ANNUAL REPORT 2019

MULPHA

INSIDE THIS REPORT

46TH ANNUAL GENERAL MEETING

MULPHA INTERNATIONAL BHD.

DAY/DATE: Thursday, 30 July 2020

TIME: 2.30 p.m.

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

The online version of **Mulpha International Bhd.'s** Annual Report 2019 is available on the website. Go to **https://www.mulpha.com.my** or scan the QR Code with your smartphone.

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

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ADDITIONAL INFORMATION

01

ABOUT US

HAYMAN ISLAND

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

AT A GLANCE

REVENUE

+8%

RM850.01 MILLION

MARKET CAPITALISATION

604.08

RM MILLION

TOTAL ASSETS

5.31

RM BILLION

SHARE PRICE

1.89

RM

MULPHA won the
Regional Investment Award
at the
57th Australian Export Awards

CASH AND CASH EQUIVALENTS

318.31

RM MILLION

CORPORATE PROFILE

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

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

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

Listed on the Main Market of Bursa Malaysia Securities Berhad, Mulpha's total assets are in excess of RM5.30 billion, with shareholders' funds in excess of RM2.86 billion.

www.mulpha.com.my

CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-Independent Executive Chairman
Lee Seng Huang

Non-Independent Executive Director
Lee Eng Leong

Senior Independent Non-Executive Director
Chew Hoy Ping

Independent Non-Executive Directors
Loong Caesar
Geoffrey Earl Grady

AUDIT AND RISK MANAGEMENT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARIES

Lee Eng Leong (MIA 7313)
(SSM PC No. 201908003732)
Lee Suan Choo (MAICSA 7017562)
(SSM PC No. 202008003634)

REGISTERED OFFICE

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

SHARE REGISTRAR

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

AUDITORS

KPMG PLT
Chartered Accountants

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad
AmBank (M) Berhad
CIMB Bank Berhad
Industrial and Commercial Bank of China Limited
OCBC Banking Group
United Overseas Bank Limited
Westpac Banking Corporation

STOCK EXCHANGE LISTING

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

WEBSITE ADDRESS

www.mulpha.com.my

INVESTOR RELATIONS

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

02 LEADERSHIP

RESIDENSI BAYOU, LEISURE FARM

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

PROFILE OF BOARD OF DIRECTORS

LEE SENG HUANG

Non-Independent Executive Chairman
Male • Malaysian • Aged 45

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

Mr Lee is currently the Group Executive Chairman of Sun Hung Kai & Co. Ltd., a company listed in Hong Kong. He was the Non-Executive Chairman of Aveo Group **("AVEO")**, a leading retirement group which was listed on the Australian Securities Exchange.

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

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

LEE ENG LEONG

Non-Independent Executive Director
Male • Malaysian • Aged 52

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

Mr Lee was formerly the Group Chief Financial Officer of Alliance Bank Malaysia Berhad from 4 January 2010 to 2 October 2012. Prior to joining Alliance Bank Malaysia Berhad, he was the Chief Financial Officer for Microsoft, a major global company where he oversaw their finance operations covering the Asia region. For over 20 years, he has held various leadership roles in management positions within both local companies and multi-national companies in Asia. Prior to Mr Lee's appointment as Executive Director of the Company, he was the Group Chief Financial Officer since 3 October 2012.

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

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

CHEW HOY PING

Senior Independent Non-Executive Director
Male • Malaysian • Aged 62

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

Mr Chew had a professional career with PricewaterhouseCoopers **("PwC")** commencing in 1976 and spanning 30 years, including 15 years as a partner of the firm. Whilst at PwC, he was engaged in a diverse range of professional work encompassing auditing, corporate finance and business recovery services. He held various leadership roles in PwC including the Asia Pacific Chairman of Financial Advisory Services, its Risk Management Leader, the Deputy Chairman of the Governance Board and a member of the Country Management Team. Mr Chew also had work secondment experiences with PwC Houston, Texas (1982-1984) and with Bank Negara Malaysia (1986-1988).

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

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

LOONG CAESAR

Independent Non-Executive Director
Male • Malaysian • Aged 60

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

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

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

Mr Loong's directorship in other listed issuer in Malaysia is Boustead Holdings Berhad. His directorships in non-listed public companies in Malaysia are Edunity Foundation, Yayasan KCT, UAC Berhad and Badan Warisan Malaysia.

GEOFFREY EARL GRADY

Independent Non-Executive Director
Male • Australian • Aged 60

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

Mr Grady is currently the Chief Executive Officer **("CEO")** of Better That, an Australian e-commerce platform. Previously, he was the Executive Director and CEO of AVEO, one of Australia's largest retirement and aged care operators and its most innovative and expansive operator, from July 2013 to November 2019. In November 2019, AVEO was sold to Brookfield Property Group for AUD2 billion introducing large institutional capital into the sector for the first time. From 2009, he was AVEO's Chief Operating Officer and on becoming its CEO, he transformed AVEO from being an integrated property developer to a dedicated retirement and aged care operation. Before joining AVEO, Mr Grady was the CEO of the Mulpha Sanctuary Cove Group of companies following the sale of the resort to the Mulpha Australia Limited Group in 2002. Prior to this, he was a partner in the corporate recovery practice at KPMG Brisbane.

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

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

NOTES:

1. **Family Relationship with Director and/or Major Shareholder**
   Mr Lee Seng Huang, the Executive Chairman and major shareholder of the Company, is the son of Mr Lee Ming Tee, who is a major shareholder of the Company.
   Save as disclosed above, none of the other Directors has any family relationship with any director and/or major shareholder of the Company.

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

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

4. **Attendance of Board Meetings**
   The attendance of the Directors at Board Meetings held during the financial year ended 31 December 2019 is disclosed in the Corporate Governance Overview Statement.

PROFILE OF KEY SENIOR MANAGEMENT

GREGORY DAVID SHAW

Chief Executive Officer
Male • Australian • Aged 60

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

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

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

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

LIM SAY KIEN

Head of Finance
Female • Malaysian • Aged 52

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

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

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

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

NOTES:

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

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

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

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

03 OUR PERFORMANCE

THE BOND, NORWEST

Future-proofed and future-focused, The Bond is Norwest's state-of-the-art workspace. Its futuristic office design comprises a facade designed with robust timber and high-performance glass. It embodies Mulpha's commitment to offer commercial spaces that are attuned to the way people want to work today – and tomorrow.

AWARDS & ACHIEVEMENTS 2019

MULPHA AUSTRALIA

- Winner of Regional Investment Award for 'foreign direct investment into Australia that creates jobs in regional areas and builds the local economy', 57th Australian Export Awards

INTERCONTINENTAL HAYMAN ISLAND RESORT

- InterContinental Hayman Island Resort – Environmental Excellence Winner, UDIA

INTERCONTINENTAL SANCTUARY COVE RESORT

- Gold Coast Brides Choice Award for Best Wedding Venue, Best Chapel and Best Wedding Planners
- Holidays with Kids, Top 10 Family Resort in Australia
- Two Glasses, Australia's Wine List of the Year Awards (fourth consecutive year)

THE HOTEL SCHOOL

- The Hotel School 30th anniversary
- Opening of The Hotel School, Brisbane

LEISURE FARM RESORT, JOHOR BAHRU, MALAYSIA

- Des Prix Infinitus Asean Property Awards Malaysia
  – 2018/2019 Best Luxury Development – Leisure Farm Corporation Sdn. Bhd.

SANCTUARY COVE DEVELOPMENTS

- 5 Gold Anchor Rating (Residential Estate Marina)

INTERCONTINENTAL SYDNEY

- World Travel Awards, Australia's Leading Hotel (second consecutive year)
- World Travel Awards, Australasia's Leading Business Hotel (sixth consecutive year)
- World Travel Awards, Australasia's Leading Executive Club Lounge (fifth consecutive year)
- World Travel Awards, Australia's Leading Hotel Suite for The Presidential Opera Suite (formerly known as The Australia Suite)
- TAA NSW Awards for Excellence - Highly Commended for Conference & Events Venue of the Year

BIMBADGEN, HUNTER VALLEY

- Esca Bimbadgen – Winner, National Restaurant in a Winery, Savour Australia Restaurant & Catering Awards
- Esca Bimbadgen – Winner, NSW Regional Restaurant in a Winery, Savour Australia Restaurant & Catering Awards
- Tourism NSW Hall of Fame Winery
- Hunter Regional Tourism Hall of Fame Winery
- James Halliday 2020 Ratings (announced in August 2019)
  – 95 Points - Single Vineyard Palmers Lane Shiraz 2017
  – 95 Points - Single Vineyard McDonalds Road Shiraz 2017
  – 95 Points - Signature Shiraz 2017
  – 95 Points - Signature Semillon 2013
  – 94 Points - Single Vineyard McDonalds Road Shiraz Viognier 2017
  – 91 Points - Signature Palmers Lane Semillon 2017
  – 90 Points - Hunter Valley Shiraz 2017
- Wine Show Results
  – 2019 Single Vineyard Palmers Lane Semillon
  – Gold, KPMG Sydney Royal Wine Show
- 2019 Signature Semillon
  – Gold, KPMG Sydney Royal Wine Show
  – Gold, Hunter Valley Wine Show
- 2017 Signature Semillon
  – Gold, NSW Small Winemakers Show
- 2014 Signature Palmers Lane Semillon
  – Gold, KPMG Sydney Royal Wine Show
- 2014 Signature Hunter Valley Semillon
  – Gold, KPMG Sydney Royal Wine Show
  – Top Gold, NSW Wine Awards

FINANCIAL CALENDAR

ANNOUNCEMENT OF QUARTERLY RESULTS

30 MAY 2019	29 AUG 2019	29 NOV 2019	28 FEB 2020
Announcement of the unaudited consolidated results for the 1st quarter ended 31 March 2019	Announcement of the unaudited consolidated results for the 2nd quarter ended 30 June 2019	Announcement of the unaudited consolidated results for the 3rd quarter ended 30 September 2019	Announcement of the unaudited consolidated results for the 4th quarter and financial year ended 31 December 2019

ANNUAL REPORT & ANNUAL GENERAL MEETING

30 JUNE 2020	30 JULY 2020
Notice of 46th Annual General Meeting and issuance of Annual Report 2019	46th Annual General Meeting

GROUP'S 5-YEAR FINANCIAL HIGHLIGHTS

	2019 RM'000	2018 RM'000	2017 RM'000	2016 RM'000	2015 RM'000
ASSETS					
Non-current assets	**3,393,188**	4,362,739	4,377,789	4,388,552	3,600,923
Current assets	**1,912,188**	1,540,998 **	1,484,774	1,344,616	1,531,580
Total assets	**5,305,376**	**5,903,737**	**5,862,563**	**5,733,168**	**5,132,503**
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	**2,037,459**	2,037,459	2,037,459	1,598,096	1,177,957
Reserves	**832,252**	1,179,881 **	1,234,798 **	1,379,520	1,391,033
Equity attributable to owners of the Company	**2,869,711**	3,217,340	3,272,257	2,977,616	2,568,990
Non-controlling interests	**20,898**	(81)	(120)	–	–
Total equity	**2,890,609**	**3,217,259**	**3,272,137**	**2,977,616**	**2,568,990**
Liabilities					
Non-current liabilities	**798,602**	1,590,813 **	1,380,944 **	2,258,521	947,997
Current liabilities	**1,616,165**	1,095,665 **	1,209,482 **	497,031	1,615,516
Total liabilities	**2,414,767**	**2,686,478**	**2,590,426**	**2,755,552**	**2,563,513**
Total equity and liabilities	**5,305,376**	**5,903,737**	**5,862,563**	**5,733,168**	**5,132,503**
GROUP RESULTS					
(Loss)/Profit before tax	**(214,857)**	308,614	452,215	7,903	160,713
Tax benefit/(expense)	**3,739**	(72,885)	(127,711) **	8,897	2,569
(Loss)/Profit after tax	**(211,118)**	235,729	324,504	16,800	163,282
Non-controlling interests	**(757)**	(30)	126	–	1,841
Net (Loss)/Profit attributable to owners of the Company	**(211,875)**	**235,699**	**324,630**	**16,800**	**165,123**
SELECTED RATIOS					
(Loss)/Earnings per share (Sen)^	**(66.32)**	73.78	101.61	6.29	77.07 #
Net assets per share (RM)^	**8.98**	10.07	10.24	9.32	12.04
SHARE PERFORMANCE					
Year high (RM)^*	**2.65**	2.62	3.05	3.10	4.15
Year low (RM)^*	**1.62**	1.63	2.09	1.95	2.50
Year close (RM)^*	**1.89**	1.75	2.59	2.25	2.60
Trading volume ('000)^*	**23,330**	19,690	61,880	63,500	51,030
Market capitalisation as at 31 December (RM'000)^*	**604,080**	559,333	827,418	718,846	554,750

** Comparatives for 2017 and 2018 have been restated to reflect the reversal of prior years' income tax benefit relating to the recognition of losses as a deferred tax asset which exceeded the actual losses available for recognition.

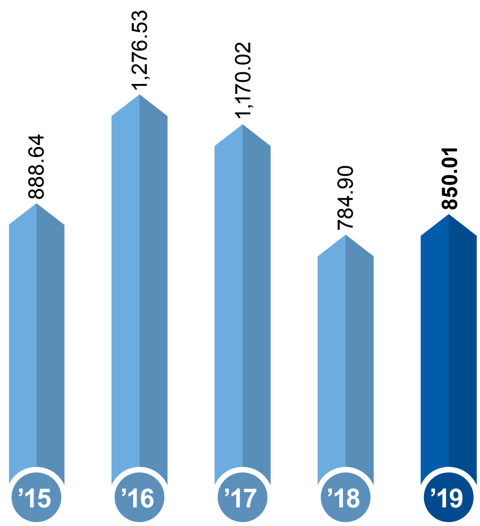
Comparatives for 2015 have been restated to reflect the rights issue implemented in year 2016.

^ Comparatives for 2015 and 2016 have been restated to reflect the share consolidation implemented in year 2017.

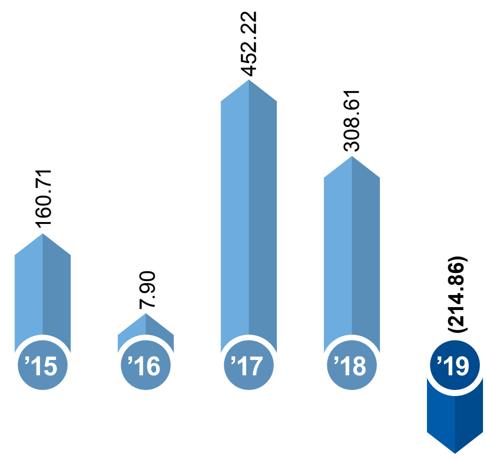
* Source: Bloomberg

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

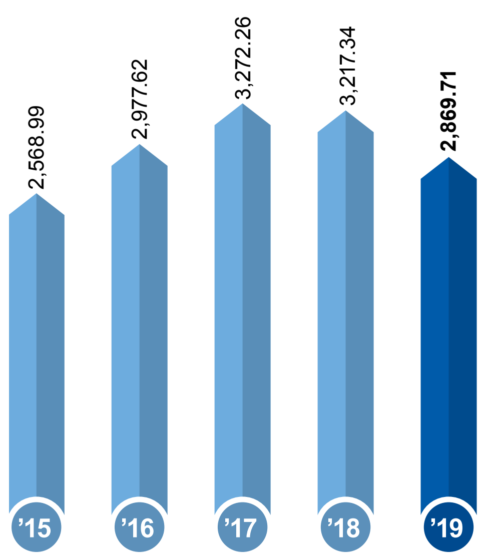
REVENUE
RM Million



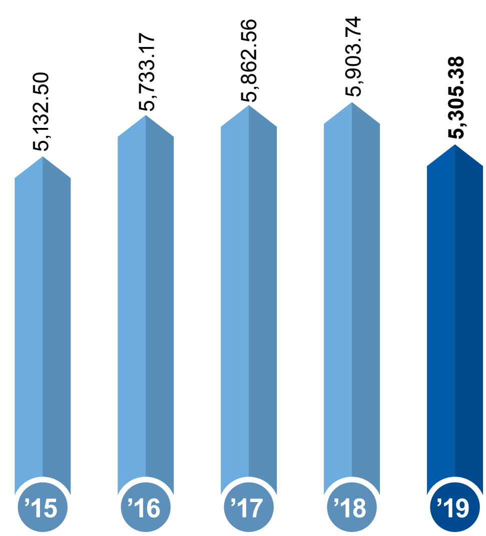
(LOSS)/PROFIT BEFORE TAX
RM Million



SHAREHOLDERS' FUNDS
RM Million



TOTAL ASSETS
RM Million



MANAGEMENT DISCUSSION & ANALYSIS

Dear Shareholders,

Amidst a challenging operating backdrop, Mulpha has continued to register constant progress on multiple business fronts while placing itself in optimum position to tap on emerging opportunities going forward. It is with pleasure that I share with you on the Group's performance highlights during the financial year.

Total Revenue

RM850.01 million

Cash and Cash Equivalents

RM318.31 million

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Mulpha International Bhd. **("Mulpha"** or **"the Group")** reported an 8% increase in revenue year-on-year **("YoY")** from RM784.90 million to RM850.01 million reflecting an expansion of business operations and an improvement in real estate conditions.

Despite the revenue growth, the Group recorded a loss after tax of RM211.12 million for the financial year 2019 **("FY2019")** primarily as a result of a significant loss on the sale of the investment in AVEO as part of the privatisation completed in November 2019. This transaction resulted from the strategic review conducted by AVEO of its retirement business in August 2018, which eventually led to a Scheme Booklet being circulated to all AVEO shareholders in September 2019 documenting a privatisation offer by Brookfield, one of the world's largest asset managers with more than USD385.00 billion in assets under management.

As a result of this transaction, the Group received cash of approximately RM280.42 million and withholding tax to be refunded by Australian Taxation Office of approximately RM80.93 million. The Group will retain an effective interest of 15.5% in the now privatised AVEO entity by way of scrip consideration.

Including the Group's share of AVEO's losses for the financial year, AVEO had an aggregate adverse impact of RM337.68 million to the Group's accounts. Excluding this adverse impact, the Group's EBITDA for the year equated to RM242.20 million. This was supported by the successful disposal of our Rydges Esplanade Resort Cairns, generating an unlevered Internal Rate of Return (**"IRR"**) of 19% for an investment period of less than 3 years.

It is also worth noting that the Australian dollar has depreciated over previous years. The historical rates used for reporting for AUD1.00 are RM3.31 (2017), RM3.02 (2018), and RM2.89 (2019). This trend is continuing into 2020.

In 2019, the Australian hotel market experienced further negative pressures in occupancy and room rates resulting in some underperformance at our hotel assets. That being said, InterContinental Sydney reported a stronger pre-tax profit as a result of a successful operational restructuring programme that was being implemented over the past 18 months. InterContinental Hayman Island Resort opened its doors in July 2019 and the hotel achieved a breakeven result for the 6 months period it has been operating.

We now enter the new financial year with the uncertain impact of the coronavirus on real world Gross Domestic Product (GDP), especially to the global hospitality and real-estate markets. The Group is, however, fortunately positioned in a robust cash position, with strong operational efficiencies in place for our individual business segments, and equipped with the ability to react swiftly to opportunities that may present in 2020.

REVIEW OF OPERATING ACTIVITIES

Mulpha is a diversified business group, with assets in Sydney, Melbourne, Brisbane, Cairns, London, Auckland, and Johor Bahru. Our assets are segmented based on the following business categories:

Hospitality
Property Development
Property Investment
Education
Retirement
Financial Services

HOSPITALITY

In FY2019, on the back of various macro-economic and industry trends and developments, the Australian hotel market saw further decline in room occupancy and room rates. This translated into underperformance for most hotel operators in the country, including Mulpha.

However, the Group's InterContinental Sydney Hotel reported a stronger pre-tax profit mainly attributed to its ongoing 18-month operational restructuring programme. In July 2019, the Group's InterContinental Hayman Island Resort opened its doors and achieved its break-even point within six months of operation. We look forward to the latter contributing to Mulpha's revenue and earnings in the upcoming financial year.

InterContinental Sydney Hotel

InterContinental Sydney is the Group's flagship hotel, overlooking the Sydney Harbour, Opera House, Harbour Bridge, Royal Botanic Gardens and Circular Quay. In FY2019, InterContinental Sydney achieved higher profitability YoY on the back of improved labour efficiencies.

While the overall luxury market contracted by 6% for Revenue Per Available Room **("RevPAR")**, InterContinental Sydney sustained its RevPAR at the current level and registered several operational performance records. These include the highest room profit margin and highest F&B profit in the last 10 years.

InterContinental Hayman Island Resort

Located in Hayman Island, one of Australia's most iconic private islands, InterContinental Hayman Island Resort opened its doors in July 2019. Despite operating in a highly competitive environment, the hotel has operationally achieved a breakeven result as expected with re-openings. The new management team will strive to position the resort in the upper luxury band, delivering an unforgettable experience at one of Australia's most iconic private island resorts.

InterContinental Sanctuary Cove Resort

InterContinental Sanctuary Cove Resort is located approximately 60km from the Brisbane airport and placed at the heart of our prestigious Sanctuary Cove development. It completed its entire 254-hotel guest room and suite refurbishment exercise in November 2019.

Despite room and suite inventory being constrained during the refurbishment period, InterContinental Sanctuary Cove achieved a healthy average daily rate that exceeded its competitor's market share.

InterContinental Hayman Island Resort

London Marriott Hotel Grosvenor Square

London Marriott Hotel Grosvenor Square is located in Mayfair, one of the most sought-after locations in London. FY2019 saw the introduction of Gordon Ramsay's new restaurant, the Lucky Cat.

Despite decreased room inventory due to the refurbishment and increasing competition from newly refurbished hotels, London Marriott achieved higher rates with the average daily rate seeing an 8% increase. The rise in rates was attributed to capitalisation on compression opportunities.

In FY2019, the hotel embarked on a major refurbishment exercise, which is on schedule for completion by 2nd half of 2020.

London and the United Kingdom's hospitality market was on the uptrend, largely attributed to the depreciated pound sterling currency as well as the city's high-popularity as a tourist destination. In FY2019, London continued to see double-digit tourism growth.

Subsequently, London's hospitality sector continued to report positive YoY performance. However, operational costs also rose due to increases in national wages. In London, wages were reported to have increased by 6%.

Nesuto Stadium Apartment Hotel, Auckland, New Zealand

The Group acquired the then Waldorf Stadium Apartment Hotel in September 2018. In FY2019, the hotel was rebranded as Nesuto and this was followed by a comprehensive refurbishment exercise in Q3 FY2019 to support the new branding and value proposition.

The refurbishment exercise comprises conversion of 72 apartments into 144 rooms, installation of a new lift, furniture upgrades and construction of a new hotel restaurant and kitchen.

As at 31 December 2019, 64 new hotel rooms have been completed. The balance of works is scheduled for completion by 2nd half of 2020. Post refurbishment, saleable room inventory will increase to 244 rooms, a 48% jump from the existing 165. The asset refurbishment exercise provides for a fresh start and has paved the way for successful renegotiations with corporate customers.

With strengthening demand expected in 2021 from the America's Cup, APEC and opening of a new Convention Centre in late 2023, it is anticipated that the hotel's performance will improve. However, this is heavily dependent on the impact of the coronavirus pandemic globally.

Bimbadgen Estate, Hunter Valley, Australia

Bimbadgen had another strong year, albeit affected by the drought and bushfires, which impacted grape production and saw a decrease in visitation to the Hunter region.

Bimbadgen's strong performance was supported by the Day on the Green concert series, Palmers Lane Wedding Venue and the introduction of the Bimbadgen Wood Fired Pizzeria, a casual dining experience to complement the Cellar Door.

Bimbadgen Estate, Hunter Valley

Rick Astley at Bimbadgen, Hunter Valley (Credit: Tim Bradshaw Photography)

The estate was once again recognised for exceptional products with awards for our 2019 Signature Semillon, 2019 Single Vineyard Palmers Lane Semillon, 2017 Signature Semillon, 2014 Signature Palmers Lane Semillon and 2014 Signature Hunter Valley Semillon, while also achieving scores of over 90 points for seven of our wines in the James Halliday 2020 Ratings.

Since its opening in October 2018, our Palmers Lane wedding venue has hosted over 30 weddings, with 67 wedding bookings secured for FY2020 and 13 already secured for 2021.

PROPERTY DEVELOPMENT

The Group's property segment proved resilient amidst a turbulent operating environment, both in Australia and Malaysia. Performance was impacted by elections in Australia as well as land taxes imposed by the Australian government in FY2019.

However, consumer sentiment improved in the later part of the year with the relaxed lending criteria and reduced interest rates, which we foresee will carry into FY2020. Sales in all projects, namely Haven apartments, Essentia Townhouses, Bella Vista and Mulgoa Rise land saw a strong number of 59 settlements in FY2019.

In Malaysia, the prolonged real estate downturn as well as tight financing liquidity, continued to impact overall buying sentiment. However, Mulpha's Malaysian properties including Leisure Farm continued to see strong traction among both local and international buyers.

Amidst challenging market conditions, Mulpha's property development division has continued to register revenue growth and sales.

MALAYSIA

Leisure Farm Resort, Johor Bahru

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

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

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

Market conditions and sentiment in Iskandar Johor remained soft in 2019. Despite this, Leisure Farm still generates strong interests from China, Singapore, Korea, Hong Kong, and local buyers.

Leisure Farm Resort

AUSTRALIA

Mulpha Norwest, Sydney

Mulpha Norwest comprises a diverse portfolio of property assets strategically located in the north west of Sydney within one of Sydney's vital economic corridors.

The Group's Norwest portfolio comprises the award-winning, integrated commercial and residential estate, Norwest Business Park, Watermark and Haven at the Lakes apartments, Bella Vista Waters and the adjacent Edgewater land subdivision, as well as Mulgoa Rise land estate in the foothills of the Blue Mountains.

Two new metro stations within the North West metro line have been opened within Norwest Business Park. The first at Bella Vista and the second at Norwest stations. The metro stations serve as development catalysts, enhancing accessibility and connectivity to the 1,000-acre development, while significantly reducing commuting times. It will also encourage increased footfall, bringing people into the area to enhance overall vibrance and support retail activity. This, in turn, would support stronger commercial and retail interest.

Improved access via the two metro stations will likely strengthen the overall value proposition of Norwest Business Park, which is expected to entice buyers while potentially delivering higher capital appreciation.

The Bond

The Bond commercial project, which is a series of nine high-rise towers, has been granted development authority approval with construction due to commence in 2020 with 30% pre-sales already achieved.

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

The Greens

The Greens residential masterplan comprising 864 residential apartments received local council approval in FY2019. This paves the way for the detailed designing of the first phase of 200 units, with an intent to market in late FY2020.

The Greens, Norwest

Sanctuary Cove, Brisbane

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

The Bond, Norwest

Sanctuary Cove Marina

Sanctuary Cove saw strong demand from overseas buyers from Hong Kong, Vietnam, Taiwan, and China, resulting in 31 lots being settled in FY2019. This represents a significant improvement from FY2018 due to focused and driven marketing initiatives, which will be continued into FY2020.

FY2019 saw one of the most successful Sanctuary Cove International Boat Shows in the event's 31-year long history, with record crowds and multi-million dollar sales proving a winning combination.

The award-winning Sanctuary Cove Marina is undergoing a major expansion, with 66 cutting-edge berths to the marina, including covered berths, a first for the Australian marina industry. It presents the opportunity to grow the high-end offering on water and strengthen the luxury superyacht and charter segments to the development.

OutdoorX 2019 at Sanctuary Cove

PROPERTY INVESTMENT

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

The property investment division had continued to perform well, until the early departure of a significant warehouse tenant due to insolvency issues mid-term of their lease. As a result, portfolio occupancy was significantly impacted with the annual average decreasing to 78%. Sans this, one-off development, single tenancy would have registered 97%.

Office enquiries continue to be strong, putting upward pressure on market rents in the office investments. Interest remains high with regular, consistent inspections on existing and upcoming vacancies.

EDUCATION

Education Perfect

Education Perfect **("EP")** is an established online learning platform which improves student learning outcomes, teacher productivity and student engagement. Established in 2009 with the rollout of foreign languages, the business has since introduced core subjects such as English, Mathematics and Science. The Group holds 37.9% equity interest as at 31 December 2019. The EP platform was used by over 1 million students in over 1,800 schools last year.

EP has seen another year of exceptional results with 45% revenue growth and 97% client retention in 2019.

The EP platform has primarily been designed as a K-12 product to drive teacher efficacy and provide a more personalised learning for students. It is increasingly apparent that this focus on user experience has led to the creation of three distinct propositions to cater for new market segments: (i) EP for Classroom; (ii) EP for Home; and (iii) EP for Work. These present entirely new market opportunities for the business

The appointment of Alex Burke as CEO in May 2019 has strengthened the management team. Alex was previously Group CEO of TigerSpike, a digital services company with over 300 employees across 12 offices globally.

In November 2019, EP released a refreshed brand, which has been well received by the market. The updated branding is designed to better reflect the image of a contemporary technology company and to accurately portray the quality of the product itself.

Looking ahead to FY2020, there is a significant opportunity for EP beyond Australia and New Zealand. Tim Vaughan, Chief Revenue Officer of EP, has established a regional office in Singapore to support and drive growth across a rapidly growing base of clients in the region. This has led to the appointment of key personnel based in the UAE, Kuala Lumpur, Shanghai, and Singapore.

Backed by a strong management team and significant growth opportunity, EP is well positioned to establish itself as a globally recognised leader in EdTech.

The Hotel School Sydney & Melbourne

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

In FY2019, The Hotel School celebrated 30 years since its inception in 1989 and delivered its highest profit to date – a 42% YoY jump.

Some of the key accomplishments were the renovation of both the Sydney and Melbourne campuses as well as the complete fit-out of the new Brisbane campus, which commenced operations in November 2019.

The Hotel School also launched a new Diploma of Hotel Management course and a new Swiss qualification, the Diploma of Hotel and Tourism Management, which is accredited by Southern Cross University as the international Hotel and Tourism Management Program. A new Master of Business in Global Hotel Leadership was also developed in 2019 and will commence delivery in March 2020. The Hotel School graduate employment rate reached a record 95% and attrition rates, a low 12%.

The Hotel School, Sydney

RETIREMENT

AVEO, which was delisted from the Australian Stock Exchange as a result of the AVEO-Brookfield transaction, remains one of the largest operators and developers of retirement homes in Australia, operating over 90 retirement communities nationwide with over 13,000 residents. AVEO also provides aged care and support services to its residents.

An example of an Aveo's retirement and aged care facility

As a result of the AVEO-Brookfield transaction whereby Brookfield is now the largest equity shareholder, we believe that Brookfield will lend its extensive expertise in managing real estate assets to improve the financial and operational performance of AVEO, which will enhance shareholder value in the near future.

Despite the weakening of the broader property market across large parts of Australia, AVEO has shown that demand for innovative retirement living remains strong. Settlements are however taking longer to occur as incoming residents are experiencing increased difficulty in selling their homes.

For further information on the aforementioned transaction, please refer to the Significant Transactions section of this Management Discussion and Analysis.

FINANCIAL SERVICES

Mulpha Finance Group

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

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

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

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

SUSTAINABILITY REPORTING

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

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

Further details on our approach to sustainability and value creation is given in the Sustainability Statement of this annual report.

Leisure Farm Resort's Luxury Villa Collection

SIGNIFICANT EVENTS

AVEO-Brookfield Transaction

The Group was presented with a Scheme Booklet in September 2019, setting out the terms, conditions and structure of Brookfield's privatisation offer to all AVEO shareholders by way of a scheme of arrangement **("Scheme")**. The Scheme entailed AVEO securityholders to receive the following:

(i) Cash consideration, being AUD2.15 for each AVEO share (excluding the distribution of AUD0.045 per AVEO Share for the financial year 2019); or

(ii) Scrip consideration, being 2.15 AOG Units, which in turn indirectly holds the ultimately private vehicle of AVEO for every AVEO share held by AVEO securityholders, which is equivalent to cash consideration of AUD2.15.

The Group opted for an effective mix of both cash and scrip consideration resulting in Mulpha holding an effective interest of approximately 15.5% in AVEO, while receiving a cash sum of AUD125.89 million (inclusive of withholding tax amounting approximately AUD28.20 million to be refunded under the provision of Taxable Australian Property). The proceeds will be used to repay bank borrowings, general working capital of the Group, and for future investment opportunities.

The transaction was subsequently ratified by an Extraordinary General Meeting held on 15 January 2020 as announced on Bursa Malaysia.

Acquisition of Asset

Brimbank Shopping Centre, Melbourne, Australia

In December 2019, the Group led a consortium of investors to acquire the Brimbank Shopping Centre, Melbourne from Blackstone Group for a consideration of about AUD150.00 million. The 37,576 square metre shopping centre in Deer Park sits on an 11-hectare site with more than 1,700 car spaces. The Group holds 20% interest in the above acquisition.

Disposal of Asset

Rydges Esplanade Resort Cairns, Australia

This property was acquired in December 2016 at a cost of AUD42.30 million. After successfully running and increasing operational efficiencies due to the Group's native expertise, the asset was sold for a gross amount of AUD65.00 million and the transaction completed in November 2019. After deducting bank borrowings, incidental expenses, and performance guarantees, the transaction resulted in a net gain of AUD23.08 million (equivalent to approximately RM66.70 million), or an unlevered IRR of 19%.

InterContinental Hayman Island Resort

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

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

PROFIT AND LOSS ANALYSIS

	2019 RM'000	2018 RM'000	Change RM'000	% Change
Revenue	**850,011**	784,904	65,107	8%
(Loss)/Profit from operations	**(3,839)**	219,433	(223,272)	>(100%)
(Loss)/Profit before interest and tax	**(118,373)**	399,510	(517,883)	>(100%)
(Loss)/Profit before tax	**(214,857)**	308,614	(523,471)	>(100%)
(Loss)/Profit after tax	**(211,118)**	235,729	(446,847)	>(100%)
(Loss)/Profit attributable to Owners of the Company	**(211,875)**	235,699	(447,574)	>(100%)

Revenue by Business Segment

	2019 RM'000	2018 RM'000	% Change
Property	**347,659**	333,004	4%
Hospitality	**408,246**	370,216	10%
Investment & other activities	**94,106**	81,684	15%
TOTAL	**850,011**	784,904	8%

(Loss)/Profit Before Tax by Business Segment

	2019 RM'000	2018 RM'000	% Change
Property	**147,339**	152,886	(4%)
Hospitality	**109,308**	92,826	18%
Investment & other activities	**(260,486)**	(26,269)	>(100%)
Results from operating activities	**(3,839)**	219,443	>(100%)
Finance Cost	**(96,484)**	(90,896)	(6%)
(Loss)/Profit after interest before tax	**(100,323)**	128,547	>(100%)
Share of results of association and joint ventures	**(114,534)**	180,067	>(100%)
TOTAL	**(214,857)**	308,614	>(100%)

Hayman Estates, designed by Australian architect Kerry Hill

Group Results

In FY2019, Mulpha's revenue increased by RM65.11 million, an 8% rise YoY, attributed to higher settlements from its Australian property portfolio as well as loss of RM220.53 million following the implementation of AVEO's privatisation scheme.

Despite stronger revenues, the Group posted a loss before tax of RM214.86 million in 2019. This was attributed to the overall underperformance by AVEO of RM117.15 million due to sluggish retirement assets sales, as well as loss of RM220.53 million following the implementation of AVEO's privatisation scheme.

This was offset by higher contribution from the hospitality segments, primarily from the disposal of Rydges Esplanade Resort Cairns.

Property Segment Results

Revenue from the property segment had increased by 4% to RM347.66 million as compared to RM333.00 million in 2018.

Despite posting a 4% improvement in revenue to RM347.66 million, Mulpha's property segment saw pre-tax profit decline marginally, YoY. The 4% drop was attributed to higher land taxes imposed by the Australian government offset by higher revaluation gains derived from the Group's investment properties, which are held by Mulpha Australia Limited. The revaluation gain was RM49.01 million in 2019 as compared to RM36.45 million in 2018.

Hospitality Segment

In FY2019, Mulpha's Hospitality segment posted a 10% and 18% YoY improvement in revenue and pre-tax earnings respectively. Revenue for the financial year was RM408.25 million while profit before tax stood at RM109.31 million.

Contribution was stronger arising from the Hayman Island Resort, which was reopened in June 2019 as well as one-off gains from the disposal of Rydges Esplanade Resort Cairns amounting to AUD23.08 million (equivalent to approximately RM66.70 million).

Investment and Other Activities Segment

The investment and other activities segment recorded a pre-tax loss of RM260.49 million compared to a loss of RM26.27 million for 2018. The higher pre-tax loss was mainly attributable to the loss in AVEO's privatisation scheme as mentioned above.

Investment and other activities segment revenue grew by 15% in 2019, showing the positive effect of our acquisition strategy. Pindari Capital Pty. Ltd., a newly acquired fund and investment management subsidiary, boosted the finance revenue streams. Student enrolments in Mulpha Education Group increased following the increase in the number of courses offered.

FINANCIAL POSITION ANALYSIS

	2019 RM'000	2018 RM'000 Restated
Total Assets		
Property, plant and equipment	**1,022,286**	1,068,355
Investments in associates	**126,985**	1,475,785
Inventories	**1,375,288**	1,381,444
Investment properties	**1,051,756**	1,104,808
Investment securities	**701,290**	252,394
Cash and cash equivalents	**351,851**	150,570
Others	**675,920**	470,381
Total	**5,305,376**	5,903,737

Group asset position declined by 10% from RM5.90 billion to RM5.31 billion, due to the decrease in investments in associates, investment properties and property, plant and equipment.

The decrease in investment in associates was mainly due to impairment losses on AVEO and share of associated companies' losses. The disposal of Rydges Esplanade Resort Cairns, of AUD65.00 million decreased property, plant and equipment valuations, but contributed positively to the Group's cash position during the financial year. An investment property in Australia was reclassified to assets held for sale during the financial year as the sale is expected to be completed in 2020.

This was offset by the increase in investment securities mainly on the investment in Hydra RL Top Co Pty. Ltd. held through a 96% partnership interest in AOG L.P. pursuant to the implementation of AVEO's privatisation scheme.

	2019 RM'000	2018 RM'000
Total Liabilities		
Loans and borrowings	**1,986,597**	2,253,730
Others	**428,170**	432,748
Total	**2,414,767**	2,686,478

The Group's total liabilities decreased by 10% to stand at RM2.41 billion for the year ended 31 December 2019. The decrease was mainly due to repayment of loans and borrowings of the Group.

	2019 RM'000	2018 RM'000 Restated
Total Equity		
Share capital	**2,037,459**	2,037,459
Treasury shares	**(318)**	(318)
Reserves	**(36,376)**	38,860
Retained earnings	**868,946**	1,141,339
Total equity attributable to the owners of the Company	**2,869,711**	3,217,340
Non-controlling interests	**20,898**	(81)
Total	**2,890,609**	3,217,259

The total equity for the Group decreased by 10% to RM2.89 billion as at 31 December 2019. This decrease was mainly due to the loss for the financial period of RM211.12 million and decrease in foreign exchange reserves arising from translation losses for foreign subsidiaries. Share capital remained unchanged.

CASH FLOW ANALYSIS

	2019 RM'000	2018 RM'000	% Change
Net cash from/(used in) operating activities	**134,932**	(76,788)	>100%
Net cash from/(used in) investing activities	**312,636**	(456,407)	>100%
Net cash (used in)/from financing activities	**(248,105)**	333,041	>(100%)
Net decrease/increase in cash and cash equivalents	**199,463**	(200,154)	>100%
Effect of exchange rate fluctuations on cash held	**(5,184)**	(59,654)	91%
Cash and cash equivalents* at 1 January	**124,031**	383,839	(68%)
Cash and cash equivalents* at 31 December	**318,310**	124,031	>100%

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

Cash and cash equivalents increased by >100% in FY2019. Net cash generated from operating activities increased substantially mainly due to higher development settlements that occurred in FY2019, which shored up the Group's cash position. FY2019 also saw higher cash from investing activities largely due to disposal of an associate, AVEO, and disposal of Rydges Esplanade Resort Cairns, which corresponds with an increase in repayment of bank borrowings.

ANTICIPATED OR KNOWN RISKS

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

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

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

GENERAL RISKS

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

PROPERTY SEGMENT

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

HOSPITALITY SEGMENT

RISK FACTORS	MITIGATION MEASURES
Seasonal occupancy due to local and international tourism demands.	We continue to actively market our hotels to customers, both locally and abroad, and offer a wide range of promotions and incentive packages during off-demand periods. In particular, the business segment is tapped to hold events during such times. We also continue to explore non-traditional markets who would be inclined to travel abroad during off-peak periods. Efforts are also being made to synergise our hospitality portfolio with our other assets in the group such as the addition of the Vera Wang licence, Bimbadgen vineyard wines and venue to make complete offerings to the wedding market segment. Technology is becoming more prominent in our business model towards generating more direct bookings (that offer higher earnings margins compared to third party sites) as well as the use of social media to directly reach out to potential customers.
Operational risks affecting quality, health, safety and security.	Regular audits and joint inspections with local authorities are conducted at all premises towards ensuring the health, safety and security **("HSS")** of all stakeholders. We abide by all state and federal laws in the countries which we operate. This includes organising fire and evacuation drills, where needed, ensuring all assets are equipped with safety equipment and relevant personnel have been given training. SOPs have been drawn up for various HSS situations. We continue to work closely with all authorities to ensure regulatory compliance.
Value chain risks such as sustainable procurement for products, packaging and supplies such as toiletries, food & beverage, and also energy, water and waste management.	The Group's hospitality operations continue to develop a sustainable supply chain ensuring that all vendors meet environmental and social standards as required by law and the Group's own procurement policies. The Group continues to work with suppliers, vendors and business partners towards continuously reducing its environmental footprint. For example, our 168 guest rooms and suites at InterContinental Hayman Island Resort are designed with a smart building automation system called suite control, which uses thermal and motion sensors to automatically adjust lighting, temperature, fans, blinds, and other fixtures within the room.

RISK FACTORS	MITIGATION MEASURES
Staff/service related risks such as poor customer service rendered, which can impact sales and business performance.	Training and development as well as acculturation of values and service standards are a regular part of the overall approach to staff training and development. Frontline staff in particular are constantly provided training, not just at their induction, but also throughout their career with the Group's hospitality assets. Our hospitality assets are integrated with our Hotel School education portfolio. Remuneration and rewards for staff are tied to performance, towards motivating staff to continue delivering exemplary customer experience at all times.

PROPERTY INVESTMENT & OTHERS

RISK FACTORS	MITIGATION MEASURES
Uneven lease expiries, late or defaulted lease payments, renewal of leases at less favourable terms, non-renewal of leases, early termination of leases and the inability to secure new tenants.	An internal investment committee was established in FY2018 to provide an independent assessment of all feasibilities and return calculations on every project undertaken by the Group to reduce the investment risks. In this regard, the monitoring, review and analysis of current investments is an ongoing process. Concerns from stakeholders such as our tenants are also factored in when assessing viability of potential investments and in continuing or divesting out of existing investments. Fund allocations for our investments are provided for possible injection into undertaking of mitigating measures to safeguard our investments.

FINANCING AND FOREIGN EXCHANGE RISK

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

GROUP OUTLOOK AND PROSPECTS

The Group enters FY2020 with the momentum of being able to initiate, execute, and complete transactions with varying complexities. The AVEO-Brookfield transaction provided an opportunity to reduce exposure to the retirement industry and further diversify our investment and exposure in real estate, funds management, debt, hospitality, education and other new business sectors.

The acquisition of a significant stake in Brimbank Shopping Centre in Melbourne represents the Group's re-entry into Melbourne after the disposal of Hilton Melbourne Airport in 2010. The Brimbank acquisition represents the retail asset management opportunity for the group and provides a foundation for further funds management opportunities with third party investors.

Diversification will remain one of our key priorities with a focus on value creation through utilisation of our expertise in core sectors such as hospitality, leisure, education, funds management, debt and real estate. We have a unique ability to create value through investment in both real estate and operating cash flow businesses. Often, this combination allows us to see value where others cannot. The acquisition and redevelopment of the Nesuto Hotel in Auckland is an example where our real estate and development teams have combined to fundamentally reposition and add value to the hotel.

Global markets will unquestionably see downward pressure in the short and medium term led by geopolitical factors and recent global health concerns. Whilst the hospitality segment may see a RevPAR growth slowdown as a result of the COVID-19 pandemic, EP is primed for another year of high growth as a recent surge of demand for the platform shows how EP meets the market's need for easily accessible on-line education content.

The Group will focus on reducing costs and maximising cash generation during this period of disruption in order to be in a strong position to find quality growth opportunities at attractive prices when conditions normalise.

Mulpha will continue to draw on its inherent strengths to weather the tide. The Group's cash position remains healthy and Management has put in place proactive, robust operating strategies to drive business and operational performance across all segments.

Management remains committed and confident in driving business expansion and financial performance while registering improved sustainability performance as per our defined social and environmental material topics.

GREGORY DAVID SHAW
Chief Executive Officer

15 April 2020

Residensi Bayou, Leisure Farm Resort

04

OUR COMMITMENT TO GOOD GOVERNANCE

HAYMAN ISLAND

Hayman Island's Beach House comprises three suites, each with their own private pool and amazing ocean views. Perched on the hilltops of the island, overlooking the iconic bay, the properties have access to all the resort has to offer, ensuring guests are fully immersed into a paradisal island life.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors **("the Board")** of Mulpha **(**or **"the Company")** is pleased to provide an overview of the Company's corporate governance practices during the financial year ended 31 December 2019 with reference to the 3 key Principles as set out in the Malaysian Code on Corporate Governance 2017 **("MCCG 2017")**. The Company's application of each Practice set out in MCCG 2017 during the financial year 2019 is disclosed in the Company's Corporate Governance Report **("CG Report")** which is available on the Company's website at *www.mulpha.com.my* as well as via the Company's announcement made to Bursa Malaysia Securities Berhad **("Bursa Securities")**.

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

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

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

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

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

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

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

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

Separation of Positions of the Chairman and CEO

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

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

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

Company Secretaries

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

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

Board Meetings and Access to Information and Advice

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

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

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

Board Charter

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

Corporate Code of Conduct

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

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

Whistleblowing Policy & Procedure

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

II. BOARD COMPOSITION

The Board currently has 5 members, comprising the Executive Chairman, Executive Director and 3 Independent Non-Executive Directors. A majority of the Board members consists of Independent Non-Executive Directors, who account for more than half of the members.

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

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

Nomination Committee

The Nomination Committee comprises all Independent Non-Executive Directors. In conformity with MCCG 2017, the Nomination Committee is chaired by an Independent Non-Executive Director, Mr Loong Caesar.

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

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

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

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

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

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

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

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

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

Appointment of New Directors to the Board

The Nomination Committee is responsible to ensure that the procedures for appointing new Directors are transparent and rigorous, and that appointments are based on merit. In evaluating the suitability of individuals for Board membership, the Nomination Committee ensures that the Board comprises individuals with the necessary background, skills, knowledge, experience and personal characteristics to complement the existing Board and meet its future needs.

A proposed candidate is first considered by the Nomination Committee which takes into account, among others, the skills and experience of the candidate, before making a recommendation to the Board for approval. A formal procedure and process has been established for the nomination and appointment of new Directors.

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

The Board does not have a specific policy on gender diversity but the Nomination Committee is mindful of its responsibilities to conduct all Board appointment processes in a manner that promotes gender diversity pursuant to the recommendation stated in MCCG 2017. The Nomination Committee will endeavour to consider both suitable male and women candidates, and candidates of all ethnicities in the recruitment exercise, when the need arises.

Tenure of Independent Directors and Annual Assessment of Independence

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

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

Re-election of Directors

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

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

Annual Evaluation of Directors

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

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

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

Time Commitment

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

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

A total of 5 Board meetings were held during the financial year ended 31 December 2019 and the record of attendance of the Directors is as follows:-

Name of Directors	Number of Meetings Attended	Percentage of Attendance (%)
Lee Seng Huang	5/5	100
Lee Eng Leong	5/5	100
Chew Hoy Ping	5/5	100
Dato' Yusli Bin Mohamed Yusoff	5/5	100
Loong Caesar	5/5	100

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

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

Directors' Training, Development and Induction

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

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

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

Annually, the Board (through the Nomination Committee) reviewed the training programmes attended by the Directors and assessed the training needs of its members to assist them in the discharge of their duties as Directors. Details of the training programmes/seminars/ conferences/workshops attended by the Directors during the financial year ended 31 December 2019 are as follows:-

Name of Directors	Training Programmes Attended	Organiser	Date
Lee Seng Huang	Update of Listing Rules and Corporate Governance Code	The Hong Kong Institute of Directors	24 May 2019
Lee Eng Leong	1) Bursa Malaysia Thought Leadership Series – Leadership Greatness in Turbulent Times: Building Corporate Longevity	Bursa Malaysia Berhad	26 June 2019
	2) 2019 IIA Malaysia National Conference: Audit Committee Leadership Track	The Institute of Internal Auditors Malaysia	8 October 2019
	3) MIA International Accountants Conference 2019	Malaysian Institute of Accountants	22 & 23 October 2019
	4) Corporate Governance and Anti-Corruption	Bursa Malaysia Berhad & Securities Commission	31 October 2019
Chew Hoy Ping	1) Audit Committee Conference 2019	Malaysian Institute of Accountants & The Institute of Internal Auditors Malaysia	15 April 2019
	2) Cyber Security in the Boardroom: Accelerating from Acceptance to Action	Deloitte PLT	27 June 2019
	3) Introduction to Integrated Reporting <IR>	Malaysian Institute of Accountants	14 October 2019
	4) Corporate Liability under Section 17A of the MACC (Amendment) Act 2018	Malaysian Institute of Accountants	6 November 2019
	5) Audit Oversight Board: Conversation with Audit Committees	Securities Commission	8 November 2019
Dato' Yusli Bin Mohamed Yusoff	1) Training on Corporate Governance: Offence by Commercial Organisation Anti-Bribery Management System MS ISO 37001:2016	FGV Holdings Berhad	13 May 2019
	2) Corporate Governance	KPMG Management & Risk Consulting Sdn. Bhd.	13 May 2019
	3) Financing the SDGS: Malaysian Private Sector Role in Bridging the Gap from Goals to Actions	Global Compact Network Malaysia & United Nations Malaysia	11 September 2019
	4) Bursa Malaysia Diversity Xperience: The Board "Agender"	Bursa Malaysia Berhad	2 October 2019
	5) Malaysian Financial Reporting Standards (MFRS) 16 Leases	Deloitte PLT	21 October 2019

Name of Directors	Training Programmes Attended	Organiser	Date
Loong Caesar	1) The Role of Audit Committees in Ensuring Organisational Integrity, Risk & Governance	Institute of Corporate Directors Malaysia	9 & 10 April 2019
	2) Bursa Advocacy Programme on Demystifying the Diversity Conundrum: The Road to Business Excellence	Bursa Malaysia Berhad	14 August 2019
	3) Corporate Governance; National Anti-Corruption Plan & Role of Private Sector; Section 17A & Its Implications; and Budget 2020 & The Economy	Lembaga Tabung Angkatan Tentera (LTAT) & Boustead Holdings Berhad	29 October 2019
	4) Raising Defences: Section 17A, MACC Act	The Iclif Leadership and Governance Centre	10 December 2019

III. REMUNERATION

Remuneration Policies and Procedures

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

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

Remuneration Committee

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

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

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

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

Details of Directors' Remuneration

Details of remunerations of the Directors of Mulpha (received from the Company and on a group basis respectively) for the financial year ended 31 December 2019 are as follows:-

Name of Directors	Directors' Fees RM'000	Salaries RM'000	Bonuses RM'000	Defined Contribution Plan RM'000	Fixed Allowances RM'000	Meeting Attendance Allowances RM'000	Estimated Monetary Value of Benefits-in-kind RM'000	Total RM'000
Executive Director								
Lee Seng Huang	–	621	240	103	–	–	–	964
Non-Executive Directors								
Chew Hoy Ping	90	–	–	–	45	24	–	159
Dato' Yusli Bin Mohamed Yusoff	70	–	–	–	6	24	–	100
Loong Caesar	70	–	–	–	6	24	–	100
Received from the Company	**230**	**621**	**240**	**103**	**57**	**72**	**–**	**1,323**
Executive Directors								
Lee Seng Huang	–	858	325	10	–	–	–	1,193
Lee Eng Leong	–	726	–	87	–	–	4	817
Received from a subsidiary	**–**	**1,584**	**325**	**97**	**–**	**–**	**4**	**2,010**
Total Group	**230**	**2,205**	**565**	**200**	**57**	**72**	**4**	**3,333**

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. ARMC

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

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

In 2019, the ARMC members had attended seminars, conferences and workshops to keep themselves abreast of the latest developments in accounting/auditing standards, regulatory requirements and corporate governance.

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

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Sound Framework to Manage Risks

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

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

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

Internal Audit and Risk Management Functions

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

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

During the financial year, the internal audit and risk management functions were outsourced to the Internal Audit and Risk Management Department **("IARMD")** of AVEO, which was previously an associated company of the Group. With effect from 1 July 2019, the internal audit and risk management functions were performed in-house and the IARMD reports directly to the ARMC.

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

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

Directors' Responsibilities Statement in respect of the Audited Financial Statements

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

In preparing the financial statements, the Directors have:-

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

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

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

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

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

I. COMMUNICATION WITH STAKEHOLDERS

Periodic and Continuous Disclosure

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

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

Company Website

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

Shareholders and Investors Queries

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

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

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

II. CONDUCT OF GENERAL MEETINGS

Encourage Shareholder Participation at General Meetings

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

In 2019, the notice of AGM with sufficient information of businesses to be dealt with thereat, was sent to shareholders more than 28 days ahead of the meeting date together with the Annual Report. The notice of AGM was published in one national newspaper to provide for wider dissemination of such notice to encourage shareholder participation. In addition, the notice of AGM and Proxy Form which were contained in the Annual Report, were posted on the websites of Mulpha and Bursa Securities.

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

Notice of the forthcoming AGM will also be given to shareholders more than 28 days prior to the meeting.

Effective Communication and Proactive Engagements with Shareholders

At the general meetings, shareholders have direct access to the Board and senior management, and they are encouraged to participate in the question and answer session.

At the 2019 AGM, all the Directors save for 1 Director who had conveyed his leave of absence, were present in person to engage directly with shareholders. Amongst them, Mr Chew Hoy Ping, Dato' Yusli Bin Mohamed Yusoff and Mr Loong Caesar who are Chairmen of the ARMC, Remuneration Committee and Nomination Committee respectively, were present at the AGM to provide responses to questions addressed to them by shareholders. In addition, the external auditors, KPMG PLT were in attendance to answer questions from shareholders on the audited financial statements. The senior management of the Company were also present to respond to any enquiries from shareholders.

At the said AGM, the CEO, Mr Gregory David Shaw presented an overview of the Group's performance and strategies to the shareholders.

Electronic Poll Voting

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

The voting at the 2019 AGM was conducted on a poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Securities by way of electronic voting.

This Corporate Governance Overview Statement was approved by the Board on 28 May 2020.

ADDITIONAL COMPLIANCE INFORMATION

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

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

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

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

On 29 November 2019, the Schemes had been implemented on even date and accordingly BidCo is the registered holder of all AVEO Securities. AVEO had further announced that it intends to apply to have quotation of AVEO Securities terminated and for AVEO to be removed from the official list of the Australian Stock Exchange with effect from the close of trading on 2 December 2019.

Pursuant to the completion of the Schemes, the Company's subsidiaries received AUD178,580,181 in equivalent units in AOG L.P. (net of withholding tax under the provision of Taxable Australia Property) which represents 16.1% indirect equity interest in TopCo, which indirectly owns all the securities of AVEO; and a cash consideration of RM361,351,000 (approximately AUD125.89 million) [inclusive of withholding tax amounting to RM80,931,000 (approximately AUD28.20 million) to be refunded under the provision of Taxable Australia Property].

The total proceeds of RM361,351,000 was utilised or allocated as at 31 December 2019 in the following manner:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Timeframe for Utilisation
Repayment of bank borrowings	265,102	169,215	May 2020
Future investment opportunities	57,400	–	January 2021
General working capital	38,142	–	January 2021
Estimated expenses in relation to the disposal of AVEO	707	–	January 2020
Total:	**361,351**	**169,215**	

2. AUDIT AND NON-AUDIT FEES

The audit and non-audit fees paid/payable to the external auditors for services rendered to the Company and/or its subsidiaries for the financial year ended 31 December 2019 are as follows:

	Group RM'000	Company RM'000
Audit fees		
KPMG PLT, Malaysia	277	136
Overseas affiliates of KPMG PLT, Malaysia	1,434	–
Other auditors	86	–
Subtotal:	**1,797**	**136**
Non-audit fees		
KPMG PLT, Malaysia	14	12
Subtotal:	**14**	**12**
Total:	**1,811**	**148**

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

Other than those disclosed in the audited financial statements, there were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiaries involving the interest of directors, chief executive who is not a director or major shareholders during the financial year ended 31 December 2019.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

CONSTITUTION AND COMPOSITION

The Audit Committee was established pursuant to a resolution of the Board passed on 28 July 1994. In line with the recommendation of the MCCG 2017, the Audit Committee which has been assisting the Board in carrying out, among others, the responsibility of overseeing the Group's risk management framework and policies, was renamed as 'Audit and Risk Management Committee' **("ARMC")** on 27 February 2019, as approved by the Board.

The ARMC currently comprises 3 members, all of whom are Independent Non-Executive Directors and none of them is an alternate director. The members are as follows:-

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

2. Dato' Yusli Bin Mohamed Yusoff (Member)
   – Resigned on 18 February 2020
   (Independent Non-Executive Director)

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

4. Geoffrey Earl Grady (Member)
   – Appointed on 1 April 2020
   (Independent Non-Executive Director)

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

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

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

TERMS OF REFERENCE ("AC CHARTER")

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

MEETINGS AND ATTENDANCE

During the financial year ended 31 December 2019, the ARMC held 5 meetings. The details of attendance of the ARMC members are as follows:-

Name of ARMC Members	Number of Meetings Attended
Chew Hoy Ping	5/5
Dato' Yusli Bin Mohamed Yusoff	5/5
Loong Caesar	5/5

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

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

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

SUMMARY OF ACTIVITIES OF THE ARMC

During the financial year, the ARMC carried out its activities in line with the AC Charter, which are summarised as follows:-

1. **Financial Reporting**
   - Reviewed and discussed with Management, the financial and cash flows reports (including bank facilities and bank covenants) of the Company and the Group at the ARMC meetings held on 25 February 2019, 27 May 2019, 26 August 2019, 28 November 2019 and 26 February 2020. The financial and cash flows reports were also tabled to the Board for notation.

- Reviewed the quarterly financial results for the 4th quarter of 2018 and the annual audited financial statements of 2018 for recommendation to the Board for approval and release to Bursa Securities, at the ARMC meetings held on 25 February 2019 and 4 April 2019 respectively.

- Reviewed the quarterly financial results for the 1st, 2nd, 3rd and 4th quarters of 2019, and the annual audited financial statements of 2019 for recommendation to the Board for approval and release to Bursa Securities, focusing particularly on:

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

  at the ARMC meetings held on 27 May 2019, 26 August 2019, 28 November 2019, 26 February 2020 and 9 April 2020 respectively.

2. Annual Report Requirements

- Reviewed and recommended to the Board for approval, the Statement on Risk Management and Internal Control for inclusion in the 2018 Annual Report, at the ARMC meeting held on 25 February 2019.

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

- Reviewed and approved the ARMC Report for inclusion in the 2018 Annual Report, at the ARMC meeting held on 25 February 2019.

- Reviewed and recommended to the Board for approval, the Corporate Governance Overview Statement and Notice of AGM for inclusion in the 2018 Annual Report, as well as the CG Report for submission to Bursa Securities at the ARMC meeting held on 4 April 2019.

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

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

- Reviewed and approved the ARMC Report for inclusion in the 2019 Annual Report, at the ARMC meeting held on 9 April 2020.

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

3. Internal Audit

- Reviewed the internal audit reports presented by the IARMD that detailed the audit findings and recommended corrective actions, as well as Management's responses and action plans in addressing the identified risks and internal control deficiencies, at the ARMC meetings held on 25 February 2019, 27 May 2019, 28 November 2019 and 26 February 2020. A total of 6 audit engagements were completed in 2019.

  Risk-based audits were performed on selected business units within the Group, as included in the approved internal audit plan and encompassing an assessment of the system of internal control, risk management and governance pertaining to the employee expenses reimbursement process; key financial and operating controls for The Hotel School; sales and receipts for Marritz and Salzburg; mortgage debt business; IT network penetration & Office365 vulnerability assessment; and Leisure Farm operations.

At each ARMC meeting, the IARMD provided an update on audit activities and progress against the 2019 internal audit plan. Where appropriate, the ARMC was also apprised of key initiatives and continuous improvement activities being undertaken by the IARMD.

- Reviewed and approved the internal audit plan for 2020 to ensure adequacy of the scope and coverage of key business and operational units within the Group, at the ARMC meeting held on 28 November 2019. The 2020 audit plan addressed the key themes of asset stewardship, cost control, operational efficiency, partnerships, internal control and compliance.

  At the said meeting, the ARMC also reviewed and approved the 3-year rolling internal audit plan which provided an indication of those key risk areas and business operations to be reviewed by the IARMD in the 2020-2022 triennium.

- Reviewed and considered the revised Whistleblowing Policy & Procedure which was amended to be in line with mandatory requirements and best practice guidelines, at the ARMC meeting held on 28 November 2019.

  Upon the ARMC's recommendation, the Board at its meeting held on 29 November 2019, approved the revised Whistleblowing Policy & Procedure.

4. External Audit

- Reviewed with the external auditors, the audit report, issues, reservations and Management responses arising from their audit of the financial statements for the year ended 31 December 2018, at the ARMC meeting held on 25 February 2019.

  The external auditors briefed the ARMC among others, on the audit status and outstanding matters, audit focus areas, audit findings as well as the impact for adoption of Malaysian Financial Reporting Standards **("MFRS")** 9 (*Financial Instruments*) and MFRS 15 (*Revenue*), and the disclosure impact for the forthcoming standard, MFRS 16 (*Leases*). The external auditors accepted the impact assessed by Management on initial application of MFRS 9 and 15 as well as the estimated impact assessed by Management on initial application of MFRS 16.

- Reviewed with the external auditors on 25 February 2019, 28 November 2019 and 26 February 2020 without the presence of the executive board member and Management, the extent of assistance rendered by Management and issues arising from their audit. The ARMC was satisfied with the openness in communication and interaction with the engagement partner and his team, which demonstrated their independence and professionalism.

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

- In February 2019, the ARMC undertook an assessment of the suitability and independence of the external auditors for their re-appointment as Auditors of the Company at the 2019 AGM, which included a structured evaluation questionnaire completed by each member of the ARMC. The questionnaires which are used as an assessment tool, are based on a 4-scale rating or 'Yes' and 'No' answer, whichever is applicable for each question. The areas which were covered in the assessment encompassed the external auditors' performance in terms of skills, expertise and competencies, calibre of the external audit firm, independence and objectivity, audit scope and planning, reasonableness of audit fees, provision of non-audit services and quality of communications with the ARMC. This annual evaluation provides the ARMC with a disciplined approach for maintaining effective oversight of the external auditors' performance.

  The evaluation results were tabled at the ARMC meeting held on 25 February 2019. The external auditors have also provided written confirmation on their independence in accordance with the terms of the relevant professional and regulatory requirements. The ARMC was satisfied with the suitability and independence of the external auditors and thereby recommended to the Board for their re-appointment at the AGM of the Company.

  The Board at its meeting held on 27 February 2019 approved the ARMC's recommendation for the re-appointment of external auditors, subject to the shareholders' approval being sought at the AGM of the Company. The shareholders had duly approved the re-appointment of external auditors at the AGM held on 12 June 2019.

- Reviewed with the external auditors on 4 April 2019, the annual audited financial statements including the Independent Auditors' Report for the financial year ended 31 December 2018, where relevant disclosures in the annual audited financial statements were deliberated.

- Reviewed and recommended to the Board for approval, the audit and non-audit fees of the external auditors for the financial year ended 31 December 2018, at the ARMC meeting held on 4 April 2019.

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

- Reviewed with the external auditors, their audit plan, scope of audit, audit timeline, focus areas on potential key audit matters, assessment of adoption of the new accounting standard – MFRS 16 and other significant audit matters in relation to the audit of the financial statements for the year ended 31 December 2019, at the ARMC meeting held on 28 November 2019.

- Reviewed with the external auditors, the audit report, issues, reservations and Management responses arising from their audit of the financial statements for the year ended 31 December 2019, at the ARMC meeting held on 26 February 2020.

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

  Pursuant to the new and revised Auditor Reporting Standards which took effect from 16 December 2016, the ARMC reviewed the key audit matters raised by the external auditors and ensured that adequate work had been done to support the audit conclusions and overall impact on the financial statements. The 3 key audit matters which were highlighted to the ARMC (to be disclosed in the Independent Auditors' Report contained in the Audited Financial Statements) were:

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

- In February 2020, the ARMC assessed the suitability and independence of the external auditors for their re-appointment as Auditors of the Company at the forthcoming 2020 AGM, via the same assessment tool as described above. The evaluation results were tabled at the ARMC meeting held on 26 February 2020, and the ARMC was satisfied with the suitability and independence of the external auditors and thereby recommended to the Board for their re-appointment at the forthcoming AGM of the Company. The external auditors have also provided written confirmation on their independence in accordance with the terms of the relevant professional and regulatory requirements.

  The Board at its meeting held on 27 February 2020 approved the ARMC's recommendation based on the evaluation results, for the re-appointment of external auditors, subject to the shareholders' approval being sought at the forthcoming AGM of the Company.

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

- Reviewed and recommended to the Board for approval, the audit and non-audit fees of the external auditors for the financial year ended 31 December 2019, at the ARMC meeting held on 9 April 2020.

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

5. Risk Management

- Reviewed and adopted the updated Mulpha Group's Top 15 Enterprise Risk Register and Risk Profile Heat Map, at the ARMC meetings held on 25 February 2019, 26 August 2019 and 26 February 2020.

- Reviewed and approved the risk management plan for 2020 at the ARMC meeting held on 28 November 2019. The risk management activities to be undertaken in 2020 include ongoing management and reporting of operational, financial and strategic risks; a desktop review of divisional risk registers maintained by Management; analysis, trending and reporting of material business risks and the Group's risk profile; and the provision of assurance over the Group's operational activities from a risk management perspective (through the risk-based internal audit plan).

6. Related Party Transactions

- Reviewed the related party transactions entered into by the Company and the Group to ensure that the transactions entered into were at arm's length basis and on normal commercial terms, at the ARMC meetings held on 25 February 2019, 27 May 2019, 26 August 2019, 28 November 2019 and 26 February 2020.

7. Other Matters

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

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

- Considered and recommended to the Board for approval, the proposed renaming of the Audit Committee to 'Audit and Risk Management Committee' and the proposed amendments to the AC Charter, at the ARMC meeting held on 25 February 2019.

  Upon the ARMC's recommendation, the Board at its meeting held on 27 February 2019, approved the proposed renaming of the Audit Committee to 'Audit and Risk Management Committee' and the proposed amendments to the AC Charter.

- Reviewed and discussed with Management on the pre-emptive action plan in dealing with the outcome of the AVEO's strategy review, at the ARMC meeting held on 4 April 2019.

- Discussed with Management on the implication of Section 17A of Malaysian Anti-Corruption Commission Act at the ARMC meetings held on 26 August 2019 and 28 November 2019.

INTERNAL AUDIT AND RISK MANAGEMENT FUNCTIONS

During the financial year, the internal audit and risk management functions were outsourced to the IARMD of AVEO, an associated company of the Group. With effect from 1 July 2019, the internal audit and risk management functions were performed in-house and the IARMD reports directly to the ARMC.

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

The IARMD adopts a risk-based approach in developing the annual internal audit plan for approval by the ARMC. The ARMC receives quarterly internal audit reports from the IARMD and discusses these reports to ensure recommendations in the reports are duly acted upon by Management. A total of 6 audit engagements were completed in 2019.

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

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

(a) Performed and completed 6 risk-based audits on selected business units within the Group as included in the approved internal audit plan. Audit projects completed during the year encompassed an assessment of the system of internal control, risk management and governance pertaining to the employee expenses reimbursement process; key financial and operating controls for The Hotel School; sales and receipts for Marritz and Salzburg; mortgage debt business; IT network penetration & Office365 vulnerability assessment; and Leisure Farm operations.

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

(c) Prepared and tabled the Statement on Risk Management and Internal Control for inclusion in the 2018 Annual Report, at the ARMC meeting held on 25 February 2019.

(d) Prepared and tabled for the ARMC's adoption, the updated Mulpha Group's Top 15 Enterprise Risk Register and Risk Profile Heat Map, at the ARMC meetings held on 25 February 2019, 26 August 2019 and 26 February 2020.

(e) Prepared and tabled for ARMC's approval, the internal audit plan for 2020 which covered key business and operational units within the Group, at the ARMC meeting held on 28 November 2019. The 2020 audit plan addressed the key themes of asset stewardship, cost control, operational efficiency, partnerships, internal control and compliance.

    The 3-year rolling internal audit plan which provided an indication of those key risk areas and business operations to be reviewed by the IARMD in the 2020-2022 triennium, was also tabled for the ARMC's approval, at the ARMC meeting held on 28 November 2019.

(f) Prepared and tabled for ARMC's approval, the risk management plan for 2020 at the ARMC meeting held on 28 November 2019. The risk management activities to be undertaken in 2020 include ongoing management and reporting of operational, financial and strategic risks; a desktop review of divisional risk registers maintained by Management; analysis, trending and reporting of material business risks and the Group's risk profile; and the provision of assurance over the Group's operational activities from a risk management perspective (through the risk-based internal audit plan).

(g) Prepared and tabled the proposed amendments to the Whistleblowing Policy & Procedure at the ARMC meeting held on 28 November 2019.

(h) Prepared and tabled the Statement on Risk Management and Internal Control for inclusion in the 2019 Annual Report, at the ARMC meeting held on 26 February 2020.

In February 2019, the ARMC carried out an evaluation of the effectiveness of the internal audit function in respect of financial year 2018. The appraisal covered the adequacy of IARMD's scope, its functions, resources, authority and independence, as well as the competency of internal audit staff. The results of the evaluation were tabled at the ARMC meeting held on 25 February 2019. In general, the ARMC was satisfied that the IARMD has been operating satisfactorily.

In February 2020, the ARMC also undertook an evaluation of the effectiveness of the internal audit function for financial year 2019, which covered the areas mentioned above. The results of the evaluation were tabled at the ARMC meeting held on 26 February 2020. The ARMC was satisfied that the IARMD continues to operate satisfactorily.

The costs incurred by IARMD in discharging its functions and responsibilities during the financial year ended 31 December 2019 amounted to RM371,719.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to Main Market Listing Requirements of Bursa Securities and Principle B of the MCCG 2017, the Board affirms its commitment to maintaining a sound risk management framework and internal control system that safeguards shareholders' investment and the Group's assets.

Having regard to this, and the requirements included in the *Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers*, the Board makes the following disclosures in accordance with Paragraph 15.26(b) of the Listing Requirements for the financial year ended 31 December 2019:

PURPOSE, RESPONSIBILITY AND MONITORING

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

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

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

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

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

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

RISK MANAGEMENT

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

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

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

The Group has adopted a decentralised approach to risk management, whereby individual Risk Management Units **("RMUs")** led by a Head of Division are responsible for the systematic identification, assessment and management of risk within their respective business units. The identification, assessment, management and monitoring of risk is conducted in accordance with the Group's risk management methodology, as approved by the Board.

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

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

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

INTERNAL AUDIT

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

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

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

In financial year 2019, the IARMD completed 6 audit projects. Areas of focus in 2019 included the review of key financial and operating controls at Leisure Farm Resort, Marritz Hotel, Salzburg Apartments and The Hotel School; the management of employee expenses; and follow-up reviews of the Group's first-mortgage debt fund business and its information technology network security controls.

KEY ELEMENTS OF INTERNAL CONTROL

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

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

SCOPE AND ATTESTATION

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

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

Pursuant to Paragraph 15.23 of the Listing Requirements, the External Auditors have reviewed this Statement for inclusion in the 2019 Annual Report, and have reported to the Board that nothing came to their attention that would suggest this Statement has not been prepared, in all material aspects, with the disclosures required under paragraphs 41 and 42 of the *Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers*.

This Statement on Risk Management and Internal Control was approved by the Board on 27 February 2020.

05

OUR COMMITMENT TO BUSINESS SUSTAINABILITY

BLACK ON WHITE VILLA, LEISURE FARM

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

SUSTAINABILITY STATEMENT

SUSTAINABILITY AT MULPHA

Sustainability has always been a part of Mulpha's practice as we strike a balance between achieving robust financial performance, business growth, environmental stewardship and giving back to the communities in which we operate. We are focused on creating long-term value for our businesses and its diverse stakeholders by managing our economic, environmental and social impacts.

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

This agenda ensures our commitment in contributing towards the greater good of the environment, workplace, marketplace and community through our role as a real estate and hospitality investor, seeding initiatives that align with our sustainability goals, our business strategy and the needs and considerations of our stakeholders.

For the year 2019, our key sustainability priorities are as follows:

Establish a Sustainability Committee to steer the sustainability function at Mulpha	Strengthening HR practices based on employee feedback
Reviewing sustainability governance policies and internal controls and strengthening our anti-corruption framework	Training and upskilling for employees
Conducting employee engagement via survey and recreational activities	Funding considerations for internal and external stakeholder engagement activities

REPORTING SCOPE AND GUIDELINES

This statement covers our sustainability disclosure for Mulpha's businesses in Malaysia, as well as some overseas operations, for the period of 1 January to 31 December 2019. It has been prepared in accordance with Bursa Malaysia Securities Bhd's **("Bursa Malaysia")** Sustainability Reporting Guide 2nd Edition to meet the Main Market Listing Requirements.

GOVERNANCE

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

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

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

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

LEISURE FARM

SUSTAINABILITY COMMITTMENT

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

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

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

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

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

We thank you all for your support.

Signed by

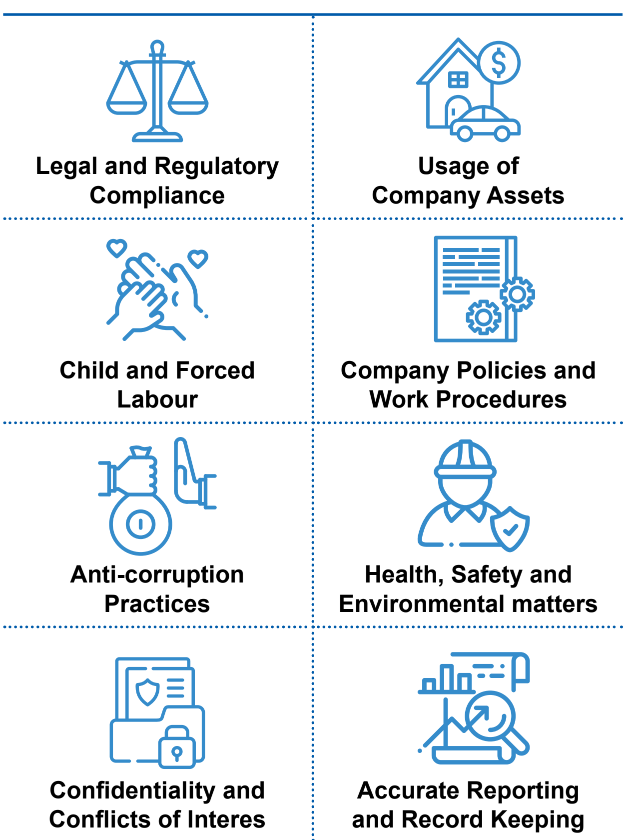
Robert Marek
General Manager
Leisure Farm Resort

The committee held its first meeting in November 2019, where they deliberated on matters relating to the employee engagement survey, funding and budgeting for sustainability activities, the Malaysian Anti-Corruption Commission Act 2009, as well as the targets to be achieved at the subsequent meeting and for the year 2020.

Code of Conduct

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

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



Equal Rights

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

Anti-Corruption

We are in the process of updating our policies to strengthen our anti-corruption and anti-bribery framework in alignment with the Malaysian Anti-Corruption Commission Act 2009, with a view to strengthen anti-corruption training and IT systems to enhance compliance.

Whistleblowing

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

For this purpose, we have in place a Whistleblowing Policy and Procedure, which stands as our last line of defence against any breach in ethical and equitable conduct at Mulpha. The policy outlines the reporting channels available to stakeholders and Mulpha's procedures to address reported issues. In accordance with the policy, whistleblowers are ensured their safety and confidentiality as well as a timely and fair resolution of all reported matters.

Risk Management

With business interests in multiple parts of the world, we are cognisant of the need to keep a constant watch of environmental, social and economic risks that could affect the sustainability of our business. The risks under our review include financial risks, supply chain, human capital, employee rights, environmental risks, natural resources, climate change, and regulations related to property and construction.

Mulpha has put in place appropriate risk management strategies and internal control measures that are outlined on page 55–56 of this annual report. We have regular reviews and situational analyses to monitor and devise mitigation methods and the best ways to adapt to such risks. This has helped our efforts in the management of the local environment, resources and waste disposal, and enhanced our corporate social responsibility and stakeholder engagement initiatives.

STAKEHOLDER ENGAGEMENT

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

Our key stakeholders include those from within and outside the Group, as well as those that can significantly impact or influence the performance of our organisation, identified as follows:

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

The following table outlines our stakeholder engagement activities for 2019:

Stakeholder Group	Engagement Approach	Frequency	Engagement Focus/Objectives
Employees	• Benefits and compensation • Employee dialogue • Employee satisfaction surveys	• Annually • Annually • Annually	• Employee empowerment • Employee motivation • Workplace efficiency
Customers/ Tenants/Residents	• Quality delivery • Workmanship and design • Facilities management • Satisfaction surveys • Events and engagement programmes	• At project completion • Project cycle • Daily • Annually • Annually	• Improved customer experience • Building relationships • Increased operational efficiency
Shareholders/ Investors/Analysts	• Annual general meetings • Financial results and announcements • Quarterly reports	• Annually • Quarterly • Quarterly	• Operational efficiency • ESG risks and opportunities • Transparency • High-quality assets
Communities	• Local partnerships • Involvement in the community • Infrastructure improvements • Job opportunities • Community events • Donations and sponsorships	• Ad-hoc • Annually	• Community involvement • Community support • Community relationships • Community resources
Government/ State Councils	• Compliance reporting • Sustainable building developments • Regular meetings especially during approval processes	• Annually • Ad-hoc • Regular	• Compliance • Collaborations

Stakeholder Group	Engagement Approach	Frequency	Engagement Focus/Objectives
Supply Chain	• One-to-one meetings • Supplier briefings • Supplier evaluations including events, meetings and training programmes	• Ad-hoc	• Business relationships • Development opportunities • Supply and service efficiencies
Banks/ Financiers	• Face-to-face meetings • Annual and quarterly reports	• Ad-hoc • Annually	• Interest and foreign exchange risk management • Compliance with debt covenants • New acquisitions and transactions

MATERIALITY MATTERS

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

Our materiality assessment process involves:

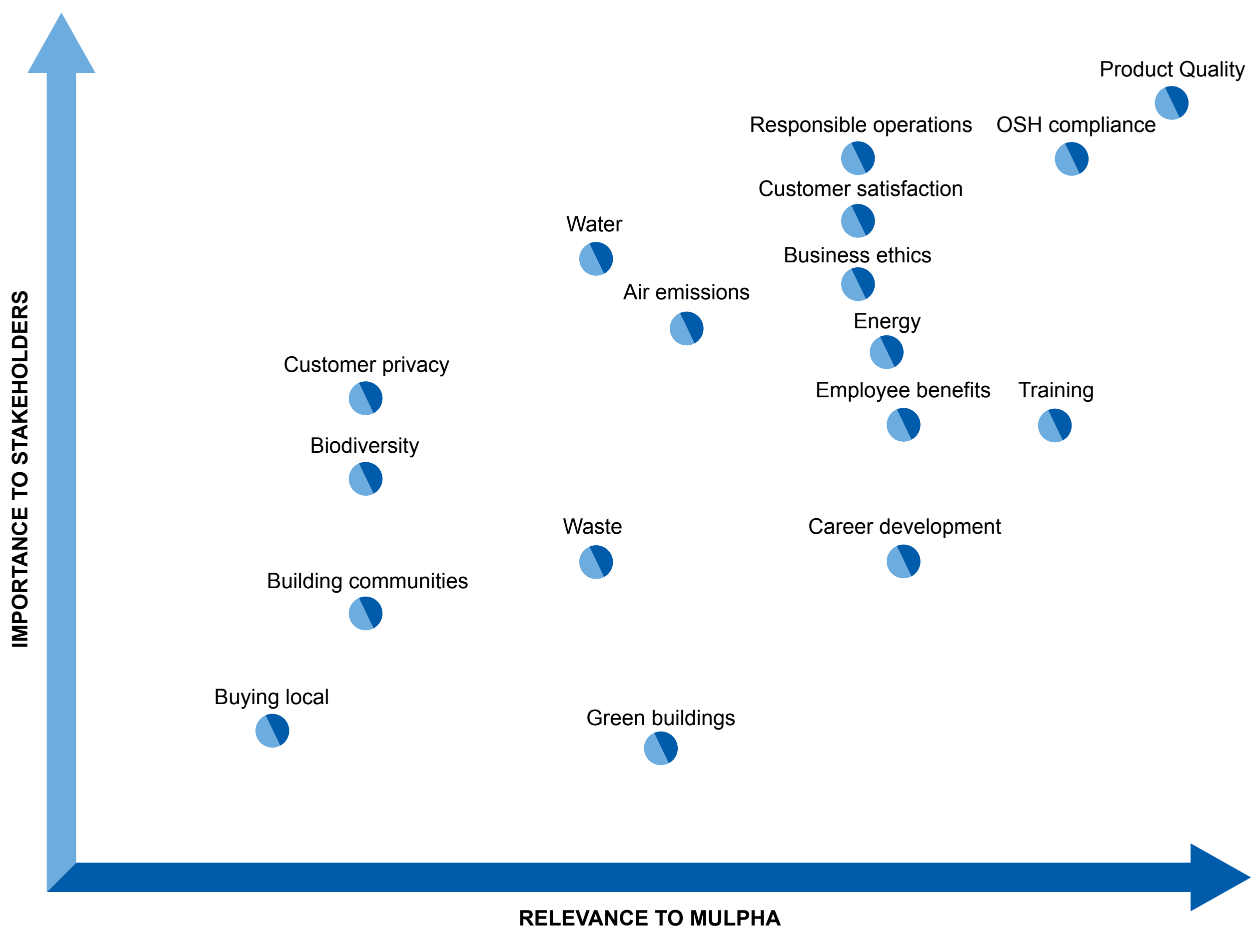
1. Evaluate local and international sustainability frameworks, standards and ratings
2. Identify issues that represent the interests of our key stakeholder groups
3. Review the outcomes of stakeholder engagement efforts on sustainability issues
4. Gather feedback from senior management on issues relevant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

Our engagement activities and impacts on our key stakeholder groups are reviewed from time to time to enable us to make more strategic business decisions and prioritise our focus areas. The most recent materiality assessment was conducted in 2018 from which we derived the following material issues that the Management of Mulpha has deemed relevant for 2019, with minor changes:

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

Materiality Matrix

The understanding and prioritising of key impacts, risks and opportunities is an ongoing process. The following materiality matrix displays the relevancy of the above-mentioned materiality issues to Mulpha as well as its importance to our stakeholders. It remains mostly unchanged from 2018.



MARKETPLACE

Against the backdrop of a dynamic business landscape, the Group strives to balance commercial viability with managing the business risk and environment for all its projects across the globe. We are committed to maintaining fair and ethical practices that contribute to the development of a robust marketplace wherever we operate.

All our project planning, development and execution are guided by our strategic sustainability management concepts which support the development of local economies through our investment in community and infrastructure building.

Local Supply Chain

As far as possible, we work with local contractors, suppliers and manufacturers as well as business partners familiar with local regulatory requirements.

In the process of supplier selection, we prioritise those that exhibit competence and capability, as well as environmental and social responsibility. We require our direct suppliers to abide by environmental and labour laws of the countries in which we operate.

Quality Products and Services

Mulpha has a proven track record of returns and optimised valuations of assets that is built on the foundation of quality. From real estate development to education, healthcare, hospitality, retail and fund management, we have consistently invested in reputable partners with high standards of operations and distinguished performance.

In the year under review, our investment portfolio continues to garner awards and recognition that speaks to our commitment to delivering quality products and services.

At the 57th Australian Export Awards, Mulpha was named the Regional Investment Award Winner for the redevelopment, repositioning and relaunch of Hayman Island after it was devastated by several cyclones. This project has been recognised as a new benchmark in luxury resort travel. It also created additional jobs in Australia.

Customer/Resident Satisfaction

The satisfaction of our customers and residents is a top priority for Mulpha. By ensuring the quality of our design, build and finish as well as timely delivery, it engenders trust in the Mulpha brand that enhances the value of our properties and ensures repeat buyers and investors.

During vacant possession of units, our customer service personnel accompany our buyers for a thorough property inspection. They are committed to rectify any defect reports effectively and expeditiously. Our dedicated customer relationship managers continue to stay in touch with homeowners and residents to ensure their satisfaction throughout their homeownership journey. We also provide value-added aftersales hospitality services such as on-demand housekeeping, in-house masseurs, and other professional services for selected properties.

Leisure Farm's One Stop Centre located within the Sales Gallery serves as a central point for residents' feedback and enquiries as well as an administrative centre for the payment of maintenance fees. Aside from direct communication with our sales personnel, customers can channel their complaints through this One Stop Centre in person, by phone, via email or in writing. Leisure Farm's Customer Service Department will then follow its Complaints Handling Procedure to determine whether the complaint can be adequately resolved by front-liners within one working day, or if it requires further investigation, with a commitment to resolve the issue to the complainant's satisfaction within five working days if there are no exceptional circumstances. The nature of the complaint as well as the resolution outcomes are recorded so that we can better understand and improve customer experience in the future.

Meanwhile, we also organise resident engagement activities in our developments to build sustainable communities in the townships we create, which are disclosed in the Community section of the Sustainability Statement.

Customer/Resident Privacy

In adherence to the Personal Data Protection Act 2010 **("PDPA 2010")**, Mulpha is committed to protecting the confidentiality of personal information disclosed during our transactions and interactions with customers and residents.

WORKPLACE

At Mulpha, employees are an indispensable part of our business. We target our recruitment to attract people with vast experience and relevant industry background who also share our vision and business goals. With inclusive hiring policies, we offer competitive remuneration, talent development opportunities and a performance-based work culture as part of the Mulpha family.

For the year under review, on the local front, our headcount remained the same at 64 whilst our Australia headcount is 1,284 (up from 1,147 in 2018) attributed to the re-opening of our Intercontinental Hayman asset on 1 July 2019.

The chart below shows our total workforce strength over the last 5 years:

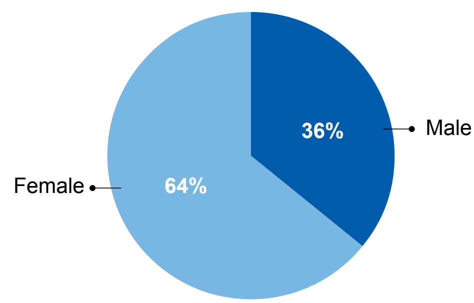
Total No. of Employees

Mulpha is an equal opportunity employer. However, due to privacy policies in Australia, we can only provide diversity reports for our Malaysian operations, where the majority of staff are Ethnic-Chinese (54%), followed by Ethnic-Indians (22%) and Bumiputeras (19%), while other ethnicities make up 5%. In 2019, our employees consist of 64% females and 36% males.

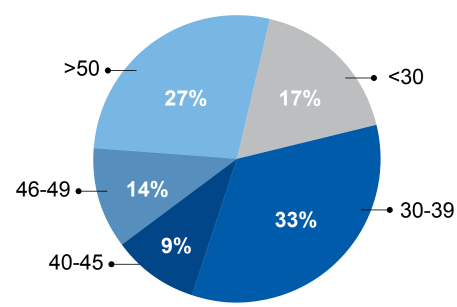
The majority of employees belong to the 30-39 age group (33%), followed by the over 50 age group (27%), and under 30 age group (17%). There is a good balance between the younger generation, who tend to be more creative and technologically savvy, and the older generation, who have more life experiences and knowledge. They can complement each other to achieve the best outcomes.

The following charts show a breakdown of the diversity indicators for our Malaysian employees:

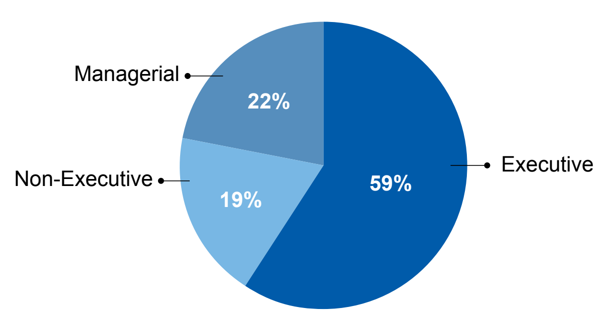
Number of Staff by Gender



Age Group Breakdown



Breakdown of Staff by Position



In Mulpha Malaysia, the salary comparison between male and female staff is skewed in favour of the females for the non-executive and executive levels, due to a larger female employee population. However, the opposite is true in the management levels, where the senior management is predominantly male.

Employee Benefits

Our employees are assessed yearly based on their performance, capabilities, qualifications, and character, with competitive remunerations that commensurate with their performance assessment.

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

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

Aside from benefits and remunerations, we also award our employees for their loyalty in service. In FY2019, the Group awarded 1 Long Service Award and 1 Retirement Award to show our appreciation for their dedication.

Training and Development

At Mulpha, we believe all employees should be given the right training to enable them to perform their jobs effectively.

All new employees are required to attend an induction programme as well as the Health and Safety training. Aside from on-the-job training, we also invest in classroom-based functional skills and knowledge training as needed, with a yearly training calendar provided by Human Resources **("HR")** to the respective Heads of Department.

In 2019, a total of RM597,902 was spent on training in the areas of accounting, taxation and auditing, performance management, hotel management, HR, information technology, project management and surveying soft skills, as well as various conference.

Based on feedback from the employee engagement survey conducted in 2019, we will endeavour to provide more training opportunities to meet the interests from our employees and place more focus on succession planning to help them in their career growth.

Workplace Health & Safety

Mulpha has a Workplace Health & Safety Policy, which will be continuously monitored, audited and reviewed to ensure that it remains effective. Besides that, we have a comprehensive contractor management policy and procedure, listing all mandatory safety requirements which our contractors must adhere to.

Through our Workplace Health & Safety Policy, we are committed to comply with all applicable health and safety laws, regulations and standards. The policy also outlines our responsibility to provide safe plants and equipment, and implement risk and hazard management systems.

All our managers are directly responsible and accountable for health, safety and welfare of their employees. We have put in place adequate resources to assist managers in this cause.

We also aim to disseminate accurate health and safety information to all employees as part of each business unit's consultative process.

Lastly, we encouraged the active participation, consultation and cooperation of all employees, contractors and visitors, in promoting and developing measures to improve health and safety at work.

Employee Engagement

We engage with our employees through various platforms, both informal and formal, which include Annual Performance Appraisal Review, the use of SharePoint collaborative platform for work, weekly sports activities, weekly evening refreshments, monthly birthday gatherings, festive celebrations, and other social engagements.

In our quest to encourage work-life balance and engagement with our landlord in Kuala Lumpur, we have established the Mulpha-Mudajaya Sports and Recreation Club **("MMSRC")**, tasked with organising employee engagement activities for the Group's Malaysian operations, where staff and Management mingle to strengthen camaraderie among colleagues.

During the year under review, the MMSRC organised a range of festive meal gatherings, sporting activities, friendly competitive game sessions, day-trip to Sekinchan, blood donation campaign as well as a singing contest in addition to the weekly body combat, yoga and badminton sessions. An employee engagement survey was also conducted in the year under review to gauge employee work satisfaction and we are happy to report that a total 90.5% of our employees are considered engaged, with an impressive 59.5% ranked highly engaged.

COMMUNITY

Our philosophy for contributing back to society is "Charity begins at home". As an investor in real estate development, the focus of our social engagement activities centres around the communities of our property developments.

On 16 February 2019, more than 200 residents, management and staff of Leisure Farm ushered in the Year of the Pig with a host of celebratory events and activities. The Chinese New Year celebration began at 11am with a lion dance performance at the Sales Gallery, followed by a thrilling high pole lion dance performance at Balé Club. Another highlight of the event was the Diabolo (Chinese yo-yo) performance. In addition, fun activities like pony rides, cat adoption and dog petting were also available at The Stables.

On 19 May 2019, a Farmer's Market was held at Balé Club, featuring 30 stalls selling local produce, eco products, organic food, artworks, gift items, homeware, candles, clothing, jewellery, pottery, and plants. Visitors to the market were encouraged to bring their own reusable bags in line with the sustainable living and healthy lifestyle aims promoted by this event. Various charity stalls were also set up to promote the culture of giving. The Farmer's Market was held again on 22 September 2019.

Meanwhile, every Saturday and Sunday, JB International **("JBI")** FC holds its weekly football sessions at Balé Club. Established in 2015 with Balé Club at Leisure Farm as its home turf, it is a social sports club with over 100 adult members, offering football and futsal sessions to anyone who wants to join and engaging in friendly matches with other teams. JBI started its Youth Football Programme in 2018, and currently has over 100 active youth players, from U5 to U17.

ENVIRONMENT

As a real estate investor and developer, it is important for us to work towards reducing our environmental footprint through the course of our building activities. Mulpha integrates environmental sustainability aspects into all stages of our life cycle management. We are committed towards minimising environmental impacts from our activities and operations through innovations for the greening of our buildings and properties as well as value creation for customers and other stakeholders.

Green Building

Mulpha aims to minimise environmental impacts through the design of energy efficient buildings in line with the principles of sustainable design. Thus, our homes are designed according to the SEEDS philosophy – Sustainability, Energy, Environment, Design and Security – which provides more cost-effective and operationally efficient housing for our customers.

We aim to continue promoting the principles and concepts of Green Buildings in our future portfolios.

Environmental Compliance

Mulpha requires all contractors to comply with the Malaysian Environmental Quality Act 1974, and the Australian Environmental Protection Act 1994. Besides that, they are also required to adhere to all relevant regulations and policies on water, air and noise.

The Mulpha Group Policy on Workplace Health & Safety adopted on 1 April 2017 outlines our commitment to provide a hazard-free workplace that safeguards the environment while ensuring the wellbeing of our employees, contractors and worksite visitors. It mandates our compliance with all applicable health and safety laws, regulations and standards, and ensures the implementation of risk and hazard management systems to prevent any untoward incidents that may impact lives and the environment.

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

Biodiversity

We recognise that biodiversity is an issue affected by property development activities. Hence, we are committed to preserve the natural environment of our development areas, whenever possible. To achieve this, we have even transplanted trees from Leisure Farm Resort to other parks in its development stages, while landscaping to reintroduce local flora and fauna species back into the community.

To that end, Leisure Farm was masterplanned to ensure that 24% of Leisure Farm Resort is covered by green spaces, consisting of parks, camping grounds as well as fruit and vegetable orchards. This helps to promote a greener lifestyle for residents, local communities and visitors. Moreover, trees shade 74% of hardscape areas and 20% of green spaces, while canals and ponds occupy 15% of open space.

Meanwhile, our Sanctuary Cove Marina in Australia continues to support the Marine Industries International Environmental Clean Marina Program, and has maintained its International Clean Marina Level 4 Accreditation in FY2019. This habitat is managed together with the community of Sanctuary Cove, and currently has a kangaroo population in excess of 350.

Waste Management

Mulpha is working towards the reduction of materials consumption, while increasing recycling initiatives to extend the life cycle of the materials used in our developments and business activities.

At Leisure Farm's Residensi Bayou, our design specifications allow for 20% recycled content materials and 30% of regional materials, by cost. Furthermore, the Green Building Index has been adopted for our building and operations specifications. This is in line with our goal to reduce wastage of materials and promote the usage of more environmentally-friendly materials. We also set up a compost system at Leisure Farm to convert plant wastes such as tree branches and dry leaves into fertiliser for use in Leisure Farm.

Meanwhile, Transport House in Australia has formulated a waste management plan to reduce the amount of general waste ending up in the landfill. With a disposal price of over AUD1 per kg, the overall costs of waste management would be reduced.

Energy Management

Mulpha is aware that the consumption of fuel and electricity is linked to climate change. Therefore, we have devised a number of initiatives to help reduce fuel and electricity usage, such as:

- Monitoring of electricity usage at all Mulpha hotels in Australia;
- Promoting the installation of solar panels at our developments, like the ones used for water heaters at Residensi Bayou;
- Promoting the use of natural light and ventilation in our building designs; and
- Providing energy-saving reminders at our places of operations, including offices and construction sites, relating to machinery and equipment downtime.

Water Management

Water is a significant environmental resource. Although the cost of water supply is not significant in Malaysia, it is significant in Australia. Thus, we continue to introduce initiatives for more efficient water usage and incorporate water-saving features in our projects, both in Malaysia and Australia.

In Malaysia, rainwater harvesting systems have been installed in Residensi Bayou and our various villa projects. In addition, creek water is used for watering plants and trees at Leisure Farm.

Air Emissions Management

Mulpha is aware of the adverse effects of ozone depletion on human health and on environmental ecosystems. Therefore, we have phased out the use of the ozone depleting gas HCFC-22 in the air conditioning units of our properties.

At Norwest Marketown Shopping Centre, we switched from using R-22 gas to 410A gas in our air conditioning units. A more efficient refrigerant, 410A gas does not contain Freon, which is an ozone depleting and carcinogenic compound.

06 FINANCIAL STATEMENTS

HAYMAN ISLAND ESTATES

Designed by the famous Kerry Hill, the Hayman Estates are an exquisite collection of private residences that epitomises secluded opulence. Featuring stunning island views, large open spaces, and zen-like courtyards, these residences are available for sale to those that want to own their own piece of paradise.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

for the year ended 31 December 2019

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

Principal activities

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

Ultimate holding company

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

Subsidiaries

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

Results

	Group RM'000	Company RM'000
(Loss)/Profit for the year attributable to:		
Owners of the Company	(211,875)	13,013
Non-controlling interests	757	–
	(211,118)	13,013

Reserves and provisions

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

Dividends

In the previous financial year, the Board of Directors announced the proposed Dividend-In-Specie which involves the distribution of up to 90,327,000 shares in Mudajaya Group Berhad ("Mudajaya Shares"), representing approximately 15.31% equity interest in Mudajaya (excluding treasury shares), on the basis of 1 Mudajaya Share for every 3.537 shares held in the Mulpha International Bhd. ("Mulpha") or the Company, to the shareholders of the Company, whose names appear in the Record of Depositors of the Company on the entitlement date of 26 December 2018.

The distribution of Dividend-In-Specie was completed on 18 January 2019 with the distribution of 89,884,299 Mudajaya Shares and entitled shareholders of Mulpha who hold less than 354 Mulpha shares, have received cash of RM0.38 per Mudajaya Share in lieu of the actual number of Mudajaya Shares that they would otherwise be entitled to receive under the Dividend-In-Specie.

The Directors do not recommend any dividend to be paid for the financial year under review.

Directors of the Company

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

Lee Seng Huang
Lee Eng Leong
Chew Hoy Ping
Loong Caesar
Geoffrey Earl Grady (appointed on 1.4.2020)
Dato' Yusli bin Mohamed Yusoff (resigned on 18.2.2020)

The names of the Directors of subsidiaries are set out in the respective subsidiaries' financial statements and the said information is deemed incorporated herein by such reference and made a part hereof.

Directors' interests in shares

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

	Number of ordinary shares			
The Company	**At 1.1.2019**	**Acquired**	**Sold**	**At 31.12.2019**
Direct interest				
Lee Seng Huang	12,000,000	–	–	12,000,000
Deemed interest				
Lee Seng Huang	143,650,108	–	–	143,650,108

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

None of the other Directors holding office at 31 December 2019 has any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than as disclosed in Note 36 to the financial statements.

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

Issue of shares and debentures

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

There were no debentures issued during the financial year.

Treasury shares

There were no changes in the treasury shares of the Company during the financial year. As at 31 December 2019, the treasury shares of the Company stood at 152,210 and the total number of ordinary shares in issue (inclusive of treasury shares) is 319,618,640.

Options granted over unissued shares

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

Indemnity and insurance costs

During the financial year, the total amount of sum insured and premium paid for the Directors and officers of the Group are RM63,350,000 and RM230,899 respectively. There is no indemnity and insurance purchased for the auditors of the Group and of the Company.

Qualification of subsidiaries' financial statements

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

Other statutory information

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

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

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

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

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

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

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

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

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

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

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

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

In the opinion of the Directors, except for those disclosed in Note 38 to the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2019 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant event

The significant event is disclosed in Note 38 to the financial statements.

Subsequent event

The subsequent event is disclosed in Notes 39 to the financial statements.

Auditors

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

The auditors' remuneration is disclosed in Note 28 to the financial statements.

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

Lee Seng Huang
Director

Lee Eng Leong
Director

Date:15 April 2020

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2019

			Group		Company	
	Note	31.12.2019 RM'000	31.12.2018 RM'000 Restated	1.1.2018 RM'000 Restated	31.12.2019 RM'000	31.12.2018 RM'000
Assets						
Property, plant and equipment	3	**1,022,286**	1,068,355	955,760	**58**	85
Right-of-use assets	4	**13,658**	–	–	**–**	–
Investment properties	5	**1,051,756**	1,104,808	941,078	**–**	–
Investments in subsidiaries	6	**–**	–	–	**1,615,459**	1,618,735
Investments in associates	7	**126,985**	1,475,785	1,433,525	**15,622**	15,622
Investments in joint ventures	8	**59,199**	18,398	20,217	**–**	–
Investment securities	9	**534,296**	1,205	328,667	**1,043**	1,198
Other investments	10	**5,086**	5,084	5,080	**5,057**	5,055
Goodwill	11	**2,705**	2,708	2,725	**–**	–
Inventories	12	**496,403**	629,009	665,651	**–**	–
Trade and other receivables	13	**52,028**	31,645	10,189	**278,960**	276,188
Other non-current assets	14	**15,851**	12,807	8,431	**–**	–
Deferred tax assets	15	**12,935**	12,935	12,935	**–**	–
Total non-current assets		**3,393,188**	4,362,739	4,384,258	**1,916,199**	1,916,883
Inventories	12	**878,885**	752,435	714,622	**–**	–
Contract assets	16	**492**	573	–	**–**	–
Trade and other receivables	13	**396,962**	324,073	259,382	**463,751**	440,861
Other current assets	17	**34,867**	29,402	17,705	**46**	46
Investment securities	9	**166,994**	251,189	3,167	**–**	–
Current tax assets		**2,380**	1,296	1,278	**–**	126
Cash and cash equivalents	18	**351,851**	150,570	488,350	**35**	24
		1,832,431	1,509,538	1,484,504	**463,832**	441,057
Assets classified as held for distribution	19	**–**	31,460	–	**–**	31,460
Assets classified as held for sale	19	**79,757**	–	–	**–**	–
Total current assets		**1,912,188**	1,540,998	1,484,504	**463,832**	472,517
Total assets		**5,305,376**	5,903,737	5,868,762	**2,380,031**	2,389,400

STATEMENTS OF FINANCIAL POSITION (cont'd)

as at 31 December 2019

		Group			Company	
	Note	31.12.2019 RM'000	31.12.2018 RM'000 Restated	1.1.2018 RM'000 Restated	31.12.2019 RM'000	31.12.2018 RM'000
Equity						
Share capital	20	**2,037,459**	2,037,459	2,037,459	**2,037,459**	2,037,459
Treasury shares	20	**(318)**	(318)	(318)	**(318)**	(318)
Reserves	21	**(36,376)**	38,860	303,758	**107**	(393)
Retained earnings		**868,946**	1,141,339	937,262	**251,642**	239,129
Total equity attributable to owners of the Company		**2,869,711**	3,217,340	3,278,161	**2,288,890**	2,275,877
Non-controlling interests	6	**20,898**	(81)	(120)	**–**	–
Total equity		**2,890,609**	3,217,259	3,278,041	**2,288,890**	2,275,877
Liabilities						
Loans and borrowings	22	**645,631**	1,408,625	1,313,718	**–**	–
Lease liabilities		**46,027**	–	–	**–**	–
Trade and other payables	23	**4,808**	32,174	1,923	**–**	–
Provision for liabilities	24	**6,404**	5,696	3,429	**–**	–
Deferred tax liabilities	15	**95,732**	144,318	61,874	**–**	–
Total non-current liabilities		**798,602**	1,590,813	1,380,944	**–**	–
Loans and borrowings	22	**1,340,966**	845,105	827,795	**86,946**	77,452
Lease liabilities		**3,096**	–	–	**–**	–
Trade and other payables	23	**154,994**	192,651	227,469	**3,300**	36,071
Contract liabilities	16	**45,811**	19,241	–	**–**	–
Current tax liabilities		**43,192**	14,625	41,536	**895**	–
Provision for liabilities	24	**28,106**	24,043	112,977	**–**	–
Total current liabilities		**1,616,165**	1,095,665	1,209,777	**91,141**	113,523
Total liabilities		**2,414,767**	2,686,478	2,590,721	**91,141**	113,523
Total equity and liabilities		**5,305,376**	5,903,737	5,868,762	**2,380,031**	2,389,400

The notes on pages 88 to 184 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2019

		Group		Company	
	Note	2019 RM'000	2018 RM'000 Restated	2019 RM'000	2018 RM'000
Revenue	25	**850,011**	784,904	**17,777**	135,119
Other income	26	**384,706**	159,812	**23,875**	18,462
Land and property development costs		**(154,798)**	(125,576)	**–**	–
Finished goods and services rendered		**(92,343)**	(86,909)	**–**	–
Employee benefits expenses		**(279,899)**	(252,344)	**(997)**	(1,267)
Depreciation and amortisation		**(51,321)**	(38,614)	**(27)**	(24)
Other expenses		**(660,195)**	(221,830)	**(19,983)**	(41,631)
Results from operating activities		**(3,839)**	219,443	**20,645**	110,659
Finance costs	27	**(96,484)**	(90,896)	**(4,389)**	(3,310)
Share of (loss)/profit of associates		**(113,623)**	180,052	**–**	–
Share of (loss)/profit of joint ventures		**(911)**	15	**–**	–
(Loss)/Profit before tax	28	**(214,857)**	308,614	**16,256**	107,349
Tax benefit/(expense)	29	**3,739**	(72,885)	**(3,243)**	(36)
(Loss)/Profit for the year		**(211,118)**	235,729	**13,013**	107,313
Other comprehensive income/(expense)					
Items that will not be reclassified subsequently to profit or loss					
Revaluation of property, plant and equipment arising from business combination		**–**	2,293	**–**	–
Net change in fair value of equity investments designated at fair value through other comprehensive income		**–**	(52,405)	**–**	(500)
		–	(50,112)	**–**	(500)
Items that are or may be reclassified subsequently to profit or loss					
Exchange reserve transfer to profit or loss upon disposal of an associate		**(92,185)**	–	**–**	–
Foreign currency translation differences for foreign operations		**(41,015)**	(211,405)	**–**	–
Share of other comprehensive income/(expense) of associates		**12**	(3,372)	**–**	–
		(133,188)	(214,777)	**–**	–
Other comprehensive expense for the year		**(133,188)**	(264,889)	**–**	(500)
Total comprehensive (expense)/income for the year		**(344,306)**	(29,160)	**13,013**	106,813

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (cont'd)

for the year ended 31 December 2019

		Group		Company	
	Note	2019 RM'000	2018 RM'000 Restated	2019 RM'000	2018 RM'000
(Loss)/Profit attributable to:					
Owners of the Company		**(211,875)**	235,699	**13,013**	107,313
Non-controlling interests		**757**	30	**–**	–
(Loss)/Profit for the year		**(211,118)**	235,729	**13,013**	107,313
Total comprehensive (expense)/income attributable to:					
Owners of the Company		**(345,058)**	(29,199)	**13,013**	106,813
Non-controlling interests		**752**	39	**–**	–
Total comprehensive (expense)/income for the year		**(344,306)**	(29,160)	**13,013**	106,813
(Loss)/Earnings per ordinary share (sen)	30	**(66.32)**	73.78		

The notes on pages 88 to 184 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2019

	<———— Attributable to owners of the Company ————>								
	<———— Non-distributable ————>				Distributable				
	Share capital RM'000	Exchange reserve RM'000	Revaluation reserve RM'000	Other reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total Equity RM'000
Group									
At 1 January 2018	2,037,459	245,416	66,252	(9,800)	(318)	981,947	3,320,956	(120)	3,320,836
Impact of retrospective reinstatement (see Note 42)	–	1,890	–	–	–	(44,685)	(42,795)	–	(42,795)
Adjusted balance at 1 January 2018, restated	2,037,459	247,306	66,252	(9,800)	(318)	937,262	3,278,161	(120)	3,278,041
Net change in fair value of equity investments designated at FVOCI	–	–	–	(52,405)	–	–	(52,405)	–	(52,405)
Foreign currency translation differences for foreign operations	–	(214,789)	–	–	–	–	(214,789)	9	(214,780)
Share of other comprehensiveincome of associates	–	(3,372)	–	–	–	–	(3,372)	–	(3,372)
Revaluation of property, plant and equipment	–	–	2,293	–	–	–	2,293	–	2,293
Total other comprehensive (expense)/income for the year	–	(218,161)	2,293	(52,405)	–	–	(268,273)	9	(268,264)
Profit for the year	–	–	–	–	–	235,699	235,699	30	235,729
Total comprehensive (expense)/income for the year	–	(218,161)	2,293	(52,405)	–	235,699	(32,574)	39	(32,535)
Impact of retrospective reinstatement (see Note 42)	–	3,375	–	–	–	–	3,375	–	3,375
Total comprehensive (expense)/income for the year, restated	–	(214,786)	2,293	(52,405)	–	235,699	(29,199)	39	(29,160)
Dividend payable to owners of the Company	–	–	–	–	–	(31,622)	(31,622)	–	(31,622)
Total transactions with owners of the Company	–	–	–	–	–	(31,622)	(31,622)	–	(31,622)
At 31 December 2018, restated	2,037,459	32,520	68,545	(62,205)	(318)	1,141,339	3,217,340	(81)	3,217,259
	Note 20	**Note 21**	**Note 21**	**Note 21**	**Note 20**				

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (cont'd)

for the year ended 31 December 2019

	<——— *Attributable to owners of the Company*					———>			
	<——— *Non-distributable*				———>	*Distributable*			
	Share capital RM'000	**Exchange reserve RM'000**	**Revaluation reserve RM'000**	**Other reserve RM'000**	**Treasury shares RM'000**	**Retained earnings RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total Equity RM'000**
Group									
At 1 January 2019, restated	2,037,459	32,520	68,545	(62,205)	(318)	1,141,339	3,217,340	(81)	3,217,259
Exchange reserve transfer to profit or loss upon disposal of an associate	–	(92,185)	–	–	–	–	(92,185)	–	(92,185)
Foreign currency translation differences for foreign operations	–	(41,010)	–	–	–	–	(41,010)	(5)	(41,015)
Share of other comprehensive income of associates	–	12	–	–	–	–	12	–	12
Total other comprehensive expense for the year	–	(133,183)	–	–	–	–	(133,183)	(5)	(133,188)
(Loss)/profit for the year	–	–	–	–	–	(211,875)	(211,875)	757	(211,118)
Total comprehensive (expense)/income for the year	–	(133,183)	–	–	–	(211,875)	(345,058)	752	(344,306)
Acquisition of a subsidiary	–	–	–	–	–	–	–	20,721	20,721
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(494)	(494)
Transfer within reserve	–	–	–	60,518	–	(60,518)	–	–	–
Share of other reserve of associates	–	–	–	(2,571)	–	–	(2,571)	–	(2,571)
Total transactions with owners of the Company	–	–	–	57,947	–	(60,518)	(2,571)	20,227	17,656
At 31 December 2019	2,037,459	(100,663)	68,545	(4,258)	(318)	868,946	2,869,711	20,898	2,890,609
	Note 20	Note 21	Note 21	Note 21	Note 20				

The notes on pages 88 to 184 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2019

	<---------- Non-distributable		---------->	Distributable	
	Share capital RM'000	**Other reserve RM'000**	**Treasury shares RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
Company					
At 1 January 2018	2,037,459	107	(318)	163,438	2,200,686
Profit and total comprehensive income for the year	–	–	–	107,313	107,313
Net change in fair value of equity investments designated at FVOCI	–	(500)	–	–	(500)
Dividend payable to owners of the Company	–	–	–	(31,622)	(31,622)
At 31 December 2018/1 January 2019	2,037,459	(393)	(318)	239,129	2,275,877
Profit and total comprehensive income for the year	**–**	**–**	**–**	**13,013**	**13,013**
Transfer within reserve	**–**	**500**	**–**	**(500)**	**–**
At 31 December 2019	**2,037,459**	**107**	**(318)**	**251,642**	**2,288,890**
	Note 20	**Note 21**	**Note 20**		

The notes on pages 88 to 184 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Cash flows from operating activities					
(Loss)/Profit before tax		**(214,857)**	308,614	**16,256**	107,349
Adjustments for:					
Bad debts written off		**3,301**	–	**–**	–
Change in fair value of investment properties	5	**(62,895)**	(35,174)	**–**	–
Dividend income		**(157)**	(122)	**(17,777)**	(135,119)
Exchange reserve transfer to profit or loss upon disposal of an associate	7	**(92,185)**	–	**–**	–
Fair value (gain)/loss on financial assets at fair value through profit or loss		**(1,180)**	832	**–**	–
Impairment loss on financial assets:					
- Investment securities		**35**	104	**–**	–
- Trade and other receivables		**1,859**	128	**–**	–
Impairment loss on investment in an associate	7	**312,710**	–	**–**	–
Impairment loss on investments in subsidiaries	6	**–**	–	**3,276**	4,882
Interest expense		**96,484**	90,896	**4,389**	3,310
Interest income		**(20,690)**	(19,840)	**(20,809)**	(18,387)
Inventories written down		**2,117**	113	**–**	–
Investment properties written off	5	**49**	–	**–**	–
Loss/(gain) on disposal of investment securities		**31**	–	**(3)**	–
Net unrealised foreign exchange (gain)/loss		**(12)**	(69)	**6,797**	27,745
Other non-current assets:					
- Amortisation		**2,513**	–	**–**	–
- Impairment loss		**343**	–	**–**	–
- Written off		**18**	–	**–**	–
Property, plant and equipment:					
- Depreciation	3	**45,074**	38,614	**27**	24
- Impairment loss	3	**75,264**	68,065	**–**	–
- Gain on disposal		**(82,968)**	(161)	**–**	(74)
- Written off	3	**36**	883	**–**	–
Provision for staff benefits	24	**30,227**	23,733	**–**	–
Provision/(Reversal of provision) for repairs	24	**910**	(77,762)	**–**	–
Reversal of impairment loss on trade and other receivables		**(228)**	(26)	**–**	–
Right-of-use assets:					
- Depreciation	4	**3,734**	–	**–**	–
- Impairment loss	4	**3,416**	–	**–**	–
Share of loss/(profit) of associates	7	**113,623**	(180,052)	**–**	–
Share of loss/(profit) of joint ventures	8	**911**	(15)	**–**	–
Waiver of amount due to a subsidiary		**–**	–	**(2,979)**	–

STATEMENTS OF CASH FLOWS (cont'd)

for the year ended 31 December 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Operating profit/(loss) before changes in working capital		**217,483**	218,761	**(10,823)**	(10,270)
Inventories		**31,057**	(62,647)	**–**	–
Contract assets		**81**	(573)	**–**	–
Receivables		**(18,923)**	(44,283)	**(49)**	(36)
Other current assets		**(6,180)**	(43,730)	**–**	–
Other non-current assets		**1,370**	(27,667)	**–**	–
Payables		**464**	(69,856)	**1,008**	(119)
Contract liabilities		**26,898**	19,241	**–**	–
Other non-current liabilities		**1,530**	30,403	**–**	–
Intercompany balances		**–**	–	**(18,865)**	112,403
Cash generated from/(used in) operations		**253,780**	19,649	**(28,729)**	101,978
Interest paid		**(98,337)**	(94,485)	**(4,389)**	(3,310)
Interest received		**19,671**	20,130	**19,733**	18,387
Income tax (paid)/refunded		**(14,904)**	(7,753)	**(2,222)**	(36)
Staff benefits paid		**(25,278)**	(14,329)	**–**	–
Net cash from/(used in) operating activities		**134,932**	(76,788)	**(15,607)**	117,019
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	**(189,843)**	(268,879)	**–**	(104)
Acquisition of investment properties	5	**–**	(191,065)	**–**	–
Capital expenditure of investment properties	5	**(18,035)**	(9,840)	**–**	–
Acquisition of subsidiaries		**(3,595)**	–	**–**	–
Additional investments in subsidiaries	6	**–**	–	**–**	(146,062)
Additional investment in an associate		**–**	(56,136)	**–**	–
Acquisition of a joint venture	8	**(42,132)**	(100)	**–**	–
Acquisition of business	3	**(5,554)**	(12,080)	**–**	–
Additional investments in securities		**–**	–	**–**	(32,115)
Acquisition of other investments	10	**(2)**	(4)	**(2)**	(4)
Proceeds from disposal of:					
- Property, plant and equipment		**182,286**	321	**–**	75
- Investment in an associate		**280,420**	–	**–**	–
- Investment securities		**218**	–	**158**	–
Capital return from an associate		**–**	14,742	**–**	–
Redemption of investment securities		**82,800**	–	**–**	–
Dividend received		**157**	122	**5,968**	29,025
Dividend received from associates and joint ventures		**25,916**	66,512	**–**	–
Net cash from/(used in) investing activities		**312,636**	(456,407)	**6,124**	(149,185)

STATEMENTS OF CASH FLOWS (cont'd)

for the year ended 31 December 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Cash flows from financing activities					
Dividend paid to non-controlling interests of subsidiaries		**(494)**	–	**–**	–
Payment of finance lease liability		**–**	(21)	**–**	–
Payment of lease liabilities		**(3,958)**	–	**–**	–
(Placement)/Withdrawal of pledged deposits		**(7,585)**	78,785	**–**	–
Net (repayment)/drawdown of borrowings		**(236,068)**	254,277	**10,014**	26,656
Net cash (used in)/from financing activities		**(248,105)**	333,041	**10,014**	26,656
Net increase/(decrease) in cash and cash equivalents		**199,463**	(200,154)	**531**	(5,510)
Effect of exchange rate fluctuations on cash held		**(5,184)**	(59,654)	**–**	–
Cash and cash equivalents at 1 January		**124,031**	383,839	**(1,442)**	4,068
Cash and cash equivalents at 31 December		**318,310**	124,031	**(911)**	(1,442)

Cash and cash equivalents

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

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Cash and bank balances	18	**100,790**	104,572	**35**	24
Deposits	18	**251,061**	45,998	**–**	–
		351,851	150,570	**35**	24
Less: Pledged bank balances and deposits		**(32,513)**	(24,928)	**–**	–
Bank overdraft	22	**(1,028)**	(1,611)	**(946)**	(1,466)
		318,310	124,031	**(911)**	(1,442)

Cash outflows for leases as a lessee

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Included in net cash from operating activities					
Interest paid in relation to lease liabilities	27	**3,429**	–	**–**	–
Included in net cash from financing activities					
Payment of lease liabilities		**3,958**	–	**–**	–
Total cash outflows for leases		**7,387**	–	**–**	–

The notes on pages 88 to 184 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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

Principal place of business	**Registered office**
PH2, Menara Mudajaya	No. 8, Jalan Peranginan
No.12A, Jalan PJU 7/3	Leisure Farm
Mutiara Damansara	81560 Gelang Patah
47810 Petaling Jaya	Johor Darul Taksim
Selangor Darul Ehsan	

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associates and joint ventures. The financial statements of the Company as at and for the financial year ended 31 December 2019 also include joint operations.

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

These financial statements were authorised for issue by the Board of Directors on 15 April 2020.

1. Basis of preparation

(a) Statement of compliance

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

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

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

- MFRS 17, *Insurance Contracts*

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

- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*

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

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

1. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

The Company plans to apply the abovementioned accounting standard and amendments:

- from the annual period beginning on 1 January 2020 for those amendments that are effective for annual periods beginning on or after 1 January 2020.

- from the annual period beginning on 1 January 2022 for the amendment that is effective for annual periods beginning on or after 1 January 2022.

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the Group and the Company.

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

(b) Basis of measurement

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

(c) Functional and presentation currencies

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

(d) Use of estimates and judgements

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

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

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

- Note 3 – valuation of property, plant and equipment
- Note 4 – valuation of right-of-use assets
- Note 5 – valuation of investment properties
- Note 11 – measurement of recoverable amounts of cash generating units
- Note 12 – recoverability of development inventories
- Note 15 – recognition of deferred tax assets/liabilities
- Note 39 – subsequent event

2. SIGNIFICANT ACCOUNTING POLICIES

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

Arising from the adoption of MFRS 16, *Leases*, there are changes to the accounting policies applied to lease contracts entered into by the Group entities as compared to those applied in previous financial statements. The impacts arising from the changes are disclosed in Note 41.

(a) Basis of consolidation

(i) Subsidiaries

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

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

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

(ii) Business combinations

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

(iii) Acquisitions of non-controlling interests

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

(iv) Loss of control

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

(v) Associates

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

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

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

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

When the Group's interest in an associate increases while continuing to apply equity accounting, then it does not remeasure the existing interest if an acquisition results in a change in status from an associate. Therefore, an existing interest should also not be remeasured if the increase does not change the classification as an associate. Any difference between the cost of the investment and the entity's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as follows:

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

(v) Associates (cont'd)

- Goodwill relating to an associate or a joint venture is included in the carrying amount of the investment. Amortisation of that goodwill is not permitted.

- Any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

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

(vi) Joint arrangements

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

Joint arrangements are classified and accounted for as follows:

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

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

(vii) Non-controlling interests

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

(viii) Transactions eliminated on consolidation

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

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

(b) Foreign currency

(i) Foreign currency transactions

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Foreign currency (cont'd)

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

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

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

(c) Financial instruments

(i) Recognition and initial measurement

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

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

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

(ii) Financial instrument categories and subsequent measurement

Financial assets

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Financial instruments (cont'd)

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

Financial assets (cont'd)

(a) Amortised cost

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

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

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

(i) Debt investments

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

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

(ii) Equity investments

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Financial instruments (cont'd)

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

Financial assets (cont'd)

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

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

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

Financial liabilities

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

(a) Fair value through profit or loss

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Financial instruments (cont'd)

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

Financial liabilities (cont'd)

(a) Fair value through profit or loss (cont'd)

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

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

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

(b) Amortised cost

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

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

(iii) Financial guarantee contracts

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Financial instruments (cont'd)

(iv) Derecognition

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

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

(d) Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

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

(ii) Subsequent costs

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

(iii) Depreciation

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

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

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

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

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

(e) Investment in works of art and club memberships

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

(f) Leases

The Company has applied MFRS 16 using the modified retrospective approach with the initial application that the right-of-use assets is equivalent to the lease liabilities as at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported under MFRS 117, *Leases* and related interpretations.

Current financial year

(i) Definition of a lease

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Leases (cont'd)

Current financial year (cont'd)

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

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

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

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

(ii) Recognition and initial measurement

(a) As a lessee

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Leases (cont'd)

Current financial year (cont'd)

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

(a) As a lessee (cont'd)

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

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

(b) As a lessor

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

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

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

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

(iii) Subsequent measurement

(a) As a lessee

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Leases (cont'd)

Current financial year (cont'd)

(iii) Subsequent measurement (cont'd)

(a) As a lessee (cont'd)

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

(b) As a lessor

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

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

Previous financial year

As a lessee

(i) Finance leases

Leases in terms of which the Group or the Company assumed substantially all the risks and rewards of ownership were classified as finance leases. Upon initial recognition, the leased asset was measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset was accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases were apportioned between the finance expense and the reduction of the outstanding liability. The finance expense was allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments were accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment was confirmed.

Leasehold land which in substance was a finance lease was classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Leases (cont'd)

Previous financial year (cont'd)

As a lessee (cont'd)

(ii) Operating leases

Leases, where the Group or the Company did not assume substantially all the risks and rewards of ownership were classified as operating leases and, except for property interest held under operating lease, the leased assets were not recognised on the statement of financial position. Property interest held under an operating lease, which was held to earn rental income or for capital appreciation or both, was classified as investment property and measured using fair value model.

Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals were charged to profit or loss in the reporting period in which they were incurred.

Leasehold land which in substance was an operating lease was classified as prepaid lease payments.

(g) Intangible assets

(i) Goodwill

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

(ii) Amortisation

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

(h) Investment property

(i) Investment property carried at fair value

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Investment property (cont'd)

(i) Investment property carried at fair value (cont'd)

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

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

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

(ii) Reclassification to/from investment property

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

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(i) Inventories

(i) Properties held for development

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

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

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Inventories (cont'd)

(ii) Properties under development

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

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

(iii) Completed properties

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

(iv) Others

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

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

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

(j) Contract asset/Contract liability

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

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

(k) Cash and cash equivalents

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Impairment

(i) Financial assets

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

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

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Impairment (cont'd)

(ii) Other assets

The carrying amounts of other assets (except for inventories, contract assets, lease receivables, deferred tax asset and investment property measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Equity instruments

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

(i) Issue expense

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

(ii) Ordinary shares

Ordinary shares are classified as equity.

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

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

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

(iv) Distributions of assets to owners of the Company

The Group measures a liability to distribute assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

(n) Employee benefits

(i) Short-term employee benefits

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

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

(ii) State plans

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Provisions

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

(p) Revenue and other income

(i) Revenue from contracts with customers

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

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

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

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

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

(ii) Rental income

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

(iii) Dividend income

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

(iv) Interest income

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

(v) Management fee income

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Borrowing costs

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

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

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

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

(r) Income tax

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Income tax (cont'd)

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

(s) Earnings per ordinary share

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

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

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

(t) Operating segments

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

(u) Contingencies

(i) Contingent liabilities

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

(ii) Contingent assets

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(v) Fair value measurements

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

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

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

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 : unobservable inputs for the asset or liability.

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

3. PROPERTY, PLANT AND EQUIPMENT

Group	Land RM'000	Land improve -ments RM'000	Buildings RM'000	*Plant and equipment RM'000	Aircraft RM'000	Capital work-in-progress RM'000	Total RM'000
Cost							
At 1 January 2018	184,282	25,713	853,166	508,984	101,168	52,004	1,725,317
Additions	–	63	1,178	8,761	–	258,877	268,879
Acquisition of business #	9,385	–	7,760	779	–	–	17,924
Disposals	–	–	–	(1,484)	–	–	(1,484)
Written off	–	–	–	(1,468)	–	–	(1,468)
Reclassifications	–	–	990	8,520	–	(9,510)	–
Revaluation arising from business combination	3,388	–	–	–	–	–	3,388
Effect of movements in exchange rates	(14,670)	(2,030)	(66,096)	(38,686)	2,243	(12,345)	(131,584)
At 31 December 2018/ 1 January 2019	182,385	23,746	796,998	485,406	103,411	289,026	1,880,972
Additions	**–**	**–**	**5,765**	**5,873**	**–**	**178,205**	**189,843**
Disposals	**(27,427)**	**–**	**(66,343)**	**(81,084)**	**–**	**–**	**(174,854)**
Written off	**–**	**–**	**–**	**(50)**	**–**	**(22)**	**(72)**
Reclassifications	**–**	**–**	**244,178**	**128,066**	**–**	**(372,244)**	**–**
Transfer to investment properties	**–**	**–**	**–**	**–**	**–**	**(141)**	**(141)**
Adjustments	**–**	**–**	**(6)**	**(171)**	**–**	**(164)**	**(341)**
Effect of movements in exchange rates	**(2,871)**	**(407)**	**(12,859)**	**(7,194)**	**(1,246)**	**(4,944)**	**(29,521)**
At 31 December 2019	**152,087**	**23,339**	**967,733**	**530,846**	**102,165**	**89,716**	**1,865,886**

Note:

\# In the previous financial year, the Group acquired a business comprised a restaurant and recreation club for a total consideration of RM17,924,000, out of which, RM12,080,000 has been paid. The remaining sum of RM5,554,000 was paid in the current financial year and RM290,000 was recognised as effect of movements in exchange rates.

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

Group	Land RM'000	Land improve -ments RM'000	Buildings RM'000	*Plant and equipment RM'000	Aircraft RM'000	Capital work-in-progress RM'000	Total RM'000
Depreciation and impairment loss							
At 1 January 2018							
Accumulated depreciation	–	9,838	206,963	270,514	7,508	–	494,823
Accumulated impairment losses	8,781	–	109,461	131,641	–	24,851	274,734
	8,781	9,838	316,424	402,155	7,508	24,851	769,557
Depreciation for the year	–	582	13,805	18,649	5,578	–	38,614
Impairment for the year	–	–	–	–	–	68,065	68,065
Disposals	–	–	–	(1,324)	–	–	(1,324)
Written off	–	–	(2)	(583)	–	–	(585)
Reclassifications	–	–	2	(2)	–	–	–
Effect of movements in exchange rates	(693)	(795)	(24,952)	(31,389)	333	(4,214)	(61,710)
At 31 December 2018/ 1 January 2019							
Accumulated depreciation	–	9,625	204,449	266,247	13,419	–	493,740
Accumulated impairment losses	8,088	–	100,828	121,259	–	88,702	318,877
	8,088	9,625	305,277	387,506	13,419	88,702	812,617
Depreciation for the year	**–**	**553**	**17,710**	**21,081**	**5,730**	**–**	**45,074**
Impairment for the year	**–**	**–**	**12,709**	**–**	**–**	**62,555**	**75,264**
Disposals	**–**	**–**	**(22,827)**	**(52,709)**	**–**	**–**	**(75,536)**
Written off	**–**	**–**	**–**	**(36)**	**–**	**–**	**(36)**
Reclassifications	**–**	**33**	**39,050**	**95,924**	**–**	**(135,007)**	**–**
Adjustments	**–**	**–**	**(2)**	**(61)**	**–**	**2**	**(61)**
Effect of movements in exchange rates	**(138)**	**(168)**	**(5,173)**	**(6,073)**	**(217)**	**(1,953)**	**(13,722)**
At 31 December 2019							
Accumulated depreciation	**–**	**10,043**	**195,937**	**230,730**	**18,932**	**–**	**455,642**
Accumulated impairment losses	**7,950**	**–**	**150,807**	**214,902**	**–**	**14,299**	**387,958**
	7,950	**10,043**	**346,744**	**445,632**	**18,932**	**14,299**	**843,600**
Carrying amounts							
At 1 January 2018	175,501	15,875	536,742	106,829	93,660	27,153	955,760
At 31 December 2018/ 1 January 2019	174,297	14,121	491,721	97,900	89,992	200,324	1,068,355
At 31 December 2019	**144,137**	**13,296**	**620,989**	**85,214**	**83,233**	**75,417**	**1,022,286**

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

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

Company	*Plant and equipment RM'000
Cost	
At 1 January 2018	1,631
Additions	104
Disposals	(642)
At 31 December 2018/1 January 2019/31 December 2019	**1,093**
Accumulated Depreciation	
At 1 January 2018	1,625
Depreciation for the year	24
Disposals	(641)
At 31 December 2018/1 January 2019	1,008
Depreciation for the year	**27**
At 31 December 2019	**1,035**
Carrying amounts	
At 1 January 2018	6
At 31 December 2018/1 January 2019	85
At 31 December 2019	**58**

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

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

3.1 Security

Net carrying amounts of assets pledged as security for bank borrowings as disclosed in Note 22 are as follows:

	Note	Group 2019 RM'000	Group 2018 RM'000
Land		**91,077**	151,346
Land improvements		**4,469**	245
Buildings		**554,983**	422,887
Plant and equipment		**55,009**	72,177
Aircraft		**83,233**	89,992
Capital work-in-progress	a	**75,233**	189,428
		864,004	926,075

Note a
Capital work-in-progress mainly comprise of rebuild and refurbishment of hotel assets located in Sanctuary Cove and Hayman Island, Queensland.

3.2 Impairment

The recoverable amount of the hotel assets, Hayman Island Resort, determined based on value in use by discounting the future cash flows expected to be generated from its business operations.

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

Items	Assumptions used 2019	Assumptions used 2018
Growth rate	**2%**	4%
Discount rate	**11.5%**	9.5%
Terminal yield	**9.5%**	8%

Based on the impairment test undertaken, the Group recognised an impairment loss of RM75,264,000 (2018: RM68,065,000).

3.3 Leased land and building

At 31 December 2018, the net carrying amount of leased land and building was RM8,093,000.

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

3.4 Land

Included in the total carrying amounts of land are:

	Group 2019 RM'000	Group 2018 RM'000
Freehold land	**144,137**	174,297
Leasehold land with unexpired lease period of more than 50 years	**7,950**	8,088
Less: Accumulated impairment losses	**(7,950)**	(8,088)
	–	–
	144,137	174,297

3.5 Land and building subject to operating lease

The Group leases some of its land and building to third parties under short-term lease up to 1 year.

The following is recognised in profit or loss:

	Group 2019 RM'000	Group 2018 RM'000
Lease income	**10,211**	8,830

4. RIGHT-OF-USE ASSETS

Group	Note	Building RM'000	Total RM'000
At 1 January 2019		**20,758**	20,758
Depreciation	4.1	**(3,734)**	(3,734)
Impairment loss	4.4	**(3,416)**	(3,416)
Effect of movements in exchange rates		**50**	50
At 31 December 2019		**13,658**	13,658

The Group leases a number of properties, including hotels, an apartment complex, education facility, car park, offices and office signage that run between 1 year and 8 years, with an option to renew the lease after that date. Lease payments are increased annually to reflect current market rentals.

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

4.1 Depreciation of right-of-use assets

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

4.2 Extension options

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

4.3 Significant judgements and assumptions in relation to leases

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rate at 4.54%.

4.4 Impairment loss

The recoverable amount of right-of-use asset determined based on value in use by discounting the future cash flows expected to be generated from its business operations.

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

Items	Assumptions used 2019
Growth rate	–
Discount rate	**10.0%**
Terminal yield	**10.0%**

Based on the impairment test undertaken, the Group recognised an impairment loss of RM3,416,000.

5. INVESTMENT PROPERTIES

	Note	Group 2019 RM'000	Group 2018 RM'000
At 1 January		**1,104,808**	941,078
Addition		**–**	191,065
Capitalised lease cost		**–**	1,637
Capital expenditure capitalised		**18,846**	9,840
Change in fair value of investment properties		**62,895**	35,174
Transfer from property, plant and equipment	3	**141**	–
Transfer to inventories	12	**(38,182)**	–
Transfer to assets classified as held for sale	19.2	**(79,757)**	–
Written off		**(49)**	–
Effect of movements in exchange rates		**(16,946)**	(73,986)
At 31 December		**1,051,756**	1,104,808
Included in the above are:			
Freehold land and buildings		**1,051,756**	1,104,808

Valuation reconciliation:

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

	Group 2019 RM'000	Group 2018 RM'000
Carrying amount of investment properties	**1,051,756**	1,104,808
Add:		
Accrued income	**6,465**	9,347
Deferred lease incentive	**3,011**	4,378
Deferred revenue	**(35)**	(237)
Advance deposits	**(609)**	(695)
Ground rental payable	**(31,978)**	(31,394)
Valuation	**1,028,610**	1,086,207

Investment properties mainly comprise of commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of 1 to 15 years, with annual rental increases either fixed, indexed to consumer prices or market rental reviews.

Investment properties of the Group with carrying amount of RM1,034,562,000 (2018: RM1,100,180,000) is pledged as security for bank borrowings as disclosed in Note 22.

During the current financial year, the Group undertook activities to subdivide the investment property held at Lexington Drive in Sydney, Australia. The existing warehouse building on the site formed one lot and was transferred to assets classified as held for sale as the conditional sales contract was expected to be completed in 2020 (see Note 19.2). The other two new lots were transferred to inventories with a view to immediate sale at completion of construction.

5. INVESTMENT PROPERTIES (cont'd)

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

	Group 2019 RM'000	Group 2018 RM'000
Lease income	**70,684**	69,611
Direct operating expenses:		
- income generating investment properties	**28,640**	23,625
- non-income generating investment properties	**258**	226

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

	Group 2019 RM'000	Group 2018 RM'000
Less than one year	**44,627**	47,594
One to five years	**97,876**	101,617
More than five years	**63,808**	53,713
Total undiscounted lease payments	**206,311**	202,924

In the previous financial year, Jumbo Hill Group Limited, an indirect wholly-owned subsidiary of the Company had acquired Nesuto Stadium Apartment Hotel (formerly known as Waldorf Stadium Apartment Hotel) located at Auckland, New Zealand for a consideration of RM191,065,000.

5.1 Fair value information

Fair value of investment properties is categorised as follows:

	2019		2018	
Group	Level 3 RM'000	Total RM'000	Level 3 RM'000	Total RM'000
Freehold land and buildings	**1,028,610**	**1,028,610**	1,086,207	1,086,207

5. INVESTMENT PROPERTIES (cont'd)

5.1 Fair value information (cont'd)

Level 3 fair value

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

	Group 2019 RM'000	Group 2018 RM'000
At 1 January	**1,086,207**	956,241
Addition	**–**	191,065
Capitalised lease cost	**–**	1,637
Capital expenditure capitalised	**18,846**	9,840
Transfer from property, plant and equipment	**141**	–
Written off	**(49)**	–
Transfer to inventories	**(38,182)**	–
Transfer to assets classified as held for sale	**(79,757)**	–
Accrued income	**(2,882)**	(1,619)
Deferred lease incentive	**(1,367)**	(1,031)
Deferred revenue	**202**	125
Advance deposits	**86**	155
Ground rental payable	**(584)**	(31,394)
Change in fair value of investment properties	**62,895**	35,174
Effect of movements in exchange rates	**(16,946)**	(73,986)
At 31 December	**1,028,610**	1,086,207

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

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Sale comparison approach: Sale price of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.	Price per square foot from RM90 to RM1,309 (2018: RM90 to RM1,309)	The estimated fair value would increase/(decrease) if the price per square foot is higher/(lower).
Capitalisation approach: The capitalisation rates were determined with regards to recent market transactions of similar properties in similar locations to the Group's investment properties, capitalised rental returns/passing income and assessment of development potential.	Capitalisation rate range from 5.38% to 7.73% (2018: 5.25% to 7.00%)	The estimated fair value would increase/(decrease) if the expected capitalisation rate was (lower)/higher.

5. INVESTMENT PROPERTIES (cont'd)

5.1 Fair value information (cont'd)

Valuation processes applied by the Group for Level 3 fair value

The fair value of investment properties is determined based on:

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

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

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

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2019	**2018**
	RM'000	**RM'000**
At cost		
Unquoted shares in Malaysia	**560,079**	560,079
Foreign unquoted shares	**1,122,271**	1,122,271
	1,682,350	1,682,350
Less: Accumulated impairment losses	**(66,891)**	(63,615)
	1,615,459	1,618,735

Movement in the accumulated impairment losses are as follows:

	Company	
	2019	**2018**
	RM'000	**RM'000**
At 1 January	**63,615**	58,733
Addition	**3,276**	4,882
At 31 December	**66,891**	63,615

6. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows:

Name of entity	Country of Incorporation/ establishment	Principal activities	Proportion of ownership interest 2019 %	2018 %
Subsidiaries of Mulpha International Bhd.				
Leisure Farm Corporation Sdn. Bhd.	Malaysia	Property development, property investment and resort operation	**100**	100
M Sky Services Sdn. Bhd.	Malaysia	Private air transportation services	**100**	100
Mulpha Land & Property Sdn. Bhd.	Malaysia	Property development	**100**	100
Mulpha Ventures Sdn. Bhd.	Malaysia	Licensed money lending and trading in securities	**100**	100
Mulpha Capital Holdings Sdn. Bhd.	Malaysia	Investment holding	**100**	100
Mulpha Far East Sdn. Bhd.	Malaysia	Investment holding	**100**	100
Mulpha Infrastructure Holdings Sdn. Bhd. [4]	Malaysia	Investment holding	**–**	100
Mulpha Group Services Sdn. Bhd.	Malaysia	Investment holding and provision of management services	**100**	100
Mulpha SPV Limited	Malaysia (Labuan)	Issuance of medium term notes	**100**	100
Mulpha Australia Limited [1]	Australia	Investment holding	**100**	100
Rosetec Investments Limited [3]	British Virgin Islands	Investment holding	**100**	100
Subsidiaries of Leisure Farm Corporation Sdn. Bhd.				
Leisure Farm Resort Services Sdn. Bhd.	Malaysia	Provision of maintenance services and facilities management services	**100**	100
Leisure Farm Equestrian Sdn. Bhd.	Malaysia	Investment holding, property development and property investment	**100**	100
Leisure Farm Polo Club Berhad [4]	Malaysia	Dormant	**–**	100

6. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

Name of entity	Country of Incorporation/ establishment	Principal activities	Proportion of ownership interest 2019 %	2018 %
Subsidiaries of Mulpha Capital Holdings Sdn. Bhd.				
Mulpha Capital Markets Sdn. Bhd.	Malaysia	Investment holding	**100**	100
Mulpha Capital Asset Management Sdn. Bhd. [5]	Malaysia	Dormant	**70**	70
Mulpha Investments (S) Pte. Limited [6]	Singapore	Investment holding and provision of corporate services	**100**	100
Subsidiary of Mulpha Capital Markets Sdn. Bhd.				
Mulpha Credit Sdn. Bhd.	Malaysia	Investment holding	**100**	100
Subsidiaries of Mulpha Group Services Sdn. Bhd.				
Mulpha Strategic Limited [3]	British Virgin Islands	Investment holding	**100**	100
Manta Equipment (Malaysia) Sdn. Bhd. [4]	Malaysia	Dormant	**–**	70
Subsidiaries of Mulpha Australia Limited				
Bimbadgen Estate Pty. Limited [1]	Australia	Winery and vineyard	**100**	100
Mulpha Australia (Holdings) Pty. Limited [1]	Australia	Investment holding	**100**	100
Caldisc Pty. Limited [1]	Australia	Administration	**100**	100
Enacon Parking Pty. Limited [1]	Australia	Car park operator	**100**	100
HD Diesels Pty. Limited [1]	Australia	Investment holding and hotelier	**100**	100
Mulpha Investments Pty. Limited [1]	Australia	Investment holding	**100**	100
Mulpha Sanctuary Cove Pty. Limited [1]	Australia	Investment holding	**100**	100
Mulpha Hotel Investments (Australia) Pty. Limited [1]	Australia	Investment holding	**100**	100
Mulpha Hotel Management Pty. Limited [1]	Australia	Dormant	**100**	100
Mulpha (Hotel Bonds) Group Pty. Limited [1]	Australia	Dormant	**100**	100
Mulpha Core Plus Trust [1]	Australia	Investment holding	**100**	100

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

6. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

Name of entity	Country of Incorporation/ establishment	Principal activities	Proportion of ownership interest 2019 %	2018 %
Subsidiaries of Mulpha Australia Limited (cont'd)				
Mulpha Core Plus Pty. Limited [1]	Australia	Trustee	**100**	100
Mulpha Education Group Pty. Limited [1]	Australia	Education and investment holding	**100**	100
Norwest City Pty. Limited [1]	Australia	Trustee	**100**	100
MAL Hayman Pty. Limited [1]	Australia	Property management	**100**	100
Norwest Flexi Pty. Limited [1]	Australia	Trustee	**100**	100
Mulpha Funds Management Pty. Limited [1]	Australia	Trustee/asset management	**100**	100
Circa 1 Pty. Limited [1]	Australia	Property development	**100**	100
Cairns Esplanade Operations Pty. Limited [1]	Australia	Hotelier	**100**	100
Mulpha Finance Pty. Limited [1]	Australia	Financial services provider	**100**	100
Mulpha Cairns Esplanade Fund [1]	Australia	Property ownership	**100**	100
Mulpha Finance Holdings Pty. Limited [1]	Australia	Investment holding	**100**	100
Mulpha MTN Limited [1]	British Virgin Islands	Medium Term Note Issuer	**100**	100
Subsidiaries of Mulpha Sanctuary Cove Pty. Limited				
Mulpha Sanctuary Cove (Developments) Pty. Limited [1]	Australia	Property development	**100**	100
Mulpha Events Pty. Limited (formerly known as Mulpha Sanctuary Cove International Boat Show Pty. Limited) [1]	Australia	Event operator	**100**	100
Sanctuary Cove (Real Estate) Pty. Limited [1]	Australia	Investment holding	**100**	100
Mulpha Sanctuary Cove Hotel Operations Pty. Limited [1]	Australia	Hotelier	**100**	100
Mulpha Sanctuary Cove Marine Village Pty. Limited [1]	Australia	Property ownership	**100**	100
Mulpha Sanctuary Cove Marina Pty. Limited [1]	Australia	Marina operations	**100**	100
Mulpha Sanctuary Cove Hotel Investments Pty. Limited [1]	Australia	Property ownership	**100**	100

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

6. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

Name of entity	Country of Incorporation/ establishment	Principal activities	Proportion of ownership interest 2019 %	2018 %
Subsidiaries of Mulpha Sanctuary Cove Pty. Limited (cont'd)				
Mulpha Sanctuary Cove Rec Club Pty. Limited [1]	Australia	Recreation club operator	**100**	100
Mulpha Sanctuary Cove Investments Pty. Limited [1]	Australia	Property ownership	**100**	100
Subsidiaries of Mulpha Sanctuary Cove (Developments) Pty. Limited				
Mulpha Sanctuary Cove (Alpinia) Pty. Limited [1]	Australia	Property development	**100**	100
Mulpha SPV 2 Pty. Limited [1]	Australia	Dormant	**100**	100
Subsidiary of HD Diesels Pty. Limited				
Salzburg Apartments (Perisher Valley) Pty. Limited [1]	Australia	Serviced apartment operator	**100**	100
Subsidiaries of Mulpha Hotel Investments (Australia) Pty. Limited				
Mulpha Hotels Holdings Trust [1]	Australia	Investment holding	**100**	100
Mulpha Hotels Holdings Pty. Limited [1]	Australia	Trustee	**100**	100
Subsidiaries of Mulpha Hotels Holdings Trust				
Mulpha Hotels Australia Trust [1]	Australia	Investment holding	**100**	100
Mulpha Hotels Australia Pty. Limited [1]	Australia	Trustee	**100**	100
Subsidiaries of Mulpha Australia (Holdings) Pty. Limited				
Mulpha Hotel (Sydney) Pty. Limited [1]	Australia	Trustee	**100**	100
Mulpha Transport House Pty. Limited [1]	Australia	Property ownership	**100**	100
Mulpha Hotel (Sydney) Trust [1]	Australia	Property ownership	**100**	100
Mulpha Hotel Operations Pty. Limited [1]	Australia	Hotelier	**100**	100

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

6. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

Name of entity	Country of Incorporation/ establishment	Principal activities	Proportion of ownership interest 2019 %	2018 %
Subsidiary of Mulpha Investments Pty. Limited				
Mulpha Norwest Pty. Limited [1]	Australia	Property development	**100**	100
Subsidiaries of Mulpha Education Group Pty. Limited				
iLead Training Pty. Limited [1]	Australia	Education	**100**	100
Mulpha HTMi Australia Pty. Limited [1]	Australia	Education	**100**	100
Subsidiaries of Mulpha Hotels Australia Trust				
Mulpha Hotel Pty. Limited [1]	Australia	Hotelier	**100**	100
Mulpha Hotel Trust [1]	Australia	Property ownership	**100**	100
Subsidiaries of Mulpha Norwest Pty. Limited				
Norwest Real Estate Pty. Limited [1]	Australia	Dormant	**100**	100
Mulpha Menangle Pty. Limited [1] [2]	Australia	Property development	**100**	–
Subsidiaries of Mulpha Hotel Trust				
Hotel Land Trust [1]	Australia	Property ownership	**100**	100
Mulpha Hotel Bonds (Holdings) Pty. Limited [1]	Australia	Dormant	**100**	100
Bistrita Pty. Limited [1]	Australia	Trustee	**100**	100
Subsidiary of Mulpha Hotel Bonds (Holdings) Pty. Limited				
Mulpha Hotel Bonds Pty. Limited [1]	Australia	Bond issuer	**100**	100
Subsidiaries of Mulpha Core Plus Trust				
Norwest City Trust [1]	Australia	Property ownership and development	**100**	100
Flexi Trust [1]	Australia	Property ownership	**100**	100

6. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

Name of entity	Country of Incorporation/ establishment	Principal activities	Proportion of ownership interest 2019 %	2018 %
Subsidiaries of Mulpha Finance Holdings Pty. Limited				
Multiple Capital Pty. Limited [1]	Australia	Financial services provider	**80**	80
Pindari Capital Pty. Limited [1] [2]	Australia	Fund manager	**100**	–
Pindari Capital Assets Management Pty. Limited [1] [2]	Australia	Dormant	**100**	–
Subsidiary of Pindari Capital Pty. Limited				
Pindari (Shenzhen) Commercial Information Consulting Limited PLC [1] [2]	Australia	Advisory	**100**	–
Subsidiary of Rosetec Investments Limited				
AOG Limited Partnership [2] [6]	Bermuda	Investment holding	**96**	–
Subsidiaries of Mulpha Strategic Limited				
AFO Assets Limited	Malaysia (Labuan)	Leasing business	**100**	100
Jumbo Hill Group Limited [3]	British Virgin Islands	Investment holding and property ownership	**100**	100
Flame Gold Group Limited [3]	British Virgin Islands	Investment holding	**100**	100
View Link Global Limited [3]	British Virgin Islands	Investment holding	**100**	100

[1] Subsidiaries audited by other member firms of KPMG International.
[2] Subsidiaries incorporated/established during the financial year.
[3] Not required to be audited pursuant to the relevant regulations of the country of incorporation.
[4] The subsidiaries struck off from the register of companies and dissolved following the publication of the notice of striking off in the Gazette pursuant to Section 551(3) of the Companies Act 2016 during the financial year. The financial results of the subsidiaries being struck off are insignificant to the Group.
[5] The subsidiary had applied to Companies Commission of Malaysia for striking off pursuant to Section 550 of the Companies Act 2016. On 7 February 2020, the subsidiary was struck off from the register of companies and dissolved following the publication of the notice of striking off in the Gazette pursuant to Section 551(3) of the Companies Act 2016.
[6] Subsidiaries not audited by other member firms of KPMG International.

6. INVESTMENTS IN SUBSIDIARIES (cont'd)

6.1 Additional investments in subsidiaries

In the previous financial year, the Company increased its investments in two subsidiaries which amounted to RM146,062,000.

6.2 Non-controlling interests in subsidiaries

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

	AOG Limited Partnership RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
2019			
NCI percentage of ownership interest and voting interest	**4%**		
Carrying amount of NCI	**20,759**	**139**	**20,898**
Profit allocated to NCI	**38**	**719**	**757**
Summarised financial information before intra-group elimination			
As at 31 December			
Non-current assets	**533,246**		
Current assets	**1,105**		
Non-current liabilities	**–**		
Current liabilities	**(144)**		
Net assets	**534,207**		
Year ended 31 December			
Revenue	**1,112**		
Profit for the year	**968**		
Total comprehensive income	**968**		
Net movement in cash and cash equivalents	**–**		
Dividends paid to NCI	**–**		
2018			
Carrying amount of NCI		(81)	(81)
Profit allocated to NCI		30	30

7. INVESTMENTS IN ASSOCIATES

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
At cost:				
Quoted shares in Malaysia	**30,779**	30,779	**22,876**	22,876
Foreign quoted shares	**–**	1,288,731	**–**	–
Foreign unquoted shares	**147,496**	147,496	**–**	–
Exchange difference	**(1,087)**	111,488	**–**	–
	177,188	1,578,494	**22,876**	22,876
Share of post-acquisition reserves	**(32,707)**	(85,213)	**–**	–
	144,481	1,493,281	**22,876**	22,876
Less: Accumulated impairment losses	**(17,496)**	(17,496)	**(7,254)**	(7,254)
	126,985	1,475,785	**15,622**	15,622
At market value:				
Quoted shares				
- In Malaysia	**23,047**	23,047	**23,047**	23,047
- Foreign	**–**	661,343	**–**	–
	23,047	684,390	**23,047**	23,047

Movement in the accumulated impairment losses account is as follows:

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
At 1 January		**17,496**	17,496	**7,254**	7,254
Addition	7.2	**312,710**	–	**–**	–
Disposal of associate	7.2	**(312,710)**	–	**–**	–
At 31 December		**17,496**	17,496	**7,254**	7,254

7. INVESTMENTS IN ASSOCIATES (cont'd)

Details of the associates are as follows:

Name of entity	Country of incorporation	Principal activities	Proportion of ownership interest 2019 %	Proportion of ownership interest 2018 %
Held by Mulpha International Bhd.				
Thriven Global Berhad [1] ("Thriven")	Malaysia	Investment holding, property development and property investment	**22.18**	24.39
Held through Rosetec Investments Limited				
AVEO Group [1] ("AVEO")	Australia	Ownership and management of retirement villages and property development	**–**	24.23
Held through Mulpha Strategic Limited				
AVEO [1]	Australia	Ownership and management of retirement villages and property development	**–**	0.16
Held through View Link Global Limited				
New Pegasus Holdings Limited [2] ("New Pegasus")	British Virgin Islands	Investment holding	**33.00**	33.00
Held through Mulpha Credit Sdn. Bhd.				
Education Perfect Group Limited [1]	New Zealand	Education software business	**37.90**	39.30

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

7. INVESTMENTS IN ASSOCIATES (cont'd)

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

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

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

7. INVESTMENTS IN ASSOCIATES (cont'd)

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

Group	Thriven RM'000	AVEO RM'000	Education Perfect RM'000	New Pegasus RM'000
2018				
Summarised financial information as at 31 December				
Non-current assets	47,607	Note 7.1	135,911	591,287
Current assets	334,873	Note 7.1	12,457	82,571
Total assets	382,480	19,609,844	148,368	673,858
Non-current liabilities	(24,102)	Note 7.1	(53,407)	(368,200)
Current liabilities	(182,716)	Note 7.1	(35,592)	(21,744)
Total liabilities	(206,818)	(13,035,464)	(88,999)	(389,944)
Net assets	175,662	6,574,380	59,369	283,914
Year ended 31 December				
Profit/(Loss)	21,520	519,039	(15,694)	28,112
Other comprehensive income	–	1,212	56	–
Total comprehensive income/(expense)	21,520	520,251	(15,638)	28,112
Included in the total comprehensive income/(expense) is:				
Revenue	239,079	1,094,739	39,579	146,017

Group	Thriven RM'000	AVEO RM'000	Education Perfect RM'000	New Pegasus RM'000	Total RM'000
2018					
Reconciliation of net assets to carrying amount as at 31 December					
Group's share of net assets	22,471	1,344,139	23,295	85,880	1,475,785
Group's share of results for the year ended 31 December					
Group's share of profit/(loss)	4,813	171,852	(5,890)	9,277	180,052
Group's share of other comprehensive expense	–	(3,372)	–	–	(3,372)
Group's share of total comprehensive income/(expense)	4,813	168,480	(5,890)	9,277	176,680
Other information					
Dividends received	–	35,942	–	30,208	66,150

7. INVESTMENTS IN ASSOCIATES (cont'd)

Note 7.1

AVEO has adopted the liquidity basis for presenting its balance sheets, under which assets and liabilities are presented in order of their liquidity because AVEO does not have a clearly identified operating cycle and the liquidity basis provides more relevant information that is also reliable.

Details of AVEO's total assets and total liabilities as at 31 December 2018 are as follows:

	RM'000
Assets	
Cash and cash equivalents	127,020
Receivables	476,836
Assets held for sale	11,972
Inventories	283,824
Property, plant and equipment	409,676
Investment properties	18,287,084
Intangible assets	13,432
Total assets	19,609,844
Liabilities	
Payables	(579,036)
Provisions	(21,900)
Interest bearing loans and borrowings	(2,194,088)
Deferred revenue	(878,044)
Resident loans	(8,856,068)
Deferred tax liabilities	(506,328)
Total liabilities	(13,035,464)
Net assets	6,574,380

Note 7.2

In previous financial year, the Group further acquired 1.7% investment in AVEO from the open market at a total consideration of RM56,136,000 which is below the net fair value of AVEO's identifiable assets and liabilities. As such, the Group recognised an income of RM56,643,000 arising from the additional acquisition as part of share of profit of associate in the statement of profit or loss and other comprehensive income.

During the financial year, AVEO undertook privatisation scheme as elaborated in Note 38, offered a cash consideration of AUD2.15 per AVEO Security or scrip consideration, being 2.15 AOG L.P. units for every AVEO Security by way of a trust scheme and a company scheme arrangement ("Schemes"). The Schemes was implemented on 29 November 2019.

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

7. INVESTMENTS IN ASSOCIATES (cont'd)

Note 7.3

In the previous financial year, the shareholding in Education Perfect was diluted to 39.3% after its share buyback exercise completed in December 2018.

In the current financial year, Education Perfect has issued additional shares to key executives and as a result the shareholding in Education Perfect was further diluted to 37.9%. As at 31 December 2019 and 31 December 2018, the Group held 12,504,754 ordinary shares in Education Perfect.

Note 7.4

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

Note 7.5

In the previous financial year, the quoted shares of a foreign associate with a carrying value of RM1,344,139,000 are pledged as security for bank borrowings as disclosed in Note 22.

8. INVESTMENTS IN JOINT VENTURES

	Group	
	2019 RM'000	**2018 RM'000**
Unquoted shares at cost	**43,621**	1,795
Share of post-acquisition profit	**15,576**	16,604
Exchange differences	**2**	(1)
	59,199	18,398

The movements of investments in joint ventures are as follows:

	Group	
	2019 RM'000	**2018 RM'000**
Carrying amount at 1 January	**18,398**	20,217
Addition	**42,132**	100
Share of net results from investments in joint ventures	**(911)**	15
Dividend received	**(117)**	(362)
Exchange differences	**(303)**	(1,572)
Carrying amount at 31 December	**59,199**	18,398

8. INVESTMENTS IN JOINT VENTURES (cont'd)

Details of the joint ventures are as follows:

Name of entity	Country of incorporation	Principal activities	Proportion of ownership interest 2019 %	2018 %
Held through Mulpha Sanctuary Cove (Management) Pty. Limited				
SC Realty Pty. Limited [1]	Australia	Real estate agency	**50.00**	50.00
Held through Mulpha Norwest Pty. Limited				
Spamb Pty. Limited [1]	Australia	Property development	**60.00**	60.00
Held through Mulpha Finance Holdings Pty. Limited				
JY Mulpha Brimbank Level 3 Trust [1] [2]	Australia	Investment holding	**20.00**	–
JY Mulpha Brimbank Level 2 Trust [1] [2]	Australia	Debt Financing	**20.00**	–
JY Mulpha Brimbank Level 1 Trust [1] [2]	Australia	Property Ownership	**20.00**	–
Held through Leisure Farm Corporation Sdn. Bhd.				
Gerbang Leisure Park Sdn. Bhd.	Malaysia	Property development	**50.00**	50.00

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

8. INVESTMENTS IN JOINT VENTURES (cont'd)

The following table summarises the financial information of joint ventures and reconciles the summarised financial information to the carrying amount of the Group's interests in joint ventures, which are accounted for using the equity method.

	Group	
	2019 RM'000	2018 RM'000
Summarised financial information as at 31 December		
Non-current assets	**468,336**	157
Current assets	**77,145**	37,041
Non-current liabilities	**(263,466)**	–
Current liabilities	**(48,552)**	(11,277)
Net assets	**233,463**	25,921
Year ended 31 December		
Total comprehensive (expense)/income	**(1,511)**	127
Included in the total comprehensive (expense)/income is:		
Revenue	**4,665**	7,567
Reconciliation of net assets to carrying amount as at 31 December		
Group's share of net assets	**59,199**	18,398
Group's share of results for the year ended 31 December		
Group's share of total comprehensive (expense)/income	**(911)**	15
Other information		
Dividends received	**117**	362

9. INVESTMENT SECURITIES

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Non-current					
Foreign quoted shares		**5**	5	**–**	–
Quoted shares in Malaysia		**–**	155	**–**	155
Unquoted shares					
- In Malaysia		**1,000**	1,000	**1,000**	1,000
- Foreign	9.1	**301,649**	45	**43**	43
Foreign unquoted loan notes	9.1	**231,642**	–	**–**	–
		534,296	1,205	**1,043**	1,198
Current					
Foreign quoted bond	9.2	**164,000**	249,000	**–**	–
Quoted shares					
- In Malaysia		**–**	129	**–**	–
- Foreign		**2,994**	2,060	**–**	–
		166,994	251,189	**–**	–
		701,290	252,394	**1,043**	1,198
Market value of quoted investments		**166,999**	251,349	**–**	155

9.1 Foreign unquoted shares and unquoted loan notes

The privatisation of AVEO was completed on 29 November 2019 (as disclosed in Note 38). As a result of this transaction, the Group continues to retain indirect effective equity interest of approximately 15.5% in AVEO. The ownership structure is such that the Group holds direct equity interest of approximately 96.1% in AOG L.P. ("AOG"), which in turn holds a direct equity interest of approximately 16.1% in Hydra RL TopCo Pty. Limited ("TopCo"). TopCo securities were issued to AOG on the basis of 1 TopCo share and 1 TopCo loan note (with an interest of 5.44% per annum) for every AOG unit issued. The Group effectively holds 178,580,181 units with an issue price of AUD0.57 each (amounting to RM301.6 million) and loan notes with issue price of AUD0.43 each (amounting to RM 231.6 million).

9.2 Foreign quoted bond

On 28 December 2016, Mulpha Strategic Limited ("MSL"), a wholly-owned subsidiary of Mulpha Group Services Sdn. Bhd., which in turn is a wholly-owned subsidiary of the Company, had subscribed for Series 1 USD60 million (equivalent to RM249,000,000 and RM243,600,000 in 2018 and 2017 respectively) 7% Notes due in 2019 issued by Mudajaya Ventures Limited ("MVL") under its USD200 million Euro Medium Term Note Programme. This investment is recognised as amortised cost financial assets.

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

The foreign quoted bond with carrying value of RM164,000,000 (2018: RM249,000,000) are pledged to a financial institution for credit facility granted to a subsidiary as disclosed in Note 22.

10. OTHER INVESTMENTS

	Club memberships RM'000	Investments in works of art RM'000	Total RM'000
Group			
At 1 January 2018	959	4,121	5,080
Additions	4	–	4
At 31 December 2018/1 January 2019	963	4,121	5,084
Additions	**2**	**–**	**2**
At 31 December 2019	**965**	**4,121**	**5,086**
Company			
At 1 January 2018	930	4,121	5,051
Additions	4	–	4
At 31 December 2018/1 January 2019	934	4,121	5,055
Additions	**2**	**–**	**2**
At 31 December 2019	**936**	**4,121**	**5,057**

11. GOODWILL

	Goodwill on consolidation RM'000	Purchased goodwill RM'000	Total RM'000
Group			
At 1 January 2018	2,512	213	2,725
Exchange differences	–	(17)	(17)
At 31 December 2018/1 January 2019	2,512	196	2,708
Exchange differences	**–**	**(3)**	**(3)**
At 31 December 2019	**2,512**	**193**	**2,705**

11. GOODWILL (cont'd)

Impairment tests for goodwill

Allocation of goodwill

Goodwill has been allocated to the Group's cash-generating units identified according to the country of operation and business segment as follows:

	Malaysia RM'000	Australia RM'000	Total RM'000
At 31 December 2019			
Boat show	**–**	**193**	**193**
Investment business	**2,512**	**–**	**2,512**
	2,512	**193**	**2,705**
At 31 December 2018			
Boat show	–	196	196
Investment business	2,512	–	2,512
	2,512	196	2,708

Key assumptions used

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

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

Based on the impairment test undertaken, no impairment loss is required to be recognised.

12. INVENTORIES

	Group 2019 RM'000	Group 2018 RM'000
Non-current		
Properties held for development		
- Cost of acquisition for freehold land	**326,186**	395,782
- Capitalised development cost	**170,217**	233,227
Total non-current inventories	**496,403**	629,009
Current		
Properties under development		
- Cost of acquisition for freehold land	**206,116**	163,458
- Capitalised development cost	**410,614**	449,126
	616,730	612,584
Completed properties	**244,474**	118,054
Finished goods	**1,201**	6,924
Work-in-progress	**7,767**	6,573
Other consumables	**8,713**	8,300
	262,155	139,851
Total current inventories	**878,885**	752,435
Total inventories	**1,375,288**	1,381,444

Included in properties under development of the Group is interest capitalised during the financial year amounting to RM1,775,000 (2018: RM3,589,000).

Certain properties held for development and properties under development amounting to RM806,448,000 (2018: RM814,299,000) are pledged to financial institutions as security for banking facilities granted as disclosed in Note 22.

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

13. TRADE AND OTHER RECEIVABLES

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Non-current					
Trade					
Accrued income	13.1	**4,222**	7,261	**–**	–
Trade receivables		**2,022**	–	**–**	–
Loan receivables					
- Loan assets held at FVTPL		**2,748**	–	**–**	–
Loan receivables					
- Loan assets held at FVOCI		**42,884**	24,084	**–**	–
Non-trade					
Other receivables		**152**	300	**–**	–
Amount due from subsidiary	13.2	**–**	–	**278,960**	276,188
		52,028	31,645	**278,960**	276,188
Current					
Trade					
Trade receivables		**97,542**	74,180	**–**	–
Less: Allowance for impairment losses		**(1,620)**	(535)	**–**	–
		95,922	73,645	**–**	–
Accrued income	13.1	**2,245**	2,086	**–**	–
Loan receivables					
- Loan assets held at FVOCI		**49,568**	53,194	**–**	–
- Loan assets held at amortised cost		**–**	15,036	**–**	–
		147,735	143,961	**–**	–
Non-trade					
Other receivables	13.3	**244,271**	176,974	**103,203**	103,177
Deposits		**4,956**	3,138	**63**	40
Amounts due from subsidiaries	13.2	**–**	–	**360,485**	337,644
		249,227	180,112	**463,751**	440,861
Total current trade and non trade		**396,962**	324,073	**463,751**	440,861
Total trade and other receivables		**448,990**	355,718	**742,711**	717,049

13.1 Accrued income

Included in accrued income are rental income of investment properties amounting to RM6,465,000 (2018: RM9,347,000) recognised on a straight-line basis over the lease term.

13. TRADE AND OTHER RECEIVABLES (cont'd)

13.2 Amounts due from subsidiaries

	Company 2019 RM'000	2018 RM'000
Interest bearing	**517,175**	490,509
Non-interest bearing	**122,270**	123,323
	639,445	613,832

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

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

(i) Foreign unquoted cumulative redeemable preference shares ("CRPS") amounted to RM232,209,000 (2018: RM236,255,000) issued by Mulpha Australia Limited ("MAL"), a wholly-owned subsidiary of the Company. The CRPS is subject to dividend of 7.50% (2018: 7.50%) per annum;

(ii) Unsecured loan owing by MAL amounted to RM33,866,000 (2018: RM34,456,000) is subject to interest of 7.00% (2018: 7.00%) per annum; and

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

The current amounts due from subsidiaries are unsecured, non-interest bearing and repayable on demand except for amounts due from subsidiaries amounting to RM22,583,000 (2018: RM18,722,000) and RM228,517,000 (2018: RM201,076,000) which are subject to interest of 4.05% (2018: 4.05%) per annum and 8.20% (2018: 8.20%) per annum respectively.

13.3 Other receivables

Included in other receivables is the withholding tax amounting to RM80,931,000 arising from the acceptance of AVEO privatisation scheme as disclosed in Note 38. The withholding tax receivable is refundable upon tax clearance by the Australian Taxation Office.

14. OTHER NON-CURRENT ASSETS

	Group 2019 RM'000	2018 RM'000
Deferred lease incentive	**1,867**	3,360
Prepayments and others	**13,984**	9,447
	15,851	12,807

15. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	31.12.2019 RM'000	31.12.2018 RM'000 Restated	1.1.2018 RM'000 Restated
Group			
Assets			
Inventories	**2,365**	11,800	6,781
Provision for liabilities and other payables	**35,484**	32,916	58,354
Lease liabilities	**5,145**	–	–
Unutilised tax losses	**7,824**	–	4,818
Unabsorbed capital allowances	**21,547**	6,468	204
Capital tax losses	**77,737**	78,164	72,363
Tax assets	**150,102**	129,348	142,520
Set off of tax	**(137,167)**	(116,413)	(129,585)
Net tax assets	**12,935**	12,935	12,935
Liabilities			
Property, plant and equipment	**(668)**	–	–
Right-of-use assets	**(5,074)**	–	–
Investment properties	**(1,844)**	–	–
Fair value adjustment	**(56,251)**	(52,000)	(44,964)
Accelerated capital allowances	**(92,511)**	(128,516)	(59,639)
Receivables and others	**(76,551)**	(80,215)	(86,856)
Tax liabilities	**(232,899)**	(260,731)	(191,459)
Set off of tax	**137,167**	116,413	129,585
Net tax liabilities	**(95,732)**	(144,318)	(61,874)
Net	**(82,797)**	(131,383)	(48,939)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Note	2019 RM'000	2018 RM'000
Group			
Unutilised tax losses	15.1	**139,969**	104,560
Unabsorbed capital allowances		**7,978**	7,420
Other deductible temporary differences		**75,996**	73,175
		223,943	185,155

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

Unrecognised deferred tax assets (cont'd)

	Note	2019 RM'000	2018 RM'000
Company			
Unutilised tax losses	15.1	**335**	335
Unabsorbed capital allowances		**3,646**	3,646
		3,981	3,981

The unabsorbed capital allowances and other deductible temporary differences do not expire under the current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available in subsidiaries against which the Group can utilise the benefits there from.

15.1 The unutilised tax losses can only be carried forward up to 7 consecutive years of assessment. The table below shows the unutilised tax losses expires in respective year of assessment ("YA"):

	Group		Company		7-Year time limit to carry forward
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	
YA 2018	**104,560**	104,560	**335**	335	YA 2025
YA 2019	**35,409**	–	–	–	YA 2026
	139,969	104,560	**335**	335	

Pursuant to guidelines issued by the Malaysian tax authorities in 2008, the Ministry of Finance has exempted all companies from the provision of Section 44(5A) and Paragraph 75A of Schedule 3 except dormant companies. Therefore, all active subsidiaries are allowed to carry forward their unabsorbed capital allowances and business losses.

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

	Group	
	2019 RM'000	2018 RM'000 Restated
At 1 January	**(131,383)**	(48,939)
Recognised in profit or loss	**46,529**	(89,343)
Recognised in equity	**–**	66
Exchange adjustments	**2,057**	6,833
At 31 December	**(82,797)**	(131,383)

16. CONTRACT ASSETS/(CONTRACT LIABILITIES)

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

	2019 RM'000	2018 RM'000
Group		
Contract assets	**492**	573
Contract liabilities	**(45,811)**	(19,241)

The contract assets primarily relate to the Group's rights to consideration for services rendered but not yet billed at the reporting date. Included in the contract assets of the Group are amounts due from a company related to a person connected to a director of the Company.

The contract liabilities primarily relate to the advance considerations received from a service to be rendered to the customer and are to be recognised as revenue over a period of contract. Included in the contract liabilities of the Group are mainly contributions from hotel operator towards the hotel renovation programmes undertook by the Group and are to be recognised as other income over the period of the hotel management agreement entered into between the Group and the hotel operator.

Changes in the contract liabilities balances during the financial year are as follows:

	2019 RM'000	2018 RM'000
Group		
Contract liabilities at the beginning of the period recognised as revenue	**19,241**	204

17. OTHER CURRENT ASSETS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Deferred lease incentive	**1,144**	1,018	**–**	–
Prepayments	**33,723**	28,384	**46**	46
	34,867	29,402	**46**	46

18. CASH AND CASH EQUIVALENTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash and bank balances	**100,790**	104,572	**35**	24
Deposits with licensed banks	**251,061**	45,998	**–**	–
	351,851	150,570	**35**	24

Included in cash and cash equivalents of the Group are deposits amounting to RM32,513,000 (2018: RM24,928,000) pledged to licensed banks as security for banking facilities granted to certain subsidiaries of the Company as disclosed in Note 22.

Included in cash and bank balances of the Group is an amount of RM406,000 (2018: RM212,700) maintained under the Housing Developers Accounts pursuant to the Housing Developers (HDA) Regulations 1991, which are restricted from use in other operations.

The weighted average effective interest rate of deposits with licensed banks as at 31 December 2019 for the Group is 1% (2018: 1%).

The average maturity of deposits with licensed banks at reporting date for the Group is 2 days (2018: 4 days).

19. ASSETS CLASSIFIED AS HELD FOR DISTRIBUTION/SALE

19.1 Assets classified as held for distribution

	Group and Company	
	2019 RM'000	2018 RM'000
Quoted shares in Malaysia	**–**	31,460

In the previous financial year, the Company had announced a Dividend-In-Specie to distribute 89,884,299 Mudajaya Group Berhad's shares to entitled shareholders of the Company as disclosed in Note 31.

19.2 Assets classified as held for sale

In the current financial year, the Group has entered into a conditional sale contract to dispose of an investment property in Australia. The conditional sale contract is not completed and expected to be completed in 2020. As such, investment property of RM79,757,000 has been transferred to assets classified as held for sale as at 31 December 2019 (see Note 5).

20. SHARE CAPITAL AND TREASURY SHARES

	Group and Company			
	Number of shares		Amount	
	Share capital '000	Treasury shares '000	Share capital RM'000	Treasury shares RM'000
Ordinary shares				
Issued and fully paid:				
At 1 January 2018/31 December 2018/				
1 January 2019/31 December 2019	**319,619**	**(152)**	**2,037,459**	**(318)**

20.1 Ordinary shares

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

20.2 Treasury shares

The purpose of current share buyback scheme is to allow the Company to buy back its shares when the market does not fully reflect the value of its shares.

As at 31 December 2019, the details of the Company's share purchase and share cancellation are as follows:

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

^ Number of treasury shares stood at 152,210 after share consolidation.

The Company did not buy back any of its shares during the financial years ended 31 December 2019 and 31 December 2018.

Of the total 319,618,640 issued and fully paid up ordinary shares as at 31 December 2019 and 31 December 2018, 152,210 are held as treasury shares in accordance with Section 127 of the Companies Act 2016.

21. RESERVES

	Note	31.12.2019 RM'000	31.12.2018 RM'000 Restated	1.1.2018 RM'000 Restated
Group				
Non-distributable				
Exchange reserve	21.1	**(100,663)**	32,520	247,306
Revaluation reserve	21.2	**68,545**	68,545	66,252
Other reserve	21.3	**(4,258)**	(62,205)	(9,800)
		(36,376)	38,860	303,758

	2019 RM'000	2018 RM'000
Company		
Non-distributable		
Other reserve	**107**	(393)

The movements in reserves are shown in the statements of changes in equity.

The nature and purpose of each category of reserve are as follows:

21.1 Exchange reserve

The exchange reserve represents foreign exchange differences arising from the translation of the financial statements of foreign operations including subsidiaries, as well as from the translation of foreign currency loans used to hedge the investments in foreign subsidiaries.

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

21.2 Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment immediately prior to its reclassification to investment properties and also arises from a business combination (see Note 3) in the previous financial year.

21.3 Other reserve

Other reserve comprises mainly share of post acquisition reserve of associates and cumulative net change in the fair value of equity designated at fair value through other comprehensive income.

22. LOANS AND BORROWINGS

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Non-current					
Finance lease liability - secured	22.4	**7,950**	8,089	**–**	–
Bonds	22.3	**77,834**	373,381	**–**	–
Revolving credit - secured		**83,230**	–	**–**	–
Term loans - secured		**476,617**	1,027,155	**–**	–
		645,631	1,408,625	**–**	–
Current					
Bank overdrafts - secured		**1,028**	1,611	**946**	1,466
Bonds	22.3	**291,704**	4,423	**–**	–
Bills payable - secured		**–**	49,340	**–**	–
Revolving credit - secured		**390,000**	90,986	**86,000**	75,986
Term loans - secured		**640,927**	687,058	**–**	–
Term loan - unsecured		**17,307**	11,687	**–**	–
		1,340,966	845,105	**86,946**	77,452
Total borrowings		**1,986,597**	2,253,730	**86,946**	77,452

22.1 Obligations under finance lease

This obligation is secured by the leased asset as disclosed in Note 3. The finance lease payable is subjected to interest of 7.0% (2018: 7.0%) per annum during the financial year.

22.2 Security

The bank overdrafts, bills payable, revolving credit and term loans are secured by the following:

(i) Corporate guarantee by the Company;

(ii) Pledge of land, buildings and plant and equipment of certain subsidiaries, as disclosed in Note 3.1;

(iii) Pledge of investment properties of certain subsidiaries as disclosed in Note 5;

(iv) Pledge over quoted shares of a foreign associate as disclosed in Note 7.5;

(v) Pledge over investment securities of a subsidiary as disclosed in Note 9;

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

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

(viii) Floating charge over assets of certain subsidiaries.

22. LOANS AND BORROWINGS (cont'd)

22.3 Bonds

	Note	Group 2019 RM'000	Group 2018 RM'000
Unsecured	(i)	**287,000**	290,500
Secured	(ii)	**82,538**	87,304
		369,538	377,804

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

(ii) In 1999, a subsidiary in Australia issued bonds for a term of 30 years. The bonds have an effective interest rate of 6.18% (2018: 8.08%) per annum and is payable quarterly in arrears. These bonds are secured against the freehold land of a subsidiary as disclosed in Note 3.1.

22.4 Finance lease liability

Finance lease liability is payable as follows:

	Future minimum lease payments 2019 RM'000	Interest 2019 RM'000	Present value of minimum lease payments 2019 RM'000	Future minimum lease payments 2018 RM'000	Interest 2018 RM'000	Present value of minimum lease payments 2018 RM'000
Group						
Current						
Less than one year	**557**	**557**	**–**	566	566	–
Non-current						
Between one and five years	**2,226**	**2,226**	**–**	2,265	2,265	–
More than five years	**7,950**	**–**	**7,950**	8,089	–	8,089
	10,176	**2,226**	**7,950**	10,354	2,265	8,089
Total	**10,733**	**2,783**	**7,950**	10,920	2,831	8,089

22. LOANS AND BORROWINGS (cont'd)

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

	At 1.1.2018 RM'000	Net changes from financing cash flows RM'000	Foreign exchange movement RM'000	At 31.12.2018 RM'000	Adjustment on initial application of MFRS 16 RM'000	At 1.1.2019 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	Other changes RM'000	Foreign exchange movement RM'000	At 31.12.2019 RM'000
Group											
Finance lease liability - secured	8,803	(21)	(693)	8,089	–	**8,089**	**–**	**–**	**–**	**(139)**	**7,950**
Bonds	382,330	26,504	(31,030)	377,804	–	**377,804**	**(3,269)**	**–**	**–**	**(4,997)**	**369,538**
Bills payable - secured	54,602	(988)	(4,274)	49,340	–	**49,340**	**(48,495)**	**–**	**–**	**(845)**	**–**
Revolving credit - secured	64,330	26,656	–	90,986	–	**90,986**	**382,244**	**–**	**–**	**–**	**473,230**
Term loans - secured	1,630,650	190,018	(106,455)	1,714,213	–	**1,714,213**	**(572,368)**	**–**	**–**	**(24,301)**	**1,117,544**
Term loans - unsecured	–	12,087	(400)	11,687	–	**11,687**	**5,820**	**–**	**–**	**(200)**	**17,307**
Total loans and borrowings	2,140,715	254,256	(142,852)	2,252,119	–	**2,252,119**	**(236,068)**	**–**	**–**	**(30,482)**	**1,985,569**
Lease liabilities	–	–	–	–	51,926	**51,926**	**(3,958)**	**570**	**811**	**(226)**	**49,123**
Total liabilities from financing activities	2,140,715	254,256	(142,852)	2,252,119	51,926	**2,304,045**	**(240,026)**	**570**	**811**	**(30,708)**	**2,034,692**
Company											
Revolving credit - secured	49,330	26,656	–	75,986	–	**75,986**	**10,014**	**–**	**–**	**–**	**86,000**

23. TRADE AND OTHER PAYABLES

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Non-current					
Non-trade					
Other payables	23.3	**4,808**	32,174	**–**	–
Current					
Trade					
Trade payables	23.1	**32,602**	28,577	**–**	–
Non-trade					
Other payables	23.3	**120,117**	157,653	**2,309**	32,761
Amounts due to subsidiaries	23.2	**–**	–	**991**	3,310
Deferred revenue		**2,275**	6,421	**–**	–
		154,994	192,651	**3,300**	36,071
Total trade and other payables		**159,802**	224,825	**3,300**	36,071

23.1 Trade payables

Trade payables are generally non-interest bearing. The normal credit terms granted to the Group ranges from 30 to 90 (2018: 30 to 90) days.

23.2 Amounts due to subsidiaries

The non-trade amounts due to subsidiaries are non-interest bearing, unsecured and repayable on demand.

23.3 Other payables

The other payables are non-interest bearing and are normally settled on commercial terms except for the non-current portion where the amount due is not expected to be repaid within twelve months. In the previous financial year, included in the other payables was an amount of RM31,394,000 relating to long term ground rent payable on a parcel of leasehold land.

24. PROVISION FOR LIABILITIES

		Group	
	Note	2019 RM'000	2018 RM'000
Provision for staff benefits	24.1	**33,532**	29,236
Others	24.2	**978**	503
		34,510	29,739
Analysed as:			
Current		**28,106**	24,043
Non-current		**6,404**	5,696
		34,510	29,739

24.1 Provision for staff benefits

	Group	
	2019 RM'000	2018 RM'000
At 1 January	**29,236**	20,505
Provision for the year	**30,227**	23,733
Acquisition of subsidiaries	**57**	–
Transfer employee incentives from accruals	**–**	1,729
Payments during the year	**(25,278)**	(14,329)
Exchange adjustments	**(710)**	(2,402)
At 31 December	**33,532**	29,236

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

24.2 Others

	Group	
	2019 RM'000	2018 RM'000
At 1 January	**503**	95,901
Provision for the year	**910**	–
Acquisition of subsidiaries	**74**	–
Reversal of provision	**–**	(78,116)
Payments during the year	**(494)**	(12,306)
Exchange adjustments	**(15)**	(4,976)
At 31 December	**978**	503

In the previous financial year, the Group had reversed out provision of repairs on Hayman Island Resort damages caused by Tropical Cyclone Debbie amounting to RM77,762,000.

25. REVENUE

	2019 RM'000	2018 RM'000
Group		
Revenue from contracts with customers		
Sale of goods and rendering of services	**486,457**	450,639
Sale of properties	**280,818**	254,851
	767,275	705,490
Other revenue		
Rental income	**64,803**	63,283
Interest income from money lending activities	**17,933**	16,131
	82,736	79,414
	850,011	784,904
Company		
Dividend income	**17,777**	135,119

25. REVENUE (cont'd)

25.1 Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's three strategic division, which are its reportable segments (see Note 32).

	Property		Hospitality		Investment and others		Total	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Group								
Primary geographical markets								
Australia	**314,204**	297,352	**396,937**	366,373	**89,229**	74,357	**800,370**	738,082
Malaysia	**33,455**	35,652	**–**	–	**4,877**	7,327	**38,332**	42,979
New Zealand	**–**	–	**11,309**	3,843	**–**	–	**11,309**	3,843
	347,659	333,004	**408,246**	370,216	**94,106**	81,684	**850,011**	784,904
Major products and services lines								
Sale of goods and rendering of services	**13,346**	18,713	**396,937**	366,373	**76,174**	65,553	**486,457**	450,639
Sale of properties	**280,818**	254,851	**–**	–	**–**	–	**280,818**	254,851
	294,164	273,564	**396,937**	366,373	**76,174**	65,553	**767,275**	705,490
Timing and recognition								
At a point in time	**294,074**	273,360	**396,937**	366,373	**42,271**	35,766	**733,282**	675,499
Over time	**90**	204	**–**	–	**33,903**	29,787	**33,993**	29,991
	294,164	273,564	**396,937**	366,373	**76,174**	65,553	**767,275**	705,490
Revenue from contracts with customers	**294,164**	273,564	**396,937**	366,373	**76,174**	65,553	**767,275**	705,490
Other revenue	**53,495**	59,440	**11,309**	3,843	**17,932**	16,131	**82,736**	79,414
Total revenue	**347,659**	333,004	**408,246**	370,216	**94,106**	81,684	**850,011**	784,904

25. REVENUE (cont'd)

25.2 Nature of goods and services

The following information reflects the typical transactions of the Group during the current financial year:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Sale of goods and rendering of services	(i) Revenue is recognised at a point in time when goods are delivered and accepted by customers.	Credit term is 30 to 90 days.	Not applicable.	Not applicable.	Not applicable.
	(ii) Revenue is recognised at a point in time when services are performed and accepted by the customers.	Cash term; credit term is up to 30 days.	Not applicable.	Not applicable.	Not applicable.
	(iii) Revenue is recognised over time when services are performed over the semester terms.	Payment in advance.	Not applicable.	Not applicable.	Not applicable.
Sale of completed properties	(i) Revenue is recognised at a point in time using the completion method when vacant possession has been delivered.	The credit terms are:- i) 3-month from the Sales and Purchase Agreement ("SPA") for local purchaser (Malaysia); ii) 3-month from the SPA or 1 month from the State Consent is obtained, whichever is later, for foreign buyer (Malaysia); or iii) payment is due at settlement (Australia).	Discount or incentives or rental guarantee given to buyers.	Not applicable.	Defect liability period is as per stipulated terms in the sales and purchase agreement.
	(ii) Revenue is recognised over time for maintenance services rendered to buyers.	Credit term is 60 days.	Not applicable.	Not applicable.	Not applicable.

26. OTHER INCOME

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Dividend income:				
- Unquoted shares	**157**	122	**–**	–
Exchange reserve transfer to profit or loss upon disposal of an associate	**92,185**	–	**–**	–
Fair value gain on investment properties	**64,028**	36,442	**–**	–
Fair value gain on financial assets at fair value through profit or loss	**1,180**	–	**–**	–
Gain on disposal of investment securities	**3**	–	**3**	–
Gain on disposal of property, plant and equipment	**83,707**	161	**–**	74
Gain on foreign exchange:				
- Realised	**1,338**	81	**–**	–
- Unrealised	**13**	73	**–**	–
Insurance recoveries	**87,053**	60,415	**–**	–
Interest income:				
- Deposits with licensed banks	**1,603**	2,196	**–**	13
- Subsidiaries	**–**	–	**20,809**	18,374
- Others	**19,087**	17,644	**–**	–
Management fees received	**30**	120	**–**	–
Rental income and reimbursable expenses from:				
- Investment properties	**5,881**	6,827	**–**	–
- Land and buildings	**10,211**	8,830	**–**	–
Reversal of impairment loss on:				
- Other non-current asset	**–**	5,706	**–**	–
- Trade and other receivables	**228**	26	**–**	–
Shared services income	**5,159**	9,992	**–**	–
Waiver of amount due to a subsidiary	**–**	–	**2,979**	–
Miscellaneous income	**12,843**	11,177	**84**	1
	384,706	159,812	**23,875**	18,462

27. FINANCE COSTS

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Interest expense on:				
- overdrafts	**228**	34	**185**	15
- bonds	**22,185**	33,862	**–**	–
- revolving credit and term loans	**72,408**	59,490	**4,204**	3,295
- lease liabilities	**3,429**	–	**–**	–
- others	**9**	1,099	**–**	–
	98,259	94,485	**4,389**	3,310
Less: Interest expense capitalised in properties under development (Note 12)	**(1,775)**	(3,589)	**–**	–
Total finance costs	**96,484**	90,896	**4,389**	3,310

28. (LOSS)/PROFIT BEFORE TAX

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
(Loss)/Profit before tax is arrived at after charging/(crediting):				
Auditors' remunerations				
Audit fees:				
- KPMG PLT	**277**	288	**136**	136
- Overseas affiliates of KPMG PLT	**1,434**	1,455	**–**	–
- Other auditors	**86**	82	**–**	–
Non-audit fees:				
- KPMG PLT	**14**	14	**12**	12
- Overseas affiliates of KPMG PLT	**–**	97	**–**	–
Material expenses/(income)				
Bad debts written off	**3,301**	–	**–**	–
Fair value loss on investment properties	**1,133**	1,268	**–**	–
Fair value loss on financial assets at fair value through profit or loss	**–**	832	**–**	–
Impairment loss on financial assets:				
- Investment securities	**35**	104	**–**	–
- Trade and other receivables	**1,859**	128	**–**	–
Impairment loss on investments in subsidiaries	**–**	–	**3,276**	4,882
Impairment loss on investment in an associate	**312,710**	–	**–**	–
Inventories written down	**2,117**	113	**–**	–
Investment properties written off	**49**	–	**–**	–
Loss on foreign exchange:				
- Realised	**2,019**	3,019	**266**	1,880
- Unrealised	**1**	4	**6,797**	27,745
Loss on disposal of investment securities	**34**	–	**–**	–
Management fee paid	**–**	–	**1,833**	1,510
Minimum operating lease payments:				
- Land and buildings	**4,249**	8,193	**–**	–
- Plant and equipment	**3,272**	4,187	**–**	–
Other non-current assets:				
- Amortisation	**2,513**	–	**–**	–
- Impairment loss	**343**	–	**–**	–
- Written off	**18**	–	**–**	–
Property, plant and equipment:				
- Depreciation	**45,074**	38,614	**27**	24
- Impairment loss	**75,264**	68,065	**–**	–
- Loss on disposal	**739**	–	**–**	–
- Written off	**36**	883	**–**	–
Provision for staff benefits	**30,227**	23,733	**–**	–
Provision for/(Reversal of provision for) repairs	**910**	(77,762)	**–**	–
Right-of-use assets:				
- Depreciation	**3,734**	–	**–**	–
- Impairment loss	**3,416**	–	**–**	–
Employee benefits expenses (including key management personnel):				
- Wages, salaries and others	**249,760**	225,009	**890**	1,148
- Pension costs - defined contribution plans	**17,037**	14,070	**107**	119
- Short-term accumulating compensated absences	**13,102**	13,265	**–**	–

29. TAX (BENEFIT)/EXPENSE

Recognised in profit or loss

		Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Current tax expense					
Malaysian	- current year	**4,067**	117	**3,264**	36
	- prior year	**(35)**	2	**(21)**	–
Overseas	- current year	**39,151**	(16,577)	**–**	–
	- prior year	**(393)**	–	**–**	–
		42,790	(16,458)	**3,243**	36
Deferred tax expense					
Original and reversal of temporary differences		**(46,955)**	81,923	**–**	–
Under provision in prior year		**426**	7,420	**–**	–
		(46,529)	89,343	**–**	–
Total income tax (benefit)/expense		**(3,739)**	72,885	**3,243**	36

Reconciliation of tax (benefit)/expense

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
(Loss)/Profit before tax	**(214,857)**	308,614	**16,256**	107,349
Income tax calculated using Malaysian tax rate of 24% (2018: 24%)	**(51,566)**	74,067	**3,901**	25,763
Different tax rates in other countries	**10,037**	6,212	**–**	–
Non-deductible expenses	**88,508**	2,730	**4,946**	10,289
Group relief	**–**	–	**–**	(2,959)
Income not subject to taxation	**(16,998)**	(11,648)	**(5,583)**	(33,057)
Effect from unrecognised deferred tax assets	**9,309**	3,462	**–**	–
Changes in deductible temporary differences	**–**	(696)	**–**	–
Derecognition of previously recognised tax losses	**–**	34,552	**–**	–
Recognition of previously unrecognised capital losses	**(70,515)**	–	**–**	–
Under provision of deferred tax in prior year	**426**	7,420	**–**	–
(Over)/Under provision of income tax in prior year	**(428)**	2	**(21)**	–
Shares of results of associates and joint ventures	**27,488**	(43,216)	**–**	–
Income tax (benefit)/expense recognised in profit or loss	**(3,739)**	72,885	**3,243**	36

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the year. The corporate tax rates applicable to foreign subsidiaries located in Australia and New Zealand are 30% and 28% respectively (2018: 30% and 28% respectively).

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

In the previous financial year, under the provision of Section 44A of the Malaysia Income Tax Act 1967, the Company had utilised RM2,959,000 of tax losses surrendered from a subsidiary.

30. (LOSS)/EARNINGS PER ORDINARY SHARE

Basic (loss)/earnings per ordinary share

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

	Group	
	2019 RM'000	**2018 RM'000**
(Loss)/Profit attributable to ordinary shareholders	**(211,875)**	235,699

	Group	
	2019 '000	**2018 '000**
Weighted average number of ordinary shares at 31 December	**319,467**	319,467

	Group	
	2019 Sen	**2018 Sen**
Basic (loss)/earnings per ordinary share	**(66.32)**	73.78

Diluted (loss)/earnings per ordinary share

The calculation of diluted (loss)/earnings per ordinary share was based on profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

There were no potential dilution effects on ordinary shares of the Company for the current and previous financial years. Accordingly, the diluted (loss)/earnings per ordinary share for the current and previous years are equal to the basic (loss)/earnings per ordinary share.

31. DIVIDEND PAYABLE

In the previous financial year, a Dividend-In-Specie to the shareholders of the Company for the financial year ended 31 December 2018 had been declared by the Board of Directors by way of distribution of 89,884,299 ordinary shares in Mudajaya Group Berhad ("Mudajaya"), on the basis of 1 Mudajaya share for every 3.537 shares held in the Company as detailed below:

	Total amount RM'000	Entitlement Date	Payment Date
2018			
a) Entitled shareholders of the Company who hold 354 or more of the Company shares:			
- Distribution of 89,884,299 ordinary shares in Mudajaya	31,460	26 December 2018	18 January 2019
b) Entitled shareholders of the Company who hold less than 354 of the Company shares:			
- Distribution of cash payment	162	26 December 2018	18 January 2019
	31,622		

After the distribution, the Company held 0.08% equity interest in Mudajaya, as the entitled shareholders' fractional entitlement to the dividend shares was disregarded. Consequently, the Company had ceased to be a substantial shareholder of Mudajaya.

Other than above, there was no cumulative preference dividends not recognised in the previous financial year.

The Directors do not recommend any dividend to be paid for the current financial year under review.

32. OPERATING SEGMENTS

Business segments

For management purposes, the Group is organised into three main business segments in the Asia Pacific region as follows:

Property	property development and investments
Hospitality	hotels and service apartments ownership and/or operation
Investment and others	investment holding, investments in securities, licensed money lending, financial services provider and others

None of the other operations are of sufficient size to be reported separately.

Performance is measured based on segment revenue and profit before tax as included in the internal management reports that are reviewed by the Exco Committee (the Group's Chief Operating Decision Maker).

The operating results of its business units are monitored separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate expenses and finance costs.

Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

32. OPERATING SEGMENTS (cont'd)

Business segments (cont'd)

The following tables provide analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	Property		Hospitality		Investment and others		Adjustments and eliminations			Per consolidated financial statements	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000 Restated	2019 RM'000	2018 RM'000	Note	2019 RM'000	2018 RM'000 Restated
Revenue											
External customer	**347,659**	333,004	**408,246**	370,216	**94,106**	81,684	**–**	–		**850,011**	784,904
Total revenue	**347,659**	333,004	**408,246**	370,216	**94,106**	81,684	**–**	–		**850,011**	784,904
Results											
Inventories written down	**(2,117)**	(113)	**–**	–	**–**	–	**–**	–		**(2,117)**	(113)
Property, plant and equipment:											
- Impairment loss	**–**	–	**(75,264)**	(68,065)	**–**	–	**–**	–		**(75,264)**	(68,065)
- Written off	**(25)**	–	**–**	(883)	**(11)**	–	**–**	–		**(36)**	(883)
Share of (loss)/profit from associates and joint ventures	**–**	–	**–**	–	**(893)**	16,599	**(113,641)**	163,468	(i)	**(114,534)**	180,067
Depreciation and amortisation	**(5,335)**	(4,254)	**(31,639)**	(25,895)	**(14,347)**	(8,465)	**–**	–		**(51,321)**	(38,614)
Segment profit/(loss)	**147,339**	152,886	**109,308**	92,826	**(191,232)**	(33,039)	**(280,272)**	95,941	(i)	**(214,857)**	308,614
Assets and liabilities											
Investments in associates and joint ventures	**–**	–	**–**	–	**186,184**	1,494,183	**–**	–		**186,184**	1,494,183
Additions to non-current assets #	**5,843**	5,909	**173,130**	443,381	**10,870**	28,578	**–**	–		**189,843**	477,868
Segment assets	**2,405,584**	1,600,379	**1,099,917**	1,092,374	**3,143,286**	4,544,631	**(1,343,411)**	(1,333,647)	(ii)	**5,305,376**	5,903,737
Segment liabilities	**1,100,470**	1,059,335	**505,882**	391,688	**2,559,495**	2,982,653	**(1,751,080)**	(1,747,198)	(ii)	**2,414,767**	2,686,478

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

32. OPERATING SEGMENTS (cont'd)

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

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

	2019 RM'000	2018 RM'000
Share of results of associates and joint ventures	**(114,534)**	180,067
Unallocated corporate expenses and finance costs	**(165,738)**	(84,126)
	(280,272)	95,941

(ii) Inter-segment balances are eliminated on consolidation.

Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of the business segments. The Group operates in three main geographical areas in the Asia Pacific region.

Australia	-	mainly property development and investments, hotels and financial service provider.
Malaysia	-	property development and investments, licensed money lending and investments in securities.
New Zealand	-	property investments

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Australia	**800,370**	738,082	**1,965,817**	2,208,315
Malaysia	**38,332**	42,979	**402,031**	405,358
New Zealand	**11,309**	3,843	**218,960**	191,207
	850,011	784,904	**2,586,808**	2,804,880

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

	2019 RM'000	2018 RM'000
Property, plant and equipment	**1,022,286**	1,068,355
Right-of-use assets	**13,658**	–
Investment properties	**1,051,756**	1,104,808
Goodwill	**2,705**	2,708
Inventories	**496,403**	629,009
	2,586,808	2,804,880

33. FINANCIAL INSTRUMENTS

33.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 31 December 2019 categorised as follows:

(a) Fair value through profit or loss ("FVTPL")
- Designated upon initial recognition ("DUIR")

(b) Amortised cost ("AC")

(c) Fair value through other comprehensive income ("FVOCI")
- Equity instrument designated upon initial recognition ("EIDUIR")
- Debt instrument ("DI")

	Carrying amount RM'000	AC RM'000	FVTPL -DUIR RM'000	FVOCI -EIDUIR RM'000	FVOCI -DI RM'000
2019					
Financial assets					
Group					
Investment securities	701,290	231,642	166,994	302,654	–
Trade and other receivables	448,990	353,790	2,748	–	92,452
Cash and cash equivalents	351,851	351,851	–	–	–
	1,502,131	937,283	169,742	302,654	92,452
Company					
Investment securities	1,043	–	–	1,043	–
Trade and other receivables	742,711	742,711	–	–	–
Cash and cash equivalents	35	35	–	–	–
	743,789	742,746	–	1,043	–
Financial liabilities					
Group					
Loans and borrowings	(1,986,597)	(1,986,597)	–	–	–
Trade and other payables	(159,802)	(159,802)	–	–	–
	(2,146,399)	(2,146,399)	–	–	–
Company					
Loans and borrowings	(86,946)	(86,946)	–	–	–
Trade and other payables	(3,300)	(3,300)	–	–	–
	(90,246)	(90,246)	–	–	–

33. FINANCIAL INSTRUMENTS (cont'd)

33.1 Categories of financial instruments (cont'd)

	Carrying amount RM'000	AC RM'000	FVTPL -DUIR RM'000	FVOCI -EIDUIR RM'000	FVOCI -DI RM'000
2018					
Financial assets					
Group					
Investment securities	252,394	–	251,189	1,205	–
Trade and other receivables	355,718	278,440	–	–	77,278
Cash and cash equivalents	150,570	150,570	–	–	–
	758,682	429,010	251,189	1,205	77,278
Company					
Investment securities	1,198	–	–	1,198	–
Trade and other receivables	717,049	717,049	–	–	–
Cash and cash equivalents	24	24	–	–	–
	718,271	717,073	–	1,198	–
Financial liabilities					
Group					
Loans and borrowings	(2,253,730)	(2,253,730)	–	–	–
Trade and other payables	(224,825)	(224,825)	–	–	–
	(2,478,555)	(2,478,555)	–	–	–
Company					
Loans and borrowings	(77,452)	(77,452)	–	–	–
Trade and other payables	(36,071)	(36,071)	–	–	–
	(113,523)	(113,523)	–	–	–

33.2 Net gains and losses arising from financial instruments

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Net gains/(losses) on:				
Financial assets at amortised cost	**138**	(3,012)	**31,423**	18,379
Financial liabilities at amortised cost	**(93,045)**	(92,875)	**(1,410)**	(3,310)
Financial assets at fair value through profit or loss:				
- Designated upon initial recognition	**16,255**	15,838	**–**	–
Equity instruments designated at fair value through other comprehensive income:				
- Recognised in profit or loss	**103**	122	**103**	–
- Recognised in other comprehensive income	**–**	(47,319)	**–**	(500)
	(76,549)	(127,246)	**30,116**	14,569

33. FINANCIAL INSTRUMENTS (cont'd)

33.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

33.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and investment in debt securities. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

There are no significant changes compared to previous year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by the carrying amounts in the statement of financial position.

Concentration of credit risk

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

	Group	
	2019 RM'000	2018 RM'000
Australia	**43,112**	22,130
Malaysia	**55,324**	52,088
	98,436	74,218

33. FINANCIAL INSTRUMENTS (cont'd)

33.4 Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Recognition and measurement of impairment losses

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, the Group's normal credit terms range from 14 to 90 days. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The Group uses an allowance matrix to measure ECLs of trade receivables for all segments. Consistent with the debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to 90 days past due.

Loss rates are based on actual credit loss experience over the past three years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets which are grouped together as they are expected to have similar risk nature.

	2019			2018		
	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Group						
Current (not past due)	**26,322**	**–**	**26,322**	14,437	–	14,437
1 - 30 days past due	**7,162**	**–**	**7,162**	4,402	–	4,402
31 - 60 days past due	**3,205**	**–**	**3,205**	1,264	–	1,264
More than 60 days past due	**63,367**	**(1,620)**	**61,747**	54,650	(535)	54,115
	100,056	**(1,620)**	**98,436**	74,753	(535)	74,218
Trade receivables	**99,564**	**(1,620)**	**97,944**	74,180	(535)	73,645
Contract assets	**492**	**–**	**492**	573	–	573
	100,056	**(1,620)**	**98,436**	74,753	(535)	74,218

33. FINANCIAL INSTRUMENTS (cont'd)

33.4 Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Recognition and measurement of impairment losses (cont'd)

	Trade receivables Lifetime ECL RM'000
Balance at 1 January 2018	930
Amounts written off	(411)
Net remeasurement of loss allowance	16
Balance at 31 December 2018/1 January 2019	535
Amounts written off	**(98)**
Net remeasurement of loss allowance	**1,183**
Balance at 31 December 2019	**1,620**

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

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

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

As at the end of the reporting period, the Group has recognised allowance for impairment losses of RM650,000.

Investment in debt securities

At the end of the reporting period, the Group only invested in high quality bonds. The maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

There is no history of default on these bonds and there are no indicators that these bonds may default. The Group is of the view that the loss allowance is not material and hence, it is not provided for.

33. FINANCIAL INSTRUMENTS (cont'd)

33.4 Credit risk (cont'd)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to service their loans on an individual basis.

The Company has undertaken to provide financial support to certain subsidiaries to enable them to continue to operate as going concerns.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM114,697,000 (2018: RM109,529,000) representing the outstanding banking facilities of the subsidiaries as at end of the reporting period.

The financial guarantees are provided as credit enhancements to the subsidiaries' secured loans.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the loans and advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in Note 13. The Company has undertaken to provide financial support to certain subsidiaries to enable them to continue to operate as going concerns.

Recognition and measurement of impairment losses

Generally, the Company considers advances to subsidiary has low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiary's advances when they are payable, the Company considers the loans and advances to be in default when the subsidiary is not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when:

- The subsidiary is unlikely to repay its advance to the Company in full;
- The subsidiary's advance is overdue for more than 365 days; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these advances individually using internal information available.

As at the end of the reporting period, there was no indication that the amounts due from the inter-companies are not recoverable.

33. FINANCIAL INSTRUMENTS (cont'd)

33.5 Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual Interest %	Contractual cash flows RM'000	Under 1 year RM'000	1 – 5 years RM'000	More than 5 years RM'000
Group						
2019						
Non-derivative financial liabilities						
Bank overdrafts	1,028	7.95 - 8.70	1,028	1,028	–	–
Bonds	369,538	5.75 - 8.20	409,615	300,803	45,108	63,704
Revolving credit	473,230	3.95 - 5.61	476,486	391,510	84,976	–
Term loans	1,134,851	2.62 - 4.94	1,171,405	674,429	494,406	2,570
Finance lease liability	7,950	7.00	10,733	557	2,226	7,950
Lease liabilities	49,123	4.54 - 6.55	284,137	5,897	21,194	257,046
Trade and other payables	159,802	–	159,802	154,994	4,808	–
	2,195,522		2,513,206	1,529,218	652,718	331,270
Company						
2019						
Bank overdrafts	946	7.95 - 8.70	946	946	–	–
Revolving credit	86,000	4.55 - 5.61	86,000	86,000	–	–
Other payables	3,300	–	3,300	3,300	–	–
Financial guarantees	–	–	114,697	114,697	–	–
	90,246		204,943	204,943	–	–

33. FINANCIAL INSTRUMENTS (cont'd)

33.5 Liquidity risk (cont'd)

Maturity analysis (cont'd)

	Carrying amount RM'000	Contractual Interest %	Contractual cash flows RM'000	Under 1 year RM'000	1 – 5 years RM'000	More than 5 years RM'000
2018						
Non-derivative financial liabilities						
Bank overdrafts	1,611	8.10 - 8.90	1,611	1,611	–	–
Bills payable	49,340	2.84	50,741	50,741	–	–
Bonds	377,804	5.75 - 8.20	458,579	30,449	363,316	64,814
Revolving credit	90,986	4.75 - 5.80	91,396	91,396	–	–
Term loans	1,725,900	2.35 - 6.88	1,822,563	742,290	1,076,747	3,527
Finance lease liability	8,089	7.00	10,920	566	2,265	8,089
Trade and other payables	224,825	–	224,825	192,651	782	31,392
	2,478,555		2,660,635	1,109,704	1,443,110	107,822
Company						
2018						
Bank overdrafts	1,466	8.10 - 8.90	1,466	1,466	–	–
Revolving credit	75,986	4.75 - 5.80	75,986	75,986	–	–
Other payables	36,071	–	36,071	36,071	–	–
Financial guarantees	–	–	109,529	109,529	–	–
	113,523		223,052	223,052	–	–

33.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

33.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases, cash and cash equivalents and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily Hong Kong Dollar ("HKD"), Australian Dollar ("AUD"), U.S. Dollar ("USD"), Great Britain Pound ("GBP"), Singapore Dollar ("SGD") and New Zealand Dollar ("NZD").

Risk management objectives, policies and processes for managing the risk

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

33. FINANCIAL INSTRUMENTS (cont'd)

33.6 Market risk (cont'd)

33.6.1 Currency risk (cont'd)

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period are as follows:

	Denominated in					
	HKD RM'000	AUD RM'000	USD RM'000	GBP RM'000	SGD RM'000	NZD RM'000
Group						
2019						
Investment securities	**–**	**–**	**164,000**	**–**	**–**	**–**
Trade and other receivables	**–**	**–**	**10,821**	**–**	**–**	**–**
Bank balances	**32**	**83**	**42**	**70**	**1**	**76**
Short term deposits	**–**	**123,025**	**82,003**	**32,347**	**–**	**–**
Bank loans	**(176,663)**	**–**	**(315,552)**	**–**	**–**	**–**
Trade and other payables	**(6)**	**–**	**(1,392)**	**–**	**–**	**–**
	(176,637)	**123,108**	**(60,078)**	**32,417**	**1**	**76**
2018						
Investment securities	–	–	249,000	–	–	–
Trade and other receivables	–	–	573	–	–	–
Bank balances	8	34	2,586	137	1	–
Short term deposits	–	14,854	–	28,976	–	710
Bank loans	(184,474)	(4,514)	(1,868)	–	–	–
Trade and other payables	(176)	(3)	(695)	–	–	–
	(184,642)	10,371	249,596	29,113	1	710

	Denominated in			
	HKD RM'000	AUD RM'000	USD RM'000	SGD RM'000
Company				
2019				
Amounts due from subsidiaries	**–**	**407,844**	**–**	**188**
Bank balances	**2**	**2**	**3**	**–**
Amounts due to subsidiaries	**–**	**–**	**(793)**	**–**
	2	**407,846**	**(790)**	**188**
2018				
Amounts due from subsidiaries	–	160,577	–	40
Bank balances	2	1	3	–
	2	160,578	3	40

33. FINANCIAL INSTRUMENTS (cont'd)

33.6 Market risk (cont'd)

33.6.1 Currency risk (cont'd)

Currency risk sensitivity analysis

A 5% (2018: 5%) strengthening of the Ringgit Malaysia against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remained constant.

	Profit or loss Group		Profit or loss Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
HKD	**6,712**	7,016	**–**	–
AUD	**(4,678)**	(394)	**(15,498)**	(6,102)
USD	**2,283**	(9,485)	**30**	–
GBP	**(1,232)**	(1,106)	**–**	–
SGD	**–**	–	**(7)**	(2)
NZD	**(3)**	(27)	**–**	–

A 5% (2018: 5%) weakening of Ringgit Malaysia against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

33.6.2 Interest rate risk

The Group's placement of fixed rate deposits with licensed banks and its fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's placement of variable rate deposits with licensed banks and its variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. The Company's exposure to interest rate risk arises principally from its amounts due from subsidiaries. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Fixed rate instruments				
Financial assets	**744,228**	94,474	**517,175**	495,985
Financial liabilities	**(443,918)**	(397,579)	**–**	–
	300,310	(303,105)	**517,175**	495,985
Floating rate instruments				
Financial assets	**–**	44,541	**–**	–
Financial liabilities	**(1,591,802)**	(1,856,151)	**(86,946)**	(77,452)
	(1,591,802)	(1,811,610)	**(86,946)**	(77,452)

33. FINANCIAL INSTRUMENTS (cont'd)

33.6 Market risk (cont'd)

33.6.2 Interest rate risk (cont'd)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remained constant.

	Group		Company	
	Profit or loss			
	50bp increase RM'000	50bp decrease RM'000	50bp increase RM'000	50bp decrease RM'000
2019				
Floating rate instruments	**(6,049)**	**6,049**	**(330)**	**330**
2018				
Floating rate instruments	(6,884)	6,884	(294)	294

33.6.3 Other price risk

Equity price risk arises from the Group's investments in equity securities.

Risk management objectives, policies and processes for managing the risk

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors of the Group.

Equity price risk sensitivity analysis

A 10% (2018: 10%) increase in equity and debt securities market prices at the end of the reporting period would have increased post-tax profit or loss by RM12,692,000 (2018: RM19,090,000) for investments classified as fair value through profit or loss. A 10% (2018: 10%) weakening in equity and debt securities market prices would have had equal but opposite effect on profit or loss respectively.

33.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate fair values due to the relatively short term nature of these financial instruments.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

33. FINANCIAL INSTRUMENTS (cont'd)

33.7 Fair value information (cont'd)

The table below analyses financial instruments carried at fair value.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
2019										
Group										
Financial assets										
Quoted shares	2,999	–	–	2,999	–	–	–	–	2,999	2,999
Unquoted shares	–	302,649	–	302,649	–	–	–	–	302,649	302,649
Quoted bond	–	164,000	–	164,000	–	–	–	–	164,000	164,000
Unquoted loan notes	–	–	–	–	–	–	243,350	243,350	243,350	231,642
	2,999	466,649	–	469,648	–	–	243,350	243,350	712,998	701,290
Financial liabilities										
Loans and borrowings	–	–	–	–	–	–	(1,992,822)	(1,992,822)	(1,992,822)	(1,986,597)
2019										
Company										
Financial assets										
Unquoted shares	–	1,043	–	1,043	–	–	–	–	1,043	1,043
Financial liabilities										
Loans and borrowings	–	–	–	–	–	–	(86,946)	(86,946)	(86,946)	(86,946)

33. FINANCIAL INSTRUMENTS (cont'd)

33.7 Fair value information (cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
2018										
Group										
Financial assets										
Quoted shares	2,349	–	–	2,349	–	–	–	–	2,349	2,349
Unquoted shares	–	1,045	–	–	–	–	–	–	1,045	1,045
Quoted bond	–	249,000	–	249,000	–	–	–	–	249,000	249,000
	2,349	250,045	–	251,349	–	–	–	–	252,394	252,394
Financial liabilities										
Loans and borrowings	–	–	–	–	–	–	(1,860,829)	(1,860,829)	(1,860,829)	(2,253,730)
2018										
Company										
Financial assets										
Unquoted shares	–	1,043	–	–	–	–	–	–	1,043	1,043
Financial liabilities										
Loans and borrowings	–	–	–	–	–	–	(73,889)	(73,889)	(73,889)	(77,452)

33. FINANCIAL INSTRUMENTS (cont'd)

33.7 Fair value information (cont'd)

Level 2 fair value

Derivatives

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

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2018: no transfer in either directions).

Level 3 fair value

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

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Unquoted loan notes and loans and borrowings	Discounted cash flows using a rate based on the current market rate of loan notes and borrowing of the respective Group entities at the reporting date.

Valuation processes applied by the Group for Level 3 fair value

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. The market rate of interest of loans and borrowings is determined by reference to similar borrowing arrangements.

34. CAPITAL MANAGEMENT

The Group's financial risk management objective seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions or expansion plans of the Group. The Group may adjust the capital structure by issuing new shares or returning capital to shareholders.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio up to 50%. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and cash equivalents. Capital includes equity attributable to the owners of the parent.

34. CAPITAL MANAGEMENT (cont'd)

	Note	2019 RM'000	2018 RM'000 Restated
Group			
Loans and borrowings	22	**1,986,597**	2,253,730
Trade and other payables	23	**159,802**	224,825
Less: Cash and cash equivalents	18	**(351,851)**	(150,570)
Net debt		**1,794,548**	2,327,985
Equity attributable to the owners of the Company		**2,869,711**	3,217,340
Total capital		**2,869,711**	3,217,340
Capital and net debt		**4,664,259**	5,545,325
Gearing ratio		**38%**	42%

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

35. CAPITAL COMMITMENTS

	Group	
	2019 RM'000	2018 RM'000
Capital expenditure commitments		
Property, plant and equipment		
Authorised but not contracted for	**47,103**	93,958*
Contracted but not provided for	**23,542**	43,264
	70,645	137,222

* The capital commitments are mainly for Hayman Island Resort refurbishment primarily funded by insurance proceeds.

36. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the parties are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group and certain members of senior management of the Group.

The Group has related party relationship with its subsidiaries, associates, joint ventures, other related parties and key management personnel.

36. RELATED PARTIES (cont'd)

Significant related party transactions

The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Note 13 and Note 23.

		Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
A.	**Subsidiaries**				
	Interest income	**–**	–	**20,809**	18,374
	Dividend income	**–**	–	**17,777**	135,119
	Rental expense	**–**	–	**31**	73
	Management fee expense	**–**	–	**1,833**	1,510
B.	**Associates**				
	Asset management service income	**–**	375	**–**	–
	Dividend income	**25,799**	66,150	**–**	–
	Director fees	**449**	569	**–**	–
	Project services fee	**–**	9,059	**–**	–
	Rental income	**4,044**	4,635	**–**	–
	Rental expense	**1,588**	1,527	**–**	–
	Share service expense	**198**	407	**–**	–
C.	**Joint ventures**				
	Dividend income	**117**	362	**–**	–
D.	**Other related parties**				
	Companies related to a director:				
	- Rental expense	**344**	191	**–**	–
	- Share service income	**439**	543	**–**	
	- Rendering of services	**4,061**	3,519	**–**	–
	Companies related to a person connected to a director:				
	- Rental income	**380**	479	**–**	–
	- Rendering of services	**803**	3,214	**–**	–
E.	**Key management personnel**				
	Directors				
	- Remuneration	**2,899**	3,385	**990**	951
	- Fees	**230**	265	**230**	265
	- Defined contribution plans	**200**	268	**103**	101
	- Estimated money value of benefits-in-kind	**4**	4	**–**	–
		3,333	3,922	**1,323**	1,317
	Other key management personnel				
	- Remuneration	**42,780**	43,782	**–**	–
	- Defined contribution plans	**2,521**	2,230	**–**	–
		45,301	46,012	**–**	–

Other key management personnel comprise persons other than the Directors of the Company, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

37. INTEREST IN JOINT OPERATIONS

The Group has 51% (2018: nil), 50% (2018: 50%), 58% (2018: 60%) and 58% (2018: 60%) ownership interest in joint operations namely The Hotel School Brisbane, 6014 JV, The Hotel School Sydney and The Hotel School Melbourne respectively. 6014 JV is principally engaged in commercial property development whilst The Hotel School Brisbane, The Hotel School Sydney and The Hotel School Melbourne are principally involved in the education business.

38. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

AVEO Privatisation Scheme

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

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

On 29 November 2019, the Schemes had been implemented on even date and accordingly BidCo is the registered holder of all AVEO Securities. AVEO had further announced that it intends to apply to have quotation of AVEO Securities terminated and for AVEO to be removed from the official list of the Australian Stock Exchange with effect from the close of trading on 2 December 2019.

Pursuant to the completion of the Schemes, the Group received AUD178,580,181 in equivalent units in AOG L.P. (net of withholding tax under the provision of Taxable Australia Property) which represents 16.1% indirect equity interest in TopCo which indirectly owns all the securities of AVEO and a cash consideration of RM361,351,000 (approximately AUD125.89million) (inclusive of withholding tax amounting to RM80,931,000 (approximately AUD28.20million) to be refunded under the provision of Taxable Australia Property). The Group has made a pre-tax loss (included impairment loss) of RM220,525,000 as a consequent to the Schemes.

The total proceeds of RM361,351,000 was utilised or allocated as at 31 December 2019 in the following manner:

	Proposed utilisation RM'000	Actual utilisation RM'000	Timeframe for utilisation
Purpose			
1) Repayment of bank borrowings	265,102	169,215	May 2020
2) Future investment opportunities	57,400	–	January 2021
3) General working capital	38,142	–	January 2021
4) Estimated expenses in relation to disposal of AVEO	707	–	January 2020
	361,351	169,215	

39. SUBSEQUENT EVENT

Subsequent to the balance sheet reporting date, the existence and transmission of the infectious disease known as COVID-19 has been widely reported, and has rapidly spread globally. This has caused increasing disruption to social, business and economic activity in many parts of the world.

As a result of the COVID-19 pandemic there will be an impact on the Group's profitability, liquidity position and potential impacts on future valuations of the Group's assets. The extent and duration of these impacts will be highly dependent upon the timing of a recovery.

In the light of the impact COVID-19 is having on the business, management has assessed the Group's ability to continue as a going concern. Cashflow forecasts indicate the Group will maintain sufficient liquidity to meet the Group's required working capital requirements before Government support that is expected to be available to many of the Group's operating businesses. These forecasts have been prepared for a number of scenarios including the potential closure of hotel properties for 3, 6 and 9 months and loss of all revenue for investment properties for 3, 6 and 9 months. In any of these scenarios the Group expects to remain solvent. Accordingly there is no reason for the Directors to believe that there is any significant uncertainty on going concern as the Group has a range of additional options available in the event conditions worsen including raising additional funds, liquidating assets and seeking additional support from the Group's financiers.

40. MATERIAL LITIGATION

In September 2012, the Company disposed of the entire equity interest in its wholly-owned subsidiary, Bestari Sepang Sdn. Bhd. ("Bestari") for a cash consideration of RM1.0 million to Mula Holdings Sdn. Bhd. ("Mula"). As part of this transaction, the Company also entered into a Settlement Agreement with Mula whereby Mula shall pay a settlement sum ("Settlement Sum") of RM104.0 million on or before 15 December 2012, as full and final settlement of the advances that the Company had previously made to Bestari and its subsidiaries, Spanstead Sdn. Bhd. ("Spanstead") and Seri Ehsan (Sepang) Sdn. Bhd. ("Seri Ehsan"), failing which, additional payments will apply until the final settlement date of 15 December 2013 ("final settlement date").

Mula failed to pay the Settlement Sum on the final settlement date. Accordingly, the Settlement Agreement automatically terminated and the Company's right to receive payment of the full amount of RM301,506,429 as at 30 June 2012 ("Full Outstanding Amount") that the Company had previously advanced to Bestari, Spanstead and Seri Ehsan (collectively "Bestari Group") was reinstated, the Full Outstanding Amount is secured by land titles belonging to Seri Ehsan ("the Land") and an irrevocable Power of Attorney to deal with the Land.

As Bestari Group failed to settle the Full Outstanding Amount, the Company filed a Writ of Summons and Statement of Claim against Mula and Bestari Group on 30 January 2015 claiming for, amongst others, a declaration that the Full Outstanding Amount of RM301,506,429 as at 30 June 2012 together with interest thereon is due and owing by Bestari Group.

Mula and Bestari Group then filed their Defence and Counterclaim on 9 February 2015. Thereafter, the Company filed its Reply and Defence to Counterclaim on 18 February 2015. The Trial commenced on 15 February 2016 until 1 August 2019 with a total of 17 days of trial. Both parties have closed their case on 1 August 2019 and thus ending the Trial. The parties have filed and exchanged their written submissions. Subsequently, the parties have completed the oral submissions on 24 February 2020 and 25 February 2020. The court was adjourned and the Judge has indicated that he will deliver his judgment on 15 May 2020 subject to any changes.

The outcome of this litigation is not expected to have any material financial and operational impact on the Group as the net receivables in the Group's accounts of RM103 million is below 5% of the net assets of the Group. Furthermore, the net receivables are secured by the Land. The Company is pursuing the Full Outstanding Amount of RM301,506,429 as at 30 June 2012 and if successful, the Company expects to be able to recover substantially more than the net receivables of RM103 million. The net receivables recognised in the Company's accounts have been reduced to RM103 million, mainly due to past impairments and the loss incurred upon disposal of Bestari Group.

40. MATERIAL LITIGATION (cont'd)

The Company's solicitors have advised that the Group has a strong case based on contemporaneous documentary evidence and the express terms of the documents with Mula and Bestari Group. Accordingly, it will be forcefully argued that the counterclaim filed by Mula and Bestari Group is without merit.

41. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

During the year, the Group and the Company adopted MFRS 16.

Definition of a lease

On transition to MFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied MFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under MFRS 117 and IC Interpretation 4, *Determining whether an Arrangement contains a Lease* were not reassessed. Therefore, the definition of a lease under MFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

Where the Group is a lessee, the Group applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings at 1 January 2019.

At 1 January 2019, for leases that were classified as operating lease under MFRS 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group entities' incremental borrowing rate as at 1 January 2019. The weighted-average rate applied is 4.54%. Right-of-use assets are measured at either:
- their carrying amount as if MFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at 1 January 2019; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying MFRS 16 to lease previously classified as operating lease under MFRS 117:
- applied a single discount rate to a portfolio of leases with similar characteristics;
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term as at 1 January 2019;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application;
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance lease under MFRS 117, the carrying amounts of the right-of-use asset and the lease liability at 1 January 2019 are determined to be the same as the carrying amount of the leased asset and lease liability under MFRS 117 immediately before that date.

As a lessor

Group entities who is an intermediate lessor reassessed the classification of a sublease previously classified as an operating lease under MFRS 117 and concluded that the sublease is an operating lease under MFRS 16.

41. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (cont'd)

41.1 Impacts on financial statements

Since the Group applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application at 1 January 2019, there are no adjustments made to the prior period presented.

The following table explains the difference between operating lease commitments disclosed applying MFRS 117 at 31 December 2018, and lease liabilities recognised in the statement of financial position at 1 January 2019.

	RM'000
Operating lease commitments at 31 December 2018 as disclosed in the Group's consolidated financial statements	23,713
Discounted using the incremental borrowing rate at 1 January 2019	20,532
Long-term other payable recognised at 31 December 2018	31,394
Lease liabilities recognised at 1 January 2019	51,926

42. COMPARATIVE FIGURES

During the financial year, the Group has assessed and made adjustments to reverse prior years' income tax benefit relating to the recognition of losses as a deferred tax asset which exceeded the actual losses available for recognition, as follows:

	As previously reported RM'000	Adjustments RM'000	As restated RM'000
31 December 2018			
Statement of financial position			
Assets			
Current tax assets	8,842	(7,546)	1,296
Liabilities			
Current tax liabilities	(1,127)	(13,498)	(14,625)
Deferred tax liabilities	(125,942)	(18,376)	(144,318)
Equity			
Reserves	(33,595)	(5,265)	(38,860)
Retained earnings	(1,186,024)	44,685	(1,141,339)
Statement of other comprehensive income			
Foreign currency translation differences for foreign operations	(214,780)	3,375	(211,405)
Total comprehensive expense for the year	(32,535)	3,375	(29,160)
1 January 2018			
Statement of financial position			
Liabilities			
Current tax liabilities	(19,475)	(22,061)	(41,536)
Deferred tax liabilities	(41,140)	(20,734)	(61,874)
Equity			
Reserves	(301,868)	(1,890)	(303,758)
Retained earnings	(981,947)	44,685	(937,262)

STATEMENT BY DIRECTORS

pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 78 to 184 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2019 and of their financial performance and cash flows for the financial year then ended.

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

Lee Seng Huang
Director

Lee Eng Leong
Director

Date: 15 April 2020

STATUTORY DECLARATION

pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Lim Say Kien**, the officer primarily responsible for the financial management of Mulpha International Bhd., do solemnly and sincerely declare that the financial statements set out on pages 78 to 184 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Notaries Public Act 1984.

Subscribed and solemnly declared by the abovenamed Lim Say Kien, NRIC: 680222-07-5422, MIA CA 9788, at Sydney, New South Wales, Australia on 15 April 2020.

Lim Say Kien

Before me:
Gareth Sage
Notary Public
Level 11, 5 Martin Place
Sydney NSW 2000
Australia

INDEPENDENT AUDITORS' REPORT

to the members of Mulpha International Bhd.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Mulpha International Bhd., which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 78 to 184.

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 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

KEY AUDIT MATTERS

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

Valuation of property, plant and equipment

Refer to Note 2(d) - Significant accounting policy: Property, plant and equipment and Note 3 - Property, plant and equipment.

The key audit matter

The Group's property, plant and equipment are predominantly hotels across Australia, which form a significant component of property, plant and equipment with a total carrying amount of RM1,022,286,000 as at 31 December 2019.

An assessment of the carrying value of these assets compared against its recoverable amount is required to be performed where indications of impairment exist. The Directors and management performed a value-in-use calculation and/or obtained a valuation from an external independent expert to support the recoverable amounts of the assets.

The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the appropriate key underlying assumptions to be applied.

KEY AUDIT MATTERS (cont'd)

How the matter was addressed in our audit

We performed the following audit procedures, among others:

For property, plant and equipment valued by external experts engaged by the Group:
- Assessed the competence and objectivity of external independent experts engaged by the Directors and management;
- Assessed whether the valuation methodology was appropriate and in accordance with the requirements of accounting standards; and
- Corroborated key assumptions, such as forecast cash flows, discount rate and growth rate with available market data and our knowledge of historical performance of the asset, adjusted for expected market conditions.

For internally valued property, plant and equipment:
- Evaluated Directors' and management's processes and controls for preparing, reviewing and approving the Group's valuations based on Group policies;
- Assessed whether the underlying calculation methodology was performed in accordance with the requirements of the accounting standards; and
- Benchmarked key assumptions used in the discounted cash flows, such as revenue growth, capital expenditure and discount rate, against external market data and the historical performance of the asset, adjusted for expected market conditions.

Valuation of investment properties
Refer to Note 2(h) - Significant accounting policy: Investment property and Note 5 - Investment properties.

The key audit matter

The Group's investment properties are predominantly commercial properties across Australia, which form a significant component of investment properties with a total carrying amount of RM1,051,756,000 as at 31 December 2019.

These investment properties are stated at their fair values based on independent external and internal valuations.

The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the appropriate key underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied in deriving at the capitalisation rates i.e. a small change in the assumptions can have a significant impact to the valuation.

How the matter was addressed in our audit

We performed the following audit procedures, among others:

For investment properties valued by external experts engaged by the Group:
- Assessed the competence and objectivity of external independent valuer engaged by the Directors and management;
- Assessed whether the valuation methodology was appropriate and in accordance with the requirements of accounting standards; and
- Corroborated key assumptions, such as capitalisation rate and annual net market growth rent rate with available market data and our knowledge of historical performance of the asset, adjusted for expected market conditions.

KEY AUDIT MATTERS (cont'd)

How the matter was addressed in our audit (cont'd)

For internally valued investment properties:

- Evaluated Directors' and management's processes and controls for preparing, reviewing and approving the Group's valuations based on Group policies;
- Assessed whether the underlying calculation methodology was performed in accordance with the requirements of the accounting standards; and
- Assessed key valuation and the underlying assumptions, including:
  - Comparing the capitalisation rate to market data; and
  - Agreeing passing rental income to the property manager's retail tenancy schedule as well as major tenants to the underlying lease agreements.

Recoverability of development inventory

Refer to Note 2(i) - Significant accounting policy: Inventories and Note 12 - Inventories.

The key audit matter

The Group capitalises development costs into inventory over the life of its projects including the purchase of land, site infrastructure costs, construction costs and borrowing costs. Development inventory is carried at the lower of cost and net realisable value.

Recoverability of development inventory is identified as a key audit matter because of the significant judgement involved in applying the key underlying assumptions on which the feasibility of the projects are premised upon.

Accordingly, a change in the key underlying assumptions of Group's project feasibility could have a material impact on the carrying value of development inventory in the Group's financial statements.

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- Selected sample of development projects based on quantitative and qualitative factors such as size and risk.
- For the sample selected, depending on the size and risk of the project, we performed some or all of the following procedures in relation to the key judgements in Group's assessment of development inventory recoverability:
  - made an independent assessment of expected sales prices using benchmarking to external data sources and actual results in the period;
  - made an assessment of expected sales volumes by benchmarking to historical sales rates; and
  - tested forecast costs to complete the development project to underlying supplier contracts and/or historical experience of similar costs.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

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

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON (cont'd)

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 6 to the financial statements.

OTHER MATTER

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

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Lam Shuh Siang
Approval Number: 03045/02/2021 J
Chartered Accountant

Petaling Jaya, Selangor
Date: 15 April 2020

MATERIAL PROPERTIES OF THE GROUP

as at 31 December 2019

	Location/Address	Year of Acquisition/ Completion/ Revaluation (R)	Tenure	Year Lease Expiring	Age of Building	Land Area/ Built Up Area	Description/ Existing Use	Net Book Value RM'000
1.	Lot 7, 8, 679 Mukim Pulai Lot 1141, 1541 Tanjung Kupang Daerah Johor Bahru	1991	Freehold	N/A	N/A	367.57 hectares	Land being used for a resort & recreation, residential and commercial developments	577,773
2.	117, Macquarie Street Sydney New South Wales Australia	2004	Freehold	N/A	34 years	3,909.00 sq. metres	5-star hotel	489,149
3.	Norwest Marketown Norwest Boulevard Baulkham Hills New South Wales Australia	2015 2019 (R)	Freehold	N/A	20 years	4.40 hectares	Commercial property	428,503*
4.	Sanctuary Cove Gold Coast Queensland Australia	2002 2019 (R)	Freehold	N/A	31 to 32 years	64.70 hectares	Integrated resort with hotel, retail/office, clubs & marina and residential development	348,293*
5.	99-113 Macquarie Street Sydney New South Wales Australia	2004 2019 (R)	Freehold	N/A	81 years	1,600.00 sq. metres	Commercial property	312,256*
6.	Hayman Island Great Barrier Reef Queensland Australia	2004 2019 (R)	Leasehold	Perpetuity	31 years	291.48 hectares	5-star island resort and residential development	319,033
7.	The Greens, Haven and Neo Baulkham Hills New South Wales Australia	2014 and 2016	Freehold	N/A	N/A	4.49 hectares	High density residential development	211,851
8.	Nesuto Stadium Apartment Hotel Auckland Central Auckland New Zealand	2018 2019 (R)	Leasing	2,146	11 years	2,450.00 sq. metres	4-star hotel	218,960*
9.	Essentia 23a-29 Fairway Drive Kellyville New South Wales Australia	2016	Freehold	N/A	N/A	6.19 hectares	Medium density residential development	122,540
10.	Bella Vista Waters and Circa Bella Vista New South Wales Australia	2014	Freehold	N/A	N/A	12.16 hectares	Residential housing and commercial developments	69,217

Note: The list of properties above shows the particulars of the top 10 properties in terms of highest net book value as at the end of the financial year.

* Included an investment property carried at fair value.

ANALYSIS OF SHAREHOLDINGS

as at 29 May 2020

Total Number of Issued Shares	:	319,618,640 ordinary shares (including 152,210 treasury shares)
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share on a poll

DISTRIBUTION OF SHAREHOLDINGS BASED ON RECORD OF DEPOSITORS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
Less than 100	1,213	5.95	24,440	0.01
100 - 1,000	13,553	66.52	5,081,978	1.59
1,001 - 10,000	4,643	22.79	15,637,985	4.90
10,001 - 100,000	805	3.95	22,225,795	6.96
100,001 - 15,973,320 (Less than 5% of issued shares)	158	0.78	111,351,484	34.85
15,973,321 (5%) and above	3	0.01	165,144,748	51.69
Total	20,375	100.00	319,466,430 *	100.00

* Excludes 152,210 treasury shares retained by the Company as per the Record of Depositors.

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS BASED ON RECORD OF DEPOSITORS

No.	Name of Shareholders	No. of Shares	% *
1.	Nautical Investments Limited	75,507,000	23.64
2.	Magic Unicorn Limited	50,019,948	15.66
3.	Alliancegroup Nominees (Asing) Sdn Bhd - Exempt AN for Sun Hung Kai Investment Services Limited	39,617,800	12.40
4.	HSBC Nominees (Tempatan) Sdn Bhd - Exempt AN for Credit Suisse AG (HK-CLT-T-OS PR)	12,000,000	3.76
5.	JF Apex Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Paramjit Singh Gill (Margin)	7,877,300	2.47
6.	Klang Enterprise Sendirian Berhad	6,690,660	2.09
7.	Amsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Vista Power Sdn Bhd	6,463,833	2.02
8.	Lee Ming Tee	4,815,300	1.51
9.	HSBC Nominees (Asing) Sdn Bhd - Morgan Stanley & Co. International Plc (Firm A/C)	4,287,900	1.34
10.	Alliancegroup Nominees (Asing) Sdn Bhd - Sun Hung Kai Investment Services Limited for Lee Ming Tee	4,000,000	1.25
11.	First Positive Sdn Bhd	3,714,345	1.16
12.	UOB Kay Hian Nominees (Asing) Sdn Bhd - Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	3,260,144	1.02

ANALYSIS OF SHAREHOLDINGS (cont'd)

as at 29 May 2020

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

No.	Name of Shareholders	No. of Shares	% *
13.	Nautical Investments Limited	2,617,200	0.82
14.	Neoh Choo Ee & Company Sdn Berhad	2,600,000	0.81
15.	Vista Power Sdn Bhd	2,536,370	0.79
16.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	1,742,840	0.55
17.	Lim Gaik Bway @ Lim Chiew Ah	1,497,290	0.47
18.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for Dimensional Emerging Markets Value Fund	1,481,760	0.46
19.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for The Hongkong and Shanghai Banking Corporation Limited (PB-HKDIV-ACCL)	1,305,000	0.41
20.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Teh Siew Wah (021)	1,218,460	0.38
21.	HLB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Chang Joon	1,200,000	0.38
22.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd - Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	1,079,478	0.34
23.	Ong Ngoh Ing @ Ong Chong Oon	1,010,000	0.32
24.	Affin Hwang Nominees (Asing) Sdn Bhd - DBS Vickers Secs (S) Pte Ltd for Rubicon Nominees Pty Ltd	1,000,000	0.31
25.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Cheong Chen Yue	969,400	0.30
26.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for DFA Emerging Markets Small Cap Series	935,330	0.29
27.	Citigroup Nominees (Asing) Sdn Bhd - Exempt AN for OCBC Securities Private Limited (Client A/C-NR)	862,571	0.27
28.	RHB Nominees (Asing) Sdn Bhd - Pledged Securities Account for Lee Sui Hee	815,855	0.26
29.	Chin Kian Fong	806,000	0.25
30.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Loh Kuan Fong (8078549)	752,200	0.24

* Excludes 152,210 treasury shares retained by the Company as per the Record of Depositors.

ANALYSIS OF SHAREHOLDINGS (cont'd)

as at 29 May 2020

SUBSTANTIAL SHAREHOLDERS BASED ON REGISTER OF SUBSTANTIAL SHAREHOLDERS

	<---------- Direct ---------->		<---------- Indirect ---------->	
Name of Substantial Shareholders	**No. of Shares**	**% ***	**No. of Shares**	**% ***
Nautical Investments Limited	78,124,200	24.45	–	–
Magic Unicorn Limited	50,019,948	15.66	–	–
Mountbatten Corporation	–	–	78,124,200 [a]	24.45
Mount Glory Investments Limited	–	–	128,144,148 [b]	40.11
Lee Ming Tee	8,815,300	2.76	134,834,808 [c]	42.20
Lee Seng Huang	12,000,000	3.76	143,650,108 [d]	44.96
Many Merit Asia Limited	23,242,900	7.28	–	–

DIRECTORS' SHAREHOLDINGS IN MULPHA INTERNATIONAL BHD. AND ITS SUBSIDIARIES BASED ON REGISTER OF DIRECTORS' SHAREHOLDINGS

	<---------- Direct ---------->		<---------- Indirect ---------->	
Name of Directors	**No. of Shares**	**% ***	**No. of Shares**	**% ***
Lee Seng Huang	12,000,000	3.76	143,650,108 [d]	44.96
Lee Eng Leong	–	–	–	–
Chew Hoy Ping	–	–	–	–
Loong Caesar	–	–	–	–
Geoffrey Earl Grady	–	–	–	–

By virtue of Lee Seng Huang's substantial interest in the shares of Mulpha International Bhd., he is also deemed interested in the shares of all the subsidiaries to the extent that Mulpha International Bhd. has an interest.

Notes:

[a] Deemed interest pursuant to Section 8 of the Companies Act 2016 by virtue of its shareholding in Nautical Investments Limited.

[b] Deemed interest pursuant to Section 8 of the Companies Act 2016 by virtue of its shareholdings in Mountbatten Corporation and Magic Unicorn Limited.

[c] Deemed interest pursuant to Section 8 of the Companies Act 2016 by virtue of his shareholdings in Mount Glory Investments Limited and Klang Enterprise Sdn Bhd.

[d] Deemed interest pursuant to Section 8 of the Companies Act 2016 by virtue of his family relationship with Mr Lee Ming Tee and his shareholding in Klang Enterprise Sdn Bhd.

* Excludes 152,210 treasury shares retained by the Company as per the Record of Depositors.

NOTICE OF 46TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 46th Annual General Meeting **("AGM")** of Mulpha International Bhd. **("the Company")** will be conducted fully virtual from the broadcast venue at Bale Club, Multi-Purpose Hall, No. 1, Jalan Polo, Leisure Farm, 81560 Gelang Patah, Johor Darul Takzim, Malaysia **("Broadcast Venue")** on Thursday, 30 July 2020 at 2.30 p.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2019 together with the Directors' and Auditors' Reports thereon. *(Please refer to Explanatory Note 1)*

2. To re-elect Mr Loong Caesar who retires by rotation pursuant to Clause 106 of the Company's Constitution and being eligible, has offered himself for re-election. *(Ordinary Resolution 1)*

3. To re-elect Mr Geoffrey Earl Grady who retires pursuant to Clause 89 of the Company's Constitution and being eligible, has offered himself for re-election. *(Ordinary Resolution 2)*

4. To approve the payment of Directors' fees and benefits to the Non-Executive Directors of the Company for the period from 31 July 2020 until the conclusion of the next AGM of the Company to be held in 2021. *(Ordinary Resolution 3)*

5. To re-appoint Messrs KPMG PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. *(Ordinary Resolution 4)*

AS SPECIAL BUSINESS

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

6. **ORDINARY RESOLUTION:**
Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016

"THAT subject always to the Companies Act 2016 **("the Act")**, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad **("Bursa Securities")**, the Company's Constitution and the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act:

(a) to issue and allot new shares in the Company; and/or
(b) to grant rights to subscribe for shares in the Company; and/or
(c) to convert any security into shares in the Company; and/or
(d) to allot shares under an agreement or option or offer,

at any time and from time to time at such price, upon such terms and conditions, for such purposes and to such person(s) whomsoever as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 20% of the total number of issued shares of the Company for the time being (excluding treasury shares, if any) and THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company.

THAT the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued and THAT the Directors be further authorised to do all such acts and things including executing all relevant documents as they may consider expedient or necessary to complete and give full effect to the abovesaid mandate." *(Ordinary Resolution 5)*

7. **ORDINARY RESOLUTION:**
Proposed Renewal of Authority to Issue and Allot Shares pursuant to the Company's Dividend Reinvestment Plan

"THAT pursuant to the Dividend Reinvestment Plan as approved by the shareholders at the Extraordinary General Meeting held on 27 June 2011 and renewed at the AGM held on 12 June 2019, the Directors be and are hereby authorised to issue and allot new ordinary shares in the Company from time to time as may be required under the Company's Dividend Reinvestment Plan until the conclusion of the next AGM of the Company, upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit and in the interest of the Company.

THAT the Directors and the Secretary be and are hereby authorised to do all such acts and enter into all such transactions, agreements, arrangements and documents as may be necessary or expedient in order to give full effect to the Dividend Reinvestment Plan, with full power to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed or agreed to by any relevant authorities or at the discretion of the Directors in the best interest of the Company." *(Ordinary Resolution 6)*

8. **ORDINARY RESOLUTION:**
Proposed Renewal of Authority for the Purchase by the Company of its Own Shares

"THAT subject to compliance with the Act, the Company's Constitution, the Main Market Listing Requirements of Bursa Securities and any other relevant rules and regulations that may be in force from time to time, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities, upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company PROVIDED THAT:

(a) the aggregate number of ordinary shares in the Company which may be purchased and/or held by the Company shall not exceed 10% of the total number of issued shares of the Company at any point in time; and

(b) the maximum funds to be allocated by the Company for the purpose of purchasing the ordinary shares shall not exceed the latest audited retained profits of the Company.

THAT such authority shall commence upon the passing of this ordinary resolution and shall remain in force until:

(i) the conclusion of the next AGM of the Company at which time such authority shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next AGM after that date is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

THAT authority be and is hereby given to the Directors of the Company to decide in their discretion to retain the ordinary shares in the Company so purchased by the Company as treasury shares and/or to cancel them and/or to resell the treasury shares and/or to distribute them as share dividends and/or subsequently cancel them or such other manner as may be allowed under the Act and the Main Market Listing Requirements of Bursa Securities.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise or to give full effect to the aforesaid with full power to assent to any conditions, modifications, variations and/or amendments as may be required or imposed by the relevant authorities and to do all such acts and things (including executing all documents) as the Directors may deem fit and expedient in the best interest of the Company." *(Ordinary Resolution 7)*

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

"THAT subject to the passing of Ordinary Resolution 1, approval be and is hereby given to Mr Loong Caesar, who will be serving as an Independent Non-Executive Director of the Company for a cumulative term of 9 years, to continue to serve as an Independent Non-Executive Director of the Company, in accordance with the Malaysian Code on Corporate Governance 2017." *(Ordinary Resolution 8)*

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

"THAT approval be and is hereby given to Mr Chew Hoy Ping, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 12 years, to continue to serve as an Independent Non-Executive Director of the Company, in accordance with the Malaysian Code on Corporate Governance 2017." *(Ordinary Resolution 9)*

By Order of the Board

LEE ENG LEONG (MIA 7313) (SSM PC No. 201908003732)
LEE SUAN CHOO (MAICSA 7017562) (SSM PC No. 202008003634)
Company Secretaries

Johor Darul Takzim
30 June 2020

NOTICE OF 46TH ANNUAL GENERAL MEETING (cont'd)

NOTES:

1. The AGM will be conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Voting facilities **("RPV")** which are available on Boardroom Smart Investor Portal at https://www.boardroomlimited.my. Please follow the procedures as set out in the Administrative Guide for the AGM in order to register, participate and vote remotely via RPV.
2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairman of the Meeting to be present at the main venue. No members/proxies from the public shall be physically present at nor admitted to the Broadcast Venue.
3. A member of the Company who is entitled to attend, participate and vote at a general meeting of the Company, may appoint not more than 2 proxies to attend, participate and vote instead of the member at the meeting. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy and the proxy shall have the same rights as the member.
4. Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 **("SICDA")**, it may appoint not more than 2 proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account **("omnibus account")**, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of the SICDA.
6. Where a member or the authorised nominee appoints 2 proxies, or where an exempt authorised nominee appoints 2 or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, otherwise the appointment shall be invalid. An exempt authorised nominee which intends to appoint multiple proxies, must submit separate instruments of proxy.
7. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or if such appointer is a corporation, either under its common seal or under the hand of its officer or attorney duly authorised.
8. The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia either personally, by fax at (603) 7890 4670, by electronic mail to BSR.Helpdesk@boardroomlimited.com or by sending it through the post not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Alternatively, the Proxy Form can be deposited electronically through the Boardroom Smart Investor Online Portal at https://www.boardroomlimited.my not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
9. For the purpose of determining who shall be entitled to attend this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at **22 July 2020** and only members whose names appear in the Record of Depositors shall be entitled to attend, participate and vote at this AGM via RPV.
10. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all resolutions set out in the Notice of AGM shall be put to vote by way of poll.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof), and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

EXPLANATORY NOTES ON ORDINARY AND SPECIAL BUSINESS:

1. **Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 December 2019**

   This agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Act requires the Audited Financial Statements to be laid at the AGM. As such, this agenda item does not require shareholders' approval and hence, is not put forward for voting.

2. **Ordinary Resolution 1 – Re-Election of Retiring Director pursuant to Clause 106 of the Company's Constitution**

   Pursuant to Clause 106 of the Company's Constitution, one-third or the number nearest to one-third of the Directors of the Company shall retire from office by rotation annually and subject to re-election at the AGM. All Directors shall retire from office once at least in each 3 years but shall be eligible for re-election.

   Mr Loong Caesar is standing for re-election as Director of the Company and being eligible, has offered himself for re-election at this AGM.

   The Nomination Committee **("NC")** has assessed the performance and contribution of Mr Loong Caesar and recommended him for re-election as Director of the Company. His profile is set out in the Profile of Board of Directors section of this Annual Report. The Board has endorsed the NC's recommendation subject to the shareholders' approval at this AGM.

3. **Ordinary Resolution 2 – Re-Election of Retiring Director pursuant to Clause 89 of the Company's Constitution**

   Pursuant to Clause 89 of the Company's Constitution, any Director who is newly appointed shall hold office only until the next AGM and shall then be eligible for re-election but he shall not be taken into account in determining the number of Directors who are to retire by rotation at the AGM.

   Mr Geoffrey Earl Grady who was appointed as Independent Non-Executive Director of the Company on 1 April 2020, is standing for re-election as Director of the Company and being eligible, has offered himself for re-election at this AGM.

   The appointment of Mr Geoffrey Earl Grady was duly considered by the NC taking into account his background, qualification, experience, competency, integrity and time commitment. Upon the recommendation of the NC, the Board approved the said appointment. His profile is set out in the Profile of Board of Directors section of this Annual Report.

4. **Ordinary Resolution 3 – Payment of Directors' Fees and Benefits**

   Section 230(1) of the Act provides amongst others, that the fees and benefits **("Remuneration")** payable to the Directors of a listed company shall be approved by the shareholders at a general meeting. The Remuneration payable to the Non-Executive Directors of the Company comprises Directors' fees, fixed allowance and meeting attendance allowance.

   In March 2020, a review of the Remuneration for Non-Executive Directors was carried out to ensure the Remuneration is comparable with the prevalent market by benchmarking against the remuneration framework of comparable public listed companies. The roles of Directors are becoming more demanding given the heightened responsibilities and accountabilities required of them under the stricter requirements of the Act, Main Market Listing Requirements of Bursa Securities, Capital Markets & Services Act 2007, Malaysian Code on Corporate Governance 2017 and Malaysian Anti-Corruption Commission (Amendment) Act 2018. In order for the Non-Executive Directors to play a more constructive and forward-looking role, they are required to commit more time and to have a better understanding of the business operations of the Group.

In view of the above, it is recommended that the Remuneration payable to the Non-Executive Directors be revised as set out in the table below:

	Existing Fees/ Allowances	Proposed Fees/ Allowances
Directors' Fees *(payable on monthly basis):*		
• For Chairman of Audit and Risk Management Committee **("ARMC")**	RM90,000 per annum	**RM100,000 per annum**
• For other Non-Executive Directors	RM70,000 per annum	**RM90,000 per annum**
Fixed Allowance *(payable on quarterly basis):*		
• For Chairman of ARMC	RM45,000 per annum	**RM50,000 per annum**
• Chairman of NC and Remuneration Committee	RM6,000 per annum	**RM15,000 per annum**
Meeting Allowance for attendance of Board and Board Committee Meetings *(payable after each meeting)*	RM2,000 per meeting	**RM3,000 per meeting**

The recommendation for the revised Remuneration payable to the Non-Executive Directors is to commensurate with their duties, responsibilities, commitment and contribution with reference to their statutory duties, the complexity of the Group's businesses and the increased expectations from various stakeholders. The fixed allowances were given to the Chairmen of Board Committees in recognition of their significant roles in leadership and oversight, and their wide-ranging scope of responsibilities as a Committee Chair.

This Resolution is to seek shareholders' approval for payment of the Remuneration to the Non-Executive Directors for the period from 31 July 2020 until the conclusion of the next AGM of the Company to be held in 2021.

5. Ordinary Resolution 4 – Re-Appointment of Auditors

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

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

Pursuant to the letter dated 16 April 2020 issued by Bursa Securities, listed issuers are allowed to seek a higher limit of general mandate to issue shares of not more than 20% of the total number of issued shares (excluding treasury shares) **("20% General Mandate")** to facilitate capital raising in a timely and cost effective manner during this challenging time due to the COVID-19 pandemic. The 20% General Mandate may be utilised by listed issuers to issue shares until 31 December 2021 and thereafter the 10% limit will be reinstated.

Having considered the current economic climate and future financial needs of the Group to ensure the long-term sustainability and interest of the Company and its shareholders, the Board would like to seek approval for the 20% General Mandate from its shareholders at the AGM.

The Board is of the view that the 20% General Mandate would be in the best interest of the Company and its shareholders as the 20% General Mandate would allow the Company to raise funds efficiently and expeditiously to meet its funding requirements, should the Company be required to do so. It will provide flexibility to the Company for any possible fund raising activities, including but not limited to placement of shares for the purpose of funding current and future investment(s), project(s), acquisition(s) and/or working capital. The 20% General Mandate is sought to avoid any delay and cost involved in convening a general meeting merely to approve such issue of shares.

This Resolution is to empower the Directors to issue and allot shares in the Company provided that the aggregate number of shares issued does not exceed 20% of the total number of issued shares of the Company for the time being (excluding treasury shares, if any) at any time at such price, upon such terms and conditions, for such purposes and to such person(s) as they consider would be in the interest of the Company. This authority, unless revoked or varied by the shareholders at a general meeting, will expire at the conclusion of the next AGM of the Company.

7. **Ordinary Resolution 6 – Proposed Renewal of Authority to Issue and Allot Shares pursuant to the Company's Dividend Reinvestment Plan**

   This Resolution is to give authority to the Directors to issue and allot new ordinary shares in the Company from time to time as may be required under the Company's Dividend Reinvestment Plan until the conclusion of the next AGM of the Company. A renewal of this authority will be sought at the subsequent AGM.

8. **Ordinary Resolution 7 – Proposed Renewal of Authority for the Purchase by the Company of its Own Shares**

   The details on the proposed renewal of authority for the purchase by the Company of its own shares are set out in the Share Buy-back Statement dated 30 June 2020.

9. **Ordinary Resolution 8 – Continuing in Office as Independent Non-Executive Director**

   This Resolution is to seek the shareholders' approval to retain Mr Loong Caesar **("Mr Loong")** as an Independent Non-Executive Director of the Company. Mr Loong will be holding the position as an Independent Non-Executive Director for 9 years on 13 July 2020.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

STATEMENT ACCOMPANYING NOTICE OF 46TH ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Securities)

1. Details of persons who are standing for election as Directors (excluding Directors standing for re-election)

No individual is seeking for election as a Director at the 46th AGM of the Company.

2. A statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Securities

The proposed Ordinary Resolution 5 for the general mandate for issue of securities is a renewal mandate. As at the date of this Notice, no new shares were issued pursuant to the said mandate granted to the Directors at the last AGM held on 12 June 2019, to issue shares of up to 10% of the total number of issued shares of the Company.

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

No. of Shares held	
CDS Account No.	

PROXY FORM

I/We ______________________________ NRIC No./Company No. ______________________

Tel No. ______________________ of ______________________________

______________________________ being a member of the Company, hereby appoint

______________________________ NRIC No. ______________________

of ______________________________

and/or ______________________________ NRIC No. ______________________

of ______________________________

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote on my/our behalf at the 46th Annual General Meeting **("AGM")** of the Company to be conducted fully virtual from the Broadcast Venue at Bale Club, Multi-Purpose Hall, No. 1, Jalan Polo, Leisure Farm, 81560 Gelang Patah, Johor Darul Takzim, Malaysia on **Thursday, 30 July 2020** at **2.30 p.m.** and at any adjournment thereof.

Please indicate with 'X' in the space below how you wish your votes to be cast. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion.

ORDINARY RESOLUTIONS		**FOR**	**AGAINST**
Resolution 1	Re-election of Mr Loong Caesar		
Resolution 2	Re-election of Mr Geoffrey Earl Grady		
Resolution 3	Payment of Directors' fees and benefits		
Resolution 4	Re-appointment of KPMG PLT as Auditors		
Resolution 5	Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016		
Resolution 6	Proposed renewal of authority to issue and allot shares pursuant to the Company's Dividend Reinvestment Plan		
Resolution 7	Proposed renewal of authority for the purchase by the Company of its own shares		
Resolution 8	Continuing in office as Independent Non-Executive Director – Mr Loong Caesar		
Resolution 9	Continuing in office as Independent Non-Executive Director – Mr Chew Hoy Ping		

Dated this________day of _______________ 2020

____
Signature of Member

For appointment of 2 proxies, the percentage of shareholdings to be represented by the proxies:

	No. of Shares	**Percentage**
1st Proxy		%
2nd Proxy		%
Total:		100%

Common Seal
(for Corporate Members)

NOTES:

1. The AGM will be conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Voting facilities **("RPV")** which are available on Boardroom Smart Investor Portal at https://www.boardroomlimited.my. Please follow the procedures as set out in the Administrative Guide for the AGM in order to register, participate and vote remotely via RPV.
2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be present at the main venue. No members/proxies from the public shall be physically present at nor admitted to the Broadcast Venue.
3. A member of the Company who is entitled to attend, participate and vote at a general meeting of the Company, may appoint not more than 2 proxies to attend, participate and vote instead of the member at the meeting. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy and the proxy shall have the same rights as the member.
4. Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 **("SICDA")**, it may appoint not more than 2 proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account **("omnibus account")**, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of the SICDA.
6. Where a member or the authorised nominee appoints 2 proxies, or where an exempt authorised nominee appoints 2 or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, otherwise the appointment shall be invalid. An exempt authorised nominee which intends to appoint multiple proxies, must submit separate instruments of proxy.
7. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or if such appointer is a corporation, either under its common seal or under the hand of its officer or attorney duly authorised.
8. The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia either personally, by fax at (603) 7890 4670, by electronic mail to BSR.Helpdesk@boardroomlimited.com or by sending it through the post not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Alternatively, the Proxy Form can be deposited electronically through the Boardroom Smart Investor Online Portal at https://www.boardroomlimited.my not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
9. For the purpose of determining who shall be entitled to attend this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at **22 July 2020** and only members whose names appear in the Record of Depositors shall be entitled to attend, participate and vote at this AGM via RPV.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the Personal Data Privacy terms set out in the Notice of AGM dated 30 June 2020.

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AFFIX
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HERE

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

c/o Boardroom Share Registrars Sdn Bhd
Registration No. 199601006647 (378993-D)

11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

1ST FOLD HERE

CORPORATE DIRECTORY

1. Mulpha International Bhd.
PH1, Menara Mudajaya
No.12A, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan
Malaysia
T: (+603) 7718 6288
www.mulpha.com.my

2. Leisure Farm Resort
D'Rimbunan
No. 8, Jalan Peranginan
Leisure Farm
81560 Gelang Patah, Johor
Malaysia
T: (+607) 556 3003
www.leisurefarm.com.my

3. Mulpha Australia Limited
Level 5, 99 Macquarie Street
Sydney, New South Wales 2000
Australia
T: (+612) 9239 5500
www.mulpha.com.au

4. Mulpha Sanctuary Cove
Jabiru House, Masthead Way
Sanctuary Cove, Queensland 4212
Australia
T: (+617) 5577 6500
www.sanctuarycove.com

5. Mulpha Norwest Pty. Ltd.
Level 5, 99 Macquarie Street
Sydney, New South Wales 2000
Australia
T: (+612) 9239 5500
www.mulphanorwest.com.au

6. Hayman Island
1 Raintree Avenue
Hayman Island
Great Barrier Reef
Australia
T: (+617) 4940 1234
www.hayman.com.au

7. InterContinental Sydney
117, Macquarie Street
Sydney, New South Wales 2000
Australia
T: (+612) 9253 9000
www.icsydney.com.au

8. InterContinental Sanctuary Cove Resort
Manor Circle, Sanctuary Cove
Queensland 4212
Australia
T: (+617) 5530 1234
www.intercontinental sanctuarycove.com

9. Bimbadgen
790 McDonalds Road
Pokolbin New South Wales 2320
Australia
T: (+612) 4998 4600
www.bimbadgen.com.au

10. Transport House
99 Macquarie Street
Sydney, New South Wales 2000
Australia
T: (+612) 9239 5500

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

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

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

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

15. Salzburg Apartment
24 Porcupine Road, Perisher Valley
New South Wales 2624
Australia
T: (+612) 6457 5220
www.marritzsalzburg.com.au

16. Enacon Carparks
Level 5, 99 Macquarie Street
Sydney, New South Wales 2000
Australia
T: (+612) 9239 5500
www.enacon.com.au

17. Norwest Marketown
4 Century Circuit
Baulkham Hills
New South Wales 2153
Australia
T: (+612) 8850 6444
www.norwestmarketown.com.au

18. Multiple Capital
Level 5, 99 Macquarie Street
Sydney, New South Wales 2000
Australia
T: (+612) 9239 5500
www.multiplecapital.com.au

19. Pindari Capital
Level 16, 55 Clarence Street
Sydney, New South Wales 2000
Australia
T: (+612) 9958 9008
www.pindaricapital.com.au

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

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

22. Vera Wang Bride Australia
InterContinental Sydney
Shop 5, 117 Macquarie Street
Sydney, New South Wales 2000
Australia
T: (+614) 2210 8508
www.verawang.com

Hospitality | Property Development | Property Investment | Education | Retirement | Financial Services

www.mulpha.com.my

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

PH1, Menara Mudajaya, No. 12A, Jalan PJU 7/3, Mutiara Damansara,
47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

T • (603) 7718 6288 **F** • (603) 7718 6363