PERAK CORPORATION BERHAD

ANNUAL REPORT 2022

PERAK
CORPORATION
BERHAD

INCORPORATED IN MALAYSIA
199101000605 (210915-U)

2022 ANNUAL REPORT

CONTENTS

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-second Annual General Meeting ("**AGM**") of Perak Corporation Berhad ("**Perak Corp**" or "**Company**") will be held fully virtual through the online meeting platform of 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 Wednesday, 7 June, 2023 at 10.00 a.m. to transact the following businesses:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Report of the Directors and Auditors thereon. [Explanatory Note 1]

2. To approve the payment of Directors' fees and benefits up to an amount of RM613,000 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** [Explanatory Note 2]

3. To re-elect the following Directors who retire by rotation in accordance with Clause 15.2 of the Company's Constitution:
   a) Mr Andy Liew Hock Sim **Resolution 2**
   b) Mr Tan Chee Hau **Resolution 3**
   [Explanatory Note 3]

4. To re-elect the following Directors who retire in accordance with Clause 15.9 of the Company's Constitution:
   a) Dato' Seri Ir Mohamad Othman bin Zainal Azim **Resolution 4**
   b) Datuk Seri Dr Hj Hasim bin Hasan **Resolution 5**
   [Explanatory Note 3]

5. To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company for the financial year ending 31 December 2023 and to authorise the Directors to fix their remuneration. **Resolution 6** [Explanatory Note 4]

AS SPECIAL BUSINESS

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

6. **Ordinary Resolution - Authority to Issue and Allot Shares** **Resolution 7** [Explanatory Note 5]

   "**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.

   And that pursuant to Section 85 of the Act to be read together with Clause 11.2 of the Constitution of the Company, approval be and is hereby given for the Company to waive the statutory pre-emptive rights of the shareholders and empowered the Directors of the Company to issue and allot new ordinary shares pursuant to Sections 75 and 76 of the Act without offering them to the existing shareholders to maintain their relative voting and distribution rights and such new shares shall rank pari passu in all respect with the existing class of ordinary shares."

7. **Ordinary Resolution - Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** **Resolution 8** [Explanatory Note 6]

"That approval be and is hereby given pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Securities 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 28 April 2023, 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
28 April 2023

NOTES:

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

b. 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.

c. 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 **30 May 2023**. Only members whose names appear in the Record of Depositors as at 30 May 2023 will be entitled to Participate in this AGM via the RPV.

d. 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.

e. 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.

f. 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.

g. 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.

h. The Form of Proxy can be submitted through either one of the following avenues no later than **Monday, 5 June 2023 at 10.00 a.m.** or at any adjournment thereof:

   (i) 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
   (ii) 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.

i. 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.

EXPLANATORY NOTES:

These Explanatory Notes set out further information regarding the Agenda and the proposed resolutions to be considered by the members of the Company at the AGM.

1. **Audited Financial Statements for financial year ended 31 December 2022**

   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.

2. **Resolution 1**

   The Board through the Nomination and Remuneration Committee has assessed and agreed to the proposed Directors' fees and benefits payable to the Directors from the conclusion of the date of this AGM until the date of the next AGM at their respective meetings held on 21 February 2023 and 25 February 2023.

   The breakdown of the proposed payment of Directors' fees on an annual basis is as follows:

Chairman	RM60,000
Other Directors	RM54,000 each

   The Directors' benefits payable up to the amount of RM175,000 comprise meeting allowances.

   The Directors' fees and benefits payable up to an amount of RM613,000 from the conclusion of the date of this AGM until the date of the next AGM shall be paid on a monthly basis at the end of each month.

   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.

3. **Resolutions 2 to 5**

   The Board through the Nomination and Remuneration Committee has deliberated on the suitability of the Directors standing for re-election ("**Retiring Directors**") at their respective meetings held on 21 February 2023 and 25 February 2023. Upon deliberation, the Board (except for the Retiring Directors) collectively agreed that the Retiring Directors have satisfied the fit and proper requirement and have the 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.

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

   The profiles of the 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.

4. **Resolution 6**

   The Board through the Audit Committee has assessed and is 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 Securities, at their respective meetings on 21 February 2023 and 25 February 2023 and recommended the re-appointment of Messrs Crowe Malaysia PLT at the AGM.

   Messrs Crowe Malaysia PLT have indicated their willingness to continue their services for the ensuing year.

5. **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.

6. **Resolution 8**

   Ordinary 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 28 April 2023 issued together with the Annual Report 2022 of the Company.

CORPORATE
INFORMATION

BOARD OF DIRECTORS

Datuk Redza Rafiq bin Abdul Razak
Chairman,
Non-Independent Non-Executive Director
Andy Liew Hock Sim
Independent Non-Executive Director
Tan Chee Hau
Independent Non-Executive Director
Ahmad Yani bin Aminuddin
Independent Non-Executive Director
Faizul Hilmy bin Ahmad Zamri
Independent Non-Executive Director
Dato' Seri Ir. Mohamad Othman bin Zainal Azim
Independent Non-Executive Director
Datuk Seri Dr. Hj Hasim bin Hasan
Independent Non-Executive Director

AUDIT COMMITTEE

Andy Liew Hock Sim
Chairman/ Independent Non-Executive Director
Tan Chee Hau
Member/ Independent Non-Executive Director
Datuk Seri Dr. Hj Hasim bin Hasan
Member/ Independent Non-Executive Director

NOMINATION AND REMUNERATION COMMITTEE

Ahmad Yani bin Aminuddin
Chairman/ Independent Non-Executive Director
Faizul Hilmy bin Ahmad Zamri
Member/ Independent Non-Executive Director
Datuk Seri Dr. Hj Hasim bin Hasan
Member/ Independent Non-Executive Director

RISK MANAGEMENT COMMITTEE

Tan Chee Hau
Chairman/ Independent Non-Executive Director
Andy Liew Hock Sim
Member/ Independent Non-Executive Director
Dato' Seri Ir. Mohamad Othman bin Zainal Azim
Member/ Independent Non-Executive Director

TENDER COMMITTEE

Faizul Hilmy bin Ahmad Zamri
Chairman/ Independent Non-Executive Director
Ahmad Yani bin Aminuddin
Member/ Independent Non-Executive Director
Dato' Seri Ir. Mohamad Othman bin Zainal Azim
Member/ Independent Non-Executive Director

KEY SENIOR MANAGEMENT

Rosmin bin Mohamed
Group Chief Executive Officer
Rusnidar binti Samsudin
Group Chief Financial Officer
Dato' Hj Mubarak Ali bin Gulam Rasul
Chief Executive Officer
Lumut Maritime Terminal 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 9904
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
Messrs Shared Services & Resources Sdn. Bhd.
No. 1, Jalan Lasam
30350 Ipoh,
Perak Darul Ridzuan
Tel. : +6 (05) 2380612
Fax : +6 (05) 2461689

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	2022	2021	2020	2019	2018
	RM'000	RM'000	RM'000	RM'000	RM'000
Continuing Operations					
Revenue	149,001	245,244	131,220	149,686	164,191
Earnings/ (Loss) before interest, taxes, depreciation and amortisation	68,271	78,828	(21,665)	3,840	23,867
Profit/(Loss) before tax	41,827	49,040	(52,556)	(20,875)	(4,423)
Profit/(Loss) after tax	29,660	18,958	(63,421)	(36,587)	(27,562)
Discontinued Operation					
Revenue	-	-	415	14,030	24,375
Loss before interest, taxes, depreciation and amortisation	-	(2,526)	(17,166)	(47,809)	(113,185)
Loss before tax	-	(35,177)	(39,515)	(80,068)	(145,774)
Loss after tax	-	(34,930)	(39,226)	(79,799)	(145,691)
Net profit/ (loss) for the financial year	29,660	(15,972)	(102,647)	(116,386)	(173,253)
Profit/ (Loss) attributable to equity holders of the Company	13,359	(12,626)	(95,214)	(83,029)	(107,208)

		2022	2021	2020	2019	2018
Total assets	RM'000	526,659	549,208	727,500	742,273	856,721
Shareholders' equity	RM'000	242,790	218,130	(116,735)	(9,088)	112,298
Owners' equity	RM'000	92,208	78,849	91,475	186,689	269,718
Total borrowings	RM'000	127,955	183,212	548,325	517,889	518,883
Paid-up capital	unit	100,000	100,000	100,000	100,000	100,000
Net assets per share	RM	2.43	2.18	(1.17)	(0.09)	1.12
Share price as at fiscal year-end	RM	0.25	0.42	0.34	0.38	0.38
Return on total assets	%	7.94	2.52	(12.66)	(13.60)	(17.53)
Return on equity	%	14.49	(16.01)	(104.09)	(44.47)	(39.75)
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	13.36	(12.63)	(95.21)	(83.03)	(107.21)
Price-earnings ratio	times	0.02	(0.03)	(0.00)	(0.00)	(0.00)
Gearing ratio	%	70.10	77.40	89.38	78.72	72.33

CORPORATE **STRUCTURE**

AS AT 31 DECEMBER 2022

PERAK CORPORATION BERHAD

- **100%** PCB LEISURE SDN. BHD.
  - **100%** BIOD LEISURE & RECREATION SDN. BHD.
  - **100%** CASUARINA BOATHOUSE SDN. BHD
  - **100%** CASUARINA TAIPING SDN. BHD.
  - **100%** CASUARINA TELUK INTAN SDN. BHD.
  - **100%** LABU SAYONG CAFÉ SDN. BHD.
  - **100%** LANAI CASUARINA SDN. BHD.
  - **100%** MERU RAYA PARK SDN. BHD.
- **100%** PCB TAIPAN SDN. BHD.
  - **50%+1 SHARE** LUMUT MARITIME TERMINAL SDN. BHD.
    - **100%** LMT CAPITAL SDN. BHD.
  - **89.54%** CASUARINA MERU SDN. BHD.
    - **100%** SILVERITAGE CORPORATION SDN. BHD
      - **73.91%** CASH COMPLEX SDN. BHD.
- **100%** PCB EQUITY SDN. BHD.
  - **49%** VC TELECOMS SDN. BHD.
  - **30%** UNIFIED MILLION (M) SDN. BHD.
- **100%** PCB LAND SDN. BHD. (FORMERLY KNOWN AS CASUARINA PANGKOR SDN. BHD.)*
- **70%** RUNGKUP PORT SDN. BHD.

* Struck off on 21 February 2020 and reinstated on 7 January 2022

DATUK
REDZA RAFIQ
BIN ABDUL RAZAK

Chairman
Non-Independent and Non-Executive Director

MALAYSIAN | MALE | AGE 54

Datuk Redza Rafiq bin Abdul Razak was first appointed to the Board of Perak Corporation Berhad on 25 February 2021 as the Non-Independent and Non-Executive Director. He was also appointed as the Vice Chairman and then appointed as the Chairman on 24 May 2022 and 1 August 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 7 out of 7 Board of Directors' meetings held during the financial year ended 31 December 2022.

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 | AGE 42

Andy Liew Hock Sim 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 a member of the Risk Management Committee on 6 August 2020 and 23 February 2022 respectively.

Andy is a Chartered Accountant with the Malaysian Institute of Accountants (MIA) and a member of the Certified Practising Accountant (CPA) Australia. He has over twenty (20) years of experience with major audit firms in audit, taxation and accountancy that he gained from both Malaysia and overseas. He was involved in numerous successful initial public offerings (IPO) in Malaysia, Singapore, Hong Kong and Germany throughout his career.

Andy started his career with a local audit firm in Malaysia. He then joined KPMG Kuala Lumpur after obtaining 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 was also involved in the IPO of a financial services company in the Main Market of Kuala Lumpur Stock Exchange (KLSE).

In 2008, he ventured to China and since then, he has 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 on the 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, specialising in IPO and was actively involved in various corporate exercises, e.g. business restructuring, mergers and acquisitions (M&A), reverse takeovers (RTO), transfer listing, financial due diligence, regularisation plans for PN17 companies, fund raising and etc. In 2019, he started his own public practice and assumed the role of Managing Partner.

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

He attended 7 out of 7 Board of Directors' meetings held during the financial year ended 31 December 2022.

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 | AGE 55

Tan Chee Hau was appointed to the Board of Perak Corporation Berhad as the 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 Audit Committee on 23 February 2022 and 30 September 2022 respectively.

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 the 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 and in several private companies.

He attended 6 out of 7 Board of Directors' meetings held during the financial year ended 31 December 2022.

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 and Non-Executive Director

MALAYSIAN	MALE	AGE 52

Ahmad Yani bin Aminuddin was appointed to the Board of Perak Corporation Berhad as the Independent and Non-Executive Director on 1 July 2021. He was also appointed as the Chairman of the Nomination and Remuneration Committee and a member of the Tender Committee on 30 September 2022 and 23 February 2022 respectively.

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 is a 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 the 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 7 out of 7 Board of Directors' meetings held during the financial year ended 31 December 2022.

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.

PROFILE OF
DIRECTORS

FAIZUL HILMY
BIN AHMAD ZAMRI

Independent and Non-Executive Director

MALAYSIAN | MALE | AGE 56

Faizul Hilmy bin Ahmad Zamri was appointed to the Board of Perak Corporation Berhad as the Independent and Non-Executive Director on 1 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 7 out of 7 Board of Directors' meetings held during the financial year ended 31 December 2022.

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.

DATO' SERI
IR. MOHAMAD OTHMAN
BIN ZAINAL AZIM

Independent and Non-Executive Director

MALAYSIAN | MALE | AGE 68

Dato' Seri Ir. Mohamad Othman bin Zainal Azim was appointed to the Board of Perak Corporation Berhad as the Independent and Non-Executive Director on 30 September 2022. He was also appointed as a member of the Risk Management Committee and the Tender Committee on 30 September 2022.

He graduated from the University of Southampton, UK in 1977 with a Bachelor of Science (Hons) Civil Engineering and obtained his Master of Civil Engineering at University of Birmingham, UK in 1988. He is registered as a Professional Engineer with the Board of Engineers, Malaysia.

Dato' Seri Ir. Mohamad Othman has accumulated over 41 years of experience in engineering and project development services. He started his career in 1977 as a District Engineer in the Publics Works Department and attached to the department until 1979. His last service in Government was as Chief Operating Officer from 2009 until 2012 in the Project Management Unit (PMU) under the Ministry of Finance Malaysia. He successfully implemented the Government of Malaysia's Economic Stimulus Package and Mini Budget in tandem with the Annual Budget. In 2016, he was appointed as a Board member of University Malaya, UMSC, Chairman of UM Property Holdings Sdn Bhd and Pusat Perubatan University Malaya (PPUM).

In addition, he also had attended an advanced management programme organised by INSEAD, and several Senior Management Programme in Tokyo, Belgium and Sweden.

At present, Dato' Seri Ir. Mohamad Othman is also the Chairman of Straits Consulting Engineers Sdn Bhd; and sits on the boards of TCS Group Holdings Berhad and several private companies.

He has attended 2 out of 3 Board of Directors' meetings held from the date of his appointment to the end of the financial year ended 31 December 2022.

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 SERI DR. HJ HASIM BIN HASAN

Independent and Non-Executive Director

MALAYSIAN | MALE | AGE 61

Datuk Seri Dr. Hj Hasim bin Hasan was appointed to the Board of Perak Corporation Berhad as the Independent and Non-Executive Director on 30 September 2022. He was also appointed as a member of the Audit Committee and the Nomination and Remuneration Committee on 30 September 2022.

He graduated from Universiti Kebangsaan Malaysia (UKM) with a Bachelor of Arts in Political Science (Hons) and holds a Doctor of Philosophy in Strategic Studies from Universiti Utara Malaysia (UUM). He has obtained several awards and honours from the State Governments of Perak and Melaka for his contributions.

Datuk Seri Dr. Hj Hasim started his career as Assistant District Officer (Land) in 1989 and has been promoted a few times until 2004. In 2005, he was appointed as Principal Assistant Secretary in Perak State Secretarial Office. Then he was promoted as District Officer for Perak Tengah in 2006. He was then appointed as State Development Director for the state of Perak in 2010. Later in 2019, Datuk Seri Dr. Hj Hasim was appointed as State Secretary of Melaka. Due to his excellent performance as an Administrative and Diplomatic Officer, he has been promoted to the highest civil service position in the state of Melaka. He retired from government service in July 2021.

He has attended 1 out of 3 Board of Directors' meetings held from the date of his appointment to the end of the financial year ended 31 December 2022.

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

ROSMIN
BIN MOHAMED

Group Chief Executive Officer

Date of Appointment: 9 January 2023

MALAYSIAN | MALE | AGE 53

Academic/ Professional Qualification(s)
- *Executive Management*
  Hull University Business School
- *Business Management*
  Renong Training School

Directorship in Public Companies and Listed Issuer
- *Nil*

Working Experiences
- *Head, Special Economic Zone Division in Sime Darby Property Berhad.*
- *Senior Vice President at Sime Darby Property Berhad, Malaysia Vision Valley (MVV) project.*
- *Senior Director of Development Division at Northern Corridor Implementation Authority ("NCIA").*
- *Senior Manager, Cyberview Sdn Bhd for Cyberjaya project.*

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

RUSNIDAR BINTI SAMSUDIN

Chief Financial Officer
Date of Appointment: 28 August 2019

MALAYSIAN	FEMALE	AGE 50

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, Finance and 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.*

DATO' HJ MUBARAK ALI BIN GULAM RASUL

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

MALAYSIAN	MALE	AGE 55

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.*

Dear Shareholders,

I am pleased to present to you our annual report for the year ended 31 December 2022, a year which has seen our Company achieve significant progress despite operating in a challenging business environment.

The COVID-19 pandemic has had a significant impact on the global economy, and our Company was not immune to its effects. However, we remained resilient, and with our dedicated employees and management team, we navigated the challenges that the pandemic presented. We responded promptly to the crisis and took necessary measures to ensure business continuity, which included cutting costs, conserving cash, and revising our strategic plans to align with the changing business landscape.

During the year, we continued to focus on our core business strategies and made significant progress towards achieving our goals. The Group achieved a revenue of RM149.0 million for the financial year that ended on 31 December 2022. The Group returned to profitability with a net profit for the financial year of RM29.7 million. Our improvement in financial results demonstrate our resilience to navigate through difficult times and are a testament to our commitment to executing our turnaround plan.

The Company has come a long way and made progress in order to regularise its financial conditions since it was classified under Practice Note 17 in 2020. The Company has undertaken significant efforts to regularise its financial conditions by restructuring its debts and liabilities position via entering into private debt settlement arrangements with its secured lenders and scheme creditors.

Presently, the Company is in the midst of formulating a regularisation plan to address the financial distress situation of Perak Corp with the main objective of returning Perak Corp to a better financial standing after relieving the financial position on the Perak Corp Group's debt settlement obligations and cash flows. Our robust financial performance is a testament to our commitment in executing our turnaround plan.

On 12 August 2022, the Company entered into a Memorandum of Understanding with Perbadanan Kemajuan Negeri Perak ("PKNPk"), its immediate holding corporation, to establish synergistic collaborative initiatives involving the utilisation of Perak Corp's expertise to jointly develop PKNPk assets and the appointment of Perak Corp as the master developer of part of PKNPk's industrial development area in the Silver Valley Technology Park.

Subsequently, the Company entered into a Master Development Agreement with PKNPk on 31 March 2023 to define the general and overarching terms and conditions governing the development initiatives to be undertaken by the Company and PKNPk.

The development initiatives, which are an integral part of the proposed regularisation plan, are anticipated to be a catalytic component for direct foreign and domestic investment for the state of Perak, creation of employment and business opportunities, and spur economic activities and growth in the areas of port & logistics, hospitality and tourism and industrial and property development, which are the main businesses of the Group. Through these development initiatives, the Company will be in a better position to strengthen its asset holding and core businesses, raise funding for its operations and project and strengthen its financial position.

Looking ahead to 2023, we remain cautiously optimistic about the economic outlook for Malaysia.

- Our Lumut Maritime Terminal Sdn. Bhd. has been a key asset of our Company, providing significant value to our business operations. We anticipate that this trend will continue into 2023.
- The property development sector in Malaysia has continued to show signs of resilience. Since the Covid-19 epidemic broke out, Malaysia's industrial property market has dominated the real estate sector. Over the past few years, there have been more investments and industrial project launches as a result of the quick expansion in e-commerce arising from the pandemic, which sparked a spike in warehouse and manufacturing facilities. With this economic outlook, the Company is optimistic that its Silver Valley Technology Park development will be a success. The Company is also actively exploring new opportunities available to develop a diverse range of property development projects within Perak and other states in Peninsular Malaysia to capture new property market demand. Despite the positive outlook, we are also mindful of the key challenges faced by the property development industry in Malaysia, including rising construction costs and stricter regulations.
- Similarly, the hospitality industry in Malaysia will continue to gain momentum in 2023, with a focus on sustainability and digitalisation. We remain committed to delivering exceptional service to our guests and customers; and will continue to invest in our staff and facilities to ensure that we remain competitive in this dynamic market.

I am optimistic about the future prospects of our company, and I look forward to continuing to work together with our shareholders, employees, and other stakeholders to achieve our shared goals.

I would like to express my sincere gratitude to our employees, customers, shareholders, and other stakeholders for their unwavering support and commitment to our Company's success. We are confident that we have the right people, strategy, and resources in place to achieve even greater success in the years ahead.

Thank you.

Datuk Redza Rafiq bin Abdul Razak
Chairman
28 April 2023

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Perak Corporation Berhad ("Perak Corp" or the "Company"), is a diversified public listed company with interests in various sectors, including port and logistics, property development, hospitality and tourism and management services. The business operations of the Company and its subsidiaries ("Group") are primarily focused in the state of Perak.

FINANCIAL REVIEW

REVENUE
RM149.0 MIL
39%
2021: RM245.2 MIL

SHAREHOLDERS' EQUITY
RM242.8 MIL
11%
2021: RM218.1 MIL

NET PPOFIT/ (LOSS)
RM29.7 MIL
286%
2021: (RM16.0 MIL)

LOANS AND BORROWINGS
RM127.9 MIL
30%
2021: RM183.2 MIL

The Group reported revenue of RM149.0 million in 2022. The decline in revenue from RM245.2 million in 2021 was mainly due to the revenue generated from its former subsidiary in the property development segment in 2021 was non-recurring in 2022, as the former subsidiary has been derecognised from the Group as of 20 December 2021. The Group's main revenue contributor during the financial year 2022 is the ports and logistics segment which contributed 86% of the Group's total revenue.

Despite the decline in revenue, the Group was able to improve its net profit significantly. The Group reported a net profit of RM29.7 million in 2022, compared to a net loss of RM16.0 million in 2021. This improvement can be attributed to the Company's efforts to reduce costs and increase operational efficiency during the financial year. In addition, the net loss in the previous financial year included the loss from the discontinued operation, which is non-recurring following the derecognition of the former subsidiary as of 20 December 2021.

The Group was able to improve its shareholders' equity from RM218.1 million in 2021 to RM242.8 million in 2022. This improvement can be attributed to the Group's profitability during the year and its efforts to reduce debt. The loans and borrowings decreased from RM183.2 million in 2021 to RM127.9 million in 2022, indicating the Group's ability to reduce its debt burden.

SEGMENTAL PERFORMANCE REVIEW

The 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”).

Ports & Logistics (“PL”)

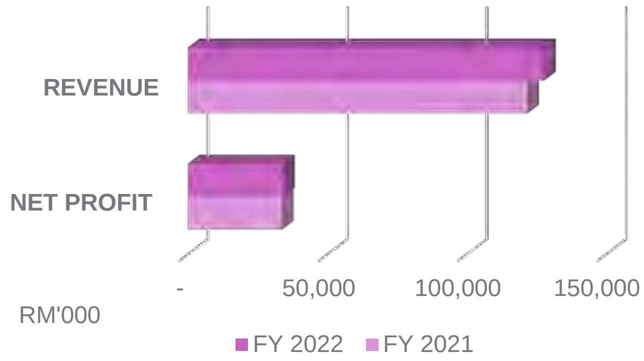
Ports play an important role in facilitating internal and external trade. As enablers, ports provide key logistical services, thus opening up trades and creating economic opportunities. Ports' contribution to economic growth is significant to the State's and nation's Gross Domestic Product (GDP). This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

Strategically located off the Straits of Malacca, on the west coast of Peninsular Malaysia, in Perak, Lumut Maritime Terminal (known as Lumut Port) was established as a State Port and a catalyst for economic growth, development, and industrialisation of the State and the nation in general. 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. LMTSB is also the operator and manager of Lekir Bulk Terminal, a dedicated terminal to handle coal for Janakuasa Sultan Azlan Shah in Sri Manjung, Perak.

Since the implementation of LMTSB's strategic business plan in 2016, LMTSB has begun to record a steady tonnage increase in cargo handling, except in 2020, mainly due to the COVID-19 pandemic.

This segment has contributed 86% to the Group's total revenue in 2022 (2021: 50%). PL segment delivered a commendable performance in 2022, with a revenue of RM127.8 million, a 5.0% increase from the previous financial year's revenue of RM121.7 million. Additionally, the net profit of the PL segment increased by RM0.4 million from RM33.7 million in 2021 to RM34.1 million in 2022. This reflects the segment's ability to manage costs and optimise its operational efficiency effectively. The increase in net profit was driven by a growth in revenue, which was partially offset by higher operating expenses.



LMTSB delivered a solid financial and operational performance in 2022. The terminal's strong growth in throughput volumes and revenue, coupled with its high capacity utilisation rate and focus on operational efficiency, position it well for future growth. LMTSB remains a key component of the Group, and we are confident in its ability to continue delivering value to our shareholders in the years ahead.

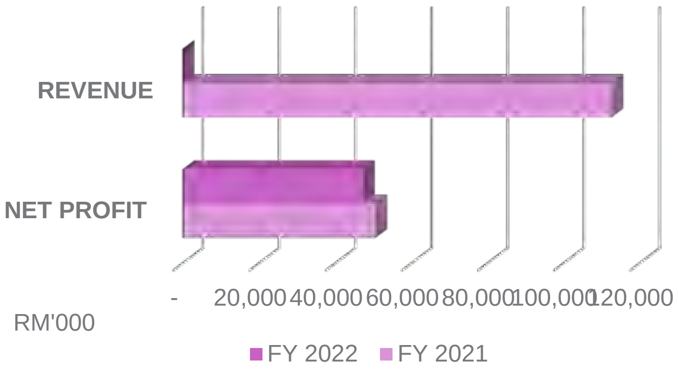
Property Development (“PD”)

Leading the economic growth of Perak translates to building and developing communities; the Group is active in the development of townships, commercial areas and communities in Perak.

The revenue from the PD segment derives mainly from sales of land, profits from property development joint arrangements and other ancillary services.

The revenue of RM112.7 million in the previous financial year was generated by a former subsidiary, PCB Development Sdn. Bhd. (In Creditors' Voluntary Liquidation) ("PCB Development"). As the Company lost control of PCB Development and its subsidiary, Animation Theme Park Sdn. Bhd. ("ATP"), the Company has derecognised the assets and liabilities of these former subsidiaries from the consolidated statement of financial position as of 20 December 2021.

Despite the decrease in revenue in the current financial year, the PD segment was still able to generate a decent net profit of RM47.3 million in 2022, which is a slight decrease from RM50.6 million in 2021. The compensation received from the compulsory acquisition of land has played a significant role in contributing to the PD segment's net profit in 2022.



Cognizant of its role, the Group constantly seeks out avenues for development and growth to expand the property market in the State, both in terms of value and quantity. This paves the way for more commercial possibilities and opportunities and increases the stability of residential property, especially in the provision of affordable housing.

Hospitality and Tourism ("H&T")

The Group operates several hotels and resorts in Perak, which is known for its natural beauty, historical sites, and cultural attractions. Perak Corp's home-grown Casuarina brand carries Perak's unique and graceful hospitality. Taking its name from the Casuarina tree, characterised by size, strength and boldness, the chain of Casuarina hotels places the Group on strong footing in the hotel industry.

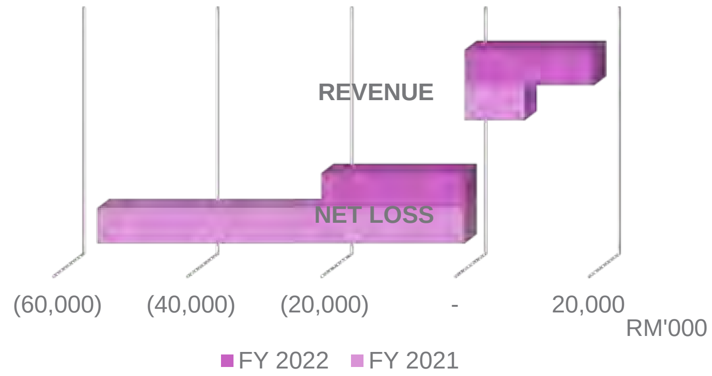
Perak Corp owns and operates several properties, including Casuarina @ Meru in Ipoh, Casuarina @ Kuala Kangsar, Casuarina @ Pangkor in Pulau Pangkor and Casuarina Houseboat @ Temenggor 1 in Tasik Temenggor, Gerik, Perak. The hotel properties of Perak Corp offer a range of accommodation options that cater to both business and leisure travellers.

The financial results in 2021 covered both continuing and discontinued operations. The financial losses in 2021 from the discontinued operation were incurred by the former subsidiary, ATP, where the assets and liabilities of this former subsidiary have been derecognised from the consolidated statement of financial position as of 20 December 2021.

The Covid-19 pandemic has had a significant and long-lasting impact on the financial performance of hotels. In 2021, the H&T segment was significantly impacted by the COVID-19 pandemic. The Malaysian government implemented various movement control orders (MCOs) to control the spread of the virus, which resulted in restricted travel and tourism activities. This led to a significant decline in demand for hotel accommodations, and the H&T segment experienced a sharp drop in occupancy and revenue.

However, with the rollout of vaccination programs, the easing of restrictions, and the reopening of borders, the hotel industry in Malaysia were gradually recovering in 2022. Hotels are adapting to the "new normal" by implementing health and safety protocols to reassure guests and providing flexible booking options.

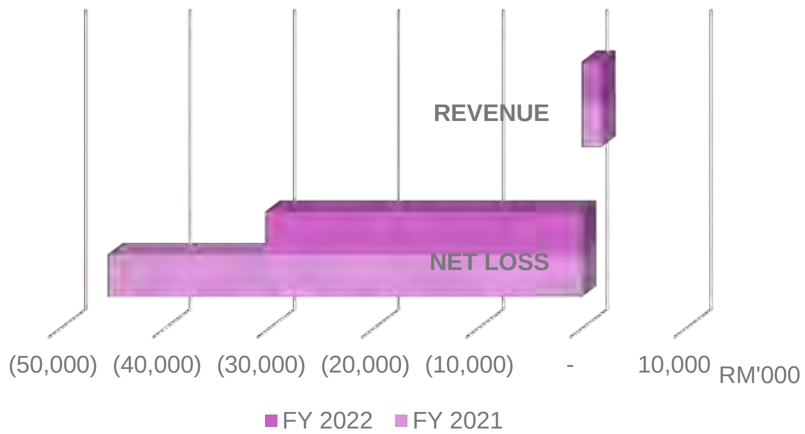
In 2022, the revenue for the H&T segment was RM19.4 million, which represents a substantial increase from the previous financial year's revenue of RM8.9 million. Despite the increase in revenue, the H&T segment still experienced a net loss in 2022, albeit reduced significantly compared to the net loss in 2021. In 2022, the net loss was RM21.4 million, while in 2021, it was RM54.8 million. One of the main contributors to the reduction of net loss was due to the loss from the discontinued operation, which was non-recurring in 2022. Although the net loss is a concern, the reduction in losses from the previous year is a positive sign and suggests that the segment's operations are gradually improving.



The Group takes pride in expanding its home-grown hotel brand name – Casuarina – which it plans to further develop as a Perak-born chain of hotels soon. This will further boost hotel facilities in the State and enable the Group to tap into the huge potential of this market.

Management Services ("MS")

The MS segment recorded RM1.8 million revenue in 2022 and 2021 respectively. The revenue from the MS segment is mainly derived from rental income. This segment recorded a net loss of RM30.4 million in 2022, which is a significant improvement from the net loss of RM45.4 million recorded in 2021.



Future Prospects

The Group will continue to focus on improving its financial performance and enhancing its competitiveness in all its business segments:

- With the implementation of the Business Strategic Plan 2016-2026, the PL segment will continue to increase port capacity & operations efficiency and focus on business development.
- The PD segment is actively exploring new opportunities available to develop a diverse range of property development projects within Perak and other states in Peninsular Malaysia to capture new property market demand.
- The H&T segment will focus on enhancing guest experience by investing in hospitality training, improving facilities and amenities, offering personalised services and increasing its marketing efforts to attract more guests and promote its properties.

On 12 August 2022, the Company entered into a Memorandum of Understanding with Perbadanan Kemajuan Negeri Perak ("PKNPk"), its immediate holding corporation, to establish synergistic collaborative initiatives involving the utilisation of Perak Corp's expertise to jointly develop PKNPk assets and the proposed appointment of Perak Corp as the master developer of part of PKNPk's industrial development area in the Silver Valley Technology Park.

Subsequently, the Company entered into a Master Development Agreement with PKNPk on 31 March 2023 to define the general and overarching terms and conditions governing the development initiatives to be undertaken by the Company and PKNPk, which are an integral part of the Company's proposed regularisation plan.

The submission of its regularisation plan to Bursa Malaysia Securities Berhad ("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.

On 9 August 2022, the Company submitted an application to Bursa Malaysia to seek a further extension of time of 12 months up to 9 August 2023 to submit the Company's regularisation plan to the relevant regulatory authorities. On 2 September 2022, Bursa Malaysia decided to grant the Company an extension of time up to 10 February 2023 to submit its regularisation plan to the relevant regulatory authorities.

On 9 February 2023, the Company has submitted a further extension of time application to Bursa Malaysia for a period of 12 months up to 9 February 2024 to submit the Company’s regularisation plan to the relevant regulatory authorities. On 13 April 2023, Bursa Malaysia extended the regularisation plan submission dateline to 9 August 2023.

With a majority of the debt issues having been resolved, 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 rehabilitating its business viabilities through the private debt settlement agreements;

(b) repayment of the Group's future debt obligations via the redemption of redeemable preference shares issued to the financial institutions and to be issued to the scheme creditors as well as the settlement to the scheme creditors in the ordinary course of business; and

(c) improve the financial state of the Group by securing new projects/businesses 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**") is committed to ensuring the Company and its subsidiaries ("**Group**") run their businesses in a responsible and sustainable manner so as to achieve a 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 is accorded to 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**")'s on Sustainability Reporting Guidelines and meets the expectations of Bursa Malaysia's Main Market Listing Requirements covering sustainability reporting. Through this Statement, we aim to provide our stakeholders with 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.

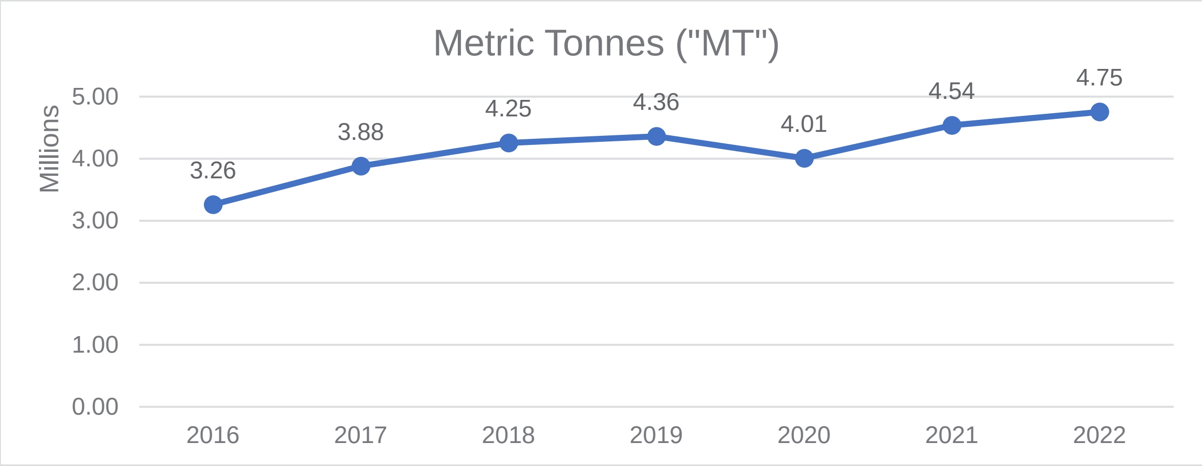
A. SUSTAINING ECONOMY

i. Ports and Logistics

Ports play an important role in facilitating internal and external trades. Acting as enablers, ports provide key logistics services, thus opening up trade and creating economic opportunities. Ports contribution to 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 a well-connected logistics network, including inland depots and freight villages.

The ports and logistics segment remains 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 LMTSB's strategic business plan in 2016, LMTSB has begun to record a steady tonnage increase in cargo handling except 2020, mainly due to the pandemic Covid-19, as illustrated below:



LMTSB has embarked on the development of a new terminal, namely Lumut Maritime Terminal 2 (“**LMT 2**”), located in Batu Undan, Lumut, Perak; and will be expected to handle clean cargo covering an area of approximately 115 acres. Upon completion of the development of LMT 2, LMTSB is expected to increase its total port capacity from 5.5 million MT per annum to approximately 14.0 million MT per annum.

LMTSB endeavours to control and mitigate the impact of LMTSB’s business on the environment through responsible business conduct. It adopts initiatives to conserve biodiversity via various programmes in partnership with local groups, communities and associations.

On 24 August 2016, LMTSB was certified with ISO 9001:2015. On 6 November 2020, LMTSB was certified with ISO 45001:2018 Occupational Health and Safety Standard, replacing OHSAS 18001:2007, whereby LMTSB has been certified since 2018. This certification shows LMTSB has established a systematic approach to instil quality by ensuring that its products meet customer requirements without compromising on health and safety.

ii. 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, facilitates the creation of values within existing townships and develops plans to raise overall socio-economic values in the areas.

The Group is actively exploring new opportunities available to develop a diverse range of property development projects within Perak and other states in Peninsular Malaysia to capture new property market demand. The Group will continuously monitor the latest developments in the property market in Malaysia and aim to time the launches of its future property development and management projects to capitalise on the upcycle of the property market as and when appropriate.

In order to address the sustainability of the development and meet the standards set out under the local authority’s policy and regulation, the Group continuously conducts feasibility studies to ascertain efficient development components and development values.

iii. Hospitality and Tourism

Hospitality and tourism businesses and earnings gradually recovered from the slowdown caused by the global outbreak of the COVID-19 pandemic and the implementation of various lockdown measures in Malaysia.

The Group owns and operates several hotel properties in Perak, including Casuarina @ Meru in Ipoh, Casuarina @ Kuala Kangsar in Kuala Kangsar and Casuarina @ Pangkor in Pulau Pangkor. The Group also owns a houseboat in Tasik Temenggor, Gerik, named Casuarina Houseboat @ Temenggor 1. Each property has its own uniqueness as it focuses on providing the best hospitality experiences and customer service standards. The hospitality and tourism segment achieved a gradual rebound in occupancy rates and revenue recovery in year 2022; and will continue to be innovative in packaged offerings and events to ensure the hospitality and tourism segment stays competitive in attracting guests.

The Group recognises the importance of sustainability in the hotel and tourism segment, and is committed to integrating sustainable practices into our operations. We believe that sustainable tourism not only benefits the environment, but also contributes to the well-being of local communities and the long-term success of our business. To achieve this, we strive to reduce our carbon footprint by implementing energy-efficient measures such as using LED lighting, reducing water consumption, and implementing waste reduction programs. We also encourage our guests to participate in these efforts through education and awareness programmes, and by providing them with eco-friendly options. We also promote cultural awareness and respect by supporting local traditions and preserving historical sites. We are committed to integrating sustainable practices into our hotel and tourism operations to ensure a positive impact on the environment, local communities, and our stakeholders.

B. CONSERVING ENVIRONMENT

The Group has always been committed to complying with the legal and regulatory requirements of the Department of Environment (“**DOE**”) as well as other regulators and authorities. To this end, environmental protection measures and considerations have long been embedded in the Group.

i. Consumption of Resources

The Group is committed to reducing the consumption of water and electricity. Recognising the need for a collaborative effort, the Group fosters environmental consciousness among its staff through diverse initiatives and advocates for the adoption of eco-friendly work methods.

The Group prioritises electricity conservation by emphasising the efficient use of energy to create a healthier environment for present and future generations. The Group encourages the use of energy-efficient lighting, equipment, and practices across its hotels and office facilities.

In line with its efforts to reduce its environmental footprint, the Group encourages its employees to minimise paper usage, and printing of documents is discouraged unless it is necessary, as it endeavors to transition into a fully digitised organisation.

ii. Environment Impact Assessment

In the property development sector, the Group recognises that certain development operations entail the removal of natural flora and fauna to facilitate construction. In order to mitigate the impact on the environment, the Group adheres closely to the obligation of conducting an Environmental Impact Assessment to ascertain that any development pursuits uphold the conservation of the ecosystem in the vicinity.

iii. Urban Farming Project – Greening the empty spaces

As part of its corporate social responsibility initiatives, the Group has established an urban farming project aimed at encouraging urban dwellers to engage in farming activities and maximize the use of vacant spaces for crop cultivation. The project, also known as vertical farming, has been implemented on the unoccupied outdoor area situated on the second floor of Hotel Casuarina @ Meru. Through this undertaking, the space has been transformed into a productive urban green farm that yields a variety of vegetables and salads utilised by Hotel Casuarina @ Meru in its operations.

C. SOCIAL RESPONSIBILITY

The Group has always believed that the best way to build a great and long-lasting company is to strike a balance between profit and social responsibility. While profitability, growth, and brand recognition are undoubtedly important, they are not the only factors that define business success. In today's business landscape, customers, employees, and other stakeholders assess a company based on its impact on the community, economy, environment, and society as a whole. The Group acknowledges the importance of considering the common good rather than just maximizing profits.

In 2022, the Group remained committed to operating in a responsible and conscientious manner to align with the evolving expectations of both its workforce and society at large.

i. Vegetable Donation to Orphanage

Giving back is an excellent way to become acquainted with the community and its residents. Engaging in philanthropic activities, such as volunteering and donating, can provide an opportunity for the Group to become better acquainted with the community and its members. Collaborating with individuals who share a passion for improving the environment around them not only broadens our social circle, but also deepens our understanding of the unique circumstances faced by members of our community.

In February 2022, the Group exemplified this commitment by distributing fresh vegetables from its urban farming project to Yayasan Amanah An-Nur Maisarah and Maahad Tahfiz al-Quran and Akademik BAKIP (MATAQAB) Perak, charitable giving can provide a sense of purpose beyond financial gain. It can also strengthen the Group's ties to the community and boost employee morale.


9 HALATUJU SEKOLAH
MAAHAD TAHFIZ


NIKE

ii. Iftar Programme with Rumah Anak Yatim

In April 2022, our Group initiated a charitable campaign aimed at promoting social welfare for the less fortunate. As part of our corporate social responsibility efforts, we organised an Iftar programme in collaboration with several orphanage homes located in Ipoh during the holy month of Ramadan. The event served to care for the welfare of individuals in need, aligning with our commitment to social responsibility.

iii. Corporate Social Responsibility Programmes at LMTSB


LMTSB buying essential items for Manjung District Asnaf


Donation to flood victims at Hulu Langar, Selangor


Donation to fire disaster victims in Changkat Larah, Taiping


Donation to Masjid Hj Isa, Lekir, for their Back To School programme with Ansaf


Donation to Persatuan Ibu Tunggal Kebangsaan Parlimen Lumut for their Ramadan & Syawal programme with Asnaf


Contribution to Surau An Nasriyah Kg Serdang for their 'Moreh' programme

D. EMPLOYEES

The Group recognises that the long-term sustainability of our businesses hinges upon our workforce, which we regard as our most valuable asset. In order to achieve this, we endeavor to cultivate a workplace culture that upholds mutual respect, equal treatment and opportunities for all, and continuous learning. We ensure that our human resources policies and guidelines are in compliance with all applicable laws and that our workplace values diversity, inclusion, and equality. Given that our employees are our most valuable asset, talent management at all levels is accorded top priority. We prioritise the health and well-being of our employees and provide them with benefits such as medical, hospitalisation, and insurance coverage.

i. Program Ukhwah

The Group holds a strong belief in the immeasurable value that our employees bring to the company. As integral contributors to our collective success, we are proud to have established Program Ukhwah, an initiative designed to celebrate our employees' birthdays on a quarterly basis. Our commitment to recognising personal milestones extends beyond professional accomplishments, serving as a reminder that there is more to life than work. Through this programme, we aim to boost morale and foster a greater sense of appreciation among our team members, ultimately cultivating stronger relationships across the entire organisation.

ii. Training Programme

To drive progress and promote the well-being of our organisation and its personnel, our Group is focused on assembling a team that is up-to-date with the latest trends and technologies to achieve our objectives. Through both internal and external training programmes, we have fostered a positive culture and improved job satisfaction, engagement, and retention. By investing in training and development, the Group can significantly reduce employee turnover and improve their talent return on investment.

Our employees have participated in a diverse array of programmes designed to support their career development. Competency-based training has been introduced to help our employees gain technical skills and develop leadership and strategic thinking abilities, which will benefit them both professionally and personally. The training programmes included self-awareness, such as Handling Sexual Harassment at the Workplace; compliance training, such as Reviewing Your HR Policies & Procedures in compliance with Malaysia's Amended Employment Act and Laws; and technical skills training, such as Public Safety & Aquatic Rescue Training For Life Saving Competency Certification with Basic Risk Assessments.

We have also provided our employees with short-term certification courses to enhance their knowledge and professionalism. Our employees have completed the Chemical Health Risk Assessment course organized by the National Institute of Occupational Safety and Health, as well as the 'Kursus Kekompetenan Penjaga Jentera Elektrik' organized by Institut Kemahiran Tinggi Belia Negara Bukit Mertajam, Kementerian Belia Dan Sukan.

iii. Diversity and Equal Opportunity

The Group places great importance on the incorporation of diverse perspectives, experiences, and in its pursuit of achieving its objectives and strengthening its operations. Cultivating an inclusive working environment that fosters employee engagement is a primary mission of the Group in promoting team cohesion among its staff.

It is the Group's policy to uphold equal opportunities and support diversity in all aspects of employment, development, and progression for every employee, regardless of their sex, age, religion, political beliefs, trade union affiliation, disability, national origin, ethnicity, or any other pertinent characteristic. The Group is committed to avoiding discrimination in recruitment and employment practices, and ensuring that all individuals have access to equal opportunities and rewards.

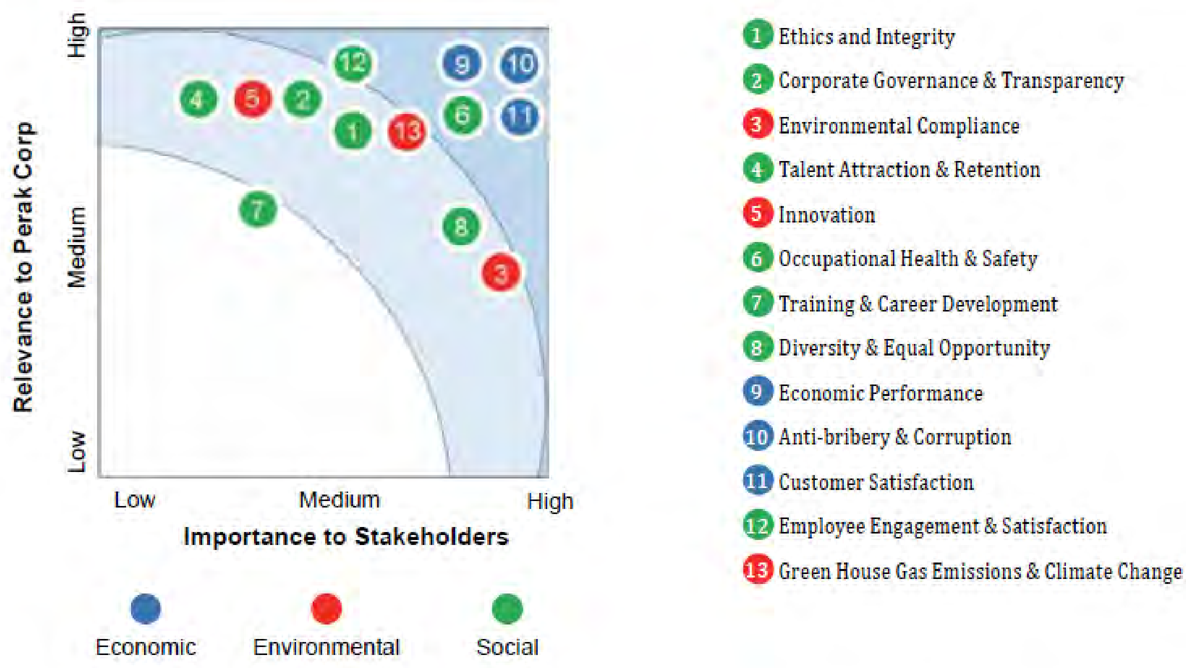
E. RELATIONSHIPS WITH SUPPLIERS AND CONTRACTORS

Establishing and nurturing relationships with suppliers and contractors is a critical component of any successful business strategy. Our Group recognises the fundamental role that suppliers and contractors play in our growth model. We strive to build a solid vendor-contractor relationship based on shared values and transparent communication. The Group prioritises identifying suppliers and contractors who align with its ethics and growth objectives and who can provide quality, innovative, and continuous supply and service. Such collaborations lead to long-term relationships that benefit all parties involved.

To ensure that our suppliers and contractors align with our ethical standards, they must comply with all relevant laws and regulations and minimise their impact on society and the environment. For instance, in the construction industry, suppliers and contractors must minimise noise and dust pollution. Our Group unequivocally denounces the use of undocumented workers or any form of illegal employment, and we will not tolerate any supplier or contractor who engages in such practices.

F. MATERIALITY ASSESSMENT

Materiality assessment is crucial for us to identify and prioritise the material matters that greatly impact the economic, social and environmental aspects of our business. In 2022, the Group improved its materiality assessment process. We maintained the 13 material sustainability matters identified since 2019 as they continue to indicate our journey to strengthen the Group'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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

The Board of Directors ("**Board**") is responsible for delivering shareholders value over the long term through the Group's culture, strategy, values and governance. This Statement provides an overview of the Company's commitment to applying 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 2022 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 the development and control of the Group's business and operations. The Board ensures the integration of consideration of the environmental, social and governance matters embedded into the Company's business strategies and action plans. 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 director's 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 directors' fiduciary duties.

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 creating 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. The details of the Code are 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 strategies 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 Board reviews the Anti-Corruption and Bribery Policy when deemed necessary to ensure it remains relevant and appropriate, and in any event, at least once every three (3) years. 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 maintaining 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 an allegation of such malpractice or misconduct in an appropriate manner and without fear of retaliation.

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

The Board reviews the Whistle Blowing Policy when deemed necessary to ensure it remains relevant and appropriate, and in any event, at least once every three (3) years. The details of the Whistle Blowing Policy are available for reference on the Company's website at www.perakcorp.com.my.

Board Composition

The Board has seven (7) members as of the date of this Statement, comprising 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, for more effective oversight of management.

The profile of the Board members is set out on pages 9 to 15 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 2022, the Board held seven (7) meetings on 23 February 2022, 24 May 2022, 29 August 2022, 29 September 2022, 7 November 2022, 16 November 2022 and 24 November 2022.

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

	Meeting attendance in 2022
Datuk Redza Rafiq bin Abdul Razak *(Chairman)*	7/7
Andy Liew Hock Sim	7/7
Tan Chee Hau	6/7
Ahmad Yani bin Aminuddin	7/7
Faizul Hilmy bin Ahmad Zamri	7/7
Dato' Seri Ir. Mohamad Othman bin Zainal Azim (appointed on 30 September 2022)	2/3
Datuk Seri Dr. Hj Hasim bin Hasan (appointed on 30 September 2022)	1/3
Tan Sri Abdul Rashid bin Abdul Manaf (resigned on 1 August 2022)	2/2
Tan Sri Ir Kunasingam a/l V. Sittampalam (resigned on 9 August 2022)	1/2
Zainal Iskandar bin Ismail (resigned on 12 September 2022)	3/3

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

Datuk Redza Rafiq bin Abdul Razak replaced Tan Sri Abdul Rashid bin Abdul Manaf, upon his resignation as director of the Company on 1 August 2022, as the non-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 Practice 1.4 of the MCCG, Datuk Redza Rafiq bin Abdul Razak being the Chairman of the Board, has resigned as a member of the Audit Committee on 30 September 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 Group Chief Executive Officer ("**GCEO**"), led the executive management team until his resignation on 12 September 2022. 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.

In the intervening months prior to the appointment of a new GCEO, the Board established an Ad Hoc Coordinating Committee ("**AHCC**") as a temporary measure to fulfil the role of the GCEO. The purpose and roles of the AHCC, which comprised two members of the Board, namely Encik Ahmad Yani bin Aminuddin (Chairman) and Encik Faizul Hilmy bin Ahmad Zamri, included the following:

i. to help strengthen the governance and decision-making processes between Board meetings or in urgent or crisis situations;
ii. to represent the board in prioritising issues for the Board's consideration and is responsible for ensuring sound governance practices are followed and complied with; and
iii. to facilitate the process of running the daily activities of the Company with a temporary approving authority in which the AHCC's authority is equivalent to the GCEO's.

Encik Rosmin bin Mohamed was subsequently appointed as the new GCEO on 9 January 2023.

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 for ensuring the due execution of strategic goals and 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 of their duties. Directors also have 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 an assessment of the independent directors of the Company annually.

The independent directors, namely Dato' Seri Ir Mohamad Othman bin Zainal Azim, Datuk Seri Dr Hj Hasim bin Hasan, Mr Andy Liew Hock Sim, Mr Tan Chee Hau, Encik Ahmad Yani bin Aminuddin and Encik Faizul Hilmy bin Ahmad Zamri, based on the annual assessment conducted, have declared their independence.

The Board noted that the provisions of Practice 5.3 of the MCCG recommend that the tenure of an independent director should not exceed a cumulative term of nine (9) years. The Board has not adopted a formal policy which limits the tenure of its independent directors to nine (9) years. The Board believes that the length of service of the independent directors on the Board does not interfere with their exercise of independent judgment and acts in the best interest of the Group, notably in discharging their roles. Nevertheless, the Board will undertake a further assessment of the independence of its independent directors should their tenure reaches the cumulative term of nine (9) years.

All six (6) independent directors' tenures have yet to exceed the cumulative term of nine (9) years as of the end of the financial year 2022.

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. The Board noted that paragraph 15.02 (1)(b) of the Listing Requirements requires that effective from 1 June 2023, at least one (1) director of the Company is a woman. 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 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 and backgrounds to provide 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 a number of key senior management positions is held by women, namely the Chief Financial Officer, Group Financial Controller, Head, Legal & Corporate Secretarial and Head, Human Resources & Administration. It is the Company's aim to increase the participation of women in 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 sources 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 Board has adopted a Directors' Fit and Proper Policy of the Company with effect from 29 August 2022 to ensure there are formal and transparent procedures for the appointment and re-election of directors of the Company and its subsidiaries. The Board is committed to ensuring that each of its directors has the character, integrity, experience, competence and time to effectively discharge his or her role as a director.

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

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

The Board reviews the Directors' Fit and Proper Policy when deemed necessary to ensure it remains relevant and appropriate. The details of the Directors' Fit and Proper Policy are available for reference on the Company's website at www.perakcorp.com.my.

Re-election of Directors

The Board, through the Nomination and Remuneration Committee, assesses the performance, fitness and propriety of those directors who are subject to re-election at the Annual General Meeting ("**AGM**") of the Company and recommends to the Board for the decision to table the resolution on the re-election of the director concerned for shareholders' approval.

Based on the results of the fit and proper assessment, the Nomination and Remuneration Committee concluded that those directors who are due to retire at the forthcoming AGM had devoted their time, committed and contributed to the decision-making of the Board.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises three (3) independent directors. The Nomination and Remuneration Committee was revamped on 30 September 2022 and is now headed by Encik Ahmad Yani bin Aminuddin and the other members are Datuk Seri Dr Hj Hasim bin Hasan and Encik 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 2022, the Nomination and Remuneration Committee held five (5) meetings on 23 February 2022, 24 May 2022, 22 August 2022, 20 September 2022 and 22 November 2022.

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

	Meeting attendance in 2022
Ahmad Yani bin Aminuddin (Chairman) (appointed on 23 February 2022)	4/4
Faizul Hilmy bin Ahmad Zamri (appointed on 23 February 2022)	4/4
Datuk Seri Dr Hj Hasim bin Hasan (appointed on 30 September 2022)	1/1
Tan Sri Ir Kunasingam a/l V. Sittampalam (resigned on 9 August 2022)	1/2
Tan Sri Abdul Rashid bin Abdul Manaf (resigned on 1 August 2022)	1/1
Datuk Redza Rafiq bin Abdul Razak (resigned on 23 February 2022)	1/1

The activities carried out by the Nomination and Remuneration Committee during the financial year 2022, amongst others, included the recommendations to the Board on the following matters:

(a) Reviewed and recommended the directors' fees and benefits packages for the duration from the month following the AGM in 2022 up to the month of the next AGM in 2023;

(b) Assessed the eligibility and recommended the re-election of the retiring directors at the AGM of the Company;

(c) Assessed the directors' training needs to ensure all directors receive appropriate continuous training;

(d) Reviewed and recommended the renewal of the service contracts of the GCEO, Encik Zainal Iskandar bin Ismail and the Group Chief Financial Officer, Puan Rusnidar binti Samsudin;

(e) Reviewed and adopted the Directors' Fit and Proper Policy of the Company, which sets out the fit and proper criteria for the appointment and re-election of directors on the Boards of the Company and its subsidiaries.

(f) Evaluated and assessed the performance of the Audit Committee as a whole and each of its members;

(g) Evaluated and assessed the individual directors, Board as a whole and the independent directors;

(h) Assessed and recommended the appointment of Dato' Seri Ir Mohamad Othman bin Zainal Azim and Datuk Seri Dr Hj Hasim bin Hasan as directors of the Company;

(i) Reviewed and recommended the re-composition of Board Committees; and

(j) Assessed and recommended the appointment of Encik Rosmin bin Mohamed as the GCEO.

Board, Audit Committee and Individual Director Assessment

The Nomination and Remuneration Committee conducts an annual assessment of each individual director and 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 is composed of directors with an 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 a 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 an 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 the appropriate mix of skill and experience, has a 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.

In addition to the training programmes attended, the directors were briefed on the amendments to the Listing Requirements and regulatory requirements during the year.

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

Name	Training Programme
Datuk Redza Rafiq bin Abdul Razak	• Bengkel Pemurnian Dokumen Pelan Perak Sejahtera 2030 Siri 2 • Bengkel Hala Tuju Industri Mineral Negeri Perak • Perak Sejahtera 2030 Convention – State Leadership Summit with Industry Player • Panel Penilai Geran Penerbitan Ilmiah Perak Sejahtera 2030
Andy Liew Hock Sim	• ESG and Enterprise Risk Management • MFRS/IFRS Technical Update 2022 • Case Studies in Practical Business Combinations and Changes in Controlling Interest
Tan Chee Hau	• Post Pandemic Data & Insight on Challenges, Opportunities and Trends
Ahmad Yani bin Aminuddin	• Seminar Kawalan Harga dan Anti-Pencatutan
Faizul Hilmy bin Ahmad Zamri	• Seminar Kawalan Harga dan Anti-Pencatutan

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 benchmarked 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 2022 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
Datuk Redza Rafiq bin Abdul Razak	57	-	24	-	81
Andy Liew Hock Sim	54	-	21	-	75
Tan Chee Hau	54	-	21	-	75
Ahmad Yani bin Aminuddin	54	-	26	-	80
Faizul Hilmy bin Ahmad Zamri	54	-	26	-	80
Dato' Seri Ir Mohamad Othman bin Zainal Azim (appointed on 30 September 2022)	14	-	4	-	18
Datuk Seri Dr Hj Hasim bin Hasan (appointed on 30 September 2022)	14	-	3	-	17
Tan Sri Abdul Rashid bin Abdul Manaf (resigned on 1 August 2022)	35	-	8	-	43
Tan Sri Ir Kunasingam a/l V. Sittampalam (resigned on 9 August 2022)	33	-	6	-	39
Zainal Iskandar bin Ismail (resigned on 12 September 2022)	38	720	9	-	767

Group

Name of directors	Fees RM'000	Salaries RM'000	Other emoluments RM'000	Benefit-in-kind RM'000	Total RM'000
Datuk Redza Rafiq bin Abdul Razak	74	-	26	-	100
Zainal Iskandar bin Ismail	80	720	12	-	812

Senior Management's Remuneration

The remuneration component, including salary, bonus, benefits-in-kind, and other emoluments of the current top two (2) senior management of the Company within the following bands for the financial year ended 31 December 2022 are as follows:

Remuneration in band	Senior management (number)
RM250,001-RM300,000	1
RM300,001-RM350,000	-
RM350,001-RM400,000	-
RM450,001-RM500,000	-
Above RM500,000	1

The Board noted that Practice 8.2 of the MCCG recommends the disclosure on a named basis of the top two (2) 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 the 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 three (3) independent directors. The composition of the Audit Committee was revamped on 30 September 2022 and is headed by Mr Andy Liew Hock Sim, and the other members are Mr Tan Chee Hau and Datuk Seri Dr Hj Hasim bin Hasan.

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 62 to 65 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 are set out on page 70 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 following:

- 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 2023.

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 the Risk Management Committee was revamped on 30 September 2022 and is now headed by Mr Tan Chee Hau, and the other members are Dato' Seri Ir Mohamad Othman bin Zainal Azim 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 2022, the Risk Management Committee held four (4) meetings on 21 February 2022, 23 May 2022, 22 August 2022 and 22 November 2022.

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

	Meeting attendance in 2022
Tan Chee Hau (Chairman) (appointed on 23 February 2022)	3/3
Andy Liew Hock Sim	4/4
Dato' Seri Ir Mohamad Othman bin Zainal Azim (appointed on 30 September 2022)	1/1
Tan Sri Ir Kunasingam a/l V. Sittampalam (resigned on 9 August 2022)	2/2
Zainal Iskandar bin Ismail (resigned on 23 February 2022)	1/1

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

The Statement on Risk Management and Internal Control, as set out on pages 53 to 61 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 to the corporate disclosure requirements 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.

Conduct Meetings of Members

The meetings of members of the Company, including the AGM, are the principal forum for dialogue with the shareholders. Notice of the AGM is sent out to shareholders at least twenty-eight (28) days before the date of the 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 conducted a fully virtual Thirty-First AGM on 2 June 2022, 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 31 January 2022 were held in a similar manner.

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

Compliance Statement

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

PURSUANT TO PARAGRAPH 15.26 (B) OF THE MAIN MARKET LISTING REQUIREMENTS (“MMLR”) OF BURSA MALAYSIA SECURITIES BERHAD, THE BOARD OF DIRECTORS (“BOARD”) IS PLEASED TO PROVIDE THE STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022, WHICH WAS PREPARED IN ACCORDANCE WITH PRACTICE 10.1 AND 10.2 OF THE MALAYSIAN CODE OF CORPORATE GOVERNANCE (MCCG) AND THE “STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL – GUIDELINES FOR DIRECTORS OF LISTED ISSUERS”.

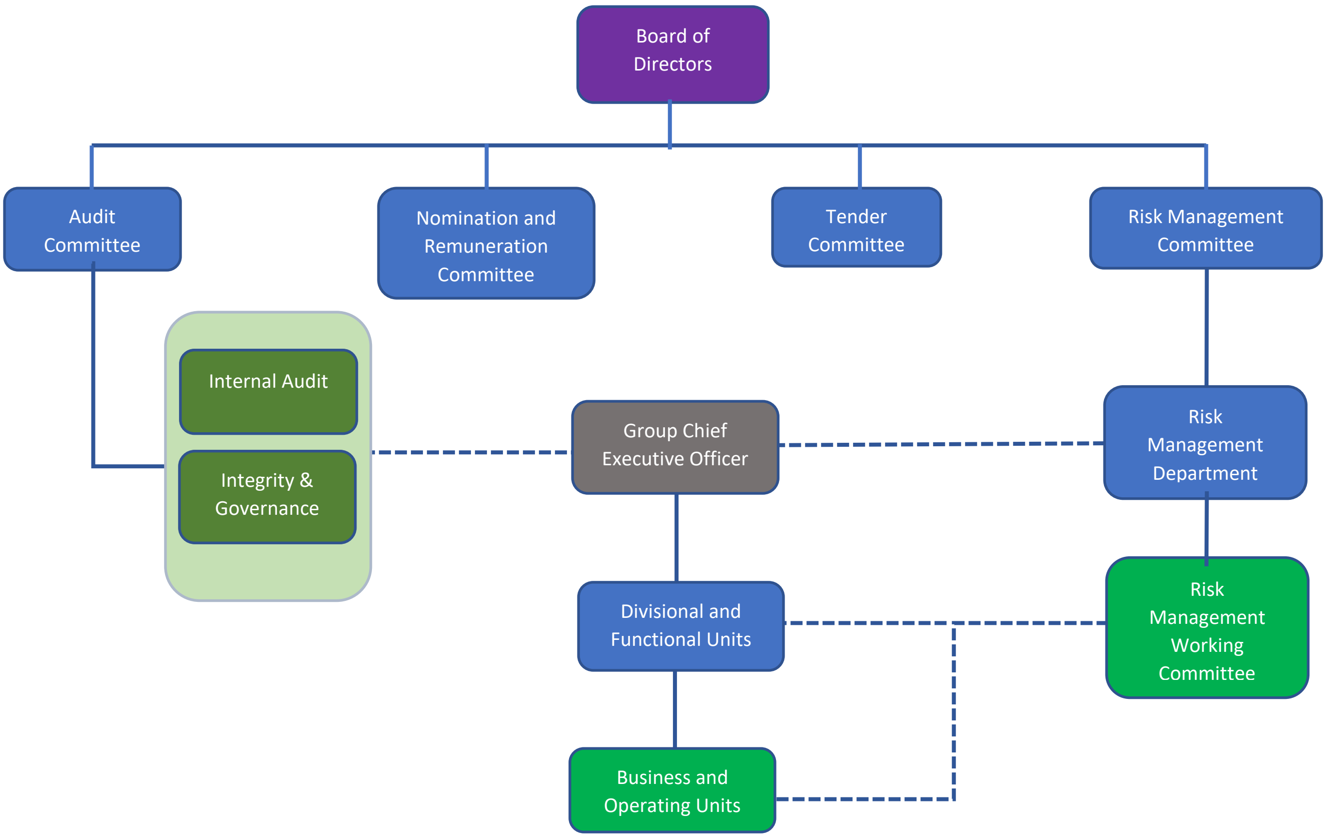
RESPONSIBILITY OF THE BOARD

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 risks 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 Board is satisfied that the risk management policies and procedures developed and implemented by the Management through the Risk Management Committee are prudent in ensuring that efficient internal control and risk management systems are in place to make it possible to assess and manage risk.

The Group’s system of internal control covers risk management, financial, operational and compliance controls. The Board does not regularly review the 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 on 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 of the date of issuance of the annual report, there are seven (7) Directors on the Board comprising 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 committees and the individual director are specified in its respective Terms of Reference and Board Charter.

Risk Management Committee:

- RMC assists the Board in ensuring a sound and robust Risk Management Policy ("RMP") to achieve the Group's strategic objectives and safeguard shareholders' investments and its assets. Terms of Reference were established and endorsed by the Board to govern its responsibilities and activities.

- The RMC is chaired by Independent and Non-Executive Directors, and the majority of members are Independent and Non-Executive Directors. Details of the 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>Members</th><th>Status of Directorship</th><th>Date of Appointment</th><th>Date of Resignation</th><th>Attendance of Meetings</th></tr>
<tr><td>Tan Chee Hau (Chairman)</td><td>Independent Non- Executive</td><td>23 February 2022</td><td>-</td><td>3/3</td></tr>
<tr><td rowspan="2">Andy Liew Hock Sim</td><td rowspan="2">Independent Non- Executive</td><td>6 October 2020 (as Chairman)</td><td>-</td><td rowspan="2">4/4</td></tr>
<tr><td>23 February 2022 (Re-designated from Chairman to Member)</td><td>-</td></tr>
<tr><td>Dato' Seri Ir. Mohamad Othman bin Zainal Azim</td><td>Independent Non- Executive</td><td>30 September 2022</td><td>-</td><td>1/1</td></tr>
<tr><td>Tan Sri Ir. Kunasingam a/l V.Sittampalam</td><td>Independent Non- Executive</td><td>6 October 2020</td><td>9 August 2022</td><td>2/2</td></tr>
<tr><td>Zainal Iskandar bin Ismail</td><td>Non-Independent Executive</td><td>3 July 2020</td><td>23 February 2022</td><td>1/1</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;
  - 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 Department:

- RMD assists the Board and RMC in discharging their risk management responsibilities.

- RMD's main role is to coordinate risk management activities such as programmes or activities to identify, mitigate and educate employees about the risk of non-compliance and to provide reasonable assurance that the Group's operations and activities are conducted in line with the key regulatory requirements. This role is executed via oversight, coordination, consultation, and validation and monitoring of the Group's state of compliance.

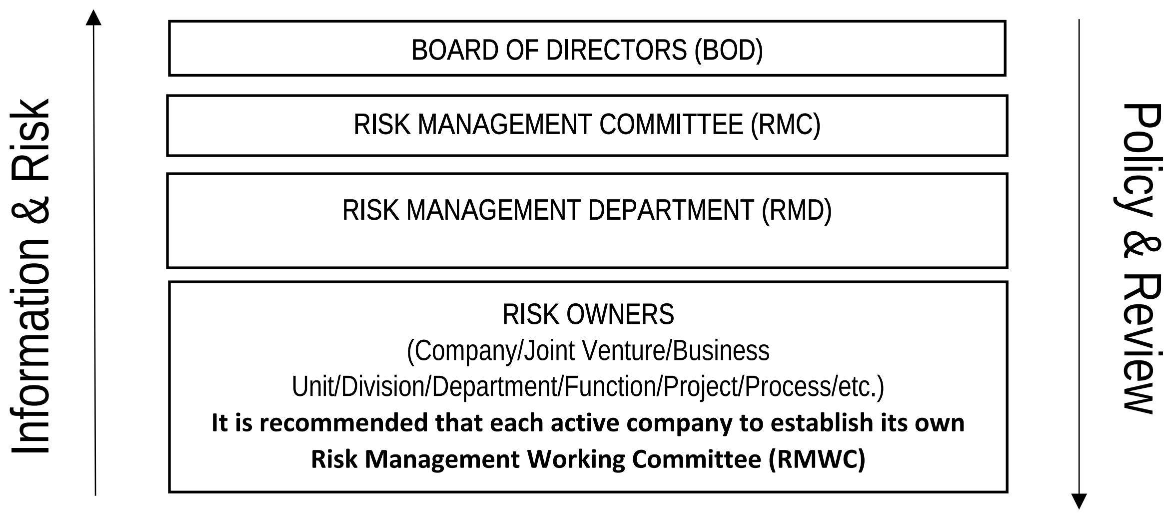
Risk Management Working Committee:

- Risk Management Working Committee ("RMWC") assists the RMD in ensuring a sound and robust Risk Management Policy ("RMP") to achieve the Group's strategic objectives and safeguard shareholders' investments and its assets. Terms of Reference were 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 to update to RMD in a timely manner;
  - Maintain the 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:

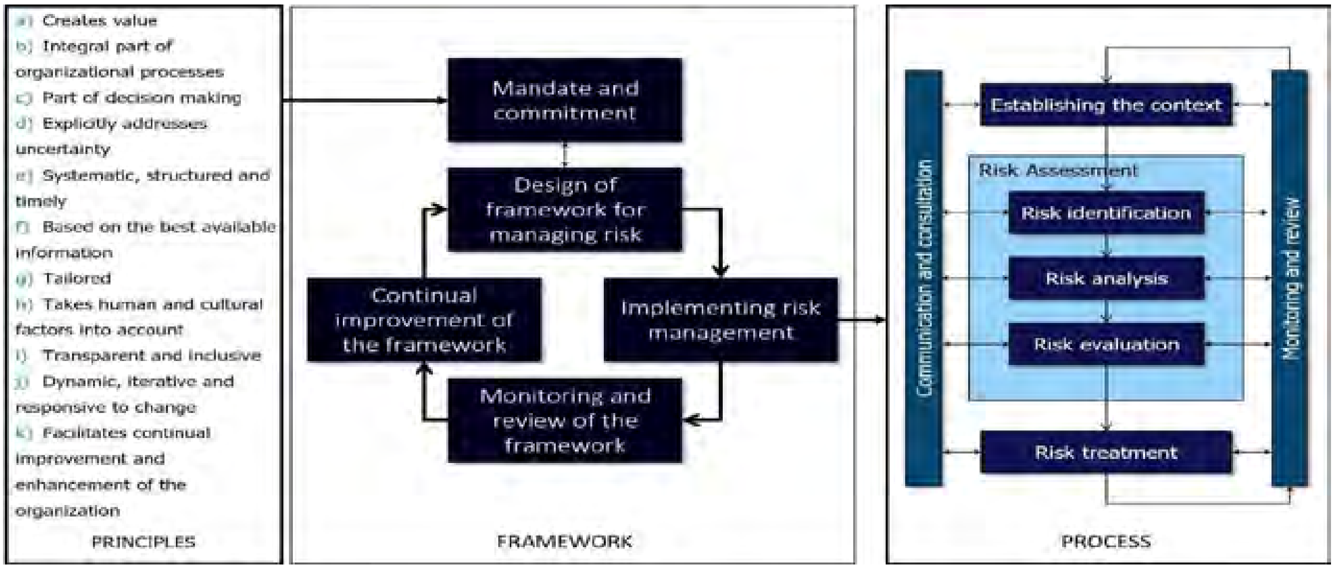
- The RMP provides the foundation and organisational arrangement for managing risk across the Group. It illustrates how risk management is embedded in the organisational systems and integrated at all levels and work contexts, making risk consideration part of day-to-day decision-making and business practices.

- 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 evaluations are carried out using scenario-based assessments to decide the potential impact, the 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 stepping away from the business activities involved;
  - Transfer: A decision to shift the burden of the risk consequences to another party;
  - Reduce: A decision to reduce the probability of occurrence or the severity of the risk consequences through the implementation of mitigating activities; and
  - Accept: A decision to allow the risk to remain as is when the probability of occurrence and the severity of the risk consequences are within the tolerable level, or when it does not warrant mitigating measures.

Risk mitigation and monitoring:

- Mitigation plans are finalised, owners are identified, and the progress of mitigation actions is 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 impacts 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

- Assessment and strengthening 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.

- Awareness enhancement programmes, whereby periodic risk awareness briefings, risk identification and mitigating action plans workshops are conducted as part of the continuous efforts to inculcate proactive risk-aware culture within the Group.

- Presentation of Risk Management Reports, which are produced four (4) times during the year for the RMC and the Board's deliberation and approval. The four (4) RMC meetings were carried out on 21 February, 23 May, 22 August and 22 November 2022.

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

- Provision of risk management consulting 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 was presented at every quarter Board Meeting was 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, and internal controls are in place 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.

- Defined level of authority 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, Finance and Accounts and Special Projects.

- 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 ensuring that an effective system of internal control is in place.

- Code of Conduct 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 Department 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 an avenue for potential whistle-blowers to act appropriately without fear of reprisal or retaliation.

- The Group Organisational Anti-Corruption Plan ("OACP") is focused on corruption risks in the Group. Initiatives or action plans are identified as controls based on the corruption risk assessment across the Group in managing any corruption or integrity-related matters.

- The confidentiality policy protects sensitive or confidential information of the Group. Notwithstanding, in order for the Group to be effective, the employees must be able to share information and knowledge; and therefore, confidentiality is necessary as a condition of trust.

- The establishment of SOP for every unit/division as guidelines to ensure adequate procedures are in place. It is crucial for the Group to have a dedicated SOP and policy in place to help the company minimise errors, enhance efficiencies and profitability, create a safe work environment, and develop rules for resolving problems and overcoming obstacles.

- The internal audit function provides reasonable assurance of 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 a risk-based approach, which has been approved by the Board.

- 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.

- 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.

- 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 Group has a formal risk management policy that describes the risk management framework and supporting processes that have been approved by the RMC. Supporting policies, standards, and guidelines are also available to guide decision-making.

- 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 is 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's 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 implementation of wide-ranging risk management activities 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 2022 that are required to be disclosed in the Annual Report.

This statement is made in accordance with a resolution of the Board of Directors dated 28 April 2023.

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 three (3) independent non-executive directors.

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 five (5) meetings were held on 9 February 2022, 21 February 2022, 23 May 2022, 22 August 2022 and 22 November 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	-	5/5
Tan Chee Hau	Independent Non-Executive	5 May 2021 30 September 2022	23 February 2022 -	3/3
Datuk Seri Dr. Hj. Hasim bin Hasan	Independent Non-Executive	30 September 2022	-	1/1
Datuk Redza Rafiq bin Abdul Razak	Non-Independent Non-Executive	5 May 2021	30 September 2022	4/4
Ahmad Yani bin Aminuddin	Independent Non-Executive	23 February 2022	30 September 2022	2/2

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, 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 2022, 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 2022, are as follows:

	Audit fees (RM'000)	**Non-Audit fees (RM'000)**
Company	172	15
Group	603	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 recommended the annual internal audit plan for Board of Directors approval 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 reviewed and recommended by the Audit Committee and approved by the Board of Directors. 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

The Integrity and Governance Unit ("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, IGU 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:

The establishment of the IGU has helped to ensure that all employees practice a positive work culture with a strong morals and ethics, as well as incorporating ethical practises 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.

In FY2022, the Board has established the Organisational Anti-Corruption Plan 2022-2024 ("OACP"), a structured plan to serve as the foundation of Perak Corp's efforts in curbing weaknesses and issues regarding governance, integrity and anti-corruption, that enables Perak Corp to become a corruption-free and high integrity organisation.

In addition, as part of its on-going effort, IGU has organised several integrity strengthening programme such as talk on the corporate liability provision under Section 17A MACC Act 2009 for employees, suppliers, joint-venture partners, contractor and consultant, seminar on the relationship between corruption and sound financial management, as well as anti-corruption campaign and integrity strengthening through the issuance of monthly bulletin.

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 1/1/2022 – 31/12/2022 (RM)
Operation and maintenance contract provided by Lumut Maritime Terminal Sdn Bhd ("LMTSB")	Lekir Bulk Terminal Sdn Bhd ("LBTSB")	See Note 1	47,394,578
Rental of office premises from PCB Taipan Sdn Bhd ("PCBTSB")	Perbadanan Kemajuan Negeri Perak ("PKNP")	Ultimate holding corporation	1,843,903

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.

UTILISATION OF PROCEEDS

No proceeds were raised by the Company from any corporate exercise during the financial year that ended on 31 December 2022.

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 2022.

ANALYSIS OF SHAREHOLDINGS AS AT 31 MARCH 2023

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	265	13.79	11,553	0.01
100 to 1,000	206	10.72	121,845	0.12
1,001 to 10,000	1,120	58.27	3,842,515	3.84
10,001 to 100,000	276	14.36	8,687,234	8.69
100,001 to 4,999,999	53	2.76	29,705,603	29.71
5,000,000* and above	2	0.10	57,631,250	57.63
	1,922	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	Datuk Redza Rafiq bin Abdul Razak	-	-	-	-
2	Dato' Seri Ir Mohamad Othman bin Zainal Azim	-	-	-	-
3	Datuk Seri Dr Hj Hasim bin Hasan	-	-	-	-
4	Andy Liew Hock Sim	-	-	-	-
5	Tan Chee Hau	-	-	-	-
6	Ahmad Yani bin Aminuddin	-	-	-	-
7	Faizul Hilmy bin Ahmad Zamri	-	-	-	-

THIRTY LARGEST SHAREHOLDERS

No.	Name	No. of shares held	%
1	CIMB Group Nominees (Tempatan) Sdn Bhd • CIMB Bank Bhd for Perbadanan Kemajuan Negeri Perak (CBD-NR-PERAKCB)	51,506,250	51.51
2	Sime Darby Property Berhad	6,125,000	6.13
3	Chua Sim Neo @ Diana Chua	4,914,300	4.91
4	KAF Trustee Berhad • KIFB for KAF Seagroatt & Campbell Berhad	3,912,000	3.91
5	Kenanga Nominees (Tempatan) Sdn Bhd • Rakuten Trade Sdn Bhd for Pui Cheng Wui	3,900,000	3.90
6	Alliancegroup Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Lai Cheng Kuan (8058893)	3,770,000	3.77
7	Pui Cheng Wui	1,090,500	1.09
8	Kenanga Nominees (Asing) Sdn Bhd • Cantal Capital Inc.	1,000,000	1.00
9	Perbadanan Kemajuan Negeri Perak	765,003	0.76
10	Public Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Tam Seng @ Tam Seng Sen (E-PTS)	500,000	0.50
11	Pong Hee Kit	490,400	0.49
12	Tharumanathan a/l S. Eliathamby	463,000	0.46
13	Public Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Law Yoong Kent (E-TMM)	420,500	0.42
14	Cherry Blossom Sdn Bhd	367,150	0.37
15	KAF Trustee Berhad • KIFB for Yayasan Istana Abdul Aziz	360,000	0.36
16	KAF Trustee Berhad • KIFB for DYMM Tuanku Bainun Mohd Ali	351,000	0.35
17	Vasan a/l P. Sinnadurai	338,200	0.34
18	Kenanga Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Chin Kiam Hsung	319,700	0.32
19	Pui Cheng Tiong	319,600	0.32
20	Ng Poh Cheng	302,200	0.30
21	Law Yoong Kent	279,000	0.28
22	Toh Ah Hai	275,000	0.28
23	Yam Poh Chi	266,000	0.27
24	Maybank Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Tay Ong Ngo @ Tay Boon Fang	260,000	0.26
25	UOB Kay Hian Nominees (Asing) Sdn Bhd • Exempt an for UOB Kay Hian Pte Ltd (A/C Clients)	251,350	0.25
26	Cheong Yoke Choy	250,000	0.25
27	Lim Soo Hien	250,000	0.25
28	Fast Continent Sdn Bhd	247,500	0.25
29	Pui Boon Hean	232,000	0.23
30	RHB Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Chin Kiam Hsung	230,000	0.23
		83,755,653	83.76

LIST OF MATERIAL PROPERTIES
AS AT 31 DECEMBER 2022

Locations	Approximate Land Area (acres)	Tenure	Descriptions	Date of Acquisitions Approx. Age (Building) Net Book Value	Existing Use
PT 16661, 16662, 16838 & 16839, Mukim Lumut, Daerah Manjung, Perak Darul Ridzuan. (purchase vacant land in YR 2017)	115.31	Leasehold (99 years) expiring year 2114	Port Land	31.5.2017 RM94,882,394	Port Operation
Lot PT 6973, Mukim Lumut, Daerah Manjung, Perak Darul Ridzuan.	72.54	Leasehold (99 years) expiring year 2094	Warehouse & office complex building	10.4.1997 RM81,445,727 25 years	Port Operation
GRN 404949, Lot 403194 (formerly known as 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 RM45,133,202 9 Years	Hotel and office operation
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 RM25,813,235	Vacant
Lot 517373, GRN 154028 Negeri Perak, Mukim Ulu Kinta, District Of Kinta, Perak Darul Ridzuan.	50.00	Freehold	Commercial land	31.1.2004 RM14,429,423	Vacant
PT 10445 and PT10447, Mukim Lumut, Daerah Manjung, Perak Darul Ridzuan. (purchase vacant land in YR 2017)	13.30	Leasehold (99 years) expiring year 2105	Open Stockyard	31.1.2017 RM11,794,826	Port Operation
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 RM11,109,434	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 RM6,288,261	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 RM3,727,983	Vacant
Lot 516687, GRN 151067 Negeri Perak, Mukim Ulu Kinta, District Of Kinta, Perak Darul Ridzuan.	11.38	Freehold	Mixed Development	31.01.2004 RM3,593,099	Vacant

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 the 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 cash flows 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 the responsibility to ensure 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, fraud 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 2022

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

REPORTS AND STATUTORY FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 2022.

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:

Datuk Redza Rafiq Bin Abdul Razak	
Andy Liew Hock Sim	
Tan Chee Hau	
Ahmad Yani Bin Aminuddin	
Faizul Hilmy Bin Ahmad Zamri	
Dato' Seri Ir Mohamad Othman Bin Zainal Azim	(appointed on 30 September 2022)
Datuk Seri Dr. Hj Hasim bin Hasan	(appointed on 30 September 2022)
Tan Sri Abdul Rashid Bin Abdul Manaf	(resigned on 1 August 2022)
Tan Sri Ir. Kunasingam a/l V. Sittampalam	(resigned on 9 August 2022)
Zainal Iskandar Bin Ismail	(resigned on 12 September 2022)

The names of directors of the Company's subsidiaries who served 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>

Rosmin Bin Mohamed	(appointed on 26 April 2023)
Mukhriz Bin Che Murad	(appointed on 26 April 2023)
Sharifah Nor Hashimah Binti Syed Kamaruddin	(resigned on 26 April 2023)
Janardhane a/p Muniandy	(resigned on 26 April 2023)

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

Datuk Redza Rafiq Bin Abdul Razak	
Dato' Mohd Azmi Bin Hj Othman	
Tan Sri Abdul Rashid Bin Abdul Manaf	(resigned on 1 August 2022)
Zainal Iskandar Bin Ismail	(resigned on 12 September 2022)

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

Dato' Mohd Azhar Bin Jamaluddin	
Dato' Mohd Azmi Bin Hj Othman	
Datuk Redza Rafiq Bin Abdul Razak	
Rosmin Bin Mohamed	(appointed on 26 April 2023)
Zainal Iskandar Bin Ismail	(resigned on 12 September 2022)
Norhaslinda Binti Zakaria	(resigned on 31 December 2022)

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

Tn Hj Zainal Abidin Shah Bin Mahamood @ Yahya	
YB Dato' Hj Samsudin Bin Abu Hassan	
Dato' Mohd Azmi Bin Hj Othman	
YB Dato' Abd Manaf Bin Hashim	
Datuk Mohd Hisham Bin Ab Halim	
Dato' Ir. Roslan Bin Abd Rahman	
Datuk Redza Rafiq Bin Abdul Razak	(appointed on 14 September 2022)
Zainal Iskandar Bin Ismail	(resigned on 12 September 2022)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

DIRECTORS (CONTINUED)

The names of directors of the Company's subsidiaries who served 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 PCB Leisure Sdn. Bhd., Casuarina Teluk Intan Sdn. Bhd., Casuarina Boathouse Sdn. Bhd., Lanai Casuarina Sdn. Bhd. and Labu Sayong Cafe Sdn. Bhd.
Wan Mahathir Bin Mohamad Esa
Rusnidar Binti Samsudin

Directors of Casuarina Taiping Sdn. Bhd.
Wan Mahathir Bin Mohamad Esa
Chew Jia Yieng

Directors of Meru Raya Park Sdn. Bhd.
Mat Radzi Bin Awang @ Hanafiah
Wan Mahathir Bin Mohamad Esa

Directors of BioD Leisure & Recreation Sdn. Bhd.

Rusnidar Binti Samsudin	
Rosmin Bin Mohamed	(appointed on 26 April 2023)
Mukhriz Bin Che Murad	(appointed on 26 April 2023)
Sharifah Nor Hashimah Binti Syed Kamaruddin	(resigned on 26 April 2023)

Directors of Rungkup Port Sdn. Bhd.

Datuk Redza Rafiq Bin Abdul Razak	
Rosmin Bin Mohamed	(appointed on 26 April 2023)
Zainal Iskandar Bin Ismail	(resigned on 12 September 2022)
Sharifah Nor Hashimah Binti Syed Kamaruddin	(appointed on 12 September 2022 and resigned on 26 April 2023)

Directors of LMT Capital Sdn. Bhd.

Tn Hj Zainal Abidin Shah Bin Mahamood @ Yahya	
Datuk Redza Rafiq Bin Abdul Razak	(appointed on 12 September 2022)
Zainal Iskandar Bin Ismail	(resigned on 12 September 2022)

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

Rusnidar Binti Samsudin	
Rosmin Bin Mohamed	(appointed on 26 April 2023)
Mukhriz Bin Che Murad	(appointed on 26 April 2023)
Janardhane a/p Muniandy	(resigned on 26 April 2023)

Directors of PCB Land Sdn. Bhd. (formerly known as Casuarina Pangkor Sdn Bhd)

Datuk Redza Rafiq Bin Abdul Razak	(appointed on 31 March 2022)
Rosmin Bin Mohamed	(appointed on 26 April 2023)
Sharifah Nor Hashimah Binti Syed Kamaruddin	(appointed on 31 March 2022 and resigned on 26 April 2023)
Zainal Iskandar Bin Ismail	(appointed on 31 March 2022 and resigned on 12 September 2022)
Yang Idros Bin Yang Razali	(resigned on 31 March 2022)
Zadrul Insan Bin Mustadza	(resigned on 31 March 2022)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

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 profit for the financial year	29,660	29,747
Attributable to:		
Owners of the Company	13,359	29,747
Non-controlling interests	16,301	0
	29,660	29,747

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 2022.

RESERVES AND PROVISIONS

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

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.

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (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 any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) 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 for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 29(c) to the financial statements.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are as follows:

	GROUP RM'000	COMPANY RM'000
Fees	943	407
Salaries, bonuses and other benefits	845	783
Defined contribution benefits	85	85
	1,873	1,275

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 2022 amounted to approximately RM23,000.

The Company provides a Directors' and Officers' Liability Insurance for its directors and key management personnel effective January 2022. The amount of insurance premium paid by the Company for the said insurance for the financial year ended 31 December 2022 amounted to approximately RM2,290. 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 2022 (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 Group and of the Company 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 2022 (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.

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration for the financial year are as follows:

	GROUP RM'000	COMPANY RM'000
Audit fees	603	172
Non-audit fees	15	15
	618	187

This report was approved by the Board of Directors on 28 April 2023. Signed on behalf of the Board of Directors.

DATUK REDZA RAFIQ BIN ABDUL RAZAK
DIRECTOR

DATUK SERI DR HJ HASIM BIN HASAN
DIRECTOR

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

We, Datuk Redza Rafiq Bin Abdul Razak and Datuk Seri Dr Hj Hasim Bin Hasan, 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 18 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 2022 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 28 April 2023.

DATUK REDZA RAFIQ BIN ABDUL RAZAK
DIRECTOR

DATUK SERI DR HJ HASIM BIN HASAN
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 18 to 143 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

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 28 April 2023.

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 2022 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 18 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 2022, 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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

1. The liquidity position and the implications to going concern

(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
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. These loans and borrowings were classified as current liabilities and are repayable on demand or within 1 year as at 31 December 2022. The carrying amounts of these loans and borrowings as at 31 December 2022 amounted to approximately RM94.2 million (2021: RM158.6 million) for the Group and RM25.3 million (2021: RM89.9 million) for the Company respectively. As at 31 December 2022, the Group's and the Company's current liabilities exceeded their current assets by RM62.3 million (2021: RM106.2 million) and RM146.4 million (2021: RM191.2 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.	We performed the following audit procedures: • Reviewed and evaluated the appropriateness of management's basis to prepare the Group and the Company's financial statements on a non-going concern; • 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; • Discussed with the management to understand the progress of the debt restructuring scheme and the regularisation plan; and • Evaluated the impact of subsequent events after the financial year end on the Group's and the Company's liquidity position. 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. No other material exception was 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">1. The liquidity position and the implications to going concern (Cont'd)
(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><td>Key Audit Matter</td><td>How Our Audit Addressed the Key Audit Matter</td></tr>
<tr><td>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 ("PN 17") where the Company was declared a PN 17 company on 11 February 2020 remains valid as at 31 December 2022. The Group's submission of its regularisation plan to Bursa Malaysia was due on 10 February 2023. On 13 April 2023, Bursa Malaysia extended the regularisation plan submission dateline to 9 August 2023. As at the date of this report, discussions on the private debt settlement arrangement is ongoing while the regularisation plan is being formulated.

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.

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.</td><td></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)

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 2022, the carrying amounts of non-financial assets are as follows: - property, plant and equipment: RM75.1 million; - right-of-use assets: RM90.0 million; - port facilities: RM144.1 million; - investment properties: RM7.3 million; and - intangible assets: RM25.1 million 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. 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: • Enquired management's plans and business changes; • Assessed the objectivity, competence and experience of the independent professional valuers; • Obtained an understanding of the methodology adopted by the independent professional valuers and assessed if the methodology used is consistent with industry practices; • Reviewed management's estimate of the recoverable amounts and tested the cash flow forecasts for their accuracy; • Evaluated the appropriateness and reasonableness of the key assumptions by taking into consideration the past performances; • Performed sensitivity analysis over the key assumptions to understand the impact of changes over the recoverable amounts; and • Reviewed the adequacy of disclosure in the financial statements. 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)

3. Recoverable amounts for property development costs (Refer to Note 4.4 - Significant accounting estimates and judgements and Note 21 - Inventories)	
Key Audit Matter	**How Our Audit Addressed the Key Audit Matter**
As at 31 December 2022, the carrying amounts of property development costs of the Group and of the Company included as part of inventories amounted to RM94.9 million and RM75.3 million respectively. 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. 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.	We performed the following audit procedures: • Enquired management's plans and business changes; • Assessed the objectivity, competence and experience of the independent professional valuers; • Obtained an understanding of the methodology adopted by the independent professional valuers and assessed if the methodology used is consistent with industry practices; • Evaluated management's assessment of the recoverability of the property development costs incurred; and • Reviewed the adequacy of disclosure in the financial statements. 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">4. Adequacy of expected credit loss allowance for doubtful debts and financial guarantee contracts
(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 2022, third party trade receivables, other receivables and other related parties of the Group and of the Company amounted to approximately RM21.8 million and RM1.9 million respectively.

As at 31 December 2022, the values of corporate guarantees issued to associated companies and subsidiaries amounted to approximately RM24.7 million and RM72.8 million respectively.

The management applied the expected credit loss ("ECL") model to determine the extent of ECL allowance required as at 31 December 2022.

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:

• Enquired management's inputs and assumptions used when determining the ECL allowance;

• Verified loan repayments by associated companies and subsidiaries in respect of financial guarantee contracts;

• Evaluated the appropriateness and reasonableness of the key assumptions used in the ECL model and tested its mathematical accuracy;

• Tested the accuracy of the ageing profiles against supporting documents on a sample basis;

• Evaluated the adequacy of impairment losses provided; and

• Reviewed the adequacy of disclosure in the financial statements.

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.

- 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

28 April 2023

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	GROUP 2022 RM'000	GROUP 2021 RM'000	COMPANY 2022 RM'000	COMPANY 2021 RM'000
REVENUE	5	149,001	245,244	0	0
COST OF SALES		(65,332)	(99,412)	0	0
GROSS PROFIT		83,669	145,832	0	0
Administrative expenses		(56,869)	(53,591)	(11,746)	(7,476)
Other income		68,846	191,311	59,919	18,774
Other expenses		(31,995)	(15,478)	(10,238)	0
(Net impairment losses)/Reversal of impairment losses on:					
- receivables		(10,850)	(197,323)	(3,400)	60,016
- financial guarantee contracts		1,271	(6,189)	1,271	(6,189)
OPERATING PROFIT	6	54,072	64,562	35,806	65,125
Finance costs	9	(12,245)	(15,522)	(6,059)	(9,740)
PROFIT BEFORE TAX		41,827	49,040	29,747	55,385
Tax expense	10	(12,167)	(30,082)	0	0
PROFIT FROM CONTINUING OPERATIONS		29,660	18,958	29,747	55,385
LOSS FROM DISCONTINUED OPERATIONS		0	(34,930)	0	0
NET PROFIT/(LOSS) FOR THE FINANCIAL YEAR		29,660	(15,972)	29,747	55,385
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR, NET OF TAX		0	0	0	0
TOTAL COMPREHENSIVE INCOME/ (EXPENSES) FOR THE FINANCIAL YEAR		29,660	(15,972)	29,747	55,385
NET PROFIT/(LOSS)/TOTAL COMPREHENSIVE INCOME/ (EXPENSES) FOR THE FINANCIAL YEAR ATTRIBUTABLE TO:					
Owners of the Company		13,359	(12,626)	29,747	55,385
Non-controlling interests		16,301	(3,346)	0	0
		29,660	(15,972)	29,747	55,385
Profit/(Loss) per share attributable to equity holders of the parent (sen)					
Basic/Diluted					
- continuing operations	11	13.36	6.23		
- discontinued operation	11	0.00	(18.86)		
Total		13.36	(12.63)		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	GROUP 2022 RM'000	GROUP 2021 RM'000	COMPANY 2022 RM'000	COMPANY 2021 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	12	75,151	92,845	13	25
Right-of-use assets	13	89,994	93,030	4,714	947
Port facilities	14	144,154	140,584	0	0
Investment properties	15	7,305	7,588	0	0
Investments in subsidiaries	16	0	0	98,099	98,099
Other investments	18	25	25	0	0
Intangible assets	19	25,107	26,058	0	0
Inventories	21	10,428	1,330	0	0
		352,164	361,460	102,826	99,071
CURRENT ASSETS					
Inventories	21	97,009	105,595	75,314	85,312
Receivables, deposits and prepayments	22	25,906	31,445	2,267	2,554
Finance lease receivable	20	0	57	0	0
Current tax assets		78	461	75	0
Other investments	18	121	4,293	43	42
Deposits, cash and bank balances	24	51,381	45,897	422	2,811
		174,495	187,748	78,121	90,719
TOTAL ASSETS		526,659	549,208	180,947	189,790
EQUITY					
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	25	272,770	272,770	272,770	272,770
Accumulated losses		(180,562)	(193,921)	(335,919)	(365,666)
		92,208	78,849	(63,149)	(92,896)
Non-controlling interests		150,582	139,281	0	0
TOTAL EQUITY		242,790	218,130	(63,149)	(92,896)
LIABILITIES					
NON-CURRENT LIABILITIES					
Loans and borrowings	26	33,769	24,593	19,584	787
Deferred tax liabilities	28	13,263	12,573	7	7
		47,032	37,166	19,591	794
CURRENT LIABILITIES					
Loans and borrowings	26	94,186	158,619	25,335	89,924
Payables and accrued liabilities	27	139,626	132,715	199,170	191,968
Current tax liabilities		3,025	2,578	0	0
		236,837	293,912	224,505	281,892
TOTAL LIABILITIES		283,869	331,078	244,096	282,686
TOTAL EQUITY AND LIABILITIES		526,659	549,208	180,947	189,790

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	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 1.1.2022	272,770	(193,921)	78,849	139,281	218,130
Total comprehensive income for the financial year					
Net profit for the financial year	0	13,359	13,359	16,301	29,660
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 31.12.2022	272,770	(180,562)	92,208	150,582	242,790
At 1.1.2021	272,770	(181,295)	91,475	(208,210)	(116,735)
Total comprehensive expenses 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

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

	Issued and fully paid share capital RM'000	Accumulated losses RM'000	Total RM'000
COMPANY			
At 1.1.2022	272,770	(365,666)	(92,896)
Total comprehensive income for the financial year			
Net profit for the financial year	0	29,747	29,747
At 31.12.2022	272,770	(335,919)	(63,149)
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)

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	GROUP		COMPANY	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
OPERATING CASH FLOWS				
Profit from continuing operations	29,660	18,958	29,747	55,385
Adjustments for:				
Allowance for write down of inventories to net realisable value	0	1,669	0	0
Amortisation of computer software	1,121	1,078	0	0
Depreciation				
- property, plant and equipment	5,707	6,009	12	23
- right-of-use assets	1,198	1,176	943	316
- port facilities	5,890	5,590	0	0
- investment properties	283	413	0	0
Bad debt written off	27	0	0	0
Deposits written off	0	1	0	0
Property, plant and equipment written off	2	14	0	0
Port facilities written off	202	0	0	0
Provision for slow moving inventories	747	177	0	0
Impairment losses				
- property, plant and equipment	17,641	9,748	0	0
- right-of-use assets	3,147	2,700	0	0
- investment properties	0	118	0	0
- intangible assets	0	923	0	0
- amount due from ultimate holding corporation	307	1,515	145	1,069
- amount due from subsidiaries	0	0	2,523	4,078
- amount due from former subsidiaries	10,703	194,363	348	3,876
- amount due from fellow subsidiaries	62	389	0	0
- amount due from associates	671	1,791	638	1,790
- other receivables	328	623	0	0
- trade receivables	1,000	812	0	0
- financial guarantee contracts	195	6,189	195	6,189
Operating cash flows carried forward	78,891	254,256	34,551	72,726

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

	GROUP		COMPANY	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
OPERATING CASH FLOWS (CONTINUED)				
Operating cash flows brought forward	78,891	254,256	34,551	72,726
Adjustments for:				
Dividend income	(2)	(4)	0	0
Fair value gain on financial assets measured at fair value at profit or loss				
- other investment	(60)	(46)	(1)	0
Gain on derecognition of subsidiaries	0	(183,849)	0	0
Gain on lease modification	0	0	(168)	0
Interest income	(677)	(2,819)	(53)	(8,365)
Reversal of allowance for impairment losses				
- investments in subsidiaries	0	0	0	(10,355)
- property, plant and equipment	(4,308)	0	0	0
- amount due from ultimate holding corporation	(1,164)	(43)	0	0
- amount due from subsidiaries	0	0	(254)	(18)
- amount due from a former subsidiary	0	0	0	(70,811)
- amount due from associates	(711)	(1,664)	0	0
- trade receivables	(208)	(372)	0	0
- other receivables	(138)	0	0	0
- financial guarantee contracts	(1,466)	0	(1,466)	0
Reversal of inventories previously written down	(270)	0	0	0
Finance costs	12,245	15,522	6,059	9,740
Tax expense	12,167	30,082	0	0
	94,299	111,063	38,668	(7,083)
Changes in working capital:				
Inventories	(989)	28,358	9,998	(1,800)
Receivables	(3,206)	(1,923)	(422)	353
Related parties	(708)	(9,032)	0	0
Finance lease receivable	57	131	0	0
Payables	4,897	(2,910)	(413)	778
	51	14,624	9,163	(669)
Cash flows generated from operation	94,350	125,687	47,831	(7,752)
Tax paid	(11,685)	(11,643)	(75)	0
Tax refunded	1,038	16	0	0
Cash flow for operating activities (discontinued operation)	0	(2,130)	0	0
Net operating cash flow carried forward	83,703	111,930	47,756	(7,752)

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

	GROUP		COMPANY	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Net operating cash flow carried forward	83,703	111,930	47,756	(7,752)
INVESTING CASH FLOWS				
Purchase of property, plant and equipment	(1,077)	(1,055)	0	0
Purchase of right-of-use asset	(1,309)	0	0	0
Purchase of port facilities	(9,662)	(6,317)	0	0
Purchase of intangible assets	(122)	(92)	0	0
Proceeds from disposals				
- other investments	4,232	0	0	0
Derecognition of subsidiaries, net of cash and cash equivalents derecognised	0	(1,580)	0	0
Advances to related parties	(1,210)	(17,423)	(2,692)	72,073
Dividend income received	2	4	0	0
Interest received	466	492	53	18
Cash flow from investing activities (discontinued operation)	0	7	0	0
Net investing cash flow	(8,680)	(25,964)	(2,639)	72,091
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	(275)	(271)	0	0
(Placement)/Withdrawal of pledged deposits with licensed banks	(5)	704	0	0
Repayment of hire purchase and finance lease liabilities	(66)	(16)	0	0
Repayment of term financing	(5,720)	(5,720)	0	0
Repayment of term loans	0	(25,000)	0	(25,000)
Repayment of revolving credits	(39,647)	(48,440)	(39,647)	(40,757)
Interest paid	(19,883)	(3,057)	(13,334)	(2,000)
Advances from related parties	773	4,255	5,474	4,957
Cash flow from financing activities (discontinued operation)	0	1,252	0	0
Net financing cash flow	(69,823)	(81,293)	(47,507)	(62,800)
Net change in cash and cash equivalents	5,200	4,673	(2,390)	1,539
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	24,969	20,296	2,806	1,267
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR (Note 24)	30,169	24,969	416	2,806

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (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
2022									
GROUP									
Loans and borrowings	183,212	0	(45,433)	4	(873)	5,284	5,644	(19,883)	127,955
COMPANY									
Loans and borrowings	90,711	0	(39,647)	0	2,087	2,398	2,704	(13,334)	44,919
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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

2 BASIS OF PREPARATION (CONTINUED)

The Group reported profit after tax of RM29.7 million (2021: losses after tax of RM16.0 million) for the financial year ended 31 December 2022 and as at that date, the Group's and the Company's current liabilities exceeded its current assets by RM62.3 million (2021: RM106.2 million) and RM146.4 million (2021: RM191.2 million) respectively. As at 31 December 2022, deposits, cash and bank balances of the Group and the Company totalled RM51.4 million and RM0.4 million and borrowing due repayment over the next 12 months after reporting date totalled RM94.2 million and RM25.3 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 13 April 2023, Bursa Malaysia Securities Berhad ("Bursa Malaysia") extended the regularisation plan submission dateline to 9 August 2023. 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.

<u>Key chronological events</u>

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 2022 (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 had decided to grant the Company an extension of time up to 10 August 2022 to submit its regularisation plan. On 2 September 2022, Bursa Malaysia had decided to grant the Company an extension of time up to 10 February 2023 to submit its regularisation plan to the relevant regulatory authorities. On 13 April 2023, Bursa Malaysia extended the regularisation plan submission dateline to 9 August 2023. At the date of the authorisation of the financial statement for financial year 2022, 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 2022 (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 2022 (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:

(a) cash settlement 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 Perak Corp to be undertaken pursuant to the Land Acquisition Act, 1960 (“Government Acquisition”); and
(b) 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. Following the shareholders’ approval, the RPS to AIB and CIMB had been allotted on 31 January 2022.

The Government Acquisition was completed on 4 October 2022 and the compensation received from the Government Acquisition has been utilised as payment for cash settlement to AIB and CIMB as per the debt settlement agreements.

The issuance and allotment of 14,914,671 RPS to AIB had been completed as of the date of reporting.

The 20,900,309 RPS to CIMB had been issued and allotted, however confirmation of recognition of the allotted and issued RPS by CIMB is conditional to certain terms and conditions precedent of the debt settlements being fulfilled and/or varied. The Company is seeking to vary certain terms and the extension of time under the debt settlement agreement with CIMB. As at the date of authorisation of the financial statements, CIMB is agreeable in principle to vary certain terms and the extension of time under the debt settlement agreement subject to the execution of a supplemental agreement to the debt settlement agreement.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

2 BASIS OF PREPARATION (CONTINUED)

Key chronological events (continued)

Creditor's Voluntary Winding-Up of PCB Development Sdn. Bhd. (continued)
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.

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.

On 9 August 2022, the Company has submitted an application to Bursa Malaysia to seek a further extension of time of 12 months up to 9 August 2023 to submit the Company's regularisation plan to the relevant regulatory authorities. On 2 September 2022, Bursa Malaysia has decided to grant the Company an extension of time up to 10 February 2023 to submit its regularisation plan to the relevant regulatory authorities.

On 9 February 2023, the Company submitted a further extension of time application to Bursa Malaysia for a period of 12 months up to 9 February 2024 to submit the Company's regularisation plan to the relevant regulatory authorities. On 13 April 2023, Bursa Malaysia extended the regularisation plan submission dateline to 9 August 2023.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (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

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 2022, the total loans and borrowings of the Group and of the Company amounted to RM127.9 million (2021: RM183.2 million) and RM44.9 million (2021: RM90.7 million) respectively, constituted about 45.1% and 18.4% 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 2022 by the Group totalled RM53.8 million (2021: RM118.2 million) and by the Company totalled RM24.5 million (2021: RM88.3 million).

In addition, out of the total loans and borrowings of the Group and of the Company, RM94.2 million (2021: RM158.6 million) and RM25.3 million (2021: RM89.9 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 2022 of RM51.4 million and RM0.4 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.

As the private debt settlement arrangement with the banks is still subject to the execution of a debt settlement agreement and/or supplemental agreement 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 2022 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.*"

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

2 BASIS OF PREPARATION (CONTINUED)

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 2022 (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)

Amendments to MFRS 3: Reference to the Conceptual Framework

Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use

Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018 - 2020

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 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information	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 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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 2022 (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 2022 (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 2022 (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 2022 (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 2022 (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 2121.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (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
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 2022 (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 2022 (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) <u>Goodwill</u>

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 2022 (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 2022 (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 2022 (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 2022 (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 2022 (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 2022 (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 2022 (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 2022 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Financial assets (continued)

(c) Measurement (continued)

Debt instruments (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 2022 (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 2022 (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 2022 (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 2022 (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.

(iii) 'Redeemable cumulative preference shares'

'Redeemable cumulative preference shares' are classified as financial liabilities if they are redeemable on a specific date or at the option of the preference shareholders, or if dividend payments are not discretionary.

Redeemable cumulative preference shares ("RPS") are classified as financial liabilities in accordance with the substance of the contractual arrangement of the instruments. The RPS are measured at amortised cost using the effective interest method.

Dividends to holders of the RPS are recognised as finance costs, on an accrual basis.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Financial liabilities (continued)

(d) Derecognition

Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or expired.

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 2022 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Inventories (continued)

(b) Land held for property development

The cost of land held for property development is stated at the lower of cost and net realisable value. It consists of the purchase price of the land, professional fees, stamp duties, commissions, conversion fees, other relevant levies and direct development cost incurred in preparing the land for development.

Land held for property development for which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle, is classified as non-current asset.

Land held for property development is transferred to property development costs (under current assets) when development activities have commenced and where development activities can be completed within the Group's normal operating cycle.

(c) Property development costs

Cost is determined based on a specific identification basis. Property development costs comprising costs of land, land enhancement costs, direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors that meet the definition of inventories are recognised as an asset and are stated at the lower of cost and net realisable value.

The property development costs are 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.

(d) Hotel operating supplies

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

(e) Other inventories

Other inventories comprise tools, spares and supplies and the cost is determined using the first-in, first-out method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (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 2022 (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 2022 (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 2022 (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 2022 (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 2022 (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 2022 (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 2022 (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 2022 (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 2022 (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 2022 (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 2022 (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 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 2022 (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.

Based on the impairment assessments performed by management, impairment losses on property, plant and equipment, right-of-use assets and investment properties of RM17,641,000 (2021: RM9,748,000), RM3,147,000 (2021: RM2,700,000) and RM Nil (2021: RM118,000) respectively were charged to statements of comprehensive income.

In addition, the reversal of impairment losses on property, plant and equipment of RM4,308,000 (2021: RM Nil) was credited to statements of comprehensive income.

No impairment loss noted for port facilities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (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 2022 (CONTINUED)

5 REVENUE

	GROUP		COMPANY	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue from contracts with customers:				
Property development revenue				
- Sales of completed properties	0	112,053	0	0
- Sales of properties under development	0	666	0	0
Hotel revenue – Rooms and halls	9,418	4,448	0	0
Restaurants, food and beverages	9,834	4,422	0	0
Port services	127,777	121,706	0	0
Management services	406	431	0	0
	147,435	243,726	0	0
Revenue from other sources				
Rental income – premises	1,566	1,518	0	0
Total revenue	149,001	245,244	0	0
Timing of revenue recognition:				
Goods sold at a point in time	11,539	117,674	0	0
Services rendered over time	137,462	127,570	0	0
	149,001	245,244	0	0

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

6 OPERATING PROFIT

	GROUP		COMPANY	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Operating profit from continuing operations is stated after charging/ (crediting):				
Auditors' remuneration paid/payable:				
- Statutory audit				
- current year	603	637	172	160
- under/(over) provision in prior year	15	(7)	0	0
- Non-statutory audit fees				
- assurance related	15	15	15	15
Allowance for write down of inventories to net realisable value	0	1,669	0	0
Amortisation of intangible assets	1,121	1,078	0	0
Bad debts written off	27	0	0	0
Depreciation:				
- Property, plant and equipment	5,707	6,009	12	23
- Port facilities	5,890	5,590	0	0
- Investment properties	283	413	0	0
- Right-of-use assets	1,198	1,176	943	316
Deposits written off	0	1	0	0
Directors' fees and remuneration (Note 8)	1,873	1,956	1,275	903
Employee benefits expense (Note 7)	41,705	38,370	6,943	3,934
Impairment losses:				
- Property, plant and equipment	17,641	9,748	0	0
- Right-of-use assets	3,147	2,700	0	0
- Investment properties	0	118	0	0
- Intangible assets	0	923	0	0
- Financial guarantee contracts	195	6,189	195	6,189
Land cost in relation to compulsory acquisition of land	10,238	0	10,238	0
Lease expenses for short term leases and low value assets	173	121	14	14
Port facilities written off	202	0	0	0
Property, plant and equipment written off	2	14	0	0
Provision for slow moving inventories	747	177	0	0

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

6 OPERATING PROFIT (CONTINUED)

	GROUP		COMPANY	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Operating profit from continuing operations is stated after charging/ (crediting): (continued)				
Interest income from:				
- Unwinding of interest on significant financing component	0	(1,045)	0	0
- Amount due from ultimate holding corporation	0	(522)	0	(522)
- Amount due from a former subsidiary	0	0	0	(7,064)
- Amount due from associates	(211)	(760)	0	(760)
- Fixed deposits	(466)	(492)	(53)	(18)
Compensation received from compulsory acquisition of land	(59,691)	0	(59,691)	0
Dividend income	(2)	(4)	0	0
Gain on foreign exchange (realised)	(4)	0	0	0
Fair value gain on financial assets measured at fair value through profit or loss	(60)	(46)	(1)	0
Gain on derecognition of subsidiaries (Note 31)	0	(183,849)	0	0
Government wages subsidy	(428)	(677)	0	(50)
Rental income from leasing of buildings	(168)	(168)	0	0
Reversal of impairment loss on equity loans to subsidiaries	0	0	0	(10,355)
Reversal of impairment loss on property, plant and equipment	(4,308)	0	0	0
Reversal of inventories previously written down	(270)	0	0	0
Reversal of impairment loss on financial guarantee contracts	(1,466)	0	(1,466)	0

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

6 OPERATING PROFIT (CONTINUED)

	GROUP		COMPANY	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Included in net impairment losses/ (reversal of impairment losses) of receivables are:				
Impairment losses:				
- Trade receivables	1,000	812	0	0
- Other receivables	328	623	0	0
- Amount due from ultimate holding corporation	307	1,515	145	1,069
- Amount due from subsidiaries	0	0	2,523	4,078
- Amount due from former subsidiaries	10,703	194,363	348	3,876
- Amount due from fellow subsidiaries	62	389	0	0
- Amount due from associates	671	1,791	638	1,790
Reversal of impairment losses:				
- Trade receivables	(208)	(372)	0	0
- Other receivables	(138)	0	0	0
- Amount due from ultimate holding corporation	(1,164)	(43)	0	0
- Amount due from subsidiaries	0	0	(254)	(18)
- Amount due from a former subsidiary	0	0	0	(70,811)
- Amount due from associates	(711)	(1,664)	0	0

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

7 EMPLOYEE BENEFITS EXPENSE

	GROUP		COMPANY	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Salaries and wages	31,783	30,760	5,428	3,054
Employees Provident Fund contributions	3,765	3,108	824	490
Social security contributions and employment insurance systems contributions	402	338	68	37
Other staff related expenses	5,755	4,164	623	353
	41,705	38,370	6,943	3,934

8 DIRECTORS' FEES AND REMUNERATION

	GROUP		COMPANY	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Directors of the Company:				
- salaries and other emoluments	868	543	868	543
- fees	407	360	407	360
	1,275	903	1,275	903
Directors of the subsidiaries:				
- salaries and other emoluments	62	521	0	0
- fees	536	532	0	0
	598	1,053	0	0
	1,873	1,956	1,275	903

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 2022 (CONTINUED)

9 FINANCE COSTS

	GROUP		COMPANY	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest expenses				
- penalty from revolving credit	5,284	7,156	2,398	4,579
- penalty from term loan	0	224	0	224
- advances from ultimate holding corporation	360	360	0	0
- finance lease liabilities	223	194	310	153
- revolving credits	3,193	5,219	1,709	3,553
- term loans	1,260	28,483	3	1,208
- redeemable convertible preference shares	0	3,233	0	0
- redeemable cumulative preference shares	1,639	0	1,639	0
- payables	0	303	0	23
- overdraft and other borrowings	646	334	0	0
	12,605	45,506	6,059	9,740
Recognised in profit or loss				
- continuing operations	12,245	15,522	6,059	9,740
- discontinued operation	0	29,308	0	0
Capitalised in qualifying assets				
- property, plant and equipment	360	360	0	0
- port facilities	0	316	0	0
	12,605	45,506	6,059	9,740

The average capitalisation rate for borrowing costs of the Group is 5.47% (2021: 4.08%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

10 TAX EXPENSE

	GROUP		COMPANY	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
For continuing operations:				
Current financial year:				
Income tax charge	11,640	28,190	0	0
Overprovision of Malaysian income tax in prior year	(162)	(146)	0	0
	11,478	28,044	0	0
Deferred tax (Note 28):				
Relating to origination and reversal of temporary differences	187	899	0	0
Underprovision of deferred tax in prior year	502	1,139	0	0
	689	2,038	0	0
Tax expense	12,167	30,082	0	0

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

	GROUP		COMPANY	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit before tax from continuing operations	41,827	49,040	29,747	55,385
Loss before tax from discontinued operation	0	(35,177)	0	0
	41,827	13,863	29,747	55,385
Tax calculated at the Malaysian income tax rate of 24% (2021: 24%)	10,038	3,327	7,139	13,292
Tax effects of:				
- expenses not deductible for tax purposes	15,023	44,233	4,266	5,135
- income not subject to tax	(17,780)	(21,897)	(14,718)	(19,496)
- deferred tax assets not recognised	4,721	3,537	3,313	1,069
- utilisation of previously unrecognised deferred tax assets	(172)	(358)	0	0
- effect of controlled transfer assets	(3)	0	0	0
- overprovision of Malaysian income tax in prior year	(162)	(146)	0	0
- underprovision of deferred tax in prior year	502	1,139	0	0
Tax expense	12,167	29,835	0	0

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

11 PROFIT PER SHARE

Basic profit per share of the Group is calculated by dividing the net profit 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	
	2022	2021
Continuing operations		
Net profit for the financial year attributable to owners of the Company (RM'000)	13,359	6,229
Weighted average number of ordinary shares in issue during the financial year ('000)	100,000	100,000
Basic profit per share (sen)	13.36	6.23
Discontinued operation		
Net loss for the financial year attributable to owners of the Company (RM'000)	0	(18,855)
Weighted average number of ordinary shares in issue during the financial year ('000)	0	100,000
Basic loss per share (sen)	0	(18.86)

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (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 1.1.2022	8,305	84,953	0	45,878	3,268	5,406	19,675	167,485
Additions	0	0	0	550	379	0	508	1,437
Disposals	0	(41)	0	0	0	0	0	(41)
Written off	0	(2)	0	(885)	(76)	(63)	(19)	(1,045)
Reclassification	0	0	0	11	0	(11)	0	0
Transfer to intangible assets	0	0	0	0	0	0	(48)	(48)
At 31.12.2022	8,305	84,910	0	45,554	3,571	5,332	20,116	167,788
ACCUMULATED DEPRECIATION								
At 1.1.2022	0	10,173	0	31,722	2,493	3,032	0	47,420
Depreciation for the financial year	0	1,489	0	3,100	320	798	0	5,707
Disposal	0	0	0	0	0	0	0	0
Written off	0	0	0	(879)	(76)	(46)	0	(1,001)
At 31.12.2022	0	11,662	0	33,943	2,737	3,784	0	52,126

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (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 1.1.2022	0	12,927	0	982	0	143	13,168	27,220
Impairment loss for the financial year	0	13,813	0	3,682	0	0	146	17,641
Reversal of impairment loss for the financial year	0	(4,308)	0	0	0	0	0	(4,308)
Written off	0	(2)	0	(6)	0	(15)	(19)	(42)
At 31.12.2022	0	22,430	0	4,658	0	128	13,295	40,511
CARRYING AMOUNT								
At 31.12.2022	8,305	50,818	0	6,953	834	1,420	6,821	75,151

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (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 1.1.2021	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 2022 (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 2022 (CONTINUED)

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

COMPANY	Equipment, furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
COST			
At 1.1.2022/31.12.2022	865	268	1,133
ACCUMULATED DEPRECIATION			
At 1.1.2022	840	268	1,108
Depreciation for the financial year	12	0	12
At 31.12.2022	852	268	1,120
CARRYING AMOUNT			
At 31.12.2022	13	0	13
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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Property, plant and equipment additions during the financial year	1,437	1,415	0	0
Less:				
Borrowing costs capitalised	(360)	(360)	0	0
Cash payments	1,077	1,055	0	0

(b) At 31 December 2022, certain freehold and buildings of the Group with a total carrying amounts of RM60,308,000 (2021: RM57,260,000) 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 2022 (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 1.1.2022	88,873	12,150	1,709	204	102,936
Additions	1,309	0	0	0	1,309
At 31.12.2022	90,182	12,150	1,709	204	104,245
ACCUMULATED DEPRECIATION					
At 1.1.2022	6,160	771	258	17	7,206
Depreciation for the financial year	992	122	16	68	1,198
At 31.12.2022	7,152	893	274	85	8,404
ACCUMULATED IMPAIRMENT LOSSES					
At 1.1.2022	0	2,675	25	0	2,700
Impairment loss for the financial year	0	2,236	911	0	3,147
At 31.12.2022	0	4,911	936	0	5,847
CARRYING AMOUNT					
At 31.12.2022	83,030	6,346	499	119	89,994
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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

13 RIGHT-OF-USE ASSETS (CONTINUED)

COMPANY	Buildings RM'000
COST	
At 1.1.2022	1,895
Addition	5,657
Modification of lease liability	(1,895)
At 31.12.2022	5,657
ACCUMULATED DEPRECIATION	
At 1.1.2022	948
Depreciation for the financial year	943
Modification of lease liability	(948)
At 31.12.2022	943
CARRYING AMOUNT	
At 31.12.2022	4,714
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

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 2022 and 31 December 2021. The plots of leasehold port land are amortised over the lease periods of 80 and 99 years.

At 31 December 2022, certain leasehold port land with a carrying amount RM55,206,000 (2021: RM55,810,000) and leasehold land of RM6,346,000 (2021: RM8,704,000) 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 2022 (CONTINUED)

14 PORT FACILITIES

GROUP	Port structure RM'000	Port equipment RM'000	Capital work-in-progress RM'000	Total RM'000
COST				
At 1.1.2022	147,802	47,385	2,232	197,419
Additions	1,363	274	8,025	9,662
Written off	(199)	(48)	0	(247)
At 31.12.2022	148,966	47,611	10,257	206,834
ACCUMULATED DEPRECIATION				
At 1.1.2022	36,107	20,728	0	56,835
Depreciation for the financial year	2,883	3,007	0	5,890
Written off	(29)	(16)	0	(45)
At 31.12.2022	38,961	23,719	0	62,680
CARRYING AMOUNT				
At 31.12.2022	110,005	23,892	10,257	144,154
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

In the previous financial year, included in additions of the port facilities of the Group are borrowing costs capitalised amounting to RM316,000.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

15 INVESTMENT PROPERTIES

GROUP	Land held for future development RM'000	Property investment RM'000	Total RM'000
COST			
At 1.1.2022/31.12.2022	1,815	7,068	8,883
ACCUMULATED DEPRECIATION			
At 1.1.2022	0	1,295	1,295
Depreciation for the financial year	0	283	283
At 31.12.2022	0	1,578	1,578
CARRYING AMOUNT			
At 31.12.2022	1,815	5,490	7,305

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

15 INVESTMENT PROPERTIES (CONTINUED)

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

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 2022, the forced sale values of the properties of the Group was estimated at RM35,800,000 (2021: RM29,520,000) 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 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 2022 (CONTINUED)

16 INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2022 RM'000	2021 RM'000
Unquoted shares, at cost	602	602
Equity loans to subsidiaries	97,997	97,997
	98,599	98,599
Less: Accumulated impairment losses	(500)	(500)
Carrying amount	98,099	98,099
Accumulated impairment losses		
At 1 January	500	57,500
Written off during the financial year	0	(46,645)
Reversal of impairment losses	0	(10,355)
At 31 December	500	500

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

16 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

Name of subsidiaries	Effective interest held by the Company 2022 %	2021 %	Principal activities
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.
PCB Land Sdn Bhd (formerly known as Casuarina Pangkor Sdn. Bhd.)	100	0	Dormant. This company was struck off on 21 February 2020 and reinstated on 7 January 2022.
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	89.54	Hotelier, restaurateur and property developer.
Held by Lumut Maritime Terminal Sdn. Bhd.			
LMT Capital Sdn. Bhd. *	50 plus 1 share	50 plus 1 share	Dormant.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

16 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Effective interest held by the Company 2022 %	2021 %	Principal activities
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.

As at 31 December 2022, the total non-controlling interests are RM150,582,000 (2021: RM139,281,000), mainly attributed by the 2 (2021: 2) 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.	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Non-current assets	242,995	230,127	62,465	61,911
Current assets	90,341	85,859	4,992	2,099
Total assets	333,336	315,986	67,457	64,010
Non-current liabilities	16,029	21,128	0	0
Current liabilities	20,682	19,436	15,723	14,514
Total liabilities	36,711	40,564	15,723	14,514
Net assets	296,625	275,422	51,734	49,496
Equity attributable to:				
Owners of the Company	148,313	137,711	46,323	44,318
Non-controlling interests	148,312	137,711	5,411	5,178
	296,625	275,422	51,734	49,496

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (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.	
	2022	2021	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	127,777	121,706	17,853	9,384	0	0
Profit/(Loss) for the financial year	31,202	30,311	2,238	(3,685)	0	(36,970)
Total comprehensive income/(expenses)	31,202	30,311	2,238	(3,685)	0	(36,970)
Profit/(Loss) attributable to:						
Owners of the Company	15,601	15,156	2,005	(3,301)	0	(18,855)
Non-controlling interests	15,601	15,155	233	(384)	0	(18,115)
	31,202	30,311	2,238	(3,685)	0	(36,970)
Total comprehensive income/(expenses) attributable to:						
Owners of the Company	15,601	15,156	2,005	(3,301)	0	(18,855)
Non-controlling interests	15,601	15,155	233	(384)	0	(18,115)
	31,202	30,311	2,238	(3,685)	0	(36,970)
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.	
	2022	2021	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net cash flows generated from/(used in):						
Operating activities	29,645	37,922	2,196	583	0	(1,892)
Investing activities	(8,193)	(7,552)	(222)	99	0	0
Financing activities	(16,383)	(16,221)	(548)	(215)	0	1,976
Net increase in cash and cash equivalents	5,069	14,149	1,426	467	0	84
Cash and cash equivalents at:						
Beginning of the financial year	25,332	11,183	(4,434)	(4,901)	0	628
Derecognition of a subsidiary	0	0	0	0	0	(712)
End of the financial year	30,401	25,332	(3,008)	(4,434)	0	0

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

17 INVESTMENTS IN ASSOCIATES

	GROUP	
	2022	2021
	RM'000	RM'000
Unquoted shares		
Ordinary shares, at cost	6,100	6,100
Less: Accumulated impairment losses	(6,100)	(6,100)
	0	0

Details of the associates are as follows:

Name of associates	Country of incorporation	Principal activity	Percentage of equity held through subsidiary	
			2022	2021
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

Summarised financial information has not been presented as the associates are not individually material to the Group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

18 OTHER INVESTMENTS

	GROUP		COMPANY	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 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	121	4,293	43	42
Market value of quoted investments	121	4,293	43	42

19 INTANGIBLE ASSETS

	Goodwill RM'000	Computer software RM'000	Total RM'000
GROUP			
COST			
At 1.1.2022	24,772	5,466	30,238
Additions	0	122	122
Transfer from property, plant and equipment	0	48	48
Written off	(26)	0	(26)
At 31.12.2022	24,746	5,636	30,382
ACCUMULATED AMORTISATION			
At 1.1.2022	0	3,219	3,219
Amortisation	0	1,121	1,121
At 31.12.2022	0	4,340	4,340
ACCUMULATED IMPAIRMENT LOSSES			
At 1.1.2022	961	0	961
Written off	(26)	0	(26)
At 31.12.2022	935	0	935
CARRYING AMOUNT			
At 31.12.2022	23,811	1,296	25,107

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

19 INTANGIBLE ASSETS (CONTINUED)

	Goodwill RM'000	Computer software RM'000	Total 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

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 2022 (2021: 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 years projection (2021: 5 years).
- Revenue was projected at anticipated annual growth of 2.0% (2021: 2.0%) per annum.
- A pre-tax discount rate for 12.8% (2021: 11.6%) 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% (2021: 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 2022 (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	
	2022 RM'000	2021 RM'000
Present value of finance lease:		
Current	0	57
Maturity:		
Not later than 1 year	0	58
Less: Unearned interest income	0	(1)
	0	57

The finance lease of the Group bore interest at 3% per annum.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

21 INVENTORIES

	GROUP		COMPANY	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current				
Leasehold land held for development	10,428	1,330	0	0
Current				
Properties under development				
- Freehold land	24,677	23,747	24,072	23,747
- Leasehold land with unexpired lease period of more than 50 years	52,008	68,871	51,218	61,365
- Development costs	7,840	200	24	200
Property development costs	84,525	92,818	75,314	85,312
Food and beverages	78	58	0	0
Other supplies	130	171	0	0
Tools and spares	12,276	12,548	0	0
	97,009	105,595	75,314	85,312
	107,437	106,925	75,314	85,312
Presented as:				
At cost	95,161	93,047	75,314	85,312
Net realisable value	12,276	13,878	0	0
Recognised in profit or loss				
Inventories recognised as cost of sales	15,125	51,445	0	0
Inventories recognised as other expenses	10,238	0	10,238	0
Provision for slow moving inventories	747	177	0	0
Reversal of inventories previously written down	(270)	0	0	0
Write-down of property development costs to net realisable value	0	1,669	0	0

Freehold land under development with carrying amounts totalling RM3,593,000 (2021: RM Nil) of the Group have been pledged to financial institutions as security for banking facilities as disclosed in Note 26 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

22 RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current				
Trade receivables, gross	10,345	8,338	0	0
Less: Allowance for impairment loss	(2,605)	(1,813)	0	0
Trade receivables, net	7,740	6,525	0	0
Other receivables	2,286	1,430	391	18
Less: Allowance for impairment loss	(970)	(780)	0	0
	1,316	650	391	18
Deposits	1,555	1,587	117	129
Prepayments	2,541	2,193	141	80
Goods and Services Tax receivable	50	50	50	50
	13,202	11,005	699	277
Amounts due from related parties (trade):				
Ultimate holding corporation	3,429	4,429	0	0
Former subsidiaries	2,318	0	0	0
Associate	33	0	0	0
Fellow subsidiaries	1,303	1,263	0	0
Related parties	11,673	10,058	0	0
	18,756	15,750	0	0
Less: Allowance for impairment loss				
Ultimate holding corporation	(3,427)	(4,429)	0	0
Former subsidiaries	(2,318)	0	0	0
Associate	(33)	0	0	0
Fellow subsidiaries	(1,298)	(1,259)	0	0
	(7,076)	(5,688)	0	0
	11,680	10,062	0	0

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

22 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

	GROUP		COMPANY	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Amounts due from related parties (non-trade):				
Ultimate holding corporation	1,314	1,171	1,300	1,155
Subsidiaries	0	0	37,800	36,240
Former subsidiaries	202,748	204,717	159,247	158,899
Associates	8,586	8,681	8,500	7,862
Fellow subsidiaries	9,071	9,048	2,342	2,342
Related parties	1,024	0	0	0
	222,743	223,617	209,189	206,498
Less: Allowance for impairment losses				
Ultimate holding corporation	(1,314)	(1,169)	(1,300)	(1,155)
Subsidiaries	0	0	(36,232)	(33,963)
Former subsidiaries	(202,748)	(194,363)	(159,247)	(158,899)
Associates	(8,586)	(8,659)	(8,500)	(7,862)
Fellow subsidiaries	(9,071)	(9,048)	(2,342)	(2,342)
	(221,719)	(213,239)	(207,621)	(204,221)
	1,024	10,378	1,568	2,277
Total amounts due from related parties	12,704	20,440	1,568	2,277
Total receivables, deposits and prepayments	25,906	31,445	2,267	2,554

(a) Trade receivables are non-interest bearing and are generally on 30 to 60 days (2021: 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	
	2022 RM'000	2021 RM'000
Movements in allowance accounts		
At 1 January	1,813	9,010
Impairment charge for the financial year	1,000	825
Reversal of impairment losses	(208)	(372)
Derecognition of subsidiaries	0	(7,650)
At 31 December	2,605	1,813

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (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 (2021: 30 to 60 days) terms.

The non-trade amounts due from related parties are unsecured and interest-free as at 31 December 2022 and 31 December 2021.

The amount due from an associate are unsecured and subject to interest of 0% (2021: 7.5%) per annum.

	GROUP		COMPANY	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Movements in allowance accounts				
At 1 January	218,927	34,892	204,221	264,237
Impairment charge for the financial year	11,743	198,058	3,654	10,813
Reversal of impairment losses	(1,875)	(1,707)	(254)	(70,829)
Derecognition of subsidiaries	0	(12,316)	0	0
At 31 December	228,795	218,927	207,621	204,221

(c) Other receivables

	GROUP	
	2022 RM'000	2021 RM'000
Movements in allowance accounts		
At 1 January	780	100,217
Impairment charge for the financial year	328	675
Reversal of impairment losses	(138)	0
Derecognition of subsidiaries	0	(100,112)
At 31 December	970	780

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

23 DISCONTINUED OPERATION

In the previous financial year, Datuk Duar Tuan Kiat of Messrs. Ernst & Young on 4 December 2019 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 RM’000
Other income	7
Administrative expenses	(2,261)
Impairment losses	(272)
Depreciation and amortisation expenses	(3,343)
Loss from discontinued operation	(5,869)
Finance costs	(29,308)
Loss before taxation	(35,177)
Tax credit	247
Net loss from discontinued operation	(34,930)
Net cash flow used in operating activities	(1,892)
Net cash flow generated from financing activities	1,976

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

23 DISCONTINUED OPERATION (CONTINUED)

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

	2021 RM'000
Loss from discontinued operation is stated after charging/(crediting):	
Auditors' remuneration paid/payable:	
- Statutory audit	
- current year	8
Deposits written off	207
Depreciation:	
- Property, plant and equipment	3,343
Impairment losses:	
- Trade receivables	13
- Other receivables	52
Penalties and fines	190
Interest income from:	
- Fixed deposits	(7)

Finance costs mainly comprise:	
- Redeemable convertible preference shares	3,233
- Term loan	25,795
- Others	280
	29,308

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

24 DEPOSITS, CASH AND BANK BALANCES

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

	GROUP		COMPANY	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deposits with licensed banks	20,419	20,073	6	5
Cash and bank balances	30,962	25,824	416	2,806
	51,381	45,897	422	2,811
Deposits, cash and bank balances	51,381	45,897	422	2,811
Less:				
Deposits pledged with banks	(2,330)	(2,325)	0	0
Fixed deposits with maturity of more than 3 months	(13,853)	(13,578)	(6)	(5)
Overdraft (Note 26)	(5,029)	(5,025)	0	0
Cash and cash equivalents	30,169	24,969	416	2,806
	%	%	%	%
Weighted average effective interest rate at the reporting date is as follows:				
Deposits with licensed banks	2.25 - 2.57	1.75 - 1.85	2.25	1.85
	Days	Days	Days	Days
The range of maturity periods of the deposits with licensed banks are as follows:				
- unencumbered	364 - 366	364 - 365	365	365
- encumbered	90 - 212	90 - 212	N/A	N/A

Included in the deposits with licensed banks of the Group are RM2,330,000 (2021: RM2,325,000) pledged as securities for bank facilities granted as disclosed in Note 26.

25 SHARE CAPITAL

	Number of Ordinary Shares		Share Capital	
	2022 '000	2021 '000	2022 RM'000	2021 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 2022 (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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Secured				
Current				
Hire purchase and finance lease liabilities	715	736	859	1,662
Term financing-i	5,720	5,720	0	0
Business financing-i and cash line-i **	28,942	28,942	0	0
Term loans **	0	1,241	0	1,241
Revolving credits **	53,780	116,955	24,476	87,021
Overdraft	5,029	5,025	0	0
	94,186	158,619	25,335	89,924
Non-current				
Hire purchase and finance lease liabilities	15,452	16,153	3,987	787
Term financing-i	2,720	8,440	0	0
Redeemable cumulative preference shares	15,597	0	15,597	0
	33,769	24,593	19,584	787
Total borrowings				
Hire purchase and finance lease liabilities	16,167	16,889	4,846	2,449
Term financing-i	8,440	14,160	0	0
Business financing-i and cash line-i **	28,942	28,942	0	0
Term loans **	0	1,241	0	1,241
Revolving credits **	53,780	116,955	24,476	87,021
Overdraft	5,029	5,025	0	0
Redeemable cumulative preference shares	15,597	0	15,597	0
	127,955	183,212	44,919	90,711

** Loans and borrowings with cross default clauses

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

26 LOANS AND BORROWINGS (CONTINUED)

	GROUP		COMPANY	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Maturity of borrowings				
On demand or within one year	94,186	158,619	25,335	89,924
More than 1 year and less than 2 years	3,379	6,524	911	787
More than 2 years and less than 5 years	17,280	4,420	18,673	0
More than 5 years	13,110	13,649	0	0
	127,955	183,212	44,919	90,711

The 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)(ii) & (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 4.19% (2021: 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:

- Third party first and second legal charges over 3.782 acres of commercial land in Bandar Baru Teluk Intan, Daerah Hilir Perak, Perak;
- Third party first and second legal charges over 2 acres of commercial land in Bandar Kuala Kangsar, Mukim Sayong, Daerah Kuala Kangsar, Perak; and
- Corporate guarantee of the Company.

The term loans bear interest rate at 5.47% (2021: 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 2022 (CONTINUED)

26 LOANS AND BORROWINGS (CONTINUED)

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

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

(d) Term loans

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.

(e) 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 third party first legal charge over a hotel and office blocks of the Group.

(ii) Revolving credit (secured) granted to the Company

The revolving credit of the Company bears interest rates of 5.86% (2021: ranging from 5.86% to 6.05%) per annum and is secured by way of third party second fixed legal charged over a parcel of freehold commercial land of a former subsidiary.

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

The revolving credit of a subsidiary bears interest rates ranging from 5.36% to 5.61% (2021: 5.36% to 5.61%) per annum and is secured by way of:

- Third party second fixed legal charge over a parcel of freehold commercial land of a former subsidiary;
- Third party first fixed legal charge over a piece of leasehold land in Mukim Hulu Bernam Timur, Perak; and
- Corporate guarantee of the Company.

With Musharakah Mutanaqisah Term Financing-i loan as stated under Note 26(d) defaulted in January 2020 and the bank called for an event of default on 6 February 2020, the bank for revolving credit under Note 26(e)(i), (ii) and (iii) has 28 February 2020 declared an event of cross default for the said revolving credits granted to the Company and its subsidiary respectively.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

26 LOANS AND BORROWINGS (CONTINUED)

(f) Overdraft

The overdraft of a subsidiary, bears interest rate of 6.90% (2021: 5.90%) per annum and is secured by way of 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.

(g) Redeemable cumulative preference shares (“RPS”)

	Number of shares		Amount	
	2022	2021	2022 RM’000	2021 RM’000
Issued and fully paid shares classified as debt instruments:				
At 1 January	0	0	0	0
Issued during the financial year	14,915	0	14,915	0
Accretion during the financial year	0	0	682	0
As 31 December	14,915	0	15,597	0

The RPS comprised 14,914,671 shares issued by the Company as part settlement pursuant to the debt settlement agreement with the banks.

The salient features of the RPS are as follows:

- The RPS shall carry the right to receive cumulative gross preferential dividend at a dividend rate of 5.0% per annum, calculated based on the issue price of RM1.00 each and on the basis of the actual number of days lapsed in a 365-day year;
- The dividend shall be paid from the distributable reserves of the Company. No dividend shall be paid in respect of any other securities ranking junior to RPS and ordinary shares in the Company unless the dividends, including accumulated dividends, on the RPS have first been paid;
- The dividends shall be payable in arrears annually on the anniversary of the date of issuance of the RPS. Any dividend that is not paid on the relevant dividend payment date shall continue to accumulate and to be compounded for the next dividend payment and in any case no later than the RPS’s maturity date;
- The RPS may at the option of the Company be redeemed on the 1st anniversary and 2nd anniversary of the RPS’s issue date but subject always to a mandatory full redemption on the 3rd anniversary of the RPS’s issue date;
- Any RPS that is not redeemed on the relevant redemption date shall continue to be carried forward but all RPS shall be fully redeemed by the Company and all outstanding accrued dividends shall be paid to the RPS holders on the maturity date without the requirement of any notice;
- In the event that an event of default as defined in the debt settlement agreement, the Company shall redeem the RPS and pay all outstanding accrued dividends within 30 days upon notice in writing issued by RPS holder;

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

26 LOANS AND BORROWINGS (CONTINUED)

(g) Redeemable cumulative preference shares ("RPS") (continued)

- Redemption Price of RPS is equivalent to the RPS's issue price together with accrued dividends up to and including the date of redemption;
- The RPS shall rank pari-passu without any preference or priority among themselves and other preference shares issued by the Company but shall otherwise rank in priority to all other shares or securities of the Company;
- The RPS shall carry only the rights to dividends and the security charge and shall not confer on the RPS holder the right to participate in any profits of the Company;
- The RPS is secured by third party second fixed legal charge over a hotel and office blocks of the Group;
- The RPS is not convertible into ordinary shares of the Company;
- Every RPS holder shall be entitled to the same rights as an ordinary shareholder with regard to receiving notices of general meetings, reports and audited financial statements of the Company, and to attend and speak at all general meetings or any other meeting of any class of members of the Company but without voting rights other than as permitted therein;
- The RPS holder shall carry no right to receive notice of or to attend or vote at any general meeting of the Company, save as follows:
  (a) any resolution is proposed for the winding-up of the Company; or
  (b) the meeting is convened for the purpose of considering a reduction of the redeemable preference shares in the capital of the Company, other than for the purpose of redeeming the RPS or repayment of the RPS issue price and accrued unpaid dividends; or
  (c) the meeting is convened for the purpose of varying or amending the rights and privileges attaching to the RPS; and
- In the event of the commencement of any winding up or liquidation of the Company, the RPS shall be redeemed in priority from the proceeds from the disposal of the security charge and shall, save and except for any preference shares issued by the Company, rank:
  (a) senior to all other creditors (including the holders of subordinated debts); and
  (b) senior to the ordinary shares and any other securities or obligations of the Company that are subordinated to the RPS.

  The outstanding RPS is immediately due and repayable, and the RPS then outstanding shall become immediately due and repayable together with accrued dividends up to and including the date of repayment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

26 LOANS AND BORROWINGS (CONTINUED)

(h) Redeemable convertible preference shares ("RCPS")

	Number of shares		Amount	
	2022	2021	2022	2021
	'000	'000	RM'000	RM'000
Issued and fully paid shares classified as debt instruments:				
At 1 January	0	31,743	0	36,941
Accretion during the financial year	0	0	0	1,297
Derecognition of a subsidiary	0	(31,743)	0	(38,238)
As 31 December	0	0	0	0

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

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 share 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 share 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 RCPS 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

26 LOANS AND BORROWINGS (CONTINUED)

(h) Redeemable convertible preference shares (“RCPS”) (continued)

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	
	2022 RM'000	2021 RM'000
Total consideration received from issuance of RCPS to non-controlling interests holder of ATP	0	48,412
Amount classified as equity component attributed to non-controlling interests holder of ATP	0	(13,128)
Deferred tax liabilities	0	(4,000)
	0	31,284
Accrual of interest	0	5,657
Derecognition of a subsidiary	0	(36,941)
Amount classified as debt instruments	0	0

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

27 PAYABLES AND ACCRUED LIABILITIES

	GROUP		COMPANY	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Current				
Trade payables	11,265	12,643	6,607	6,607
Other payables	22,561	23,782	11,406	11,845
Financial guarantee contracts	21,999	23,270	51,999	53,270
Deposits received	8,975	1,750	0	0
Accruals	30,825	28,405	1,149	165
	95,625	89,850	71,161	71,887
Amounts due to related parties (trade):				
Fellow subsidiaries	0	190	0	0
Amounts due to related parties (non-trade):				
Ultimate holding corporation	38,294	37,178	28,567	28,690
Fellow subsidiaries	1,692	1,486	1,282	1,271
A former subsidiary	3,483	3,479	231	230
Subsidiaries	0	0	97,929	89,890
An associate	532	532	0	0
	44,001	42,675	128,009	120,081
Total amounts due to related parties	44,001	42,865	128,009	120,081
Total payables and accrued liabilities	139,626	132,715	199,170	191,968

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled within 7 to 90 days (2021: 7 to 90 days).

(b) Related parties balances

The amounts due to related parties are non-trade in nature, unsecured and interest free.

(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 RM2,788,000 (2021: RM8,305,000) and RM Nil (2021: RM6,569,000).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (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	
	2022 RM'000	2021 RM'000
At 1 January	0	33,612
Revenue recognised that was included in the contract liability balance at the beginning of the year	0	(25,700)
Increases due to cash received, excluding amounts recognised as revenue during the year	0	324
Reclassification for consideration received in advance from other payables upon the signing of agreements	0	2,000
Derecognition of a subsidiary	0	(10,236)
At 31 December	0	0

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deferred tax liabilities				
- subject to income tax	(13,263)	(12,573)	(7)	(7)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

28 DEFERRED TAX LIABILITIES (CONTINUED)

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

	GROUP		COMPANY	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 January	(12,574)	(14,964)	(7)	(7)
Credited/(Charged) to profit or loss (Note 10)				
- property, plant and equipment and port facilities	(846)	(1,555)	0	0
- property development activities	0	(495)	0	0
- provisions and allowances	157	12	0	0
	(689)	(2,038)	0	0
Credited to profit or loss relating				
- redeemable convertible preference shares	0	311	0	0
Derecognition of subsidiaries (Note 31)	0	4,118	0	0
At 31 December	(13,263)	(12,573)	(7)	(7)
Subject to income tax:				
Deferred tax assets (before offsetting)				
- provisions and allowances	2,764	3,086	0	0
Offsetting	(2,764)	(3,086)	0	0
Deferred tax assets (after offsetting)	0	0	0	0
Deferred tax liabilities (before offsetting)				
- property, plant and equipment and port facilities	(16,027)	(15,659)	(7)	(7)
Offsetting	2,764	3,086	0	0
Deferred tax liabilities (after offsetting)	(13,263)	(12,573)	(7)	(7)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

28 DEFERRED TAX LIABILITIES (CONTINUED)

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

	GROUP		COMPANY	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deferred tax liabilities				
- to be settled within 12 months	(7)	(7)	(7)	(7)
- to be settled after 12 months	(16,020)	(15,652)	0	0
	(16,027)	(15,659)	(7)	(7)
Deferred tax assets				
- to be settled within 12 months	0	0	0	0
- to be settled after 12 months	2,764	3,086	0	0
	2,764	3,086	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 10 years with substantial portion of the unused tax losses expire in year of assessment 2028. Any amount not utilised at the end of expiry date will be disregarded.

	GROUP		COMPANY	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unused tax losses	57,668	42,165	38,567	31,701
Unabsorbed capital allowances	20,169	17,906	20	0

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
PKNP – Holding corporation				
Advances paid	(136)	0	(136)	0
Advances received	489	5,918	0	5,794
Recharge of staff costs	0	55	0	0
Rental income	1,844	1,605	0	0
Interest expenses	(360)	(360)	0	0
Sales income	88	141	0	0
Interest income	0	522	0	522
Lease rental paid/payable	(872)	(872)	0	0

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

29 RELATED PARTY DISCLOSURES (CONTINUED)

(c) Significant related party transactions (continued)

	GROUP		COMPANY	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Subsidiaries				
Advances paid	0	0	(2,541)	(6,215)
Advances received	0	0	5,174	2,231
Set off of debts	0	0	711	550
Shared service charges	0	0	(388)	(158)
Former subsidiaries				
Advances paid	(420)	(4,316)	(420)	(3,425)
Advances received	0	77,310	0	6,133
Sales	8	0	0	0
Set off of debts	0	480	0	480
Interest income	0	7,064	0	7,064
Other related parties				
Rental income	0	233	0	0
Sales	134	51	0	0
Associate				
Set off of debts	0	0	(711)	(1,030)
Discount given	(73)	0	(73)	0
Rendering of internet services	0	(324)	0	0
Interest income	0	837	0	761
Sales & rental income	11	32	0	0
Government related entity – Lekir Bulk Terminal Sdn. Bhd.				
Revenue from operation and maintenance	47,395	46,272	0	0
Purchase of goods	(2,313)	(2,319)	0	0
Shareholders				
Accrued preferential dividend in RCPS	0	1,936	0	0

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

29 RELATED PARTY DISCLOSURES (CONTINUED)

(d) Key management compensation

	GROUP		COMPANY	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Salaries and other short term employee benefits	2,311	4,220	1,430	1,593
Post-employment benefits	230	535	124	228
	2,541	4,755	1,554	1,821
Included herein are directors' remuneration disclosed in Note 8 to the financial statements	1,873	1,956	1,275	903

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Approved and contracted for:				
- property, plant and equipment	17,221	16,239	0	0
- port facilities	25,538	9,874	0	0
- intangible assets - computer software	85	0	0	0
	42,844	26,113	0	0

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

31 DERECOGNITION OF SUBSIDIARIES

In the previous financial year, 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 2022 (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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

32 FINANCIAL INSTRUMENTS

32.1 Classification of financial instruments

	GROUP		COMPANY	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Financial assets				
Financial asset measured at fair value through profit or loss:				
- Other investments	146	4,318	43	42
Financial assets at amortised cost:				
- Receivables and deposits	10,611	8,762	508	147
- Amount due from ultimate holding corporation	2	2	0	0
- Amount due from subsidiaries	0	0	1,568	2,277
- Amount due from former subsidiaries	0	10,354	0	0
- Amount due from other related parties	12,702	10,062	0	0
- Amount due from associates	0	22	0	0
- Deposits, cash and bank balances	51,381	45,897	422	2,811
Total	74,842	79,417	2,541	5,277
Financial liabilities				
Financial liabilities at amortised cost:				
- Payables and accrued liabilities	86,650	88,100	71,161	71,887
- Amount due to ultimate holding corporation	38,294	37,178	28,567	28,690
- Amount due to subsidiaries	0	0	97,929	89,890
- Amount due to a former subsidiary	3,483	3,479	231	230
- Amounts due to other related parties	1,692	1,676	1,282	1,271
- Amounts due to an associate	532	532	0	0
- Loans and borrowings	127,955	183,212	44,919	90,711
Total	258,606	314,177	244,089	282,679

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (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% (2021: 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Increase in interest rate				
- bank borrowings	(481)	(832)	(122)	(441)

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 2022 (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% (2021: 2%) higher/lower, with all other variables held constant, the Group's and the Company's net profit/(loss) would have been approximately RM3,000 (2021: RM87,000) and RM1,000 (2021: RM1,000) respectively higher/lower, as a result of an increase/decrease in the fair value of the quoted funds.

(c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial assets should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade receivables, other receivables and deposits, amount due from subsidiaries and related companies under PKNP Group, deposits with licensed banks and bank balances, where applicable.

The Group's and the Company's deposits with licensed banks and bank balances are only placed with licensed and established financial institutions in Malaysia. The directors are of the view that the possibility of non-performance by the financial institutions is remote.

The Group and the Company manage their credit risk arising from trade and other receivables through credit quality evaluations, ageing debt collection and regular monitoring of debtors' account and credit limit.

Measurement of expected credit losses ("ECL")

The Group's and the Company's financial assets that are subject to the ECL model include trade receivables, other receivables (including non-trade amount due from related companies), deposits and financial guarantee contract. While deposits and bank balances with financial institutions are also subject to the impairment requirements of MFRS 9, the impairment loss is expected to be immaterial.

Simplified approach for trade receivables

The Group applies a provision matrix (i.e. net flow rate method) to derive the expected loss rates for each aging band to be applied to trade receivables segregated by customers' types as at reporting date. The expected loss rates are based on the payment profiles of sales over a period of 2 years before reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information based on macroeconomic factors affecting the ability of the customers to settle the receivables. No significant changes to estimation techniques or assumptions were made during the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

32 FINANCIAL INSTRUMENTS (CONTINUED)

32.2 Financial risk management (continued)

(c) Credit risk (continued)

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

Simplified approach for trade receivables (continued)

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

GROUP	Performing RM'000	Under-performing RM'000	Not performing RM'000	Total RM'000
2022				
Trade receivables				
Gross carrying amount	7,740	0	2,605	10,345
Accumulated impairment loss	0	0	(2,605)	(2,605)
Net carrying amount	7,740	0	2,605	7,740

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (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 2022 (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.

GROUP	Performing RM'000	Under-performing RM'000	Not performing RM'000	Total RM'000
2022				
Other receivables				
Gross carrying amount	1,316	0	970	2,286
Accumulated impairment loss	0	0	(970)	(970)
Net carrying amount	1,316	0	0	1,316
Amounts due from related parties				
Gross carrying amount	12,701	347	228,451	241,499
Accumulated impairment loss	0	(344)	(228,451)	(228,795)
Net carrying amount	12,701	3	0	12,704
Deposits and bank balances				
Gross/Net carrying amount	51,381	0	0	51,381

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (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
2021				
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

COMPANY	Performing RM'000	Under-performing RM'000	Not performing RM'000	Total RM'000
2022				
Other receivables				
Gross/Net carrying amount	391	0	0	391
Amounts due from related parties				
Gross carrying amount	0	37,800	171,389	209,189
Accumulated impairment loss	0	(36,232)	(171,389)	(207,621)
Net carrying amount	0	1,568	0	1,568
Deposits and bank balances				
Gross/Net carrying amount	422	0	0	422

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (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 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

The Group considers the licensed banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance for deposits and bank balances is immaterial and hence, it is not provided for.

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.

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 2022 (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.

	2022				
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	64,651	0	0	64,651
Amounts due to related parties	0	44,001	0	0	44,001
Loans and borrowings	122,611	11,006	18,358	0	151,975
Hire purchase and finance lease liabilities	0	944	3,542	75,614	80,100
Financial guarantee contract	25,660	0	0	0	25,660
Total undiscounted financial obligations	148,271	120,602	21,900	75,614	366,387

	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	187,747	10,745	5,720	2,720	206,932
Hire purchase and finance lease liabilities	0	938	3,554	76,542	81,034
Financial guarantee contracts	25,965	0	0	0	25,965
Total undiscounted financial obligations	213,712	119,378	9,274	79,262	421,626

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

32 FINANCIAL INSTRUMENTS (CONTINUED)

32.2 Financial risk management (continued)

(d) Liquidity risk (continued)

	2022				
COMPANY	On demand RM'000	Within one year RM'000	Two to five years RM'000	More than five years RM'000	Total RM'000
Financial liabilities:					
Payables and accrued liabilities	0	19,162	0	0	19,162
Amounts due to related parties	0	128,009	0	0	128,009
Loans and borrowings	24,476	0	15,597	0	40,073
Hire purchase and finance lease liabilities	0	1,121	4,482	0	5,603
Financial guarantee contracts	98,426	0	0	0	98,426
Total undiscounted financial obligations	122,902	148,292	20,079	0	291,273

	2021				
COMPANY	On demand RM'000	Within one year RM'000	Two to five years RM'000	More than five years RM'000	Total RM'000
Financial liabilities:					
Payables and accrued liabilities	0	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 contracts	98,731	0	0	0	98,731
Total undiscounted financial obligations	186,993	140,476	889	0	328,358

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (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	
	2022 RM'000	2021 RM'000
Loans and borrowings	127,955	183,212
Payables and accrued liabilities	139,626	132,715
Less: Cash and bank balances	(51,381)	(45,897)
Net debt	216,200	270,030
Equity attributable to the owners of the Company	92,208	78,849
Capital and net debt	308,408	348,879
Gearing ratio	70%	77%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (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 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 31 December 2022				
GROUP				
Asset				
Other investments	121	0	25	146
COMPANY				
Asset				
Other investments	43	0	0	43
At 31 December 2021				
GROUP				
Asset				
Other investments	4,293	0	25	4,318
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 2022 (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 (2021: 2) customers contributed more than 10% of the total revenue of the Group amounted to RM47,394,000 and RM18,425,000 (2021: RM46,272,000 and RM78,680,000).

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 2022 and the statements of financial position as at 31 December 2022. 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 2022 (CONTINUED)

34 SEGMENT REPORTING (CONTINUED)

(a) Analysis of results and financial position

2022	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	127,777	0	21,769	11,621	161,167
Less: Inter-segment revenue	0	0	(2,391)	(9,775)	(12,166)
Revenue from external customers	127,777	0	19,378	1,846	149,001
Revenue from contracts with customers:					
Timing of revenue recognition					
- At a point in time	1,705	0	9,834	0	11,539
- Over time	126,072	0	9,544	1,846	137,462
Results:					
Profit/(Loss) from operations	46,083	47,327	(19,209)	(20,129)	54,072
Finance costs	(596)	0	(1,530)	(10,119)	(12,245)
Profit/(Loss) before tax	45,487	47,327	(20,739)	(30,248)	41,827
Tax (expense)/credit	(11,397)	0	(653)	(117)	(12,167)
Net profit/(loss) for the financial year	34,090	47,327	(21,392)	(30,365)	29,660

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

34 SEGMENT REPORTING (CONTINUED)

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

2022	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	409	0	1	267	677
- fair value gain on other investments	57	0	0	3	60
- reversal of impairment losses on trade and other receivables	342	0	1	3	346
- reversal of impairment losses on amount due from related parties	0	0	0	1,875	1,875
- reversal of impairment losses on property, plant and equipment	0	0	4,308	0	4,308
- reversal of inventories previously written down	0	0	270	0	270
- reversal of impairment losses on financial guarantee contracts	0	0	0	1,466	1,466
- compensation received from compulsory acquisition of land	0	59,691	0	0	59,691
- amortisation of intangible assets	(1,121)	0	0	0	(1,121)
- depreciation of property, plant and equipment, port facilities, investment properties and right-of-use assets	(8,111)	0	(4,154)	(813)	(13,078)
- impairment losses on trade and other receivables	(600)	0	(543)	(185)	(1,328)
- impairment losses on amounts due from related parties	0	0	(152)	(11,591)	(11,743)
- impairment losses of property, plant and equipment and right-of-use assets	0	0	(20,788)	0	(20,788)
- impairment losses on financial guarantee contracts	0	0	0	(195)	(195)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

34 SEGMENT REPORTING (CONTINUED)

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

2022	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: (continued)					
- port facilities written off	(202)	0	0	0	(202)
- property, plant and equipment written off	(2)	0	0	0	(2)
- provision for slow moving inventories	(747)	0	0	0	(747)
- land cost in relation to compulsory acquisition of land	0	(10,238)	0	0	(10,238)
Segment assets	356,225	74,504	90,180	5,672	526,581
Unallocated assets	0	0	3	75	78
Total assets	356,225	74,504	90,183	5,747	526,659
Segment liabilities	23,152	6,626	79,746	158,057	267,581
Unallocated liabilities	13,542	0	1,057	1,689	16,288
Total liabilities	36,694	6,626	80,803	159,746	283,869
Capital expenditure	11,755	0	653	0	12,408

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (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
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)

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	333	1,086	7	1,401	2,827
- 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)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

34 SEGMENT REPORTING (CONTINUED)

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

	Ports and logistics	Property development	Hospitality and tourism	Management services and others	Total
2021	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 2022 (CONTINUED)

35 FINANCIAL GUARANTEE CONTRACTS

	GROUP		COMPANY	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Corporate guarantees given to banks for credit facilities granted to:				
Amount guaranteed				
Subsidiaries	0	0	72,766	72,766
Associates	24,697	25,002	24,697	25,002

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

36 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 6 January 2022, a meeting of PCB Development Sdn. Bhd. (“PCB Development”), a former subsidiary 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 of the debt owing by the Company to CIMB Bank Berhad (“CIMB”) and Affin Islamic Bank Berhad (“AIB”) and the proposed amendments to the Constitution of the Company to facilitate the issuance of redeemable cumulative preference shares under the proposed debt settlement 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. 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.

(d) PCB Equity Sdn. Bhd., a wholly owned subsidiary of the Company, has on 24 May 2022 entered into a Sale and Purchase Agreement for shares with Encik Mohd Khalid bin Shuib (“Purchaser”) and VC Telecoms Sdn Bhd (“VC Telecoms”) for the disposal of its entire equity interest in VC Telecoms, representing 49% equity interest in VC Telecoms to the Purchaser, for a total cash consideration RM12,500,000.00. As at the date of authorisation of the financial statements, the transaction has not been completed.

(e) On 9 August 2022, the Company has submitted an application to Bursa Malaysia to seek a further extension of time of 12 months up to 9 August 2023 to submit the Company’s regularisation plan to the relevant regulatory authorities. On 2 September 2022, Bursa Malaysia has decided to grant the Company an extension of time up to 10 February 2023 to submit its regularisation plan to the relevant regulatory authorities.

(f) On 12 August 2022, the Company entered into a Memorandum of Understanding (“MoU”) with Perbadanan Kemajuan Negeri Perak (“PKNP”), its immediate holding corporation, to establish synergistic collaborative initiatives involving utilisation of the Company’s expertise to jointly develop PKNP’s assets and proposed appointment of the Company as the master developer of part of PKNP’s industrial development area in the Silver Valley Technology Park. The MoU which is valid for a period of twelve (12) months effective from the date of its execution (“Completion Date”) may be extended for a further period of six (6) months, if necessary.

(g) The Government Acquisition was completed on 4 October 2022 and the compensation received from the Government Acquisition has been utilised as payment for cash settlement to AIB and CIMB as per the debt settlement agreements.

(h) The debt settlement agreements with CIMB shall be conditional upon certain terms and conditions precedent to be fulfilled. The Company is seeking to amend certain terms and extension of time under the debt settlement agreement with CIMB. As at the date of authorisation of the financial statements, CIMB is agreeable in principle to amend certain terms and extension of time under the debt settlement agreement subject to the execution of a supplemental agreement to the debt settlement agreement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

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

(a) On 9 February 2023, the Company submitted a further extension of time application to Bursa Malaysia Securities Berhad ("Bursa Malaysia") for a period of 12 months up to 9 February 2024 to submit the Company's regularisation plan to the relevant regulatory authorities. On 13 April 2023, Bursa Malaysia extended the regularisation plan submission dateline to 9 August 2023.

(b) On 31 March 2023, the Company has entered into a Master Development Agreement with Perbadanan Kemajuan Negeri Perak ("PKNP") to define the general and overarching terms and conditions governing the development initiatives to be undertaken by the Company and PKNP.

38 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 28 April 2023.

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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-SECOND 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 Wednesday, 7 June 2023 at 10.00 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 RM613,000 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 Mr Andy Liew Hock Sim as Director of the Company.		
3.	To re-elect Mr Tan Chee Hau as Director of the Company.		
4.	To re-elect Dato' Seri Ir Mohamad Othman bin Zainal Azim as Director of the Company.		
5.	To re-elect Datuk Seri Dr Hj Hasim bin Hasan 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 2023.

Signature/Seal

Notes:

a. *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.*

b. *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.*

c. *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 **30 May 2023**. Only members whose names appear in the Record of Depositors as at 30 May 2023 will be entitled to Participate in this AGM via RPV.*

d. *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.*

e. *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.*

f. *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.*

g. *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.*

h. *The Form of Proxy can be submitted through either one of the following avenues no later than **Monday, 5 June 2023 at 10.00 a.m.** or at any adjournment thereof:*

(i) *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*

(ii) *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.*

i. *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 Poll Administrator
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PERAK CORPORATION BERHAD
[199101000605 (210915-U)]

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