ("RMC") 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 committee and the individual director are specified in its respective Terms of Reference and Board Charter.

Risk Management Committee:

- RMC assists the Board in ensuring sound and robust Risk Management Policy ("RMP") to achieve the Group's strategic objectives, safeguard shareholder's' 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 and Non-Executive Director and majority of members are Independent and Non-Executive Director. 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 authorisation of the annual report are set below:

<table>
<tr><th>Name</th><th>Status of Directorship</th><th>Date of Appointment</th><th>Date of Resignation</th><th>Attendance</th></tr>
<tr><td>Tan Chee Hau</td><td>Independent and Non-Executive</td><td>23/02/2022 (as Chairman)</td><td>-</td><td>-</td></tr>
<tr><td rowspan="2">Andy Liew Hock Sim</td><td rowspan="2">Independent and Non-Executive</td><td>06/10/2020 (as Chairman)</td><td>-</td><td>4/4</td></tr>
<tr><td>23/02/2022 (Re-designated from Chairman to Member)</td><td>-</td><td>-</td></tr>
<tr><td>Tan Sri Ir. Kuna a/l V. Sittampalam</td><td>Independent and Non-Executive</td><td>06/10/2020</td><td>-</td><td>4/4</td></tr>
<tr><td>Zainal Iskandar bin Ismail</td><td>Non-Independent Executive</td><td>03/07/2020</td><td>23/02/2022</td><td>4/4</td></tr>
</table>

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. The RMP, which defines RMD's responsibilities scope and authority for the Group has been established and endorsed by the RMC and Board.

- The RMC convenes four (4) 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.

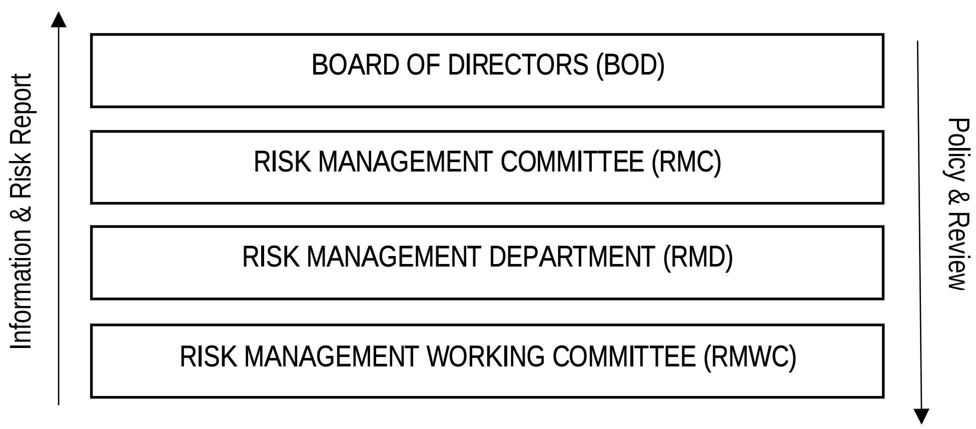
Risk Management Working Committee:

- 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.

- 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:

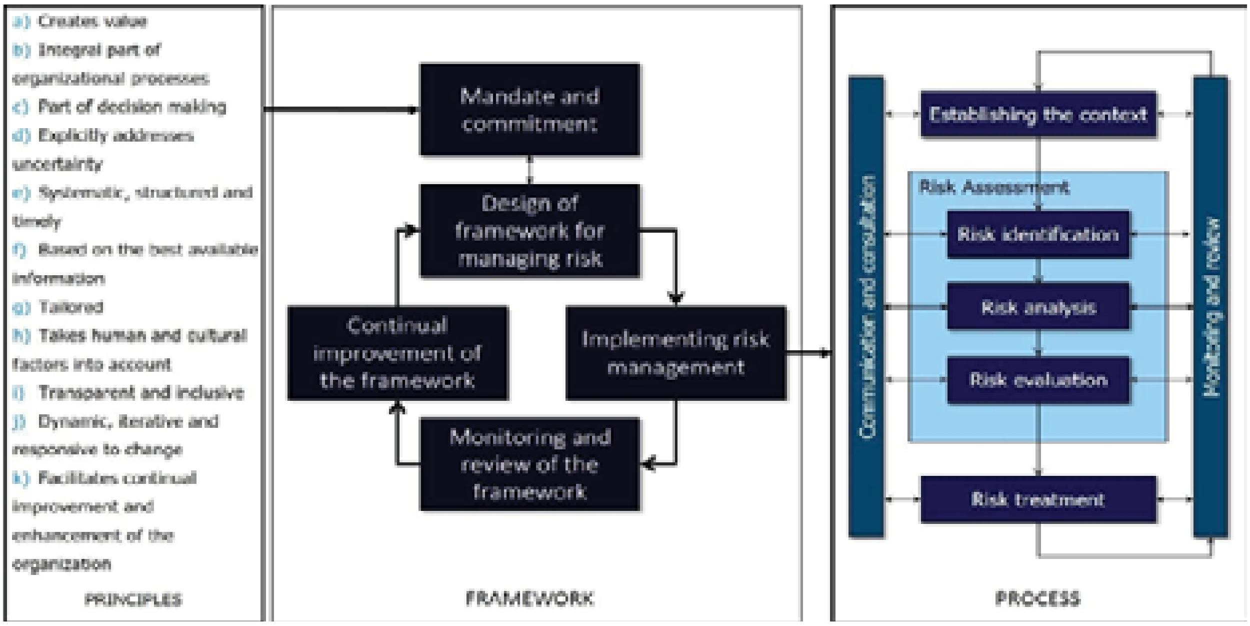
- The RMP provides the foundation and organisational arrangement for managing risk across the Group. It illustrates how risk management is embedded in the organisational systems and integrated at all levels and work contexts, making risk consideration part of day-to-day decision-making and business practices.

- 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 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 and;
    - Accept: A decision to allow the risk to remain as is, irrespective of its severity.

Risk mitigation and monitoring:

- Mitigation plans are finalised, owners are identified, and the progress of mitigation actions are monitored and reviewed. The RMD 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 standardisation of risk identification, assessment and governance of risks across the organisation.

- Assessment of 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 Reports are produced four (4) times for the year and are presented to the RMC and the Board for deliberation and approval.

- Quarterly review and monitoring implementation of risk action plans by the Risk Management Department and Risk Owners.

- 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. Four (4) RMC meetings were held for the year and Risk Management Report which were presented at every quarter Board Meetings were duly noted by the Board. The practice undertaken by the Group in respect of mitigating risk affecting the Group focuses primarily on creating and enhancing the effectiveness of strategic programs in improving the Group's competitive position and differentiation in market segments. The Group also ensures new initiatives are developed so as to enable the Group to achieve its long-term business aspirations and this in turn displays the Group's preparedness to address incidents which may cause disruption to business operations. Moving forward, the Group also focuses on ensuring adequate systems i.e.: physical and technological infrastructure, internal controls are in placed so as to enable the Group to detect fraudulent activities and other activities which may pose a threat and/or risk to the Group.

## KEY ELEMENTS OF INTERNAL CONTROL

Internal control is embedded in the Group's operations as follows:

- There is a clear organisational structure with defined reporting lines within the Group with each division having its 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 to ensure accountabilities for risk management and control activities.

- The Group has various support functions comprising, Internal Audit, Risk Management, Integrity & Governance, Legal and Corporate Secretarial, Human Resources and Administration, Information Technology, Corporate Communication, Finance and Accounts and Special Project.

- 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 ensures all matters relating to anti-corruption, integrity and governance are integrated under one specific unit so that any plan, 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.

- The Group Whistleblowing Policy provides avenue for potential whistleblower to act appropriately without fear of reprisal or retaliation.

- The internal audit function provides reasonable assurance on the effectiveness of the internal control system within the Group. The internal audit activities are carried out according to the internal audit plan based on risk-based approach, which has been approved by the Audit Committee.

- 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 is chaired by the Independent and Non-Executive 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, the Companies Act 2016 and other relevant laws and regulations.

- Training and development programs are 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 Group wide during the year to be adequate in order to capture and assess the risks within the context of the Group's business environment. The risk management system will also assess the adequacy of the internal controls that are in place to mitigate the 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 improvement 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 the appropriate action 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 2021 that required to be disclosed in the Annual Report.

This statement is made in accordance with a resolution of the Board of Directors dated 29th April 2022.

# AUDIT COMMITTEE REPORT

Audit Committee is a committee of the Board of Directors responsible with the oversight of financial reporting including the adequacy of related disclosures, review conflict of interest situations and related party transactions as well as corporate governance and overseeing responsibilities in relation to the Group's internal control and evaluate the internal and external audit processes.

The Terms of Reference of the Audit Committee are made available on the Company's website at www.perakcorp.com.my.

## 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 Audit Committee or internal or external auditors. The Audit 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 Audit Committee may invite any person to be in attendance at each meeting.

A total of seven (7) meetings were held on 22 February 2021, 19 May 2021, 25 August 2021, 27 September 2021, 23 November 2021, 9 February 2022 and 21 February 2022 during the financial year and the period up to the date of the authorisation of the annual report. Details of composition of the Audit Committee and attendance by each member of the Audit Committee covering the period during the financial year and the period up to the date of the authorisation of the annual report are set below:

| Name | Status of Directorship | Date of Appointment | Date of Resignation | Attendance of Meetings |
|---|---|---|---|---|
| Andy Liew Hock Sim (Chairman) | Independent Non-Executive | 6 August 2020 | - | 7/7 |
| Tan Sri Abdul Rashid bin Abdul Manaf | Independent Non-Executive | 6 August 2020 | 5 May 2021 | 1/1 |

| | | | | |
|---|---|---|---|---|
| Mohd Ariff bin Yeop Ishak | Non-Independent Non-Executive | 6 August 2020 | 5 February 2021 | - |
| Datuk Redza Rafiq bin Abdul Razak | Non-Independent Non-Executive | 5 May 2021 | - | 6/6 |
| Tan Chee Hau | Independent Non-Executive | 5 May 2021 | 23 February 2022 | 6/6 |
| Ahmad Yani bin Aminuddin | Independent Non-Executive | 23 February 2022 | - | - |

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

The Chairman of the Audit Committee reports to the Board of Directors on principal matters deliberated at Audit Committee meetings. The Chairman of the Audit Committee also deliberates to the Board of Directors 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.
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 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; 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 2021, 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 Crowe Malaysia PLT for the financial year ended 31 December 2021, are as follows:

| | Audit fees (RM'000) | Non-Audit fees (RM'000) |
|---|---|---|
| Company | 160 | 15 |
| Group | 645 | 15 |

The non-audit fees included assurance services rendered for 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.

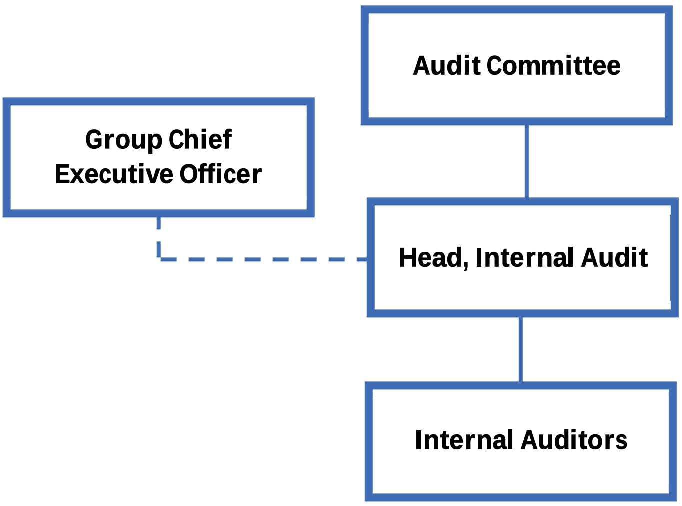
3. Reviewed the adequacy of internal audit process and resources allocated to the Group Internal Audit.

*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

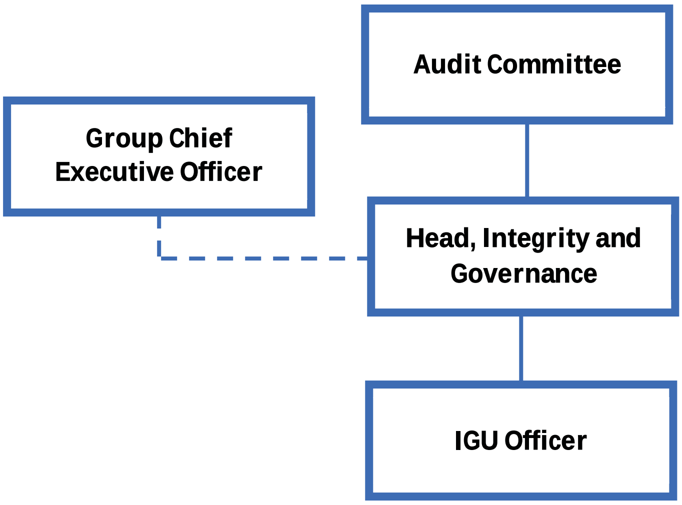
The Board of Directors recognises that effective monitoring on a continuous basis is a vital component of a sound internal control system. The main role of internal auditors is to review the effectiveness of internal control, and this is performed with impartiality, proficiency and due professional care. 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

Integrity and Governance (IGU) ensures all matters relating to anti-corruption, integrity and governance are integrated under one specific unit so that any plan, 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. Functionally, Integrity and Governance reports directly to the Audit Committee on integrity and governance matters and administratively to the Group Chief Executive Officer. The structure of Integrity and Governance is as follows:




With the establishment of Integrity and Governance, 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 1/1/2021 – 31/12/2021 (RM) |
|---|---|---|---|
| Operation and maintenance contract provided by Lumut Maritime Terminal Sdn Bhd ("LMTSB") | Lekir Bulk Terminal Sdn Bhd ("LBTSB") | See Note 1 | 46,271,536 |
| Rental of office premises from PCB Taipan Sdn Bhd ("PCBTSB") | Perbadanan Kemajuan Negeri Perak ("PKNP") | Ultimate holding corporation | 1,605,481 |
| Rental of office premises from PCB Taipan Sdn Bhd | Majuperak Holdings Berhad ("MHB") | See Note 2 | 232,746 |

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 51.41% 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 2021.

**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 2021.

# ANALYSIS OF SHAREHOLDINGS AS AT 31 MARCH 2022

| | | |
|---|---|---|
| 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 | 267 | 13.76 | 11,609 | 0.01 |
| 100 to 1,000 | 212 | 10.92 | 125,899 | 0.13 |
| 1,001 to 10,000 | 1,135 | 58.48 | 3,885,715 | 3.88 |
| 10,001 to 100,000 | 271 | 13.96 | 8,649,324 | 8.65 |
| 100,001 to 4,999,999 | 54 | 2.78 | 29,696,203 | 29.70 |
| 5,000,000* and above | 2 | 0.10 | 57,631,250 | 57.63 |
| | 1,941 | 100.00 | 100,000,000 | 100.00 |

*Note :*
* *Denotes 5% of the issued shares*

## 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 interested 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 | Ahmad Yani bin Aminuddin | - | - | - | - |
| 7 | Faizul Hilmy bin Ahmad Zamri | - | - | - | - |
| 8 | Zainal Iskandar bin Ismail | - | - | - | - |

## THIRTY LARGEST SHAREHOLDERS

| No. | Name | No. of shares held | % |
|---|---|---|---|
| 1 | CIMB Group Nominees (Tempatan) Sdn Bhd<br>• 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 | 4,997,800 | 5.00 |
| 4 | Chua Sim Neo @ Diana Chua | 4,914,300 | 4.91 |
| 5 | KAF Trustee Berhad<br>• KIFB for KAF Seagroatt & Campbell Berhad | 3,912,000 | 3.91 |
| 6 | Alliancegroup Nominees (Tempatan) Sdn Bhd<br>• Pledged Securities Account for Lai Cheng Kuan (8058893) | 3,500,000 | 3.50 |
| 7 | Kenanga Nominees (Asing) Sdn Bhd<br>• Cantal Capital Inc. | 1,000,000 | 1.00 |
| 8 | Perbadanan Kemajuan Negeri Perak | 765,003 | 0.76 |
| 9 | Public Nominees (Tempatan) Sdn Bhd<br>• Pledged Securities Account for Tam Seng @ Tam Seng Sen (E-PTS) | 500,000 | 0.50 |
| 10 | Pong Hee Kit | 490,400 | 0.49 |
| 11 | Tharumanathan a/l S. Eliathamby | 463,000 | 0.46 |
| 12 | Public Nominees (Tempatan) Sdn Bhd<br>• Pledged Securities Account for Law Yoong Kent (E-TMM) | 403,500 | 0.40 |
| 13 | Cherry Blossom Sdn Bhd | 367,150 | 0.37 |
| 14 | KAF Trustee Berhad<br>• KIFB for Yayasan Istana Abdul Aziz | 360,000 | 0.36 |
| 15 | KAF Trustee Berhad<br>• KIFB for DYMM Tuanku Bainun Mohd Ali | 351,000 | 0.35 |
| 16 | Vasan a/l P. Sinnadurai | 338,200 | 0.34 |
| 17 | Kenanga Nominees (Tempatan) Sdn Bhd<br>• Pledged Securities Account for Chin Kiam Hsung | 319,700 | 0.32 |
| 18 | Pui Cheng Tiong | 319,600 | 0.32 |
| 19 | Ng Poh Cheng | 302,200 | 0.30 |
| 20 | Law Yoong Kent | 279,000 | 0.28 |
| 21 | Toh Ah Hai | 275,000 | 0.27 |
| 22 | Yam Poh Chi | 266,000 | 0.27 |
| 23 | Maybank Nominees (Tempatan) Sdn Bhd<br>• Pledged Securities Account for Tay Ong Ngo @ Tay Boon Fang | 260,000 | 0.26 |
| 24 | UOB Kay Hian Nominees (Asing) Sdn Bhd<br>• Exempt an for UOB Kay Hian Pte Ltd (A/C Clients) | 251,350 | 0.25 |
| 25 | Cheong Yoke Choy | 250,000 | 0.25 |
| 26 | Renfield Investment Limited | 250,000 | 0.25 |
| 27 | Fast Continent Sdn Bhd | 247,500 | 0.25 |
| 28 | RHB Nominees (Tempatan) Sdn Bhd<br>• Pledged Securities Account for Chin Kiam Hsung | 230,000 | 0.23 |
| 29 | Tan Teck Peng | 228,000 | 0.23 |
| 30 | Pui Boon Hean | 210,000 | 0.21 |
| | | 83,681,953 | 83.68 |

# SUMMARY OF PROPERTIES AS AT 31 DECEMBER 2021

| Locations | Approximate Land Area (acres) | Tenure | Descriptions | Date of Acquisitions Approx. Age (Building) Net Book Value | Existing Use |
|---|---|---|---|---|---|
| Lot 20402, PN 394961 Negeri Perak, Mukim Hulu Bernam Timor, District Of Mualim, Perak Darul Ridzuan. | 247,85 | Leasehold (99 years) expiring year 2108 | Residential land | 29.11.1997<br>RM25,789,278 | Vacant |
| Lot 517373, GRN 154028 Negeri Perak, Mukim Ulu Kinta, District Of Kinta, Perak Darul Ridzuan. | 50.00 | Freehold | Commercial land | 31.1.2004<br>RM14,429,423 | Vacant |
| PT 279467, HSD 932771 Negeri Perak, Mukim Ulu Kinta, District Of Kinta, Perak Darul Ridzuan. | 29.56 | Leasehold (99 years) expiring year 2120 | Commercial land | 28.12.1996<br>RM12,099,512 | Vacant |
| Lot 20403, PN 394962 Negeri Perak, Mukim Hulu Bernam Timor, District Of Mualim, Perak Darul Ridzuan. | 103.71 | Leasehold (99 years) expiring year 2108 | Residential land | 29.11.1997<br>RM11,090,234 | Vacant |
| Lot 20571, PN 394965 Negeri Perak, Mukim Hulu Bernam Timor, District Of Mualim, Perak Darul Ridzuan. | 45.94 | Leasehold (99 years) expiring year 2108 | Commercial land | 29.11.1997<br>RM6,265,809 | Vacant |
| Lot 20570, PN 394964 Negeri Perak, Mukim Hulu Bernam Timor, District Of Mualim, Perak Darul Ridzuan. | 27.21 | Leasehold (99 years) expiring year 2108 | Commercial land | 29.11.1997<br>RM3,714,826 | Vacant |
| Lot PT 2273, Mukim Lumut, Daerah Manjung, Perak Darul Ridzuan. | 27.46 | Leasehold (99 years) expiring year 2093 | Waterbody | 30.9.1995<br>RM643,796<br>26 years | 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<br>RM84,012,543<br>24 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<br>RM2,307,536<br>8 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<br>RM1,762,411 | 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 | 31.1.2017<br>RM 14,143,635 | 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 2114 | Waterbody | 31.5.2017<br>RM93,746,360 | 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<br>RM41,803,597<br>8 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 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 2021

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

# REPORTS AND STATUTORY FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## INDEX

# DIRECTORS' REPORT
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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 2021.

## 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:

| | |
|---|---|
| Tan Sri Abdul Rashid Bin Abdul Manaf | |
| Zainal Iskandar Bin Ismail | |
| Tan Sri Ir. Kunasingam a/l V. Sittampalam | |
| Andy Liew Hock Sim | |
| Tan Chee Hau | |
| Datuk Redza Rafiq Bin Abdul Razak | (appointed on 25 February 2021) |
| Faizul Hilmy Bin Ahmad Zamri | (appointed on 1 July 2021) |
| Ahmad Yani Bin Aminuddin | (appointed on 1 July 2021) |
| 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 Equity Sdn. Bhd.</u>

| | |
|---|---|
| Sharifah Nor Hashimah Binti Syed Kamaruddin | |
| Janardhane a/p Muniandy | (appointed on 5 February 2021) |
| Mohd Ariff Bin Yeop Ishak | (resigned on 5 February 2021) |

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

| | |
|---|---|
| Zainal Iskandar Bin Ismail | |
| Tan Sri Abdul Rashid Bin Abdul Manaf | (appointed on 5 February 2021) |
| Datuk Redza Rafiq Bin Abdul Razak | (appointed on 31 March 2021) |
| Dato' Mohd Azmi Bin Hj Othman | (appointed on 7 July 2021) |
| Mohd Ariff Bin Yeop Ishak | (resigned on 5 February 2021) |

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

| | |
|---|---|
| Dato' Mohd Azhar Bin Jamaluddin | |
| Norhaslinda Binti Zakaria | |
| Zainal Iskandar Bin Ismail | |
| Dato' Mohd Azmi Bin Hj Othman | (appointed on 22 October 2021) |
| Datuk Redza Rafiq Bin Abdul Razak | (appointed on 22 October 2021) |
| Mohd Ariff Bin Yeop Ishak | (resigned on 5 February 2021) |

# DIRECTORS' REPORT
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (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>

| | |
|---|---|
| YB Dato HJ Samsudin Bin Abu Hassan | |
| Zainal Iskandar Bin Ismail | |
| 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) |
| Dato' Ir. Roslan Bin Abdul Rahman | (appointed on 4 March 2021) |
| Tn Hj Zainal Abidin Shah Bin Mahamood @ Yahya | (appointed on 6 September 2021) |
| Yahaya Bin Mat Nor | (resigned on 5 January 2021) |
| Mohd Shaiful Bahri Bin Hussain | (resigned on 15 January 2021) |
| Mohd Ariff Bin Yeop Ishak | (resigned on 5 February 2021) |
| Mohammad Zahir Bin Ismail | (resigned on 4 March 2021) |
| Azman Bin Talib | (resigned on 6 September 2021) |

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

| | |
|---|---|
| Wan Mahathir Bin Mohamad Esa | |
| Rusnidar Binti Samsudin | (appointed on 5 February 2021) |
| Mohd Ariff Bin Yeop Ishak | (resigned on 5 February 2021) |

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

| | |
|---|---|
| Wan Mahathir Bin Mohamad Esa | |
| Chew Jia Yieng | (appointed on 5 February 2021) |
| Mohd Ariff Bin Yeop Ishak | (resigned on 5 February 2021) |

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

Mat Radzi Bin Awang @ Hanafiah
Wan Mahathir Bin Mohamad Esa

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

Sharifah Nor Hashimah Binti Syed Kamaruddin
Rusnidar Binti Samsudin

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

| | |
|---|---|
| Zainal Iskandar Bin Ismail | |
| Datuk Redza Rafiq Bin Abdul Razak | (appointed on 31 March 2021) |
| Mohd Ariff Bin Yeop Ishak | (resigned on 5 February 2021) |

<u>Directors of LMT Capital Sdn. Bhd.</u>

| | |
|---|---|
| Zainal Iskandar Bin Ismail | (appointed on 5 February 2021) |
| Tn Hj Zainal Abidin Shah Bin Mahamood @ Yahya | (appointed on 6 September 2021) |
| Mohd Ariff Bin Yeop Ishak | (resigned on 5 February 2021) |
| Azman Bin Talib | (resigned on 6 September 2021) |

# DIRECTORS' REPORT
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (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 Silveritage Corporation Sdn. Bhd. and Cash Complex Sdn. Bhd.
Rusnidar Binti Samsudin
Janardhane a/p Muniandy

## 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.

## FINANCIAL RESULTS

| | GROUP RM'000 | COMPANY RM'000 |
|---|---|---|
| Net (loss)/profit for the financial year | (15,972) | 55,385 |
| Attributable to: | | |
| Owners of the Company | (12,626) | 55,385 |
| Non-controlling interests | (3,346) | 0 |
| | (15,972) | 55,385 |

## RESERVES AND PROVISIONS

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

# DIRECTORS' REPORT
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 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 2021.

## 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 2021 amounted to approximately RM24,000.

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 ended 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 2021 (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 subsidiary 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 2021 (CONTINUED)

## OTHER STATUTORY INFORMATION (CONTINUED)

In the opinion of the directors:

(a) except as disclosed in Note 36 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 event occurring subsequent to the financial year as disclosed in Note 37 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 36 to the financial statements.

## EVENTS OCCURRING SUBSEQUENT TO THE FINANCIAL YEAR END

Events occurring subsequent to the financial year end are disclosed in Note 37 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 29 April 2022. Signed on behalf of the Board of Directors.

| | |
|---|---|
| TAN SRI ABDUL RASHID BIN ABDUL MANAF<br>DIRECTOR | ZAINAL ISKANDAR BIN ISMAIL<br>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 17 to 143 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 2021 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 29 April 2022.

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 17 to 143 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 29 April 2022.

COMMISSIONER FOR OATHS

AZNOL RIZAL BIN FATAHAL KARIM
License Number: A264

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PERAK CORPORATION BERHAD

(Incorporated in Malaysia)
Registration No: 199101000605 (210915-U)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Perak Corporation Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, 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 17 to 143.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, 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.

### Basis for Opinion

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

*Independence and Other Ethical Responsibilities*

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

### Other matter

The financial statements of the Group and of the Company for the preceding financial year were audited by another firm of auditors whose report dated 31 May 2021, expressed an unmodified opinion of those statements.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PERAK CORPORATION BERHAD (CONT'D)

(Incorporated in Malaysia)
Registration No: 199101000605 (210915-U)

### 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><td colspan="2">1. The liquidity position and the implications to going concern<br>(Refer to Note 2 - Basis of preparation, Note 26 - Loans and borrowings, Note 32.2(d) - Liquidity risk, Note 36 - Significant events during the financial year and Note 37 - Material events subsequent to the end of the current financial year)</td></tr>
<tr><th>Key Audit Matter</th><th>How Our Audit Addressed the Key Audit Matter</th></tr>
<tr><td>As disclosed in Note 2 to the financial statements - Basis of Preparation, certain lenders of the Group had declared events of default and cross default on certain loans and borrowings following the failure of the Group in making principal loan repayment in the previous financial year. As a result, loans and borrowings with default and cross default clauses were reclassified from non-current liabilities to current liabilities since the previous financial year.<br><br>These loans and borrowings were classified as current liabilities and are repayable on demand or within 1 year as at 31 December 2021. The carrying amounts of these loans and borrowings as at 31 December 2021 amounted to approximately RM158.6 million (2020: RM480.6 million) for the Group and RM89.9 million (2020: RM147.6 million) for the Company respectively.<br><br>As at 31 December 2021, the Group's and the Company's current liabilities exceeded their current assets by RM106.2 million (2020: RM527.2 million) and RM191.2 million (2020: RM246.6 million) respectively. This indicated that the Group and the Company do not have sufficient liquidity to meet their obligations and commitments as and when they fall due and when they become repayable over the next 12 months from the reporting date.</td><td>We performed the following audit procedures:<br>• Reviewed and evaluated the appropriateness of management's basis to prepare the Group and the Company's financial statements on a non-going concern;<br>• Reviewed and assessed the appropriateness of disclosure in the financial statements especially on matters which require the exercise of judgements and use of estimates when preparing the financial statements on a non-going concern basis;<br>• Discussed with the management to understand the progress of the debt restructuring scheme and the regularisation plan; and<br>• Evaluated the impact of subsequent events after the financial year end on the Group's and the Company's liquidity position.<br><br>Based on the work performed, we concurred with the directors' conclusion that the basis of preparation for the financial statements of the Group and the Company is on a non-going concern basis.<br><br>No other material exception was noted.</td></tr>
</table>

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PERAK CORPORATION BERHAD (CONT'D)

(Incorporated in Malaysia)
Registration No: 199101000605 (210915-U)

**Key Audit Matters (Cont'd)**

| **1. The liquidity position and the implications to going concern (Cont'd)**<br>(Refer to Note 2 - Basis of preparation, Note 26 - Loans and borrowings, Note 32.2(d) - Liquidity risk, Note 36 - Significant events during the financial year and Note 37 - Material events subsequent to the end of the current financial year) | |
|---|---|
| **Key Audit Matter** | **How Our Audit Addressed the Key Audit Matter** |
| The Directors determined that the Group and the Company were unable to declare that they were solvent pursuant to paragraph 9.19A(F) of the Bursa Malaysia Securities Berhad ("Bursa Malaysia") Main Market Listing Requirements. 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 2021. The Group's submission of its regularisation plan to Bursa Malaysia was due on 11 February 2022. On 28 February 2022, Bursa Malaysia extended the regularisation plan submission dateline to 10 August 2022. As at the date of this report, discussions on the private debt settlement arrangement are ongoing while the regularisation plan is being formulated.<br><br>The Directors prepared the financial statements of the Group and of the Company as a non-going concern. The basis of preparation on non-going concern is described in Note 2 to the financial statements along with the resultant impacts to the respective financial statements' line items.<br><br>This is considered a key audit matter as the assessment of the Group's liquidity position and its ability to continue as a going concern affect the basis of preparation of the financial statements. | |

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PERAK CORPORATION BERHAD (CONT'D)

(Incorporated in Malaysia)
Registration No: 199101000605 (210915-U)

**Key Audit Matters (Cont'd)**

**2. The carrying amounts of non-financial assets**

(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 and Note 19 - Intangible assets)

| Key Audit Matter | How Our Audit Addressed the Key Audit Matter |
|---|---|
| As at 31 December 2021, the carrying amounts of non-financial assets are as follows:<br>- property, plant and equipment: RM92.8 million;<br>- right-of-use assets: RM93.0 million;<br>- port facilities: RM140.6 million;<br>- investment properties: RM7.6 million; and<br>- intangible assets: RM26.1 million<br><br>The management carried out an impairment assessment on the above mentioned non-financial assets. The impairment assessment involved significant judgements and there is inherent uncertainty in the assumptions applied by the management to determine the recoverable amount which is the higher of fair value less cost of disposal ("FVLCD") or forced sale value ("FSV"), where appropriate and value-in-use ("VIU"), taking into consideration the basis of preparation as a non-going concern.<br><br>This is considered a key audit matter due to the significant carrying amounts and the inherent subjectivity that is involved in making judgement in relation to the impairment assessment. | We performed the following audit procedures:<br>• Enquired management's plans and business changes, taking into consideration of COVID-19 impacts;<br>• Assessed the objectivity, competence and experience of the independent professional valuers;<br>• Obtained an understanding of the methodology adopted by the independent professional valuers and assessed if the methodology used is consistent with industry practices;<br>• Reviewed management's estimate of the recoverable amounts and tested the cash flow forecasts for their accuracy;<br>• Evaluated the appropriateness and reasonableness of the key assumptions by taking into consideration the past performances;<br>• Performed sensitivity analysis over the key assumptions to understand the impact of changes over the recoverable amounts; and<br>• Reviewed the adequacy of disclosure in the financial statements.<br><br>Based on the work performed, no material exception noted. |

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PERAK CORPORATION BERHAD (CONT'D)

(Incorporated in Malaysia)
Registration No: 199101000605 (210915-U)

**Key Audit Matters (Cont'd)**

<table>
<tr><td colspan="2">3. Recoverable amounts for property development costs<br>(Refer to Note 4.4 - Significant accounting estimates and judgements and Note 21 - Inventories)</td></tr>
<tr><td>Key Audit Matter</td><td>How Our Audit Addressed the Key Audit Matter</td></tr>
<tr><td>As at 31 December 2021, the carrying amounts of property development costs of the Group and of the Company included as part of inventories amounted to RM92.8 million and RM85.3 million respectively.<br><br>The management performed an assessment to establish the lower of cost and net realisable value for the property development costs. The assessment involved significant judgements and there is inherent uncertainty in the assumptions applied by the management to determine the net realisable value.<br><br>This is considered a key audit matter due to its significant balance and the inherent subjectivity that is involved in making judgement in relation to the assessment.</td><td>We performed the following audit procedures:<br>• Enquired management's plans and business changes;<br>• Assessed the objectivity, competence and experience of the independent professional valuers;<br>• Obtained an understanding of the methodology adopted by the independent professional valuers and assessed if the methodology used is consistent with industry practices;<br>• Evaluated management's assessment of the recoverability of the property development costs incurred; and<br>• Reviewed the adequacy of disclosure in the financial statements.<br><br>Based on the work performed, no material exception noted.</td></tr>
</table>

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PERAK CORPORATION BERHAD (CONT'D)

(Incorporated in Malaysia)
Registration No: 199101000605 (210915-U)

**Key Audit Matters (Cont'd)**

<table>
<tr><td colspan="2">4. Adequacy of expected credit loss allowance for doubtful debts and financial guarantee contracts<br>(Refer to Note 4.6 - Significant accounting estimates and judgements, Note 22 - Receivables, deposits and prepayments, Note 27 - Payables and accrued liabilities and Note 35 - Financial guarantee contracts)</td></tr>
<tr><td>Key Audit Matter</td><td>How Our Audit Addressed the Key Audit Matter</td></tr>
<tr><td>As at 31 December 2021, third party trade receivables, other receivables and other related parties of the Group and of the Company amounted to approximately RM27.6 million and RM2.3 million respectively.<br><br>As at 31 December 2021, the values of corporate guarantees issued to associated companies and subsidiaries amounted to approximately RM44.4 million and RM72.0 million respectively.<br><br>The management applied the expected credit loss ("ECL") model to determine the extent of ECL allowance required as at 31 December 2021.<br><br>This is considered a key audit matter due to the inherent subjectivity that is involved in making significant judgements and critical estimates made by the management to determine the level of ECL allowance.</td><td>We performed the following audit procedures:<br><br>• Enquired management's inputs and assumptions used when determining the ECL allowance;<br><br>• Verified loan repayments by associated companies and subsidiaries in respect of financial guarantee contracts;<br><br>• Evaluated the appropriateness and reasonableness of the key assumptions used in the ECL model and tested its mathematical accuracy;<br><br>• Tested the accuracy of the ageing profiles against supporting documents on a sample basis;<br><br>• Evaluated the adequacy of impairment losses provided; and<br><br>• Reviewed the adequacy of disclosure in the financial statements.<br><br>Based on the work performed, no material exception noted.</td></tr>
</table>

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PERAK CORPORATION BERHAD (CONT'D)

(Incorporated in Malaysia)
Registration No: 199101000605 (210915-U)

### Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

### Responsibilities of the Directors for the Financial Statements

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

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

### Auditors' Responsibilities for the Audit of the Financial Statements

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

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PERAK CORPORATION BERHAD (CONT'D)

(Incorporated in Malaysia)
Registration No: 199101000605 (210915-U)

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PERAK CORPORATION BERHAD (CONT'D)

(Incorporated in Malaysia)
Registration No: 199101000605 (210915-U)

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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.

**Crowe Malaysia PLT**
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

**Chan Kuan Chee**
02271/10/2023 J
Chartered Accountant

Kuala Lumpur

29 April 2022

# STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | Note | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| REVENUE | 5 | 245,244 | 131,220 | 0 | 0 |
| COST OF SALES | | (99,412) | (55,720) | 0 | 0 |
| GROSS PROFIT | | 145,832 | 75,500 | 0 | 0 |
| Administrative expenses | | (53,591) | (55,925) | (7,476) | (6,446) |
| Other income | | 191,311 | 3,877 | 18,774 | 9,258 |
| Other expenses | | (15,478) | (14,714) | 0 | (5,203) |
| (Net impairment losses)/Reversal of impairment losses on: | | | | | |
| - receivables | | (197,323) | (31,020) | 60,016 | (15,261) |
| - investment in a subsidiary | | 0 | 0 | 0 | (1,000) |
| - financial guarantee liabilities | | (6,189) | (13,340) | (6,189) | (44,303) |
| OPERATING PROFIT/(LOSS) | 6 | 64,562 | (35,622) | 65,125 | (62,955) |
| Finance costs | 9 | (15,522) | (16,934) | (9,740) | (11,651) |
| PROFIT/(LOSS) BEFORE TAX | | 49,040 | (52,556) | 55,385 | (74,606) |
| Tax (expense)/credit | 10 | (30,082) | (10,865) | 0 | 42 |
| PROFIT/(LOSS) FROM CONTINUING OPERATIONS | | 18,958 | (63,421) | 55,385 | (74,564) |
| LOSS FROM DISCONTINUED OPERATIONS | | (34,930) | (39,226) | 0 | 0 |
| NET (LOSS)/PROFIT FOR THE FINANCIAL YEAR | | (15,972) | (102,647) | 55,385 | (74,564) |
| OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR, NET OF TAX | | 0 | 0 | 0 | 0 |
| TOTAL COMPREHENSIVE (LOSS)/ PROFIT FOR THE FINANCIAL YEAR | | (15,972) | (102,647) | 55,385 | (74,564) |
| NET(LOSS)/PROFIT / TOTAL COMPREHENSIVE (LOSS)/ PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO: | | | | | |
| Owners of the Company | | (12,626) | (95,214) | 55,385 | (74,564) |
| Non-controlling interests | | (3,346) | (7,433) | 0 | 0 |
| | | (15,972) | (102,647) | 55,385 | (74,564) |
| Profit/(Loss) per share attributable to equity holders of the parent (sen) | | | | | |
| Basic/Diluted | | | | | |
| - continuing operations | 11 | 6.23 | (74.18) | | |
| - discontinued operation | 11 | (18.86) | (21.03) | | |
| Total | | (12.63) | (95.21) | | |

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

# STATEMENTS OF FINANCIAL POSITION
# AS AT 31 DECEMBER 2021

| | Note | GROUP 2021 RM'000 | GROUP 2020 RM'000 | COMPANY 2021 RM'000 | COMPANY 2020 RM'000 |
|---|---|---|---|---|---|
| ASSETS | | | | | |
| NON-CURRENT ASSETS | | | | | |
| Property, plant and equipment | 12 | 92,845 | 186,131 | 25 | 48 |
| Right-of-use assets | 13 | 93,030 | 96,702 | 947 | 1,263 |
| Port facilities | 14 | 140,584 | 139,680 | 0 | 0 |
| Investment properties | 15 | 7,588 | 19,285 | 0 | 0 |
| Investments in subsidiaries | 16 | 0 | 0 | 98,099 | 98,099 |
| Other investments | 18 | 25 | 25 | 0 | 0 |
| Intangible assets | 19 | 26,058 | 26,973 | 0 | 0 |
| Finance lease receivable | 20 | 0 | 57 | 0 | 0 |
| Inventories | 21 | 1,330 | 24,311 | 0 | 0 |
| | | 361,460 | 493,164 | 99,071 | 99,410 |
| CURRENT ASSETS | | | | | |
| Inventories | 21 | 105,595 | 161,757 | 85,312 | 73,157 |
| Receivables, deposits and prepayments | 22 | 31,445 | 25,728 | 2,554 | 6,617 |
| Finance lease receivable | 20 | 57 | 131 | 0 | 0 |
| Current tax assets | | 461 | 759 | 0 | 0 |
| Other investments | 18 | 4,293 | 4,247 | 42 | 42 |
| Deposits, bank and cash balances | 24 | 45,897 | 41,734 | 2,811 | 1,272 |
| | | 187,748 | 234,356 | 90,719 | 81,088 |
| TOTAL ASSETS | | 549,208 | 727,520 | 189,790 | 180,498 |
| EQUITY | | | | | |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY | | | | | |
| Share capital | 25 | 272,770 | 272,770 | 272,770 | 272,770 |
| Accumulated losses | | (193,921) | (181,295) | (365,666) | (421,051) |
| | | 78,849 | 91,475 | (92,896) | (148,281) |
| Non-controlling interests | | 139,281 | (208,210) | 0 | 0 |
| TOTAL EQUITY | | 218,130 | (116,735) | (92,896) | (148,281) |
| LIABILITIES | | | | | |
| NON-CURRENT LIABILITIES | | | | | |
| Loans and borrowings | 26 | 24,593 | 67,765 | 787 | 1,115 |
| Deferred tax liabilities | 28 | 12,573 | 14,964 | 7 | 7 |
| | | 37,166 | 82,729 | 794 | 1,122 |
| CURRENT LIABILITIES | | | | | |
| Loans and borrowings | 26 | 158,619 | 480,560 | 89,924 | 147,553 |
| Payables and accrued liabilities | 27 | 132,715 | 263,653 | 191,968 | 180,104 |
| Current tax liabilities | | 2,578 | 17,313 | 0 | 0 |
| | | 293,912 | 761,526 | 281,892 | 327,657 |
| TOTAL LIABILITIES | | 331,078 | 844,255 | 282,686 | 328,779 |
| TOTAL EQUITY AND LIABILITIES | | 549,208 | 727,520 | 189,790 | 180,498 |

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

# STATEMENTS OF CHANGES IN EQUITY
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

| | 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 1.1.2021 | 272,770 | (181,295) | 91,475 | (208,210) | (116,735) |
| Total comprehensive loss for the financial year | | | | | |
| Net loss for the financial year | 0 | (12,626) | (12,626) | (3,346) | (15,972) |
| Changes in ownership interest in subsidiaries | | | | | |
| Effects arising from changes in composition of the Group | 0 | 0 | 0 | 355,837 | 355,837 |
| 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 31.12.2021 | 272,770 | (193,921) | 78,849 | 139,281 | 218,130 |
| 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) |

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

# STATEMENTS OF CHANGES IN EQUITY
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

| | Issued and fully paid share capital RM'000 | Accumulated losses RM'000 | Total RM'000 |
|---|---|---|---|
| COMPANY | | | |
| At 1.1.2021 | 272,770 | (421,051) | (148,281) |
| Total comprehensive income for the financial year | | | |
| Net profit for the financial year | 0 | 55,385 | 55,385 |
| At 31.12.2021 | 272,770 | (365,666) | (92,896) |
| 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) |

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

# STATEMENTS OF CASH FLOWS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| OPERATING CASH FLOWS | | | | |
| Profit/(Loss) from continuing operations | 18,958 | (63,421) | 55,385 | (74,564) |
| Adjustments for: | | | | |
| Allowance for write down of inventories to net realisable value | 1,669 | 445 | 0 | 0 |
| Amortisation of computer software | 1,078 | 1,113 | 0 | 0 |
| Depreciation | | | | |
| - property, plant and equipment | 6,009 | 6,051 | 23 | 78 |
| - right-of-use assets | 1,176 | 1,191 | 316 | 632 |
| - port facilities | 5,590 | 5,380 | 0 | 0 |
| - investment properties | 413 | 222 | 0 | 0 |
| Deposits written off | 1 | 0 | 0 | 0 |
| Inventories written off | 0 | 7 | 0 | 0 |
| Net gain on disposals | | | | |
| - property, plant and equipment | 0 | (148) | 0 | (148) |
| Property, plant and equipment written off | 14 | 992 | 0 | 0 |
| Provision for slow moving inventories | 177 | 329 | 0 | 0 |
| Impairment losses | | | | |
| - investment in a subsidiary | 0 | 0 | 0 | 1,000 |
| - property, plant and equipment | 9,748 | 8,087 | 0 | 0 |
| - right-of-use assets | 2,700 | 0 | 0 | 0 |
| - investment properties | 118 | 0 | 0 | 0 |
| - intangible assets | 923 | 0 | 0 | 0 |
| - amount due from ultimate holding corporation | 1,515 | 13,455 | 1,069 | 86 |
| - amount due from subsidiaries | 0 | 0 | 4,078 | 12,673 |
| - amount due from former subsidiaries | 194,363 | 0 | 3,876 | 0 |
| - amount due from fellow subsidiaries | 389 | 10,151 | 0 | 1,698 |
| - amount due from associates | 1,791 | 1,461 | 1,790 | 804 |
| - other receivables | 623 | 157 | 0 | 0 |
| - trade receivables | 812 | 5,803 | 0 | 0 |
| - financial guarantee contracts | 6,189 | 13,340 | 6,189 | 44,303 |
| Operating cash flows carried forward | 254,256 | 4,615 | 72,726 | (13,438) |

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

# STATEMENTS OF CASH FLOWS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| OPERATING CASH FLOWS (CONTINUED) | | | | |
| Operating cash flows brought forward | 254,256 | 4,615 | 72,726 | (13,438) |
| Adjustments for: | | | | |
| Dividend income | (4) | (3) | 0 | 0 |
| Fair value (gain)/loss on financial assets measured at fair value at profit or loss | | | | |
| - other investments | (46) | 28 | 0 | (1) |
| Gain on derecognition of subsidiaries | (183,849) | 0 | 0 | 0 |
| Interest income | (2,819) | (1,223) | (8,365) | (8,730) |
| Reversal of allowance for impairment losses | | | | |
| - investments in subsidiaries | 0 | 0 | (10,355) | 0 |
| - amount due from ultimate holding corporation | (43) | 0 | 0 | 0 |
| - amount due from subsidiaries | 0 | 0 | (18) | 0 |
| - amount due from a former subsidiary | 0 | 0 | (70,811) | 0 |
| - amount due from associates | (1,664) | 0 | 0 | 0 |
| - trade receivables | (372) | (7) | 0 | 0 |
| Finance costs | 15,522 | 16,934 | 9,740 | 11,651 |
| Tax expense/(credit) | 30,082 | 10,865 | 0 | (42) |
| | 111,063 | 31,209 | (7,083) | (10,560) |
| Changes in working capital: | | | | |
| Inventories | 28,358 | (801) | (1,800) | 54 |
| Receivables | (1,923) | 644 | 353 | 20 |
| Related parties | (9,032) | (17,670) | 0 | (227) |
| Finance lease receivable | 131 | 138 | 0 | 0 |
| Payables | (2,910) | 34,205 | 778 | 6,830 |
| | 14,624 | 16,516 | (669) | 6,677 |
| Cash flows generated from/(used in) operation | 125,687 | 47,725 | (7,752) | (3,883) |
| Tax paid | (11,643) | (11,472) | 0 | 0 |
| Tax refunded | 16 | 0 | 0 | 0 |
| Cash flow for operating activities (discontinued operation) | (2,130) | (3,166) | 0 | 0 |
| Net operating cash flow carried forward | 111,930 | 33,087 | (7,752) | (3,883) |

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

# STATEMENTS OF CASH FLOWS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Net operating cash flow carried forward | 111,930 | 33,087 | (7,752) | (3,883) |
| **INVESTING CASH FLOWS** | | | | |
| Purchase of property, plant and equipment | (1,055) | (1,168) | 0 | (5) |
| Purchase of port facilities | (6,317) | (16,148) | 0 | 0 |
| Purchase of intangible assets | (92) | 0 | 0 | 0 |
| Purchase of other investments | 0 | (100) | 0 | 0 |
| Proceeds from disposals | | | | |
| - property, plant and equipment | 0 | 185 | 0 | 185 |
| Derecognition of subsidiaries, net of cash and cash equivalents derecognised | (1,580) | 0 | 0 | 0 |
| (Advances to)/Repaid from related parties | (17,423) | (619) | 72,073 | (6,031) |
| Dividend income received | 4 | 3 | 0 | 0 |
| Interest received | 492 | 505 | 18 | 2 |
| Cash flow from investing activities (discontinued operation) | 7 | 2 | 0 | 0 |
| Net investing cash flow | (25,964) | (17,340) | 72,091 | (5,849) |
| **FINANCING CASH FLOWS** | | | | |
| Dividends paid to non-controlling interests | (5,000) | (5,000) | 0 | 0 |
| Placement of deposits with licensed banks with maturity of more than 3 months | (271) | (7,307) | (0) | (5) |
| Withdrawal of pledged deposits with licensed banks | 704 | 72 | 0 | 0 |
| Repayment of hire purchase and finance lease liabilities | (16) | 0 | 0 | 0 |
| Repayment of term financing | (5,720) | (114) | 0 | 0 |
| Repayment of term loans | (25,000) | (5,720) | (25,000) | 0 |
| Repayment of revolving credits | (48,440) | 0 | (40,757) | 0 |
| Interest paid | (3,057) | (2,868) | (2,000) | (636) |
| Advances from related parties | 4,255 | 7,016 | 4,957 | 11,615 |
| Cash flow from financing activities (discontinued operation) | 1,252 | 4,647 | 0 | 0 |
| Net financing cash flow | (81,293) | (9,274) | (62,800) | 10,974 |
| Net change in cash and cash equivalents | 4,673 | 6,473 | 1,539 | 1,242 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR | 20,296 | 13,823 | 1,267 | 25 |
| CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR (Note 24) | 24,969 | 20,296 | 2,806 | 1,267 |

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

# STATEMENTS OF CASH FLOWS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

Changes in liabilities arising from financing activities

| | | Movements in cash flows | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 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 |
| **2021** | | | | | | | | | |
| GROUP | | | | | | | | | |
| Loans and borrowings | 548,325 | 1,252 | (79,176) | (77) | (328,885) | 7,380 | 37,450 | (3,057) | 183,212 |
| COMPANY | | | | | | | | | |
| Loans and borrowings | 148,668 | 0 | (65,757) | 0 | 60 | 4,803 | 4,937 | (2,000) | 90,711 |
| **2020** | | | | | | | | | |
| 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 |

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

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 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.

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
No. 1 Jalan Lasam
30350 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.

## 2 BASIS OF PREPARATION (CONTINUED)

The Group reported losses after tax of RM16.0 million (2020: RM102.6 million) for the financial year ended 31 December 2021 and as at that date, the Group's and the Company's current liabilities exceeded its current assets by RM106.2 million (2020: RM527.2 million) and RM191.2 million (2020: RM246.6 million) respectively. As at 31 December 2021, deposits, cash and bank balances of the Group and the Company totalled RM45.9 million and RM2.8 million and borrowing due repayment over the next 12 months after reporting date totalled RM158.6 million and RM89.9 million respectively.

The financial statements of the Group and 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 have initiated a private debt settlement arrangement and are in discussion with bankers to complete the proposed debt settlement agreements. At the date of this report, discussions with bankers are ongoing.

On 28 February 2022, Bursa Malaysia Securities Berhad ("Bursa Malaysia") extended the regularisation plan submission dateline to 10 August 2022. As of the date of authorisation of the financial statements, the regularisation plan is still being formulated.

The key chronological events are laid out below with the key determinants considered by 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. ("PCB Development"), 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 now 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, receiver and manager of ATP decided to close the operation 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 PCB Development 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 PCB Development in favour of AHIB for the syndicated term loan provided to ATP.

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (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 principal repayment due of RM3.3 million on 31 January 2020 for the 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 PN 17 Company, which was due on 11 February 2022. On 28 February 2022, Bursa Malaysia has decided to grant the Company an extension of time up to 10 August 2022 to submit its regularisation plan. At the date of the authorisation of the financial statement for financial year 2021, management is in the midst of formulating a proposed regularisation plan.

*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. ("PCB Taipan") 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 (collectively "the Scheme Companies") to convene a Secured Creditor's Meeting (hereinafter "the Court Convened 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 ninety (90) days from 23 July 2020.

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 2 BASIS OF PREPARATION (CONTINUED)

Key chronological events (continued)

*Extensions of time granted for the Proposed Scheme 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 Court Convened Creditors' Meeting pursuant to Section 366 of the Companies Act 2016. On 8 January 2021, the Court Convened Creditors' Meetings for the Non-Financial Institutions creditors and Direct Financial Institutions creditors of the Company, Corporate Guarantee Financial Institutions and Non-Financial Institutions creditors of PCB Development 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 Court Convened 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.

On 9 April 2021, the Scheme Companies obtained another extension for the restraining order pursuant to Section 366 and 368 of the Companies Act 2016 from the High Court of Malaya at Ipoh granting the Scheme Companies additional time of ninety (90) days to finalise the proposed scheme of arrangement and compromise between the Scheme Companies and the Scheme Creditors pursuant to Section 366 of the Companies Act 2016.

*Approvals of the Scheme of Arrangement by the Non-Financial Institutions Creditors and the Court*

On 19 April 2021, the Company and PCB Development 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, comprising of unsecured creditors other than the banks and financial institution ("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 the Section 366 and other relevant provisions of the Companies Act 2016.

On 7 May 2021, the High Court had approved and sanctioned the Proposed Scheme of Arrangement as detailed in the Explanatory Statement dated 26 March 2021 and the sealed order granted thereof had been extracted on 11 May 2021 following an application made by the Scheme Companies pursuant to section 366(3), (4), (5), (6) and (7) of the Companies Act 2016 for the sanction and approval of the Proposed Scheme of Arrangement. The Proposed Scheme of Arrangement shall be binding on the Scheme Companies and the New Scheme Creditors.

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 2 BASIS OF PREPARATION (CONTINUED)

Key chronological events (continued)

*Proposed Private Debt Settlements with Financial Institutions*
On 8 November 2021, the Company had entered into debt settlement agreements with AIB and CIMB for the proposed debt settlement of debts owing by the Company via cash settlement and via issuance of up to 35,814,980 redeemable cumulative preference shares ("RPS") at an issue price of RM1.00 per RPS. The proposed debt settlement and proposed amendments to the Constitution of the Company to facilitate the issuance of RPS under the proposed private debt settlement were approved by the shareholders of the Company during the Extraordinary General Meeting held on 31 January 2022.

The debt settlement agreements with AIB and CIMB shall be conditional upon the certain terms and conditions precedent to be fulfilled, for AIB by 31 March 2022 and for CIMB by 30 June 2022. As at the date of authorisation of the financial statements, the Company is seeking to amend certain terms and extension of time under the debt settlement agreements with AIB and CIMB respectively.

Presently, PCB Taipan and CIMB are still in the midst of formulating the private debt settlement framework for the debt owing by PCB Taipan as part of the private debt settlement plan currently undertaken by the Group.

*Creditor's Voluntary Winding-Up of PCB Development Sdn. Bhd.*
On 20 December 2021, the Company announced that PCB Development is undergoing a Creditors' Voluntary Winding where Mr Andrew Heng and Ms Anoopal Kaur of Baker Tilly Insolvency PLT have been appointed as the Interim Liquidators of PCB Development to commence the Creditors' Voluntary Winding Up proceedings pursuant to Section 440(1) of the Companies Act 2016. The meetings of the PCB Development shareholders and the creditors of PCB Development are scheduled to be held within thirty (30) days from 20 December 2021.

On 6 January 2022, a meeting of PCB Development and a meeting of creditors of PCB Development were held, Mr Andrew Heng and Ms Anoopal Kaur of Baker Tilly Insolvency PLT ("Liquidators") have been appointed as the Joint and Several Liquidators of PCB Development by way of a resolution of its members and creditors. As a result, the Liquidators has assumed control of PCB Development's business undertakings and all powers of the directors and management now vest in the Liquidators.

The Creditors' Voluntary Winding Up is necessary in view of PCB Development's inability to address and resolve all debts owing to its creditors. The shareholder of PCB Development has resolved to not provide further financial assistance to PCB Development. As such, PCB Development cannot by reason of its liabilities to continue business as usual.

The assets of PCB Development to be realised by the Liquidators will be utilised to settle all the unsecured creditors not settled under the approved and sanction Scheme of Arrangement, including the syndicated term loan lenders.

As the Company lost control of PCB Development and its subsidiary, ATP, the Company derecognised the assets and liabilities of these former subsidiaries from the consolidated statement of financial position as at 20 December 2021 and recognised the gain associated with the loss of control attributable to the former controlling interest.

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 2 BASIS OF PREPARATION (CONTINUED)

Key chronological events (continued)

*Regularisation Plan*

The submission of its regularisation plan to Bursa Malaysia was due on 11 February 2022. The Company had on 4 February 2022 submitted an application to Bursa Malaysia for an extension of time for a period of 12 months up to 9 February 2023. On 28 February 2022, Bursa Malaysia extended the regularisation plan submission dateline to 10 August 2022.

With the resolutions of majority of the debt issues, the Company is in the midst of formulating a plan to regularise its financial conditions to achieve the following:

(a) complete the proposed debt settlements, which is an important milestone towards resolving/restructuring its debt obligations and rehabilitate its business viabilities through the private debt settlement agreements;

(b) repayment of the Group's future debt obligations via the redemption of RPS to be issued to the financial institutions and New Scheme Creditors as well as the settlement to the New Scheme Creditors in the ordinary course of business; and

(c) improve the financial state of the Group by securing new projects/business to revitalise the Group's existing ports and logistics, property development and hospitality and tourism business segments.

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

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 repay their loans and borrowings with the financial institutions. As at 31 December 2021, the total loans and borrowings of the Group and of the Company amounted to RM183.2 million (2020: RM548.3 million) and RM90.7 million (2020: RM148.7 million) respectively, constituted about 55.3% and 32.1% 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 2021 by the Group totalled RM118.2 million (2020: RM438.2 million) and by the Company totalled RM88.3 million (2020: RM146.4 million).

In addition, out of the total loans and borrowings of the Group and of the Company, RM158.6 million (2020: RM480.6 million) and RM89.9 million (2020: RM147.6 million) are due repayable on demand or within 1 year respectively.

The bank and cash position of the Group and of the Company as at 31 December 2021 of RM45.9 million and RM2.8 million respectively, together with the projected cash inflows to be generated from the on-going projects undertaken by the entities within the Group are insufficient to settle the loans and borrowings due for repayment on demand or within 1 year.

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (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)

As the 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. 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 2021 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 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 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 2021 (CONTINUED)

## 2 BASIS OF PREPARATION (CONTINUED)

2.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

**MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

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

| MFRSs and/or IC Interpretations (Including The Consequential Amendments) | Effective Date |
|---|---|
| MFRS 17 Insurance Contracts | 1 January 2023 |
| Amendments to MFRS 3: Reference to the Conceptual Framework | 1 January 2022 |
| Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred |
| Amendments to MFRS 17 Insurance Contracts | 1 January 2023 |
| Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information | 1 January 2023 |
| Amendment to MFRS 101: Classification of Liabilities as Current or Non-current | 1 January 2023 |
| Amendments to MFRS 101: Disclosure of Accounting Policies | 1 January 2023 |
| Amendments to MFRS 108: Definition of Accounting Estimates | 1 January 2023 |
| Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 1 January 2023 |
| Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use | 1 January 2022 |
| Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract | 1 January 2022 |
| Annual Improvements to MFRS Standards 2018 – 2020 | 1 January 2022 |

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 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.

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.1 Basis of consolidation (continued)

(a) Subsidiaries (continued)

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.

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 a 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 a subsidiary include the carrying amount of goodwill relating to the subsidiary sold.

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (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.

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.1 Basis of consolidation (continued)

(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.

(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.

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.1 Basis of consolidation (continued)

(e) Joint arrangements (continued)

(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.

### 3.2 Investments in subsidiaries, associates and joint ventures in separate financial statements

In the Company's separate financial statements, investments in subsidiaries, associates and joint ventures are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries, 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 (refer to accounting policy Note 3.9(a) to the financial statements on right-of-use assets) is amortised in equal instalments over the period of the lease of 99 years, which expires in year 2114.

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.3 Property, plant and equipment (continued)

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 |
| Equipment, furniture and fittings | 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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 the statements of comprehensive income.

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 2021 (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 the 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 2021 (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. Licences 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 2021 (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 2021 (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 statements of financial position as investment property. ROU assets that are not investment properties are presented as a separate line item in the statements of financial position.

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (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 assets 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 2021 (CONTINUED)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.9 Leases (continued)

(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.

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 statement 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 2021 (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 2021 (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 2021 (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 2021 (CONTINUED)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.11 Financial assets (continued)

(d) Subsequent measurement - impairment (continued)

(i) Impairment for debt instruments and financial guarantee contracts (continued)

General 3-stage approach for other receivables, deposits and financial guarantee contracts issued (including non-trade amounts 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 32.2(c) 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 32.2(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 2021 (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 arising from goods sold or services rendered are grouped based on shared credit risk characteristics and the days past due.

Individual assessment

Trade receivables 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 2021 (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 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 amounts 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 2021 (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 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 2021 (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 2021 (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.

(d) 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 the statements of comprehensive income 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 completed within the Group's normal operating cycle, is classified as current asset.

(e) Hotel operating supplies

Cost is determined using the first-in, first-out method and comprises food and beverage, printing and stationeries and guestroom supplies.

(f) 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 2021 (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.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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.

### 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 measured at a percentage rate of historical replacements and a review of possible outcomes against the associated probabilities of returns.

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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.

(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.

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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.

(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; and
- 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.

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.21 Share capital (continued)

(e) Earnings per share (continued)

*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.

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.

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.22 Revenue recognition (continued)

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) 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.

(e) 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.

(f) 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 2021 (CONTINUED)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.22 Revenue recognition (continued)

(g) 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 2021 (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 2021 (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 on either the taxable entity or different taxable entities 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 2021 (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 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 statements of comprehensive income. 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 34, 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 2021 (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 2021 (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 2021 (CONTINUED)

## 4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

### 4.3 Impairment assessment of property, plant and equipment, right-of-use assets, port facilities and investment properties of the Group

The Group reviews the carrying amounts of the property, plant and equipment, right-of-use assets, port facilities and investment properties 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, 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 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) Discount rate of 7.7% is used and additional 10% increase in discount rates applied for year 6 and beyond.
d) Terminal growth rates of 1.5% to 2%, 1% and 0% are applied to best, expected and worst case scenarios.

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

### 4.3 Impairment assessment of property, plant and equipment, right-of-use assets, port facilities and investment properties of the Group (continued)

The calculation of the value-in-use discounted cash flow projections is sensitive to the revenue and discount rate. 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 change the recoverable amounts of the 2 CGUs as follows:

| | CGU 1 | CGU 2 |
|---|---|---|
| | RM'000 | RM'000 |
| **Changes in key assumptions** | | |
| Drop of 2% in revenue | (1,720) | (1,400) |
| Increase of 30 basis point in discount rate | (1,642) | (1,000) |

Based on the impairment assessments performed by management, impairment losses on property, plant and equipment, right-of-use assets and investment properties of RM9,748,000 (2020: RM8,087,000), RM2,700,000 (2020: RM Nil) and RM 118,000 (2020: RM Nil) respectively were charged to statements of comprehensive income.

No impairment loss noted for port facilities.

### 4.4 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.

### 4.5 Impairment assessment of investments in subsidiaries

The Company assesses whether there 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 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.

No impairment loss noted for the current financial year. Impairment loss on investments in subsidiaries of RM1,000,000 was charged to the profit or loss in the previous financial year.

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

### 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 32.2(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 are similar. Note 32.2(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.

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.

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 5 REVENUE

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Revenue from contracts with customers: | | | | |
| Property development revenue | | | | |
| - Sales of completed properties | 112,053 | 0 | 0 | 0 |
| - Sales of properties under development | 666 | 1,692 | 0 | 0 |
| - Sales of land | 0 | 1,253 | 0 | 0 |
| Hotel revenue – Rooms and halls | 4,448 | 5,514 | 0 | 0 |
| Restaurants, food and beverages | 4,422 | 5,003 | 0 | 0 |
| Port services | 121,706 | 115,558 | 0 | 0 |
| Management services | 431 | 556 | 0 | 0 |
| | 243,726 | 129,576 | 0 | 0 |
| Revenue from other sources | | | | |
| Rental income – premises | 1,518 | 1,644 | 0 | 0 |
| Total revenue | 245,244 | 131,220 | 0 | 0 |
| Timing of revenue recognition: | | | | |
| Goods sold at a point in time | 117,674 | 8,314 | 0 | 0 |
| Services rendered over time | 127,570 | 122,906 | 0 | 0 |
| | 245,244 | 131,220 | 0 | 0 |

Satisfied long-term performance obligations

In the previous financial year, the Group had recognised revenue from contracts with customers amounted to approximately RM1,200,000 that was included in the contract liabilities at the beginning of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 6 OPERATING PROFIT/(LOSS)

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Operating profit/(loss) from continuing operations is stated after charging/ (crediting): | | | | |
| Auditors' remuneration paid/payable: | | | | |
| - Statutory audit | | | | |
| - current year | 637 | 670 | 160 | 155 |
| - over provision in prior year | (7) | 0 | 0 | 0 |
| - Non-statutory audit fees | | | | |
| - assurance related | 15 | 15 | 15 | 15 |
| Allowance for write down of inventories to net realisable value | 1,669 | 445 | 0 | 0 |
| Amortisation of intangible assets | 1,078 | 1,113 | 0 | 0 |
| Bad debts written off | 0 | 1 | 0 | 0 |
| Depreciation: | | | | |
| - Property, plant and equipment | 6,009 | 6,051 | 23 | 78 |
| - Port facilities | 5,590 | 5,380 | 0 | 0 |
| - Investment properties | 413 | 222 | 0 | 0 |
| - Right-of-use assets | 1,176 | 1,191 | 316 | 632 |
| Deposits written off | 1 | 0 | 0 | 0 |
| Directors' fees and remuneration (Note 8) | 1,956 | 1,710 | 903 | 891 |
| Employee benefits expense (Note 7) | 38,911 | 39,576 | 4,475 | 4,835 |
| Impairment losses: | | | | |
| - Property, plant and equipment | 9,748 | 8,087 | 0 | 0 |
| - Right-of-use assets | 2,700 | 0 | 0 | 0 |
| - Investment properties | 118 | 0 | 0 | 0 |
| - Intangible assets | 923 | 0 | 0 | 0 |
| - Financial guarantee liabilities | 6,189 | 13,340 | 6,189 | 44,303 |
| Lease expenses for short term leases and low value assets | 121 | 115 | 14 | 12 |
| Property, plant and equipment written off | 14 | 992 | 0 | 0 |
| Provision for slow moving inventories | 177 | 329 | 0 | 0 |

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 6 OPERATING PROFIT/(LOSS) (CONTINUED)

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Operating profit/(loss) from continuing operations is stated after charging/ (crediting): (continued) | | | | |
| Interest income from: | | | | |
| - Unwinding of interest on significant financing component | (1,045) | 0 | 0 | 0 |
| - Amount due from ultimate holding corporation | (522) | (400) | (522) | (400) |
| - Amount due from subsidiaries | 0 | 0 | 0 | (8,103) |
| - Amount due from a former subsidiary | 0 | 0 | (7,064) | 0 |
| - Amount due from associates | (760) | (301) | (760) | (225) |
| - Fixed deposits | (492) | (522) | (19) | (2) |
| Fair value (gain)/loss on financial assets measured at fair value through profit or loss | (46) | 28 | 0 | (1) |
| Dividend income | (4) | (3) | 0 | 0 |
| Gain on disposals of plant and equipment | 0 | (148) | 0 | (148) |
| Gain on derecognition of subsidiaries (Note 31) | (183,849) | 0 | 0 | 0 |
| Government wages subsidy | (677) | (984) | (50) | (86) |
| Rental income from leasing of buildings | (168) | (181) | 0 | 0 |
| Reversal of impairment loss on equity loans to subsidiaries | 0 | 0 | (10,355) | 0 |

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 6 OPERATING PROFIT/(LOSS) (CONTINUED)

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Included in net impairment losses/ (reversal of impairment losses) of receivables are: | | | | |
| Impairment losses: | | | | |
| - Trade receivables | 812 | 5,803 | 0 | 0 |
| - Other receivables | 623 | 157 | 0 | 0 |
| - Amount due from ultimate holding corporation | 1,515 | 13,455 | 1,069 | 86 |
| - Amount due from subsidiaries | 0 | 0 | 4,078 | 12,673 |
| - Amount due from former subsidiaries | 194,363 | 0 | 3,876 | 0 |
| - Amount due from fellow subsidiaries | 389 | 10,151 | 0 | 1,698 |
| - Amount due from associates | 1,791 | 1,461 | 1,790 | 804 |
| Reversal of impairment losses: | | | | |
| - Trade receivables | (372) | (7) | 0 | 0 |
| - Amount due from ultimate holding corporation | (43) | 0 | 0 | 0 |
| - Amount due from subsidiaries | 0 | 0 | (18) | 0 |
| - Amount due from a former subsidiary | 0 | 0 | (70,811) | 0 |
| - Amount due from associate | (1,664) | 0 | 0 | 0 |

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 7 EMPLOYEE BENEFITS EXPENSE

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Salaries and wages | 31,181 | 26,981 | 3,475 | 3,472 |
| Employees Provident Fund contributions | 3,167 | 3,492 | 549 | 551 |
| Social security contributions and employment insurance systems contributions | 339 | 377 | 38 | 41 |
| Other staff related expenses | 4,224 | 8,726 | 413 | 771 |
| | 38,911 | 39,576 | 4,475 | 4,835 |

## 8 DIRECTORS' FEES AND REMUNERATION

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Directors of the Company: | | | | |
| - salaries and other emoluments | 543 | 616 | 543 | 596 |
| - fees | 360 | 398 | 360 | 295 |
| | 903 | 1,014 | 903 | 891 |
| Directors of the subsidiaries: | | | | |
| - salaries and other emoluments | 521 | 236 | 0 | 0 |
| - fees | 532 | 460 | 0 | 0 |
| | 1,053 | 696 | 0 | 0 |
| | 1,956 | 1,710 | 903 | 891 |

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 2021 (CONTINUED)

## 9 FINANCE COSTS

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Interest expenses | | | | |
| - penalty from revolving credit | 7,156 | 6,302 | 4,579 | 4,580 |
| - penalty from term loan | 224 | 0 | 224 | 0 |
| - advances from ultimate holding corporation | 360 | 463 | 0 | 0 |
| - finance lease liabilities | 194 | 180 | 153 | 401 |
| - revolving credits | 5,219 | 6,629 | 3,553 | 4,917 |
| - term loans | 28,483 | 22,575 | 1,208 | 1,726 |
| - redeemable convertible preference shares | 3,233 | 3,137 | 0 | 0 |
| - payables | 303 | 1,297 | 23 | 27 |
| - overdraft and other borrowings | 334 | 326 | 0 | 0 |
| | 45,506 | 40,909 | 9,740 | 11,651 |
| Recognised in profit or loss | | | | |
| - continuing operations | 15,522 | 16,934 | 9,740 | 11,651 |
| - discontinued operation | 29,308 | 22,349 | 0 | 0 |
| Capitalised in qualifying assets | | | | |
| - property, plant and equipment | 360 | 537 | 0 | 0 |
| - port facilities | 316 | 1,089 | 0 | 0 |
| | 45,506 | 40,909 | 9,740 | 11,651 |

The average capitalisation rate for borrowing costs of the Group is 4.08% (2020: 4.48%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 10 TAX EXPENSE/(CREDIT)

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| For continuing operations: | | | | |
| Current financial year: | | | | |
| Income tax charge | 28,190 | 11,606 | 0 | 0 |
| Over provision of Malaysian income tax in prior year | (146) | (1,262) | 0 | 0 |
| | 28,044 | 10,344 | 0 | 0 |
| Deferred tax (Note 28): | | | | |
| Relating to origination and reversal of temporary differences | 899 | 521 | 0 | (42) |
| Under provision in prior year | 1,139 | 0 | 0 | 0 |
| | 2,038 | 521 | 0 | (42) |
| Tax expense/(credit) | 30,082 | 10,865 | 0 | (42) |

The explanation of the relationship between tax expense/(credit) and profit/(loss) before tax from continuing operations and discontinued operation is as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Profit/(Loss) before tax from continuing operations | 49,040 | (52,556) | 55,385 | (74,606) |
| Loss before tax from discontinued operation | (35,177) | (39,515) | 0 | 0 |
| | 13,863 | (92,071) | 55,385 | (74,606) |
| Tax calculated at the Malaysian income tax rate of 24% (2020: 24%) | 3,327 | (22,097) | 13,292 | (17,905) |
| Tax effects of: | | | | |
| - expenses not deductible for tax purposes | 44,233 | 25,844 | 5,135 | 17,729 |
| - income not subject to tax | (21,897) | (3,343) | (19,496) | (1,095) |
| - deferred tax assets not recognised | 3,537 | 11,130 | 1,069 | 1,229 |
| - utilisation of previously unrecognised deferred tax assets | (358) | 0 | 0 | 0 |
| - over provision of Malaysian income tax in prior year | (146) | (958) | 0 | 0 |
| - under provision of deferred tax in prior year | 1,139 | 0 | 0 | 0 |
| Tax expense/(credit) | 29,835 | 10,576 | 0 | (42) |

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 11 PROFIT/(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 | |
|---|---|---|
| | 2021 | 2020 |
| Continuing operations | | |
| Net profit/(loss) for the financial year attributable to owners of the Company (RM'000) | 6,229 | (74,185) |
| Weighted average number of ordinary shares in issue during the financial year ('000) | 100,000 | 100,000 |
| Basic profit/(loss) per share (sen) | 6.23 | (74.18) |
| Discontinued operation | | |
| Net loss for the financial year attributable to owners of the Company (RM'000) | (18,855) | (21,029) |
| Weighted average number of ordinary shares in issue during the financial year ('000) | 100,000 | 100,000 |
| Basic loss per share (sen) | (18.86) | (21.03) |

No diluted loss per share calculated as the Company does not have potential convertible shares.

Redeemable convertible preference shares issued by a former 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 2021 (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 1.1.2021 | 57,442 | 282,643 | 47,314 | 90,047 | 4,992 | 5,406 | 20,959 | 508,803 |
| Additions | 0 | 5 | 0 | 795 | 139 | 0 | 476 | 1,415 |
| Written off | 0 | 0 | 0 | (16) | 0 | 0 | 0 | (16) |
| Transfer to Intangible Assets | 0 | 0 | 0 | 0 | 0 | 0 | (71) | (71) |
| Transfer from Port Facilities | 0 | 0 | 0 | 0 | 139 | 0 | 0 | 139 |
| Transfer from capital work-in-progress | 0 | 0 | 0 | 0 | 1 | 0 | (1) | 0 |
| Derecognition of subsidiaries | (49,137) | (197,695) | (47,314) | (44,948) | (2,003) | 0 | (1,688) | (342,785) |
| At 31.12.2021 | 8,305 | 84,953 | 0 | 45,878 | 3,268 | 5,406 | 19,675 | 167,485 |
| ACCUMULATED DEPRECIATION | | | | | | | | |
| At 1.1.2021 | 0 | 18,325 | 4,549 | 37,173 | 3,185 | 2,234 | 0 | 65,466 |
| Depreciation for the financial year | 0 | 5,094 | 0 | 3,177 | 283 | 798 | 0 | 9,352 |
| Written off | 0 | 0 | 0 | (2) | 0 | 0 | 0 | (2) |
| Derecognition of subsidiaries | 0 | (13,246) | (4,549) | (8,626) | (975) | 0 | 0 | (27,396) |
| At 31.12.2021 | 0 | 10,173 | 0 | 31,722 | 2,493 | 3,032 | 0 | 47,420 |

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (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 1.1.2021 | 0 | 170,917 | 42,765 | 37,273 | 977 | 143 | 5,131 | 257,206 |
| Impairment loss for the financial year | 0 | 0 | 0 | 23 | 0 | 0 | 9,725 | 9,748 |
| Derecognition of subsidiaries | 0 | (157,990) | (42,765) | (36,314) | (977) | 0 | (1,688) | (239,734) |
| At 31.12.2021 | 0 | 12,927 | 0 | 982 | 0 | 143 | 13,168 | 27,220 |
| CARRYING AMOUNT | | | | | | | | |
| At 31.12.2021 | 8,305 | 61,853 | 0 | 13,174 | 775 | 2,231 | 6,507 | 92,845 |

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (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 |
|---|---|---|---|---|---|---|---|---|
| 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 2021 (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 |
| 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 2021 (CONTINUED)

## 12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| COMPANY | Equipment, furniture and fittings RM'000 | Motor vehicles RM'000 | Total RM'000 |
|---|---|---|---|
| COST | | | |
| At 1.1.2021/31.12.2021 | 865 | 268 | 1,133 |
| ACCUMULATED DEPRECIATION | | | |
| At 1.1.2021 | 817 | 268 | 1,085 |
| Depreciation for the financial year | 23 | 0 | 23 |
| At 31.12.2021 | 840 | 268 | 1,108 |
| CARRYING AMOUNT | | | |
| At 31.12.2021 | 25 | 0 | 25 |
| 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 |

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) During the financial year, property, plant and equipment of the Group and of the Company were acquired by means of:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Property, plant and equipment additions during the financial year | 1,415 | 11,053 | 0 | 5 |
| Less: | | | | |
| Borrowing costs capitalised | (360) | (537) | 0 | 0 |
| Balance not paid included in payables | 0 | (9,423) | 0 | 0 |
| Purchases made under term loan facility | 0 | (841) | 0 | 0 |
| Add: | | | | |
| Payments for payables brought forward from previous financial year | 0 | 916 | 0 | 0 |
| Cash payments | 1,055 | 1,168 | 0 | 5 |

(b) At 31 December 2021, certain freehold and buildings of the Group with a total carrying amounts of RM57,260,000 (2020: RM70,019,000) is charged to secure bank loans granted to the Group (see Note 26).

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 13 RIGHT-OF-USE ASSETS

| GROUP | Leasehold port land RM'000 | Leasehold land RM'000 | Buildings and improvement RM'000 | Motor vehicle RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| COST | | | | | |
| At 1.1.2021 | 88,873 | 12,150 | 1,709 | 0 | 102,732 |
| Additions | 0 | 0 | 0 | 204 | 204 |
| At 31.12.2021 | 88,873 | 12,150 | 1,709 | 204 | 102,936 |
| ACCUMULATED DEPRECIATION | | | | | |
| At 1.1.2021 | 5,179 | 648 | 203 | 0 | 6,030 |
| Depreciation for the financial year | 981 | 123 | 55 | 17 | 1,176 |
| At 31.12.2021 | 6,160 | 771 | 258 | 17 | 7,206 |
| ACCUMULATED IMPAIRMENT LOSSES | | | | | |
| At 1.1.2021 | 0 | 0 | 0 | 0 | 0 |
| Impairment loss for the financial year | 0 | 2,675 | 25 | 0 | 2,700 |
| At 31.12.2021 | 0 | 2,675 | 25 | 0 | 2,700 |
| CARRYING AMOUNT | | | | | |
| At 31.12.2021 | 82,713 | 8,704 | 1,426 | 187 | 93,030 |
| COST | | | | | |
| At 1.1.2020 | 88,873 | 12,150 | 1,537 | 0 | 102,560 |
| Additions | 0 | 0 | 172 | 0 | 172 |
| At 31.12.2020 | 88,873 | 12,150 | 1,709 | 0 | 102,732 |
| ACCUMULATED DEPRECIATION | | | | | |
| At 1.1.2020 | 4,235 | 526 | 78 | 0 | 4,839 |
| Depreciation for the financial year | 944 | 122 | 125 | 0 | 1,191 |
| At 31.12.2020 | 5,179 | 648 | 203 | 0 | 6,030 |
| CARRYING AMOUNT | | | | | |
| At 31.12.2020 | 83,694 | 11,502 | 1,506 | 0 | 96,702 |

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 13 RIGHT-OF-USE ASSETS (CONTINUED)

| COMPANY | Buildings<br>RM'000 |
|---|---|
| COST | |
| At 1.1.2021/31.12.2021 | 1,895 |
| | |
| ACCUMULATED DEPRECIATION | |
| At 1.1.2021 | 632 |
| Depreciation for the financial year | 316 |
| At 31.12.2021 | 948 |
| | |
| CARRYING AMOUNT | |
| At 31.12.2021 | 947 |
| | |
| 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 2021 and 31 December 2020. The plots of leasehold port land are amortised over the lease periods of 80 and 99 years.

At 31 December 2021, certain leasehold port land with a carrying amount RM55,810,000 (2020: RM56,414,000) and leasehold land of RM8,704,000 (2020: RM11,502,000) of the Group are charged to secured term loans granted to the subsidiaries (see Note 26(b) and (c)).

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 14 PORT FACILITIES

| GROUP | Port structure RM'000 | Port equipment RM'000 | Capital work-in-progress RM'000 | Total RM'000 |
|---|---|---|---|---|
| COST | | | | |
| At 1.1.2021 | 109,436 | 46,456 | 35,033 | 190,925 |
| Additions | 21 | 929 | 5,683 | 6,633 |
| Transfer to property, plant and equipment | 0 | 0 | (139) | (139) |
| Transfer | 38,345 | 0 | (38,345) | 0 |
| At 31.12.2021 | 147,802 | 47,385 | 2,232 | 197,419 |
| ACCUMULATED DEPRECIATION | | | | |
| At 1.1.2021 | 33,477 | 17,768 | 0 | 51,245 |
| Depreciation for the financial year | 2,630 | 2,960 | 0 | 5,590 |
| At 31.12.2021 | 36,107 | 20,728 | 0 | 56,835 |
| CARRYING AMOUNT | | | | |
| At 31.12.2021 | 111,695 | 26,657 | 2,232 | 140,584 |
| COST | | | | |
| At 1.1.2020 | 109,436 | 46,116 | 10,651 | 166,203 |
| Additions | 0 | 741 | 24,382 | 25,123 |
| Disposal | 0 | (401) | 0 | (401) |
| At 31.12.2020 | 109,436 | 46,456 | 35,033 | 190,925 |
| ACCUMULATED DEPRECIATION | 31,087 | 15,179 | 0 | 46,266 |
| At 1.1.2020 | 2,390 | 2,990 | 0 | 5,380 |
| Depreciation for the financial year | 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 |

During the financial year ended 31 December 2021, included in additions of the port facilities of the Group are borrowing costs capitalised amounting to RM316,000 (2020: RM1,089,000).

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 15 INVESTMENT PROPERTIES

| GROUP | Land held for future development RM'000 | Property investment RM'000 | Total RM'000 |
|---|---|---|---|
| COST | | | |
| At 1.1.2021 | 10,987 | 14,264 | 25,251 |
| Disposal | (4,654) | 0 | (4,654) |
| Derecognition of subsidiaries | (4,518) | (7,196) | (11,714) |
| At 31.12.2021 | 1,815 | 7,068 | 8,883 |
| | | | |
| ACCUMULATED DEPRECIATION | | | |
| At 1.1.2021 | 0 | 2,185 | 2,185 |
| Depreciation for the financial year | 0 | 413 | 413 |
| Derecognition of subsidiaries | 0 | (1,303) | (1,303) |
| At 31.12.2021 | 0 | 1,295 | 1,295 |
| | | | |
| ACCUMULATED IMPAIRMENT LOSSES | | | |
| At 1.1.2021 | 0 | 3,781 | 3,781 |
| Impairment loss for the financial year | 0 | 118 | 118 |
| Derecognition of subsidiaries | 0 | (3,899) | (3,899) |
| At 31.12.2021 | 0 | 0 | 0 |
| | | | |
| CARRYING AMOUNT | | | |
| At 31.12.2021 | 1,815 | 5,773 | 7,588 |

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 15 INVESTMENT PROPERTIES (CONTINUED)

| GROUP | 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 31.12.2020 | 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 |

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 2021, the fair value of the properties of the Group was estimated at RM29,520,000 (2020: RM151,702,000) respectively 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 2021 (CONTINUED)

## 16 INVESTMENTS IN SUBSIDIARIES

| | COMPANY | |
|---|---|---|
| | 2021 RM'000 | 2020 RM'000 |
| Unquoted shares, at cost | 602 | 1,602 |
| Equity loans to subsidiaries | 97,997 | 153,997 |
| | 98,599 | 155,599 |
| Less: Accumulated impairment losses | (500) | (57,500) |
| Carrying amount | 98,099 | 98,099 |
| Accumulated impairment losses | | |
| At 1 January | 57,500 | 56,500 |
| Impairment charge for the financial year | 0 | 1,000 |
| Written off during the financial year | (46,645) | 0 |
| Reversal of impairment losses | (10,355) | 0 |
| At 31 December | 500 | 57,500 |

Detail of the subsidiaries which are incorporated in Malaysia, are as follows:

| Name of subsidiaries | Effective interest held by the Company 2021 % | 2020 % | Principal activities |
|---|---|---|---|
| PCB Development Sdn. Bhd. | 0 | 100 | Investment holding and real property development. It was placed under Creditors' Voluntary Winding Up on 20 December 2021. Accordingly, this Company's financial statements have been deconsolidated during the year pursuant to MFRS 10 Consolidated financial statements. |
| 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. | 0 | 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 2021 (CONTINUED)

## 16 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

| Name of subsidiaries | Effective interest held by the Company 2021 % | 2020 % | 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 | Provision of maintenance and management services. |
| BioD Leisure & Recreation Sdn. Bhd. | 100 | 100 | Provision of transportation and travel services. |
| Labu Sayong Cafe Sdn. Bhd. | 100 | 100 | Was involved in operation and management of restaurant and cafe. Ceased operations. |
| **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 | 100 | 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. |
| **Held by Casuarina Meru Sdn. Bhd.** | | | |
| Silveritage Corporation Sdn. Bhd. | 89.54 | 89.54 | Development of tourism projects. Dormant. |
| **Held by Silveritage Corporation Sdn. Bhd.** | | | |
| Cash Complex Sdn. Bhd. | 66.18 | 66.18 | Investment holding. It has not commenced operation since its incorporation. |

* 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.

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 16 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

As at 31 December 2021, the total non-controlling interests are RM139,281,000 (2020: negative RM208,210,000), mainly attributed by the 2 (2020: 3) subsidiaries listed below. The other non-controlling interests 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. | |
|---|---|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Non-current assets | 230,127 | 231,034 | 61,911 | 64,681 | 0 | 77,880 |
| Current assets | 85,859 | 73,925 | 2,099 | 1,551 | 0 | 1,224 |
| Total assets | 315,986 | 304,959 | 64,010 | 66,232 | 0 | 79,104 |
| Non-current liabilities | 21,128 | 25,178 | 0 | 0 | 0 | 76,897 |
| Current liabilities | 19,436 | 24,669 | 14,514 | 13,051 | 0 | 692,553 |
| Total liabilities | 40,564 | 49,847 | 14,514 | 13,051 | 0 | 769,450 |
| Net assets/(liabilities) | 275,422 | 255,112 | 49,496 | 53,181 | 0 | (690,346) |
| Equity attributable to: | | | | | | |
| Owners of the Company | 137,711 | 127,556 | 44,318 | 47,618 | 0 | (353,633) |
| Non-controlling interests | 137,711 | 127,556 | 5,178 | 5,563 | 0 | (336,713) |
| | 275,422 | 255,112 | 49,496 | 53,181 | 0 | (690,346) |

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (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. | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 121,706 | 115,558 | 9,384 | 10,679 | 0 | 429 |
| Profit/(Loss) for the financial year | 30,311 | 32,874 | (3,685) | (12,835) | (36,970) | (41,233) |
| Total comprehensive income/(loss) | 30,311 | 32,874 | (3,685) | (12,835) | (36,970) | (41,233) |
| Profit/(Loss) attributable to: | | | | | | |
| Owners of the Company | 15,156 | 16,437 | (3,301) | (11,042) | (18,855) | (21,029) |
| Non-controlling interests | 15,155 | 16,437 | (384) | (1,793) | (18,115) | (20,204) |
| | 30,311 | 32,874 | (3,685) | (12,835) | (36,970) | (41,233) |
| Total comprehensive Income/(loss) attributable to: | | | | | | |
| Owners of the Company | 15,156 | 16,437 | (3,301) | (11,042) | (18,855) | (21,029) |
| Non-controlling interests | 15,155 | 16,437 | (384) | (1,793) | (18,115) | (20,204) |
| | 30,311 | 32,874 | (3,685) | (12,835) | (36,970) | (41,233) |
| Dividend paid to non-controlling interests | 5,000 | 5,000 | 0 | 0 | 0 | 0 |

(c) Summarised statements of cash flows

| | Lumut Maritime Terminal Sdn. Bhd. | | Casuarina Meru Sdn . Bhd. | | Animation Theme Park Sdn. Bhd. | |
|---|---|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Net cash flows generated from/(used in): | | | | | | |
| Operating activities | 37,922 | 35,458 | 583 | (315) | (1,892) | (5,173) |
| Investing activities | (7,552) | (16,692) | 99 | 516 | 0 | 2 |
| Financing activities | (16,221) | (23,959) | (215) | (311) | 1,976 | 4,647 |
| Net increase/(decrease) in cash and cash equivalents | 14,149 | (5,193) | 467 | (110) | 84 | (524) |
| Cash and cash equivalents at: | | | | | | |
| Beginning of the financial year | 11,183 | 16,376 | (4,901) | (4,791) | 628 | 1,152 |
| Derecognition of a subsidiary | 0 | 0 | 0 | 0 | (712) | 0 |
| End of the financial year | 25,332 | 11,183 | (4,434) | (4,901) | 0 | 628 |

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 17 INVESTMENTS IN ASSOCIATES

| | GROUP | |
|---|---|---|
| | 2021<br>RM'000 | 2020<br>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 | |
|---|---|---|---|---|
| | | | 2021 | 2020 |
| Held by PCB Equity Sdn. Bhd. | | | % | % |
| VC Telecoms 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 Crowe Malaysia PLT

Financial information of material associates

As at 31 December 2021 and 31 December 2020, 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 2021 (CONTINUED)

## 18 OTHER INVESTMENTS

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Non-current | | | | |
| Unquoted shares in Malaysia | | | | |
| - Financial assets measured at fair value through profit or loss | 25 | 25 | 0 | 0 |
| Current | | | | |
| Unit trust fund (quoted in Malaysia) | | | | |
| - Financial assets measured at fair value through profit or loss | 4,293 | 4,247 | 42 | 42 |
| Market value of quoted investments | 4,293 | 4,247 | 42 | 42 |

## 19 INTANGIBLE ASSETS

| | Goodwill<br>RM'000 | Computer software<br>RM'000 | Total<br>RM'000 |
|---|---|---|---|
| GROUP | | | |
| COST | | | |
| At 1.1.2021 | 23,950 | 5,303 | 29,253 |
| Additions | 0 | 92 | 92 |
| Transfer from property, plant and equipment | 0 | 71 | 71 |
| Derecognition of subsidiaries | 822 | 0 | 822 |
| At 31.12.2021 | 24,772 | 5,466 | 30,238 |
| ACCUMULATED AMORTISATION | | | |
| At 1.1.2021 | 0 | 2,141 | 2,141 |
| Amortisation | 0 | 1,078 | 1,078 |
| At 31.12.2021 | 0 | 3,219 | 3,219 |
| ACCUMULATED IMPAIRMENT LOSSES | | | |
| At 1.1.2021 | 139 | 0 | 139 |
| Impairment loss | 923 | 0 | 923 |
| Derecognition of subsidiaries | (101) | 0 | (101) |
| At 31.12.2021 | 961 | 0 | 961 |
| CARRYING AMOUNT | | | |
| At 31.12.2021 | 23,811 | 2,247 | 26,058 |

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 19 INTANGIBLE ASSETS (CONTINUED)

| | 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 |

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 2021 (2020: RM23,811,000) is related to Lumut Maritime Terminal Sdn. Bhd.

The recoverable amount for the above was based on its value in use and was determined by discounting the future cash flows expected to be generated from the continuing use of the division and was based on the following key assumptions.

- Cash flow were projected based on actual operating results and a 5 year projection (2020: 5 years).
- Revenue was projected at anticipated annual growth of 2.0% (2020: 2.0%) per annum.
- A pre-tax discount rate for 11.6% (2020: 10.0%) 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% (2020: 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. Any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the goodwill to exceed its recoverable amount.

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 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 | |
|---|---|---|
| | 2021<br>RM'000 | 2020<br>RM'000 |
| Present value of finance lease: | | |
| Non-current | 0 | 57 |
| Current | 57 | 131 |
| | 57 | 188 |
| Maturity: | | |
| Not later than 1 year | 58 | 138 |
| Later than 1 year and not later than 5 years | 0 | 58 |
| | 58 | 196 |
| Less: Unearned interest income | (1) | (8) |
| | 57 | 188 |

The finance lease of the Group bears interest at 3% (2020: 3%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 21 INVENTORIES

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Non-current | | | | |
| Freehold land held for development | 1,330 | 13,817 | 0 | 0 |
| Leasehold land held for development | 0 | 10,494 | 0 | 0 |
| Total non-current | 1,330 | 24,311 | 0 | 0 |
| Current | | | | |
| Properties under development | | | | |
| - Freehold land | 23,747 | 44,011 | 23,747 | 23,733 |
| - Leasehold land with unexpired lease period of more than 50 years | 68,871 | 63,513 | 61,365 | 49,230 |
| - Development costs | 200 | 28,987 | 200 | 194 |
| Property development costs | 92,818 | 136,511 | 85,312 | 73,157 |
| Completed properties | 0 | 12,077 | 0 | 0 |
| Food and beverages | 58 | 100 | 0 | 0 |
| Other supplies | 171 | 3,321 | 0 | 0 |
| Tools and spares | 12,548 | 9,748 | 0 | 0 |
| | 105,595 | 161,757 | 85,312 | 73,157 |
| | 106,925 | 186,068 | 85,312 | 73,157 |
| Presented as: | | | | |
| At cost | 93,047 | 172,259 | 85,312 | 73,157 |
| Net realisable value | 13,878 | 13,809 | 0 | 0 |
| Recognised in profit or loss | | | | |
| Inventories recognised as cost of sales | 51,445 | 10,705 | 0 | 0 |
| Provision for slow moving inventories | 177 | 329 | 0 | 0 |
| Merchandise goods written off | 0 | 7 | 0 | 0 |
| Write-down of property development costs to net realisable value | 1,669 | 245 | 0 | 0 |
| Write-down of completed properties to net realisable value | 0 | 200 | 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.

In the previous financial year, freehold land titles of the Group with the land cost of RM2,641,000 had been issued by PTG.

As at 31 December 2021, certain land titles belong to the Group totalling RM4,977,000 (2020: RM4,977,000) 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 2021 (CONTINUED)

## 21 INVENTORIES (CONTINUED)

(b) Freehold land under development with carrying amounts totalling RM1,326,000 (2020: RM31,280,000) of the Group have been pledged to financial institutions as security for banking facilities as disclosed in Note 26 to the financial statements.

## 22 RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Current | | | | |
| Trade receivables, gross | 8,338 | 29,197 | 0 | 0 |
| Less: Allowance for impairment loss | (1,813) | (9,010) | 0 | 0 |
| Trade receivables, net | 6,525 | 20,187 | 0 | 0 |
| Other receivables | 1,430 | 101,663 | 18 | 390 |
| Less: Allowance for impairment loss | (780) | (100,217) | 0 | 0 |
| | 650 | 1,446 | 18 | 390 |
| Deposits | 1,587 | 1,844 | 129 | 8 |
| Prepayments | 2,193 | 1,361 | 80 | 182 |
| Goods and Services Tax receivable | 50 | 63 | 50 | 50 |
| | 11,005 | 24,901 | 277 | 630 |
| Amounts due from related parties (trade): | | | | |
| Ultimate holding corporation | 4,429 | 4,061 | 0 | 0 |
| Fellow subsidiaries | 1,263 | 812 | 0 | 0 |
| Related parties | 10,058 | 0 | 0 | 0 |
| | 15,750 | 4,873 | 0 | 0 |
| Less: Allowance for impairment loss | | | | |
| Ultimate holding corporation | (4,429) | (4,061) | 0 | 0 |
| Fellow subsidiaries | (1,259) | (676) | 0 | 0 |
| | (5,688) | (4,737) | 0 | 0 |
| | 10,062 | 136 | 0 | 0 |

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 22 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Amounts due from related parties (non-trade): | | | | |
| Ultimate holding corporation | 1,171 | 9,962 | 1,155 | 633 |
| Subsidiaries | 0 | 0 | 36,240 | 261,177 |
| Former subsidiaries | 204,717 | 0 | 158,899 | 0 |
| Associate | 8,681 | 8,568 | 7,862 | 6,072 |
| Fellow subsidiaries | 9,048 | 12,316 | 2,342 | 2,342 |
| | 223,617 | 30,846 | 206,498 | 270,224 |
| Less: Allowance for impairment losses | | | | |
| Amount due from ultimate holding corporation | (1,169) | (9,394) | (1,155) | (86) |
| Amount due from subsidiaries | 0 | 0 | (33,963) | (255,737) |
| Amount due from former subsidiaries | (194,363) | 0 | (158,899) | (0) |
| Amount due from an associate | (8,659) | (8,558) | (7,862) | (6,072) |
| Amount due from fellow subsidiaries | (9,048) | (12,203) | (2,342) | (2,342) |
| | (213,239) | (30,155) | (204,221) | (264,237) |
| | 10,378 | 691 | 2,277 | 5,987 |
| Total amounts due from related parties | 20,440 | 827 | 2,277 | 5,987 |
| Total receivables, deposits and prepayments | 31,445 | 25,728 | 2,554 | 6,617 |

(a) Trade receivables are non-interest bearing and are generally on 30 to 60 days (2020: 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 | |
|---|---|---|
| | 2021 RM'000 | 2020 RM'000 |
| Movements in allowance accounts | | |
| At 1 January | 9,010 | 3,213 |
| Impairment charge for the financial year | 825 | 5,803 |
| Reversal of impairment losses | (372) | (6) |
| Derecognition of subsidiaries | (7,650) | 0 |
| At 31 December | 1,813 | 9,010 |

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 22 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

(a) 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.

(b) Related parties

The trade amounts due from related parties are non-interest bearing and are generally on 30 to 60 days (2020: 30 to 60 days) terms.

The non-trade amounts due from related parties are unsecured and interest-free as at 31 December 2021 and 31 December 2020.

The amount due from an associate are unsecured and subject to interest of 7.5% (2020: 7.5%) per annum.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Movements in allowance accounts | | | | |
| At 1 January | 34,892 | 9,825 | 264,237 | 248,976 |
| Impairment charge for the financial year | 198,058 | 25,067 | 10,813 | 15,261 |
| Reversal of impairment losses | (1,707) | 0 | (70,829) | 0 |
| Derecognition of subsidiaries | (12,316) | 0 | 0 | 0 |
| At 31 December | 218,927 | 34,892 | 204,221 | 264,237 |

(c) Other receivables

(i) In the previous financial year, included in other receivables was amount due from a contractor, Daya Sejahtera Sdn. Bhd. amounting to RM99,864,000 had been fully provided for allowance for impairment loss.

(ii) Included in other receivables is amount due from Lekir Bulk Terminal Sdn. Bhd., a related party of a subsidiary, amounting to RM Nil (2020: RM24,660).

| | GROUP | |
|---|---|---|
| | 2021<br>RM'000 | 2020<br>RM'000 |
| Movements in allowance accounts | | |
| At 1 January | 100,217 | 100,020 |
| Impairment charge for the financial year | 675 | 197 |
| Derecognition of subsidiaries | (100,112) | 0 |
| At 31 December | 780 | 100,217 |

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 23 DISCONTINUED OPERATION

On 4 December 2019, Datuk Duar Tuan Kiat of Messrs. Ernst & Young was appointed as Receiver and Manager ("R&M") of Animation Theme Park Sdn. Bhd. ("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 proceed to conduct an offer for sale exercise to identify strategic investors for the sale of the charged assets of ATP.

On 20 December 2021, the immediate holding company of ATP, PCB Development Sdn. Bhd. ("PCB Development") was put under Creditors' Voluntary Winding Up pursuant to Section 440(1) of the Companies Act 2016. As a result, the Company lost control of PCB Development and its subsidiary, ATP. Accordingly, the financial performance and cash flow information of ATP were included in discontinued operation up to 20 December 2021.

In presenting the discontinued operations, the Group continues to apply MFRS 10: Consolidated financial statements which requires elimination of the intra-group transactions.

Financial performance and cash flow information of ATP presented as discontinued operation up to 20 December 2021

| | 2021<br>RM'000 | 2020<br>RM'000 |
|---|---|---|
| Revenue | 0 | 415 |
| Cost of sales | 0 | (187) |
| Gross profit | 0 | 228 |
| Other income | 7 | 2 |
| Selling and distribution expenses | 0 | (97) |
| Administrative expenses | (2,261) | (7,388) |
| Impairment losses | (272) | (9,911) |
| Depreciation and amortisation expenses | (3,343) | 0 |
| Loss from discontinued operation | (5,869) | (17,166) |
| Finance costs | (29,308) | (22,349) |
| Loss before taxation | (35,177) | (39,515) |
| Tax credit | 247 | 289 |
| Net loss from discontinued operation | (34,930) | (39,226) |
| | | |
| Net cash flow used in operating activities | (1,892) | (3,166) |
| Net cash flow generated from investing activities | 0 | 2 |
| Net cash flow generated from financing activities | 1,976 | 4,647 |

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 23 DISCONTINUED OPERATION (CONTINUED)

Financial performance and cash flow information of ATP presented as discontinued operation up to 20 December 2021 (continued)

| | 2021<br>RM'000 | 2020<br>RM'000 |
|---|---|---|
| Loss from discontinued operation is stated after charging/(crediting): | | |
| Auditors' remuneration paid/payable: | | |
| - Statutory audit | | |
| - current year | 8 | 22 |
| Deposits written off | 207 | 0 |
| Depreciation: | | |
| - Property, plant and equipment | 3,343 | 0 |
| Employee benefits expense | 0 | 1,661 |
| Impairment losses: | | |
| - Trade receivables | 13 | 1 |
| - Other receivables | 52 | 40 |
| - Property, plant and equipment | 0 | 9,870 |
| Penalties and fines | 190 | 120 |
| Rental expense in respect of | | |
| - Motor vehicles, plant and office equipment | 0 | 1 |
| Termination benefits | 0 | 1,150 |
| Interest income from: | | |
| - fixed deposits | (7) | 0 |

| | | |
|---|---|---|
| Finance costs mainly comprise: | | |
| - redeemable convertible preference shares | 3,233 | 3,137 |
| - term loan | 25,795 | 18,482 |
| - others | 280 | 730 |
| | 29,308 | 22,349 |

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 23 DISCONTINUED OPERATION (CONTINUED)

### Assets classified as held for sale

In the previous financial year, the Group assessed the results of the offer for sale conducted by 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 reporting date would not be highly probable.

| 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) |
| At 31.12.2020 | 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 2021 (CONTINUED)

## 24 DEPOSITS, BANK AND CASH BALANCES

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

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Deposits with licensed banks | 20,073 | 20,876 | 5 | 5 |
| Bank and cash balances | 25,824 | 20,858 | 2,806 | 1,267 |
| | 45,897 | 41,734 | 2,811 | 1,272 |
| Deposits, bank and cash balances | 45,897 | 41,734 | 2,811 | 1,272 |
| Less: | | | | |
| Deposits pledged with banks | (2,325) | (3,029) | 0 | 0 |
| Fixed deposits with maturity of more than 3 months | (13,578) | (13,307) | (5) | (5) |
| Overdraft (Note 26) | (5,025) | (5,102) | 0 | 0 |
| Cash and cash equivalents | 24,969 | 20,296 | 2,806 | 1,267 |
| | % | % | % | % |
| Weighted average effective interest rate at the reporting date is as follows: | | | | |
| Deposits with licensed banks | 1.75 – 1.85 | 1.25 – 3.15 | 1.85 | 1.75 |
| | Days | Days | Days | Days |
| The range of maturity periods of the deposits with licensed banks are as follows: | | | | |
| - unencumbered | 364 – 365 | 30 – 365 | 365 | 365 |
| - encumbered | 90 – 212 | 4 – 823 | N/A | N/A |

Included in the deposits with licensed banks of the Group are RM2,325,000 (2020: RM3,029,000) pledged as securities for bank facilities granted as disclosed in Note 26.

## 25 SHARE CAPITAL

| | Number of Ordinary Shares | | Share Capital | |
|---|---|---|---|---|
| | 2021<br>'000 | 2020<br>'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Issued and fully paid ordinary shares | | | | |
| At 1 January/31 December | 100,000 | 100,000 | 272,770 | 272,770 |

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 25 SHARE CAPITAL (CONTINUED)

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

## 26 LOANS AND BORROWINGS

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Secured | | | | |
| Current | | | | |
| Hire purchase and finance lease liabilities | 736 | 559 | 1,662 | 1,180 |
| Term financing-i | 5,720 | 5,720 | 0 | 0 |
| Business financing-i and cash line-i ** | 28,942 | 28,942 | 0 | 0 |
| Syndicated term loan | 0 | 258,491 | 0 | 0 |
| Term loans ** | 1,241 | 28,726 | 1,241 | 26,726 |
| Revolving credits ** | 116,955 | 153,020 | 87,021 | 119,647 |
| Overdraft | 5,025 | 5,102 | 0 | 0 |
| | 158,619 | 480,560 | 89,924 | 147,553 |
| Non-current | | | | |
| Hire purchase and finance lease liabilities | 16,153 | 16,664 | 787 | 1,115 |
| Term financing-i | 8,440 | 14,160 | 0 | 0 |
| Redeemable convertible preference shares | 0 | 36,941 | 0 | 0 |
| | 24,593 | 67,765 | 787 | 1,115 |
| Total borrowings | | | | |
| Hire purchase and finance lease liabilities | 16,889 | 17,223 | 2,449 | 2,295 |
| Term financing-i | 14,160 | 19,880 | 0 | 0 |
| Business financing-i and cash line-i ** | 28,942 | 28,942 | 0 | 0 |
| Syndicated term loan | 0 | 258,491 | 0 | 0 |
| Term loans ** | 1,241 | 28,726 | 1,241 | 26,726 |
| Revolving credits ** | 116,955 | 153,020 | 87,021 | 119,647 |
| Overdraft | 5,025 | 5,102 | 0 | 0 |
| Redeemable convertible preference shares | 0 | 36,941 | 0 | 0 |
| | 183,212 | 548,325 | 90,711 | 148,668 |

** loans and borrowings with cross default clauses

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 26 LOANS AND BORROWINGS (CONTINUED)

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Maturity of borrowings | | | | |
| On demand or within one year | 158,620 | 480,560 | 89,924 | 147,553 |
| More than 1 year and less than 2 years | 6,523 | 6,156 | 787 | 1,115 |
| More than 2 years and less than 5 years | 4,420 | 10,461 | 0 | 0 |
| More than 5 years | 13,649 | 51,148 | 0 | 0 |
| | 183,212 | 548,325 | 90,711 | 148,668 |

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(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 ranging from 3.91% to 6.85% (2020: 3.91% to 6.85%) 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 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 Langsar, Perak; and

(c) Corporate guarantee of the Company.

The term loans bear interest rate at 5.47% (2020: 5.47%) per annum and are repayable by 180 monthly instalments starting from July 2019.

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

## 26 LOANS AND BORROWINGS (CONTINUED)

(c) Business Financing-i and Business Cash Line-i granted to subsidiaries (continued)

In previous 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.

During the financial year, there was moratorium period from July 2021 to December 2021 in which the affected subsidiaries did not make any repayments.

(d) Syndicated term loan granted to a former subsidiary

In the previous financial year, the syndicated term loan of a former subsidiary bore interest rates ranging from 5.30% to 8.55% per annum. The loan principal was repayable in 8 equal annual instalments with the first repayment due on 26 September 2017 (the third year from the first drawn down date).

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;
- Corporate guarantee from its immediate holding company and a corporate shareholder;
- Deed of guarantee and indemnity by a director and two former directors;
- 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 former subsidiary is required to meet certain financial covenants. The former 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 former subsidiary had since reclassified all its then borrowing to ‘current’ and currently has an outstanding loan due of RM258,491,000 in the previous financial year.

On 26 September 2019, the former 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 former 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 former subsidiary shall become immediately due and payable.

On 4 December 2019, following the former 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 former subsidiary with the net carrying amount of RM77,880,000 in the previous financial year.

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 26 LOANS AND BORROWINGS (CONTINUED)

(e) Term loans

(i) Musharakah Mutanaqisah Term Financing-i granted to the Company

The term loan granted to the Company carries COF 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 lender has declared an event of default for this facility on 6 February 2020.

(ii) Short term loan granted to a former subsidiary

In the previous financial year, the short term loan of RM2 million granted to a former subsidiary from a licensed money lender carried an interest rate of 12% per annum with a repayment period of 12 months.

(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 rates ranging from 5.86% to 6.05% (2020: 5.86%) per annum and is secured by way of:

(a) Third party second fixed legal charged over a parcel of freehold commercial land of a former subsidiary; and

(b) Publicly quoted shares deposited or which may from time to time be deposited by Security Party.

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 26 LOANS AND BORROWINGS (CONTINUED)

(f) Revolving credits (continued)

The revolving credits of the Group are as follows: (continued)

(iii) Revolving credit (secured) granted to a subsidiary

The revolving credit of a subsidiary bears interest rates ranging from 5.36% to 5.61% (2020: 5.36% to 5.61%) per annum and is secured by way of:

(a) Third party second fixed legal charged over a parcel of freehold commercial land of a former subsidiary;

(b) Third party first fixed legal charge over a piece of leasehold land in Mukim Hulu Bernam Timur, Perak;

(c) Corporate guarantee of the Company: and

(d) In the previous financial year, fixed deposit of RM183,000 via execution of Memorandum of Deposit of Fixed Deposit Receipts and a Letter of Authorisation.

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 28 February 2020 declared an event of cross default for the said revolving credits granted to the Company and its subsidiary respectively.

(g) Overdraft

The overdraft of a subsidiary, bears interest rate of 5.90% (2020: 5.90%) 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 | |
|---|---|---|---|---|
| | 2021<br>RM’000 | 2020<br>RM’000 | 2021<br>RM’000 | 2020<br>RM’000 |
| Issued and fully paid shares classified as debt instruments: | | | | |
| At 1 January | 31,743 | 31,743 | 36,941 | 35,735 |
| Accretion during the financial year | 0 | 0 | 1,297 | 1,206 |
| Derecognition of a subsidiary | (31,743) | 0 | (38,238) | 0 |
| As 31 December | 0 | 31,743 | 0 | 36,941 |

The RCPS comprised 48,400,000 shares issued by Animation Theme Park Sdn. Bhd. (“ATP”), a former subsidiary of the Group.

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (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 and are allocated and classified as debt instruments and equity component attributable to non-controlling interests holder of ATP as follows:

| | GROUP | |
|---|---|---|
| | 2021<br>RM'000 | 2020<br>RM'000 |
| Total consideration received from issuance of RCPS to non-controlling interests holder of ATP | 48,412 | 48,412 |
| Amount classified as equity component attributed to non-controlling interests holder of ATP | (13,128) | (13,128) |
| Deferred tax liabilities | (4,000) | (4,000) |
| | 31,284 | 31,284 |
| Accrual of interest | 5,657 | 5,657 |
| Derecognition of a subsidiary | (36,941) | 0 |
| Amount classified as debt instruments | 0 | 36,941 |

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 27 PAYABLES AND ACCRUED LIABILITIES

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current | | | | |
| Trade payables | 12,643 | 14,447 | 6,607 | 6,607 |
| Other payables | 23,782 | 87,311 | 11,845 | 11,117 |
| Financial guarantee liabilities | 23,270 | 16,118 | 53,270 | 47,081 |
| Contract liabilities | 0 | 33,612 | 0 | 0 |
| Deposits received | 1,750 | 1,744 | 0 | 0 |
| Accruals | 28,405 | 52,124 | 165 | 175 |
| | 89,850 | 205,356 | 71,887 | 64,980 |
| Amounts due to related parties (trade): | | | | |
| Fellow subsidiaries | 190 | 190 | 0 | 0 |
| Amounts due to related parties (non-trade): | | | | |
| Ultimate holding corporation | 37,178 | 41,335 | 28,690 | 22,895 |
| Fellow subsidiaries | 1,486 | 10,056 | 1,271 | 1,271 |
| A former subsidiary | 3,479 | 0 | 230 | 0 |
| Subsidiaries | 0 | 0 | 89,890 | 90,958 |
| Associate | 532 | 380 | 0 | 0 |
| Shareholder | 0 | 6,336 | 0 | 0 |
| | 42,675 | 58,107 | 120,081 | 115,124 |
| Total amounts due to related parties | 42,865 | 58,297 | 120,081 | 115,124 |
| Total payables and accrued liabilities | 132,715 | 263,653 | 191,968 | 180,104 |

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled within 7 to 90 days (2020: 7 to 90 days).

(b) Related parties balances

The amounts due to related parties (excluding amounts due to a shareholder) are non-trade in nature, unsecured and interest free.

The amounts due to 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 RM8,305,000 (2020: RM36,218,000) and RM6,569,000 (2020: RM6,540,000).

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 27 PAYABLES AND ACCRUED LIABILITIES (CONTINUED)

(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 | |
|---|---|---|
| | 2021<br>RM'000 | 2020<br>RM'000 |
| At 1 January | 33,612 | 16,244 |
| Revenue recognised that was included in the contract liability balance at the beginning of the year | (25,700) | (1,200) |
| Increases due to cash received, excluding amounts recognised as revenue during the year | 324 | 7,868 |
| Reclassification for consideration received in advance from other payables upon the signing of agreements | 2,000 | 12,200 |
| Reclassification to other payables for consideration received in advance to be refunded upon the termination of contract | 0 | (1,500) |
| Derecognition of a subsidiary | (10,236) | 0 |
| At 31 December | 0 | 33,612 |

## 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 | |
|---|---|---|---|---|
| | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Deferred tax liabilities | | | | |
| - subject to income tax | (12,573) | (14,964) | (7) | (7) |

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 28 DEFERRED TAX LIABILITIES (CONTINUED)

The movements in deferred tax assets/(liabilities) during the financial year comprise the following:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| At 1 January | (14,964) | (14,732) | (7) | (49) |
| Credited/(Charged) to profit or loss (Note 10) | | | | |
| - property, plant and equipment and port facilities | (1,555) | (2,660) | 0 | 42 |
| - property development activities | (495) | (251) | 0 | 0 |
| - provisions and allowances | 12 | 2,390 | 0 | 0 |
| | (2,038) | (521) | 0 | 42 |
| Credited/(Charged) to profit or loss relating to discontinued operation: | | | | |
| - redeemable convertible preference shares | 311 | 289 | 0 | 0 |
| Derecognition of subsidiaries (Note 31) | 4,118 | 0 | 0 | 0 |
| At 31 December | (12,573) | (14,964) | (7) | (7) |
| Subject to income tax: | | | | |
| Deferred tax assets (before offsetting) | | | | |
| - provisions and allowances | 3,086 | 2,713 | 0 | 0 |
| - property development activities | 0 | 495 | 0 | 0 |
| | 3,086 | 3,208 | 0 | 0 |
| Offsetting | (3,086) | (3,208) | 0 | 0 |
| Deferred tax assets (after offsetting) | 0 | 0 | 0 | 0 |
| Deferred tax liabilities (before offsetting) | | | | |
| - property, plant and equipment and port facilities | (15,659) | (13,744) | (7) | (7) |
| - redeemable convertible preference shares | 0 | (4,428) | 0 | 0 |
| Deferred tax liabilities (before offsetting) | (15,659) | (18,172) | (7) | (7) |
| Offsetting | 3,086 | 3,208 | 0 | 0 |
| Deferred tax liabilities (after offsetting) | (12,573) | (14,964) | (7) | (7) |

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 28 DEFERRED TAX LIABILITIES (CONTINUED)

The analysis of deferred tax assets/(liabilities) is as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Deferred tax liabilities | | | | |
| - to be settled within 12 months | (7) | (902) | (7) | (7) |
| - to be settled after 12 months | (15,652) | (17,270) | 0 | 0 |
| | (15,659) | (18,172) | (7) | (7) |
| Deferred tax assets | | | | |
| - to be settled within 12 months | 0 | 1,826 | 0 | 0 |
| - to be settled after 12 months | 3,086 | 1,382 | 0 | 0 |
| | 3,086 | 3,208 | 0 | 0 |

As at the reporting date, the Group and the Company have the following unused tax losses and unabsorbed capital allowances that are available to offset against future taxable profits of the respective entities in which these unused tax losses and unabsorbed capital allowances 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 | |
|---|---|---|---|---|
| | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Unused tax losses | 42,165 | 259,043 | 31,701 | 32,318 |
| Unabsorbed capital allowances | 17,906 | 83,991 | 0 | 0 |

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (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.

The Group is related to the Perak State Government as it is controlled by agency of the Perak State Government.

### (b) Related party balances

Related party balances have been disclosed in Notes 22 and 27 to the financial statements.

### (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 | |
|---|---|---|---|---|
| | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| PKNP – Holding corporation | | | | |
| Advances received | 5,918 | 7,946 | 5,794 | 5,994 |
| Recharge of staff costs | 55 | 0 | 0 | 0 |
| Rental income | 1,605 | 1,435 | 0 | 0 |
| Interest expenses | (360) | (463) | 0 | 0 |
| Set off of debts | 0 | (387) | 0 | (387) |
| Sales income | 141 | 114 | 0 | 0 |
| Interest income | 522 | 400 | 522 | 400 |
| Lease rental paid/payable | (872) | (872) | 0 | 0 |

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 29 RELATED PARTY DISCLOSURES (CONTINUED)

### (c) Significant related party transactions (continued)

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Subsidiaries | | | | |
| Advances paid | 0 | 0 | (6,215) | (5,293) |
| Advances received | 0 | 0 | 2,231 | 5,836 |
| Interest income | 0 | 0 | 0 | 3,787 |
| Set off of debts | 0 | 0 | 550 | 5,145 |
| Rental expenses | 0 | 0 | 0 | (602) |
| Shared service charges | 0 | 0 | (158) | 0 |
| Former subsidiaries | | | | |
| Advances paid | (4,316) | 0 | (3,425) | 0 |
| Advances received | 77,310 | 0 | 6,133 | 0 |
| Set off of debts | 480 | 0 | 480 | 0 |
| Interest income | 7,064 | 0 | 7,064 | 0 |
| Other related parties | | | | |
| Set off of debts | 0 | 13 | 0 | 13 |
| Rental income | 233 | 240 | 0 | 0 |
| Sales | 51 | 0 | 0 | 0 |
| Advances received | 0 | 47 | 0 | 0 |
| Advances paid | 0 | (43) | 0 | 0 |
| Associate | | | | |
| Advances paid | 0 | (1,171) | 0 | (579) |
| Set off of debts | 0 | 0 | (1,030) | 0 |
| Rendering of internet services | (324) | (483) | 0 | 0 |
| Interest income | 837 | 226 | 761 | 226 |
| Government related entity – Lekir Bulk Terminal Sdn. Bhd. | | | | |
| Revenue from operation and maintenance in respect of | 46,272 | 44,473 | 0 | 0 |
| Purchase of goods | (2,319) | 0 | 0 | 0 |
| Shareholders | | | | |
| Accrued preferential dividend in RCPS | 1,936 | 1,936 | 0 | 0 |
| Revenue sharing | 0 | 279 | 0 | 0 |

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 29 RELATED PARTY DISCLOSURES (CONTINUED)

(d) Key management compensation

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Salaries and other short term employee benefits | 4,220 | 2,286 | 1,593 | 1,017 |
| Post-employment benefits | 535 | 343 | 228 | 175 |
| | 4,755 | 2,629 | 1,821 | 1,192 |
| Included herein are directors' remuneration disclosed in Note 8 to the financial statements | 1,956 | 1,710 | 903 | 891 |

## 30 CAPITAL COMMITMENTS

Capital commitments in respect of property, plant and equipment, port facilities and intangible assets not provided for in the financial statements are as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Approved and contracted for: | | | | |
| - property, plant and equipment | 16,239 | 15,611 | 0 | 0 |
| - port facilities | 9,874 | 12,361 | 0 | 0 |
| - Intangibles assets - computer software | 0 | 102 | 0 | 0 |
| | 26,113 | 28,074 | 0 | 0 |

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 31 DERECOGNITION OF SUBSIDIARIES

On 20 December 2021, the Company announced that PCB Development Sdn. Bhd. ("PCB Development") is undergoing a Creditors' Voluntary Winding Up pursuant to Section 440(1) of the Companies Act 2016.

On 6 January 2022, a meeting of PCB Development and a meeting of creditors of PCB Development were held, where Mr Andrew Heng and Ms Anoopal Kaur of Baker Tilly Insolvency PLT ("Liquidators") have been appointed as the Joint and Several Liquidators of PCB Development by way of a resolution of its members and creditors. As a result, the Liquidators has assumed control of PCB Development's business undertakings and all powers of the directors and management now vest in the Liquidators.

The Creditors' Voluntary Winding Up is necessary in view of PCB Development's inability to address and resolve all debts owing to its creditors. The shareholder of PCB Development has resolved to not provide further financial assistance to PCB Development. As such, PCB Development cannot by reason of its liabilities to continue business as usual.

The assets of PCB Development to be realised by the Liquidators will be utilised to settle all the unsecured creditors not settled under the approved and sanction Scheme of Arrangement, including the syndicated term loan lenders.

As the Company lost control of PCB Development and its subsidiary, ATP, the Company derecognised the assets and liabilities of these former subsidiaries from the consolidated statement of financial position as at 20 December 2021 and recognised the gain associated with the loss of control attributable to the former controlling interest.

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 31 DERECOGNITION OF SUBSIDIARIES (CONTINUED)

The following summarises the amounts of assets and liabilities derecognised at the date the Company lost control on 20 December 2021:

**Financial Effect Arising from Derecognition**

| | GROUP 2021 RM'000 | COMPANY 2021 RM'000 |
|---|---|---|
| Investments in subsidiaries | 0 | 0 |
| Property, plant and equipment | 75,655 | 0 |
| Investment properties | 6,512 | 0 |
| Intangible assets | (923) | 0 |
| Inventories | 53,593 | 0 |
| Receivables, deposits and prepayments | 360,563 | 0 |
| Deposits, cash and bank balances | 1,580 | 0 |
| Current tax assets | 170 | 0 |
| Non-controlling interests | 355,837 | 0 |
| Deferred tax liabilities | (4,118) | 0 |
| Redeemable preference shares | (38,238) | 0 |
| Payables and accrued liabilities | (673,301) | 0 |
| Loans and borrowings | (289,960) | 0 |
| Current tax liabilities | (31,219) | 0 |
| Carrying amount of net liabilities disposed | (183,849) | 0 |
| Fair value of equity interests retained | 0 | 0 |
| Gain on derecognition of subsidiaries | (183,849) | 0 |

**Cash Flow Arising from Derecognition**

| | GROUP 2021 RM'000 | COMPANY 2021 RM'000 |
|---|---|---|
| Cash and cash equivalents of subsidiaries derecognised/ Net cash outflows on derecognition of subsidiaries | (1,580) | 0 |

There were no derecognition of subsidiaries in the previous financial year.

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 32 FINANCIAL INSTRUMENTS

### 32.1 Classification of financial instruments

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Financial assets | | | | |
| Financial asset measured at fair value through profit or loss: | | | | |
| - Other investments | 4,318 | 4,272 | 42 | 42 |
| Financial assets at amortised cost: | | | | |
| - Receivables and deposits | 8,762 | 23,477 | 147 | 398 |
| - Amount due from ultimate holding corporation | 2 | 568 | 0 | 547 |
| - Amount due from subsidiaries | 0 | 0 | 2,277 | 5,440 |
| - Amount due from former subsidiaries | 10,354 | 0 | 0 | 0 |
| - Amount due from other related parties | 10,062 | 249 | 0 | 0 |
| - Amount due from associates | 22 | 10 | 0 | 0 |
| - Deposits, cash and bank balances | 45,897 | 41,734 | 2,811 | 1,272 |
| Total | 79,417 | 70,310 | 5,277 | 7,699 |
| Financial liabilities | | | | |
| Financial liabilities at amortised cost: | | | | |
| - Payables and accrued liabilities | 88,100 | 170,000 | 71,887 | 64,980 |
| - Amount due to ultimate holding corporation | 37,178 | 41,335 | 28,690 | 22,895 |
| - Amount due to subsidiaries | 0 | 0 | 89,890 | 90,958 |
| - Amount due to a former subsidiary | 3,479 | 0 | 230 | 0 |
| - Amounts due to other related parties | 2,208 | 16,962 | 1,271 | 1,271 |
| - Loans and borrowings | 183,212 | 548,325 | 90,711 | 148,668 |
| Total | 314,177 | 776,622 | 282,679 | 328,772 |

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 32 FINANCIAL INSTRUMENTS (CONTINUED)

### 32.2 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% (2020: 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 | |
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Increase in interest rate | | | | |
| - bank borrowings | (832) | (2,656) | (441) | (732) |

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 2021 (CONTINUED)

## 32 FINANCIAL INSTRUMENTS (CONTINUED)

### 32.2 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 unit trust had been 2% (2020: 2%) higher/lower, with all other variables held constant, the Group's and the Company's net (loss)/profit would have been approximately RM87,000 (2020: RM85,000) and RM1,000 (2020: 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.

<u>Measurement of expected credit losses ("ECL")</u>

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.

*<u>Simplified approach for trade receivables</u>*

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.

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 32 FINANCIAL INSTRUMENTS (CONTINUED)

### 32.2 Financial risk management (continued)

(c) Credit risk (continued)

Measurement of expected credit losses ("ECL") (continued)

The reconciliation of allowance for impairment are disclosed in Note 22(a) to the financial statements.

*Simplified approach for trade receivables (continued)*

| GROUP | Performing RM'000 | Under-performing RM'000 | Not performing RM'000 | Total RM'000 |
|---|---|---|---|---|
| 2021 | | | | |
| Trade receivables | | | | |
| Gross carrying amount | 6,525 | 0 | 1,813 | 8,338 |
| Accumulated impairment loss | 0 | 0 | (1,813) | (1,813) |
| Net carrying amount | 6,525 | 0 | 0 | 6,525 |

| GROUP | Performing RM'000 | Under-performing RM'000 | Not performing RM'000 | Total RM'000 |
|---|---|---|---|---|
| 2020 | | | | |
| 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 |

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 32 FINANCIAL INSTRUMENTS (CONTINUED)

### 32.2 Financial risk management (continued)

(c) Credit risk (continued)

Measurement of expected credit losses ("ECL") (continued)

*General 3-stage approach for other receivables, non-trade amounts due from related parties, deposits and bank balances and finance lease receivable*

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 |

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.

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 32 FINANCIAL INSTRUMENTS (CONTINUED)

### 32.2 Financial risk management (continued)

(c) Credit risk (continued)

Measurement of expected credit losses ("ECL") (continued)

*General 3-stage approach for other receivables, non-trade amounts due from related parties, deposits and bank balances and finance lease receivable (continued)*

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables. Under this approach, the Group assesses whether there is a significant increase in credit risk on the receivables by comparing their risk of default as at the reporting date with the risk of default as at the date of initial recognition based on available reasonable and supportable forward-looking information. Regardless of the assessment, a significant increase in credit risk is presumed if a receivable is more than 30 days past due in making a contractual payment.

The Group considers a receivable is credit impaired when the receivable is in significant financial difficulty, for instances, the receivable is in breach of financial covenants or insolvent. Receivables that are credit impaired are assessed individually while other receivables are assessed on a collective basis.

| | Performing | Under-performing | Not performing | Total |
|---|---|---|---|---|
| GROUP | | | | |
| 2021 | RM'000 | RM'000 | RM'000 | RM'000 |
| Other receivables | | | | |
| Gross carrying amount | 650 | 0 | 780 | 1,430 |
| Accumulated impairment loss | 0 | 0 | (780) | (780) |
| Net carrying amount | 650 | 0 | 0 | 650 |
| Amounts due from related parties | | | | |
| Gross carrying amount | 10,086 | 20,472 | 208,809 | 239,367 |
| Accumulated impairment loss | 0 | (10,118) | (208,809) | (218,927) |
| Net carrying amount | 10,086 | 10,354 | 0 | 20,440 |
| Deposits and bank balances | | | | |
| Gross/Net carrying amount | 45,897 | 0 | 0 | 45,897 |

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 32 FINANCIAL INSTRUMENTS (CONTINUED)

### 32.2 Financial risk management (continued)

(c) Credit risk (continued)

Measurement of expected credit losses ("ECL") (continued)

*General 3-stage approach for other receivables, non-trade amounts due from related parties, deposits and bank balances and finance lease receivable (continued)*

| GROUP | Performing RM'000 | Under-performing RM'000 | Not performing RM'000 | Total RM'000 |
|---|---|---|---|---|
| 2020 | | | | |
| 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 |
| 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 |

| COMPANY | Performing RM'000 | Under-performing RM'000 | Not performing RM'000 | Total RM'000 |
|---|---|---|---|---|
| 2021 | | | | |
| Other receivables | | | | |
| Gross/Net carrying amount | 18 | 0 | 0 | 18 |
| Amounts due from related parties | | | | |
| Gross carrying amount | 0 | 17,233 | 189,265 | 206,498 |
| Accumulated impairment loss | 0 | (14,956) | (189,265) | (204,221) |
| Net carrying amount | 0 | 2,277 | 0 | 2,277 |
| Deposits and bank balances | | | | |
| Gross/Net carrying amount | 2,811 | 0 | 0 | 2,811 |

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 32 FINANCIAL INSTRUMENTS (CONTINUED)

### 32.2 Financial risk management (continued)

(c) Credit risk (continued)

Measurement of expected credit losses ("ECL") (continued)

*General 3-stage approach for other receivables, non-trade amounts due from related parties, deposits and bank balances and finance lease receivable (continued)*

| COMPANY | Performing<br>RM'000 | Under-performing<br>RM'000 | Not performing<br>RM'000 | Total<br>RM'000 |
|---|---|---|---|---|
| 2020 | | | | |
| Other receivables | | | | |
| Gross/Net carrying amount | 390 | 0 | 0 | 390 |
| Amounts due from related parties | | | | |
| 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

At the end of the reporting period, the Group does not have any major concentration of credit risk related to any individual customer or counterparty (2020: 2 customers representing 63% of the total trade receivables).

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 Group. The maximum exposure for financial guarantee contracts are as disclosed in Note 35 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 32 FINANCIAL INSTRUMENTS (CONTINUED)

### 32.2 Financial risk management (continued)

#### (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.

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.

| | 2021 | | | | |
|---|---|---|---|---|---|
| GROUP | 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 | 64,830 | 0 | 0 | 64,830 |
| Amounts due to related parties | 0 | 42,865 | 0 | 0 | 42,865 |
| Loans and borrowings | 147,138 | 10,745 | 5,720 | 2,720 | 166,323 |
| Hire purchase and finance lease liabilities | 0 | 938 | 3,554 | 76,542 | 81,034 |
| Financial guarantee liabilities | 45,345 | 0 | 0 | 0 | 45,345 |
| Total undiscounted financial obligations | 192,483 | 119,378 | 9,274 | 79,262 | 400,397 |

| | 2020 | | | | |
|---|---|---|---|---|---|
| GROUP | 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 | 153,882 | 0 | 0 | 153,882 |
| Amounts due 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 | 227,364 | 19,097 | 147,016 | 921,515 |

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 32 FINANCIAL INSTRUMENTS (CONTINUED)

### 32.2 Financial risk management (continued)

(d) Liquidity risk (continued)

| | 2021 | | | | |
|---|---|---|---|---|---|
| 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 | 18,617 | 0 | 0 | 18,617 |
| Amounts due to related parties | 0 | 120,081 | 0 | 0 | 120,081 |
| Loans and borrowings | 88,262 | 0 | 0 | 0 | 88,262 |
| Hire purchase and finance lease liabilities | 0 | 1,778 | 889 | 0 | 2,667 |
| Financial guarantee liabilities | 117,345 | 0 | 0 | 0 | 117,345 |
| Total undiscounted financial obligations | 205,607 | 140,476 | 889 | 0 | 346,972 |

| | 2020 | | | | |
|---|---|---|---|---|---|
| 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 | 17,899 | 0 | 0 | 17,899 |
| Amounts due to related parties | 0 | 115,124 | 0 | 0 | 115,124 |
| 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 2021 (CONTINUED)

## 32 FINANCIAL INSTRUMENTS (CONTINUED)

### 32.2 Financial risk management (continued)

#### (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 flow position vis-a-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 regularisation plan to manage the Group's debts and subsequently, its ability to continue its operation without significant curtailment.

There were no changes in the Group's approach to capital management during the financial year and details are as follows:

| | GROUP | |
|---|---|---|
| | 2021<br>RM'000 | 2020<br>RM'000 |
| Loans and borrowings | 183,212 | 548,325 |
| Payables and accrued liabilities | 132,715 | 263,653 |
| Less: Cash and bank balances | (45,897) | (41,734) |
| Net debt | 270,030 | 770,244 |
| Equity attributable to the owners of the Company | 78,849 | 91,475 |
| Capital and net debt | 348,879 | 861,719 |
| Gearing ratio | 77% | 89% |

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 33 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).

The following table sets out the fair value profile of financial instruments that are measured at fair value:

| | Level 1<br>RM'000 | Level 2<br>RM'000 | Level 3<br>RM'000 | Total<br>RM'000 |
|---|---|---|---|---|
| At 31 December 2021 | | | | |
| GROUP | | | | |
| Asset | | | | |
| Other investments | 4,293 | 0 | 25 | 4,318 |
| COMPANY | | | | |
| Asset | | | | |
| Other investments | 42 | 0 | 0 | 42 |
| At 31 December 2020 | | | | |
| GROUP | | | | |
| Asset | | | | |
| Other investments | 4,247 | 0 | 25 | 4,272 |
| COMPANY | | | | |
| Asset | | | | |
| Other investments | 42 | 0 | 0 | 42 |

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.

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 2021 (CONTINUED)

## 34 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 discontinued operation is 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 current tax assets. Unallocated liabilities include current tax liabilities and deferred tax liabilities.

All revenue of the Group are generated in Malaysia and all non-current assets of the Group are located in Malaysia. For the current financial year, the revenue of 2 (2020: 2) customers contributed more than 10% of the total revenue of the Group amounted to RM46,272,000 and RM78,680,000 (2020: RM44,473,000 and RM17,809,000).

The basis of measurement of reported segment profit or loss, segment assets and segment liabilities is consistent with the basis used for the statements of comprehensive income of the Group for the financial year ended 31 December 2021 and the statements of financial position as at 31 December 2021. 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 2021 (CONTINUED)

## 34 SEGMENT REPORTING (CONTINUED)

(a) Analysis of results and financial position

| 2021 | Ports and logistics RM'000 | Property development RM'000 | Hospitality and tourism RM'000 | Management services and others RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| Revenue: | | | | | |
| Total revenue | 121,706 | 112,719 | 11,326 | 12,086 | 257,837 |
| Less: Inter-segment revenue | 0 | 0 | (2,373) | (10,220) | (12,593) |
| Revenue from external customers | 121,706 | 112,719 | 8,953 | 1,866 | 245,244 |
| | | | | | |
| Revenue from contracts with customers: | | | | | |
| Timing of revenue recognition | | | | | |
| - At a point in time | 1,199 | 112,053 | 4,422 | 0 | 117,674 |
| - Over time | 120,507 | 666 | 4,531 | 1,866 | 127,570 |
| | | | | | |
| Results: | | | | | |
| Profit/(Loss) from operations | 46,652 | 67,621 | (24,637) | (30,943) | 58,693 |
| Finance costs | (485) | 0 | (30,515) | (13,830) | (44,830) |
| Profit/(Loss) before tax | 46,167 | 67,621 | (55,152) | (44,773) | 13,863 |
| Tax (expense)/credit | (12,468) | (17,013) | 309 | (663) | (29,835) |
| Net profit/(loss) for the financial year | 33,699 | 50,608 | (54,843) | (45,436) | (15,972) |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

34 SEGMENT REPORTING (CONTINUED)

(a) Analysis of results and financial position (continued)

| 2021 | 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 | 378 | 1,086 | 7 | 1,401 | 2,872 |
| - gain on derecognition of subsidiaries | 0 | 0 | 0 | 183,849 | 183,849 |
| - fair value gain on other investments | 46 | 0 | 0 | 0 | 46 |
| - reversal of impairment losses on trade and other receivables | 121 | 250 | 1 | 0 | 372 |
| - reversal of impairment losses on amount due from related parties | 0 | 480 | 0 | 1,227 | 1,707 |
| - allowance for write down of inventories to net realisable value | 0 | (1,669) | 0 | 0 | (1,669) |
| - amortisation of intangible assets | (1,078) | 0 | 0 | 0 | (1,078) |
| - depreciation of property, plant and equipment, port facilities, investment properties and right-of-use assets | (7,641) | (148) | (7,759) | (983) | (16,531) |
| - impairment losses on trade and other receivables | (1,024) | 0 | (260) | (216) | (1,500) |
| - impairment losses on amounts due from related parties | 0 | (36) | (36) | (197,986) | (198,058) |
| - impairment losses of property, plant and equipment, right-of-use assets, investment properties and intangible assets | 0 | (118) | (12,448) | (923) | (13,489) |
| - impairment losses on financial guarantee contracts | 0 | 0 | 0 | (6,189) | (6,189) |

## 34 SEGMENT REPORTING (CONTINUED)

(a) Analysis of results and financial position (continued)

| 2021 | Ports and logistics | Property development | Hospitality and tourism | Management services and others | Total |
|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Segment assets | 315,433 | 84,502 | 108,524 | 40,288 | 548,747 |
| Unallocated assets | 459 | 0 | 2 | 0 | 461 |
| Total assets | 315,892 | 84,502 | 108,526 | 40,288 | 549,208 |
| Segment liabilities | 27,517 | 7,848 | 78,805 | 201,757 | 315,927 |
| Unallocated liabilities | 12,566 | 0 | 404 | 2,181 | 15,151 |
| Total liabilities | 40,083 | 7,848 | 79,209 | 203,938 | 331,078 |
| Capital expenditure | 7,720 | 0 | 532 | 0 | 8,252 |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

34 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 |
|---|---|---|---|---|---|
| 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 2021 (CONTINUED)

## 34 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 |
| - reversal of impairment losses on trade and other receivables | 0 | 0 | 7 | 0 | 7 |
| - depreciation of property, plant and equipment, port facilities, investment properties and right-of-use assets | (7,352) | (135) | (3,897) | (1,460) | (12,844) |
| - allowance for write down of inventories to net realisable value | 0 | (445) | 0 | 0 | (445) |
| - amortisation of intangible assets | (1,113) | 0 | 0 | 0 | (1,113) |
| - fair value (loss)/gain on other investments | (31) | 0 | 0 | 3 | (28) |
| - impairment losses on trade and other receivables | (795) | (5,029) | (162) | (15) | (6001) |
| - 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) |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

34 SEGMENT REPORTING (CONTINUED)

(a) Analysis of results and financial position (continued)

| 2020 | Ports and logistics | Property development | Hospitality and tourism | Management services and others | Total |
|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Segment assets | 295,942 | 183,936 | 202,897 | 43,986 | 726,761 |
| Unallocated assets | 377 | 0 | 382 | 0 | 759 |
| Total assets | 296,319 | 183,936 | 203,279 | 43,986 | 727,520 |
| Segment liabilities | 38,840 | 106,945 | 459,010 | 207,183 | 811,978 |
| Unallocated liabilities | 11,018 | 11,422 | 7,711 | 2,126 | 32,277 |
| Total liabilities | 49,858 | 118,367 | 466,721 | 209,309 | 844,255 |
| Capital expenditure | 26,050 | 3 | 10,289 | 6 | 36,348 |

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 35 FINANCIAL GUARANTEE CONTRACTS

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Corporate guarantees given to banks for credit facilities granted to: | | | | |
| Amount guaranteed | | | | |
| Subsidiaries | 0 | 0 | 72,000 | 77,700 |
| Associates | 44,382 | 45,100 | 44,382 | 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 the financial guarantee contracts as disclosed in Note 27 to the financial statements.

## 36 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) The Court Convened Creditors' Meetings for the Non-Financial Institutions of the Company, Direct Financial Institutions of the Company, Corporate Guarantee Financial Institutions of PCB Development Sdn. Bhd. ("PCB Development") and Non-Financial Institutions of PCB Development held on 8 January 2021 were adjourned.

(b) On 13 January 2021, the High Court of Malaya at Ipoh had granted a further extension of the Restraining Order for an extended period of ninety (90) days and a period of one hundred eighty (180) days from 13 January 2021 to convene a new Court Convened 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.

(c) On 26 March 2021, the Company has issued an Explanatory Statement, together with a Notice to call for a Court Convened Creditors' Meetings 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 purpose of considering the Proposed New Scheme of Arrangement.

(d) On 19 April 2021, the Company and PCB Development obtained the approval from their respective Non-Financial Institutions creditors on the Proposed Scheme of Arrangement as detailed in the Explanatory Statement, together with the Notice to convene the meetings of the new scheme creditors issued on 26 March 2021 for the purpose of considering the Proposed Scheme of Arrangement to the New Scheme Creditors pursuant to the Section 366 and other relevant provisions of the Companies Act 2016.

(e) On 7 May 2021, the High Court had approved and sanctioned the Proposed Scheme of Arrangement as detailed in the Explanatory Statement dated 26 March 2021 and the sealed order granted thereof had been extracted on 11 May 2021 following an application made by the Scheme Companies pursuant to Section 366(3), (4), (5), (6) and (7) of the Companies Act 2016 for the sanction and approval of the Proposed Scheme of Arrangement. The Proposed Scheme of Arrangement shall be binding on the Scheme Companies and the New Scheme Creditors.

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 36 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(f) On 17 December 2020, PCB Development, a wholly-owned subsidiary of the Company then, entered into two (2) separate inter-conditional sale and purchase agreements ("SPAs") with Pertubuhan Keselamatan Sosial ("PERKESO" or "Purchaser") for the disposal of four (4) pieces of vacant commercial land and one (1) piece of vacant residential land all situated at Mukim Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan ("PERKESO Properties"), for a total cash consideration of RM78,679,531.26 ("Disposal Sum") ("Disposal of PERKESO Properties").

On 8 June 2021, the resolution on proposed Disposal of PERKESO Properties was duly passed by the shareholders of the Company by way of poll at the Extraordinary General Meeting on the even date.

The Disposal of PERKESO Properties was completed on 13 October 2021.

(g) On 29 October 2021, M&A Securities Sdn. Bhd. was appointed as the Principal Adviser to the Company for submission of its regularisation plan.

(h) On 8 November 2021, the Company had entered into debt settlement agreements with CIMB Bank Berhad ("CIMB") and Affin Islamic Bank Berhad ("AIB") as follows:

I. debt settlement agreement with CIMB for the proposed debt settlement of the debt owing by the Company to CIMB amounting to RM34,717,826.86 ("CIMB Debt") based on the amount outstanding as at the cut-off date as at 31 December 2021.

The proposed debt settlement shall be settled in the following manner:

(i) the Company shall remit the cash sum of RM13,817,517.86 from the compensation amount payable for the acquisition by the Federal Government of Malaysia of all piece of leasehold land held under H.S.(D) 932771 PT 279467 in the Mukim of Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan currently owned by the Company to be undertaken pursuant to the Land Acquisition Act, 1960 ("Land") ("Government Acquisition") within 5 business days of receiving the compensation amount. The remittance shall be to an account designated by CIMB and shall amount to satisfaction of the CIMB Date to the extent and equal to the value of the remitted amount.

(ii) issuance and allotment of 20,900,309 redeemable cumulative preference shares ("RPS-A1") amounting to RM20,900,309 at the issue price of RM1.00 per RPS-A1.

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 36 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(h) On 8 November 2021, the Company had entered into debt settlement agreements with CIMB Bank Berhad ("CIMB") and Affin Islamic Bank Berhad ("AIB") as follows: (continued)

II. debt settlement agreement with AIB for the proposed debt settlement of the debt owing by the Company to AIB amounting to RM53,867,709.75 ("AIB Debt") based on the amount outstanding as at the cut-off date as at 31 March 2022.

The proposed debt settlement shall be settled in the following manner:

(i) the Company shall remit the cash sum of RM38,953,038.75 from Government Acquisition within 5 business days from the date of the compensation amount. The remittance shall be to an account designated by AIB and shall amount to partial satisfaction of the AIB Debt to the extent and equal to the value of the remitted amount.

(ii) settlement via issuance of 14,914,671 redeemable cumulative preference shares ("RPS-A2") amounting to RM14,914,671.00 at the issue price of RM1.00 per RPS-A2.

(collectively known as "Proposed Debt Settlement")

In conjunction with the proposed debt settlement, the Company also proposes to undertake the proposed amendments to the Constitution of the Company to facilitate the issuance of redeemable cumulative preference shares under the Proposed Debt Settlement ("Proposed Amendments").

The Proposed Debt Settlement and Proposed Amendments to the Constitution of the Company are conditional upon the approval of the shareholders of the Company.

(i) On 20 December 2021, the Company announced that PCB Development is undergoing a Creditors' Voluntary Winding Up where Mr Andrew Heng and Ms Anoopal Kaur of Baker Tilly Insolvency PLT have been appointed as the Interim Liquidators of PCB Development to commence the Creditors' Voluntary Winding Up proceedings pursuant to Section 440(1) of the Companies Act 2016. The meetings of the PCB Development shareholders and the creditors of PCB Development are scheduled to be held within thirty (30) days from 20 December 2021.

The Creditors' Voluntary Winding Up is necessary in view of PCB Development's inability to address and resolve all debts owing to its creditors. The shareholder of PCB Development has resolved to not provide further financial assistance to PCB Development. As such, PCB Development cannot by reason of its liabilities to continue business as usual.

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

## 37 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE CURRENT FINANCIAL YEAR

(a) On 6 January 2022, a meeting of PCB Development Sdn. Bhd. ("PCB Development") and a meeting of creditors of PCB Development were held, where Mr Andrew Heng and Ms Anoopal Kaur of Baker Tilly Insolvency PLT ("Liquidators") have been appointed as the Joint and Several Liquidators of PCB Development by way of a resolution of its members and creditors.

(b) On 31 January 2022, the Proposed Debt Settlement and Proposed Amendments to the Constitution of the Company were approved by the shareholders of the Company during the Extraordinary General Meeting.

(c) On 4 February 2022, the Company submitted an application to Bursa Malaysia Securities Berhad ("Bursa Malaysia") for an extension of time for a period of 12 months of up to 9 February 2023 to submit its regularisation plan to the relevant authorities.

(d) On 28 February 2022, Bursa Malaysia has decided to grant the Company an extension of time up to 10 August 2022 to submit its regularisation plan.

(e) The debt settlement agreements with CIMB Bank Berhad ("CIMB") and Affin Islamic Bank Berhad ("AIB") shall be conditional upon the certain terms and conditions precedent to be fulfilled, for AIB by 31 March 2022 and for CIMB by 30 June 2022. As at the date of authorisation of the financial statements, the Company is seeking to amend certain terms and extension of time under the debt settlement agreements with AIB and CIMB respectively.

## 38 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. 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 is 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.

With the ongoing battle with the pandemic, the uncertainty over its prolonged duration and undefined future impact, the Group 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.

## 39 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 29 April 2022.

**PERAK CORPORATION BERHAD**
Registration No.: 199101000605 (210915-U)
(Incorporated in Malaysia)

**FORM OF PROXY**

(Before completing the form please refer to the notes below)

| No. 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 Letters | NRIC/Passport No. | No. of shares | % of shareholdings |
|---|---|---|---|
| | | | |
| Address: | | | |
| Proxy 2 - Full Name in Block Letters | 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 **THIRTY-FIRST ANNUAL GENERAL MEETING** ("**AGM**") of the Company to be held fully virtual through an online meeting platform at TIIH Online via its website at https://tiih.online or https://tiih.com.my (Domain registration number with MYNIC: D1A282781) on Thursday, 2 June 2022 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 RM609,000 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 Tan Sri Abdul Rashid bin Abdul Manaf as Director of the Company. | | |
| 3. | To re-elect Tan Sri Ir Kunasingam a/l V. Sittampalam as Director of the Company. | | |
| 4. | To re-elect Encik Ahmad Yani bin Aminuddin as Director of the Company. | | |
| 5. | To re-elect Tuan Haji Faizul Hilmy bin Ahmad Zamri as Director of the Company. | | |
| 6. | To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company. | | |
| 7. | Authority to Issue and Allot Shares | | |
| 8. | 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 2022.

_______________________________
Signature/Seal

***Notes:***

1. *Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions at the AGM will be put to vote by way of poll.*
2. *The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairperson 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.
3. *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* ***27 May 2022****. Only members whose names appear in the Record of Depositors as at 27 May 2022 will be entitled to Participate in this AGM via RPV.*
4. *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.*

5. *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.*
6. *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.*
7. *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.*
8. *The Form of Proxy can be submitted through either one of the following avenues no later than* ***Tuesday, 31 May 2022 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.*
9. *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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AFFIX
STAMP

The Company Secretary
PERAK CORPORATION BERHAD
c/o Tricor Investor & Issuing House Services Sdn Bhd's
Unit 32-01, Level 32, Tower A, Vertical Business Suite
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia

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**PERAK CORPORATION BERHAD**
[ 199101000605 (210915-U) ]

NO. 1-A, BLOK B, MENARA PKNP
JALAN MERU CASUARINA
BANDAR MERU RAYA
30020 IPOH
PERAK DARUL RIDZUAN

TELEPHONE
+6(05) 501 9888

FACSIMILE
+6(05) 501 9927

WEBSITE
www.perakcorp.com.my