I-Berhad

ANNUAL REPORT 2022

Cover
Rationale

The DoubleTree by Hilton Shah Alam i-City is a new landmark in the i-City Finance Avenue. It stands poised amidst its prominent neighbours such as the smart corporate office tower, GBI certified, Mercu Maybank and Central i-City Mall. Overlooking the CNN Travel accoladed i-City Leisure theme park, the DoubleTree by Hilton Shah Alam i-City 5-star Hotel is an idyllic location for business travellers, families and leisure travellers.

The 43-storey building which houses the 300-room DoubleTree by Hilton Shah Alam i-City consists of luxurious amenities, state-of-the-art meeting rooms, spa, on-site renowned restaurants, outdoor infinity pool, a 1,000-seat grand ballroom as well as a corporate networking space called the Axis Lounge, was officiated by HRH Sultan of Selangor, Sultan Sharafuddin Idris Shah on 11 August 2022.

The 5-star international hotel debut at i-City will captivate the next generation of travellers, underscoring the Group's commitment to further strengthen the tourism industry in Malaysia. It is expected to be a game-changer, transforming Malaysia's MICE (meeting, incentive, convention and exhibition) industry and setting a new benchmark in hospitality.

Contents

CORPORATE PROFILE

BUSINESS REVIEW & REPORTS

SUSTAINABILITY STATEMENT

EVENT HIGHLIGHTS

FINANCIAL STATEMENTS

OTHER INFORMATION

AGM INFORMATION

56TH ANNUAL GENERAL MEETING

Date	Wednesday, 28 June 2023
Time	10.30 a.m.
Venue	Ballroom, Level 2 DoubleTree by Hilton Shah Alam i-City i-City Finance Avenue 40000 Shah Alam, Selangor Malaysia

Corporate Information

BOARD OF DIRECTORS

TAN SRI LIM KIM HONG
Non-Executive Chairman

PUAN SRI TEY SIEW THUAN
Executive Director/
Chief Executive Officer

LIM BOON SOON, RICKY
Executive Director

DATO' EU HONG CHEW
Non-Independent
Non-Executive Director

NG CHEE KIET
Independent
Non-Executive Director

PECK BOON SOON
Independent
Non-Executive Director

GOH YEANG KHENG
Independent
Non-Executive Director

COMPANY SECRETARY

Bu Chew Lin
SSM Practicing Certificate
No. 201908000674
(MAICSA No. 6008132)

REGISTERED OFFICE

Level 31, Mercu Maybank
i-City, Selangor Golden Triangle
40000 Shah Alam
Selangor

Tel : 603-5521 8800
Fax : 603-5521 8810
Web : www.i-bhd.com
E-mail : cs@i-bhd.com

SHARE REGISTRAR

Tricor Investor & Issuing House
Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan

Tel : 603-2783 9299
Fax : 603-2783 9222

AUDITORS

Deloitte PLT
Level 16, Menara LGB
1 Jalan Wan Kadir
Taman Tun Dr. Ismail
60000 Kuala Lumpur
Wilayah Persekutuan

PRINCIPAL BANKER

Malayan Banking Berhad

STOCK EXCHANGE LISTING

Listed on the Main Market of
Bursa Malaysia Securities Berhad
on 29 September 1969

STOCK NAME/ STOCK CODE

IBHD/4251

Profile of Directors

TAN SRI LIM KIM HONG

Non-Executive Chairman

Age	72
Nationality	Malaysian
Gender	Male

TAN SRI LIM KIM HONG was appointed to the Board on 15 July 1999. He is currently the Group's Non-Executive Chairman and has vast experience in business, marketing and corporate matters as well as has a keen sense of business acumen.

Tan Sri Lim was responsible for the successful listing of Sumurwang Sdn Bhd's ("Sumurwang") manufacturing arm, Dreamland Holdings Berhad on the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad) in 1987 while he was the Chief Executive Officer of Dreamland Holdings Berhad.

In 1991, he diversified Dreamland Holdings Berhad into the steel industry and subsequently changed its name to Kanzen Berhad ("Kanzen"). In late 1993, he divested Sumurwang's interest in Kanzen to reorganise Sumurwang's corporate structure to focus on three business areas – property development, manufacturing and financial services.

In 1999, Tan Sri Lim acquired I-Berhad through Sumurwang and steered the Group into property development, property investment, leisure and ICT solutions businesses through the i-City Golden Triangle, a smart integrated freehold ultrapolis development with MSC Malaysia Cybercentre Status with gross development value of RM10 billion. i-City Golden Triangle has been endorsed as an International Park by the Selangor State Government and a unique Tourism Destination by Tourism Malaysia.

Profile of Directors
(Cont'd)

PUAN SRI TEY SIEW THUAN

Executive Director/
Chief Executive Officer

Age	69
Nationality	Malaysian
Gender	Female

PUAN SRI TEY SIEW THUAN was appointed to the Board on 15 July 1999 and to the position of Chief Executive Officer on 27 February 2008. Subsequently, Puan Sri Tey retired as the Chief Executive Officer on 10 February 2009 but remained as Executive Director of the Company. She was re-appointed to the position of Chief Executive Officer on 1 January 2020.

Puan Sri Tey is currently spearheading the Property Development and Property Investment segments of the Group, where in addition to formulating the strategic and financial direction, she also oversees the operation of all business segments of the Group.

Puan Sri Tey was formerly the Executive Director of Kanzen Berhad and whilst with Kanzen, she was responsible for the Company's investments into China. These investments cover bedding, steel and air-conditioning businesses as well as power industries. She was also responsible for the development of Kanzen's steel exports business.

Puan Sri Tey also sits on the Board of several private companies.

LIM BOON SOON, RICKY

Executive Director

Age	46
Nationality	Malaysian
Gender	Male

MR LIM BOON SOON, RICKY was appointed as the Executive Director of I-Berhad effective 1 January 2022 to spearhead the Group's Technology Division. He was appointed as the Group's Chief Technology Officer on 2 May 2019.

Mr Lim graduated with a Bachelor of Commerce in Accounting and Finance from the University of Melbourne, Australia in 1998. He started his training as an Auditor with KPMG Malaysia in 1999. He joined WOW CRM in 2011 as an Automation Consultant and CRM specialist for approximately 8 years where he also consulted on Cloud and Salesforce technologies as well as accumulated a wealth of experience in sales and marketing.

In his current role, Mr Lim is responsible for overseeing all aspects of technology of the Group. This includes amongst others, technology strategy, development and as well as digitalisation, smart city solutions and innovation. Additionally, he has been driving technology innovations which includes bringing new services to the mobile app dubbed i-City SuperApp.

He is also responsible for the new 400G capable network upgrade for i-City enabling High Availability network which provides Multi-Path enterprise grade internet with auto switchover capability. In addition to all that, he has been instrumental in the setting up of i-City's first Tier-3 Data Centre more than 10 years ago.

Mr Lim would be spearheading the Group's Data Centre Zone expansion which includes the setting up of 2 new hyperscale Data Centres of 100,000 sq ft each at i-City South to meet the exponential demand for Data Centres due to the surging needs for Cloud Computing arising from the increase in digitalisation.

Profile of Directors
(Cont'd)

DATO' EU HONG CHEW

Non-Independent
Non-Executive Director

Age	70
Nationality	Malaysian
Gender	Male

DATO' EU HONG CHEW was re-appointed as Non-Independent Non-Executive Director of I-Berhad effective 1 January 2022. He is also a member of the Audit, Nomination, Remuneration and Risk Management Committees of the Board. He was previously appointed to the Board on 15 July 1999 but retired on 25 June 2020.

Dato' Eu was educated at the Royal Military College and graduated with a first class honours degree in Mechanical Engineering from the University of Glasgow, United Kingdom (UK) in 1976. Subsequently, in 1980, he obtained his Masters in Business Administration from the University of Bradford, UK.

Dato' Eu has been associated with Sumurwang and its Group of Companies ("Sumurwang Group") as its Chief Executive with many years of experience including charting the path for Sumurwang's manufacturing arm, firstly under Dreamland Holdings Berhad and its subsequent venture into the steel business and thereafter, the acquisition of I-Berhad.

Prior to joining Dreamland, Dato' Eu was with PA Management Consulting (PA Consulting) for 10 years where he was appointed as the Director of Studies for the Cranfield PA MBA Programme in Malaysia.

NG CHEE KIET

Independent
Non-Executive Director

Age	53
Nationality	Malaysian
Gender	Male

MR NG CHEE KIET was appointed to the Board as an Independent Non-Executive Director on 17 May 2021. He is also the Chairman of the Audit, Nomination and Remuneration Committees as well as a member of the Risk Management Committee of the Board.

Mr Ng graduated from Monash University, Australia with Bachelor of Economics (Accounting) in 1991. He is currently a Chartered Accountant of the Malaysian Institute of Accountants (MIA). He has over 30 years of working experience in tax consultancy, finance and accounts, corporate finance, investment banking and corporate management and strategy. During his career, he has held senior positions in both investment banks and public listed companies.

He started his career in tax consulting with Arthur Andersen HRM (Tax Services) Sdn Bhd in 1992 before moving into corporate finance and investment banking with Aseambankers Malaysia Berhad, PM Securities Sdn Bhd and later MIMB Investment Bank Berhad (MIMB). After leaving MIMB in 2012 as the Head of Investment Banking, he joined Malton Berhad as the Director of Corporate Finance and later joined WCT Holdings Berhad as the Director of Corporate Strategy from 2016 to 2020. In January 2021, he joined WYNCORP Advisory Sdn Bhd, a licenced corporate finance advisory firm as the Director of Corporate Finance.

He is currently holding directorships in New Hoong Fatt Holdings Berhad and SAM Engineering & Equipment (M) Berhad, as Independent Non-Executive Director and private limited companies.

Profile of Directors
(Cont'd)

PECK BOON SOON

Independent
Non-Executive Director

Age	61
Nationality	Malaysian
Gender	Male

MR PECK BOON SOON KMN, AMN, was appointed to the Board on 17 May 2021 as Independent Non-Executive Director and is the Chairman of the Risk Management Committee as well as a member of the Audit, Nomination and Remuneration Committees of the Board.

Mr Peck graduated from University Malaya in 1986 with a first class honours degree in Economics. He started work as an Economist with Bank Negara Malaysia in 1987 and his career with the central bank lasted for about 10 years. Together with other economists in the central bank, his task was to assist senior economists in the formulation of the country's monetary and banking policies.

In June 1996, he left the central bank to join Worldsec Securities Advisors Sdn Bhd, a Hong Kong based equity research house, as a Senior Manager in analysing the Malaysian economy. Subsequently, in 2002, he joined OSK Research followed by KAF Research Sdn Bhd as its banking sector analyst (a Senior Manager position).

In late 2002, he left to join RHB Research Institute Sdn Bhd and rose to the position of Vice President in 2007. During his tenure with RHB Research, he headed a team of economists covering 5 major ASEAN economies (Indonesia, Malaysia, Philippines, Singapore & Thailand) as well as provided views on the US, Euroland, Japan and China economic developments for fund managers and RHB's Board of Directors and Senior Management. His stint with RHB Research lasted for about 18 years before he retired in December 2020.

He is currently the Advisor of Socio-Economic Research Consultative (SERC) Committee and a Director of the SERC, a research unit of the Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM).

GOH YEANG KHENG

Independent
Non-Executive Director

Age	58
Nationality	Malaysian
Gender	Female

MADAM GOH YEANG KHENG was appointed to the Board as Independent Non-Executive Director on 1 July 2013 and is currently a member of the Audit, Nomination, Remuneration and Risk Management Committees of the Board.

Madam Goh graduated from The Institute of Chartered Secretaries and Administrators (ICSA), United Kingdom (now known as The Chartered Governance Institute) in 1990.

She has more than 30 years of experience in finance and operations in the retail, manufacturing and leisure industries.

Notes:

None of the Directors of the Company has:

- *any family relationship with other Directors or substantial shareholders of the Company save for Y. Bhg. Tan Sri Lim Kim Hong who is the spouse of Y. Bhg. Puan Sri Tey Siew Thuan (Y. Bhg. Tan Sri Lim is the Non-Executive Chairman and major shareholder of the Company); and Mr Lim Boon Soon, Ricky, being the son of both Y. Bhg. Tan Sri Lim Kim Hong and Y. Bhg. Puan Sri Tey Siew Thuan*
- *any conflict of interest with the Company*
- *any conviction for offences within the past 5 years other than traffic offences, if any*
- *any directorships in public companies and listed issuers save for Mr Ng Chee Kiet*
- *any sanctions and penalty imposed by regulatory bodies*

Profile of Key Senior Management

TANG KOK CHIN

Head of Corporate Planning

Age	44
Nationality	Malaysian
Gender	Male

MR TANG KOK CHIN joined the Group as Head of Corporate Planning on 16 April 2018. He graduated from Monash University, Australia with a Bachelor of Business (Accounting) in the year 2000. He is a member of the Certified Practicing Accountant, Australia and a member of the Malaysian Institute of Accountants (MIA).

His current portfolio at I-Berhad includes the strategic planning and development of the Group. He is also overseeing the corporate finance, investor relations and treasury functions of the Group. He works closely with the Board of Directors in creating, communicating, executing and sustaining short to long term strategic initiatives for the Group.

Prior to joining I-Berhad, he has spent more than 10 years in an Investment Bank advising a wide range of corporate finance activities including mergers and acquisitions, valuations, restructuring of corporate debts, the preparation of independent advice and fund raising, covering clients in various sectors of the economy. He was also attached to a big four accounting firm in assurance services prior to his stint at the Investment Bank.

OON KHAI FEN

Head of Business Strategy and Investment

Age	36
Nationality	Malaysian
Gender	Female

MS OON KHAI FEN is a qualified accountant holding a Bachelor of Accounting (Honours) degree from Universiti Putra Malaysia and membership in the Malaysia Institute of Accountants (MIA). She joined the Group in 2011 as an Accountant and has since advanced to the position of Head of Business Strategy and Investment.

As the Head of Business Strategy and Investment, Ms Oon is leading the Group's hospitality segment and managing several prestigious properties, including 8Kia Peng Suites, Best Western i-City Shah Alam Hotel, and the recently opened DoubleTree by Hilton Shah Alam i-City.

In her current role, Ms Oon is responsible for identifying new business opportunities and ventures, developing strategies to capitalise on these opportunities to drive growth and profitability, and continually improving the Group's policies and procedures. Additionally, she manages the Group's tax division to ensure compliance with all tax regulations and efficient handling of tax matters.

Profile of Key Senior Management
(Cont'd)

RAYMOND LAI KOK LEONG

Head of Property

Age	55
Nationality	Malaysian
Gender	Male

MR RAYMOND LAI KOK LEONG joined the Group as Head of Property on 1 February 2022. He graduated from Imperial College, University of London in 1991 with a Bachelor in Civil Engineering. Subsequently, he obtained his Masters in Business Administration from Heriot Watt University in 1996.

Mr Raymond is currently heading the Group's property division with responsibility from concept inception to completion and handing over of projects. His experience encompasses all aspects of property development including planning, alienation, feasibility studies, design, budgeting, tendering, authority approvals, construction and handover of projects; as well as facilities management and car park management.

His extensive experience includes working with housing developers and construction firms covering project and construction management of diverse projects ranging from large developments, high rise building projects, highway construction, bridge, river channelisation to terrace houses and bungalow developments and has successfully implemented many development projects over a span of more than 30 years.

He was previously with the Group from 2013 to 2016 when he was the Senior General Manager successfully in charge of property development and construction management of several projects in i-City. Prior to rejoining the Group, he held the position of Project Director of Malaysia Land Properties Sdn Bhd ("Mayland"), where he was overall in charge of its Project Department and responsible for all property developments and construction matters within Mayland.

CHAN YI MUNN

Head of Finance

Age	36
Nationality	Malaysian
Gender	Female

MS CHAN YI MUNN joined the Group as Financial Controller on 22 November 2022 and has since advanced to the position of Head of Finance.

She graduated with a first class honours degree in Bachelor of Science in Applied Accounting from Oxford Brookes University in 2008 and obtained her professional qualification from Association of Certified Chartered Accountants (ACCA) in the same year. She is a Fellow Member of the ACCA and member of the Malaysian Institute of Accountants (MIA).

She has 15 years of working experience in auditing, finance and accounting, and corporate finance. She started her career as an auditor with PricewaterhouseCoopers (PwC) in 2008. Prior to joining I-Berhad, she was with S P Setia Berhad for more than 8 years, held several functions and positions in the property development group which includes group financial accounting and reporting, management reporting and corporate finance.

She is currently responsible for the entire finance and accounting functions of the Group.

Profile of Key Senior Management (Cont'd)

ONG POH LING, MONICA

Head of Marketing

Age	59
Nationality	Malaysian
Gender	Female

MADAM ONG POH LING, MONICA served on the Board of Directors of I-Berhad since 1999 and retired from the Board in 2015. She currently sits on the board of various subsidiaries of the Group. Prior to joining I-Berhad, she was with Dreamland Holdings Berhad since 1987. She graduated with a Bachelor of Law from the University of Wolverhampton, United Kingdom.

Throughout her tenure, she has demonstrated a strong commitment to the Group's growth and has played an integral role in its evolution from the mattress industry to stainless steel, consumer/digital products, and now property development.

She heads the marketing portfolio of the Group, overseeing the marketing operations and strategy of its various businesses which include property development, hospitality, and leisure.

Her achievements at the Group include the successful conceptualisation of the i-brand name in 1999, and drive brand recognition for its consumer/digital products and now i-City, the Group's flagship development. She continues to play a critical role in shaping i-City as Malaysia No.1 Technology City and its future growth and development.

TANG SOKE CHENG

Head of Leisure Park @i-City

Age	45
Nationality	Malaysian
Gender	Female

MS TANG SOKE CHENG is currently the Head of Leisure Park @i-City. She joined the Group on 1 December 2001 upon graduation from Curtin University, Australia majoring in Management & Information System. Having climbed the ranks within the group as a Management Trainee, Ms Tang has a good overview of matters concerning operations and its related supporting services.

When the Group first ventured into the property industry, she was the authorities liaison officer and subsequently when the first phase of the MSC Malaysia Cybercentre Offices was completed at i-City, she was responsible for leasing of units to both MSC Malaysia status companies as well as F&B operators.

She had also taken on several marketing and operations positions in Leisure Park since it first opened to the public in December 2009. Other leadership role she had held within the Group includes being the Head of the i-Home retail business during digital appliances days. She also holds the position as Head of Corporate Communications.

Notes:

None of the above key Senior Management:

- *holds any directorship in public companies and listed issuers*
- *has any conflict of interests with the Company*
- *has any conviction for offences, other than traffic offences (if any), within the past five (5) years*
- *has any public sanction or penalty imposed by the relevant regulatory bodies during the financial year*

HRH Sultan of Selangor, Sultan Sharafuddin Idris Shah graced the official opening of DoubleTree by Hilton Shah Alam i-City, accompanied by I-Berhad's Chairman, Tan Sri Lim Kim Hong

Management Discussion and Analysis

THE YEAR 2022 HAS SHOWN RECOVERY AND IMPROVEMENT IN RESULTS AFTER THE COUNTRY MOVED INTO ENDEMICITY FROM COVID-19. THE GROUP WAS STEADFAST IN FACING THE CHALLENGES IMPACTED BY THE COVID-19 PANDEMIC AND IS NOW ON TRACK IN REBUILDING THE DEVELOPMENT PIPELINE.

Aerial view of i-City

In the face of a challenging economic landscape, the Group has strengthened its net assets to RM1.17 billion as of 31 December 2022, compared to RM1.14 billion the previous year. The Group's financial stability is a testament to its sound business practices and strategic decision-making. The Group remains committed to delivering sustainable long-term value to its shareholders with business strategies that are aligned to achieve this goal, despite the current challenging macroeconomic conditions. The resilience of the balance sheet, coupled with strategic capital partnerships, provides the necessary financial flexibility to capitalise on growth opportunities arising from the Group's business model. The Group is poised to weather economic challenges and continue to drive growth through smart investments and strategic partnerships.

The Group has also assembled a talented and motivated team of professional managers to enhance its organisational structure and drive growth across its key business segments - property development, property investment, technology, leisure, and hospitality. Besides, the Group has positioned i-City as a central hub for local and international connections, serving as the nucleus for telecommunications organisations, financial institutions, high-technology firms, and multinational corporations ("MNCs").

Management Discussion and Analysis
(Cont'd)

Additionally, the Group has a strong reputation in the market which is evident in i-City's project track record which has attracted leading international and local organisations to collaborate with the Group. To further the Group's growth and innovation, the Company will continue to seek new strategic alliances with leading organisations that are expected to accelerate the development within i-City Golden Triangle ("IGT").

BUSINESS DIRECTION AND OPERATIONAL STRATEGY

The direction of the Group remains unchanged, with a focus on becoming a diversified property group incorporating IT infrastructure. This unique approach seeks to capitalise on the nation's goal to drive the growth of finance and information technology in the service industry. The Group is well-positioned to take advantage of Malaysia's digital economy blueprint and is expected to see this translating into a strong contribution from both the Property Development and Property Investment segments as well as complementary growth from the Leisure and Hospitality segments.


BeCentral, serviced residences in i-City Finance Avenue

The Group's plans and strategies centre around using i-City as the cornerstone for building a strong property development business and constructing a diversified property portfolio. The portfolio will serve multiple purposes, including generating sustainable income through assets such as the Mercu Maybank Corporate Office Tower (Grade A, GBI), i-City Convention Centre, Tier-3 Data Centre, Central i-City Mall, and car parks, which are part of the Property Investment segment. Additionally, the Group will support its operations through properties in the Leisure and Hospitality segment, such as the 5-star DoubleTree by Hilton Shah Alam i-City and the long-established Best Western Hotel within IGT.

The Group aims to be a billion value company in 3 years, and has laid out a roadmap to achieve this. One of the key areas of focus is building a sustainable pipeline for property development.

The Group aims to develop and sell approximately 73% of the 13 million square feet of Gross Floor Area (GFA) allocated to the i-City development, with the remaining 27% to be held under the investment property portfolio. The completed residential developments, including i-SOVO, i-Residences, i-SOHO, i-Suites, Liberty, Hyde, Parisien, and Hill10 Residences, have already generated substantial profit for the Group. Meanwhile, ongoing developments such as the BeCentral residential towers and 8Premier (premium offices) and Twenty8 (retail suites) are expected to generate additional revenue/profit in the future.

The Group is committed to developing its properties responsibly and sustainably, ensuring that they are not only profitable but also contribute positively to the environment and society.

Management Discussion and Analysis (Cont'd)

Hyperscale Data Centre

In line with this, the Group has put in place several measures to promote sustainability, including incorporating green building practices into its construction processes, reducing waste and carbon emissions, and implementing energy-efficient technologies. The Group is also exploring new and innovative ways to use technology to improve the efficiency and sustainability of its operations.

The i-City Golden Triangle Tower, once completed, is expected to become a new landmark in the city and a symbol of the Group's commitment to developing innovative and sustainable urban spaces. The tower will comprise office, hotel, and commercial spaces, catering to the needs of different demographics and industries. Additionally, it will feature state-of-the-art technology and sustainability features, setting a new standard for urban development in Malaysia and beyond. The tower's unique design and strategic location within i-City are expected to attract both local and international businesses and investors, further solidifying i-City's position as a premier business hub in the region.

Other strategies to achieve its ambitious growth targets, includes improving the yield of its investment properties, and growing this portfolio for sustainable recurring income. These strategies are expected to create long-term value for shareholders and provide the necessary financial flexibility to leverage on growth opportunities in the market.

The Group's investment property portfolio, which includes properties such as the Mercu Maybank Corporate Office Tower, Central i-City Mall, Tier-3 Data Centre, i-City Convention Centre, and car parks, is becoming a significant contributor to the Group's financial performance. These properties have generated substantial rental income and capital appreciation, and their strategic location and competitive advantage have helped attract and retain tenants. The Group aims to further enhance the performance of these investment properties.

In conclusion, the Group's commitment to delivering sustainable long-term value to its shareholders is evident in its sound business practices and strategic decision-making. Despite the challenging macroeconomic conditions, the Group remains resilient and well-positioned to maximise on growth opportunities in the market. Its diversified business segments, talented management team, and innovative approach to urban development make it a leader in the industry and a preferred partner for local and international investors. With a clear roadmap for growth and a strong commitment to sustainability, the Group is poised to become a billion-value company in the next three years and a major player in Malaysia's digital economy.

Management Discussion and Analysis
(Cont'd)

2022 FINANCIAL PERFORMANCE

For the financial year ended 31 December 2022 ("FY 2022"), the Group recorded revenue of RM119.6 million (2021: RM80.2 million) and profit before tax of RM27.5 million (2021: RM1.3 million), representing an increase of 49% and 2,015% respectively as compared to the previous financial year ended 31 December 2021.

GROUP

REVENUE

RM119.6 MILLION
(2021: RM80.2 MILLION)

PROFIT BEFORE TAX

RM27.5 MILLION
(2021: RM1.3 MILLION)

PROPERTY DEVELOPMENT

The Property Development segment remains the main contributor to the Group, generating revenue of RM41.9 million (2021: RM47.6 million) and achieving a pre-tax profit of RM12.6 million for FY 2022 (2021: pre-tax loss of RM0.7 million). During the year under review, the Group recorded a one-time gain of RM15.1 million, due to the remeasurement of liabilities resulting from the variation of terms of its redeemable convertible unsecured loan stocks (RCULS). Additionally, the pre-tax profit for FY 2022 was driven by the recognition of profits from the sale of the ongoing development of BeCentral Residences, as well as the Group's relentless effort to reduce completed inventories including i-Suite, Parisien, and Hyde in i-City.

PROPERTY INVESTMENT

The Property Investment segment demonstrated a remarkable performance in FY 2022, reporting a revenue of RM19.1 million (compared to RM8.3 million in 2021) and a pre-tax profit of RM15.2 million (compared to RM4.7 million in 2021). The improvement in this segment was primarily driven by the increase in fair value gains from the valuation of investment properties. The strategic location of the properties, along with the efforts to enhance their competitiveness, has also played a role in attracting and retaining tenants. Additionally, the higher occupancy rate of Mercu Maybank and the improved foot traffic at Central i-City Mall, following the resumption of economic activities, also positively impacted the segment results.

Central i-City Mall

Grand Ballroom at DoubleTree by Hilton Shah Alam i-City

LEISURE AND HOSPITALITY

The Leisure and Hospitality segment recorded a substantial increase in revenue, totalling RM53.8 million (2021: RM21.1 million) in FY 2022. The official opening of the DoubleTree by Hilton Shah Alam i-City in Q3 2022 was a major contributor to this growth, garnering positive feedback from the market. While the hotel is still in its early stages of operation, it has not started providing profit contributions to the Group. Meanwhile, the theme park operations and Best Western Hotel recorded higher profits as a result of improved visitation from the recovering economy, as more people sought out leisure activities after a year of pandemic-related restrictions. The Leisure and Hospitality segment posted a pre-tax profit of RM0.8 million in FY 2022 (FY 2021 of RM0.8 million) as the gains from the theme park and Best Western was offset by the charges from the DoubleTree's early stage of operations.

LEISURE & HOSPITALITY

REVENUE

RM53.8 MILLION
(2021: RM21.1 MILLION)

PRE-TAX PROFIT

RM0.8 MILLION
(2021: RM0.8 MILLION)

FUTURE OUTLOOK

The Group emphasises sustainable value creation through a dedicated team, advanced technology, and a customer-centric approach, by focusing on developing i-City, an RM10 billion live-work-play hub in Selangor, transforming a former palm oil estate into a dynamic urban centre over 20 years.

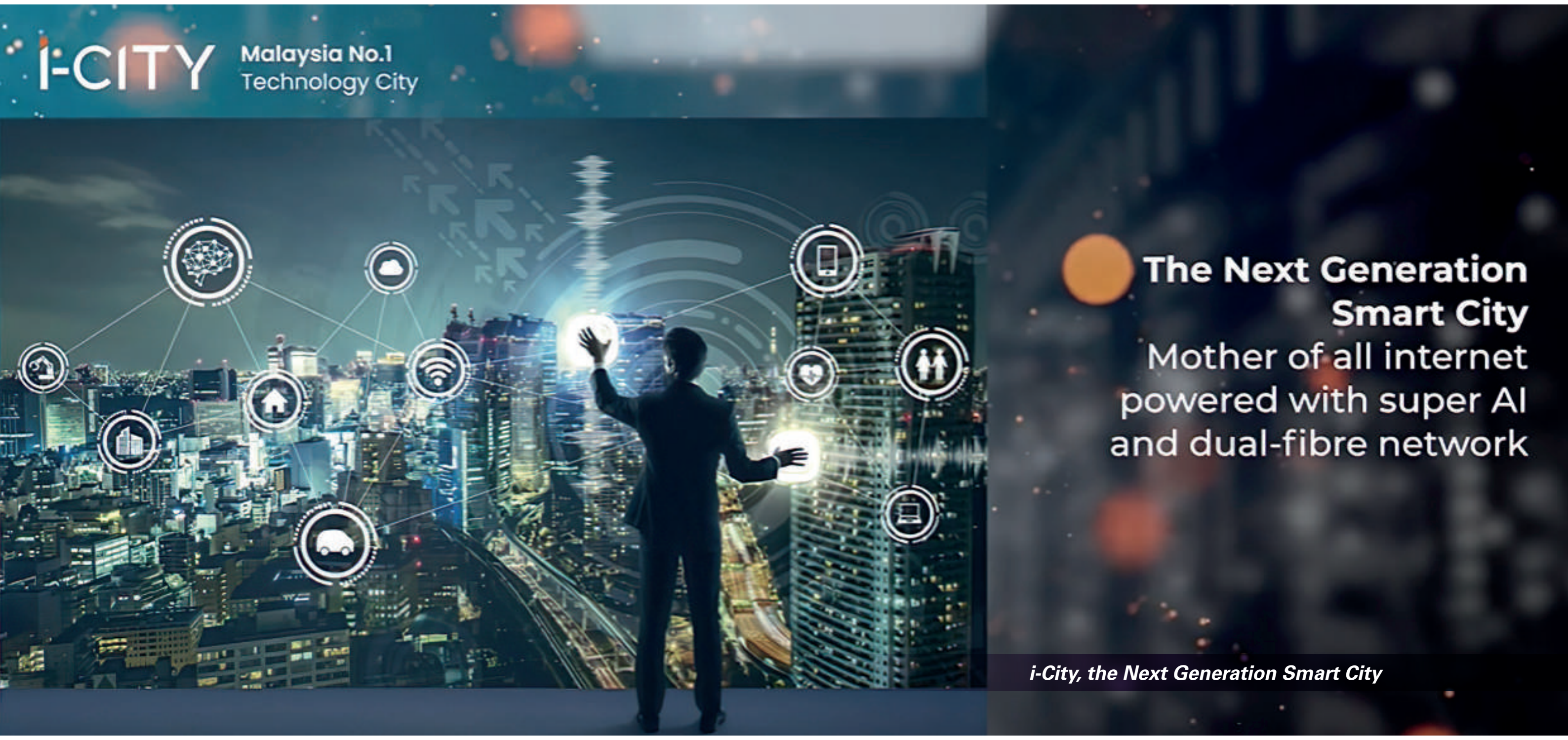
In 2023, the Property Development segment remains the Group's primary earnings driver, and our notable projects include BeCentral residences, Twenty8 and 8Premier corporate/retail spaces in i-City Finance Avenue, which also hosts Mercu Maybank, DoubleTree by Hilton Shah Alam i-City, and neighbouring Central i-City Mall. The ongoing development has an estimated GDV of RM0.7 billion, suggesting positive growth for the Group. BeCentral Tower 1's launch, with 40% of its 474 units sold, marks a strong pandemic recovery. The consistent demand for i-City residential properties, and an additional RM5 billion GDV to be developed, ensures a promising future for the segment.

Management Discussion and Analysis
(Cont'd)


AI Central Park consist of 2 corporate office towers and 1 residential tower

As global cities recover, the Group aims to attract MNCs and companies from the finance and information technology (Fintech) industry to set up regional offices in i-City, Malaysia's No.1 Technology City, which will be providing quality jobs for 25,000 residents and 30,000 knowledge workers. The Next Generation AI Smart City seeks to transform modern society by expediting smart infrastructure development in partnership with tech giants, boasting cutting-edge infrastructure, including a 400G High Availability network and dedicated internet access to foster finance and IT services industry growth. The upcoming 5G deployment will enhance internet speeds and connectivity, attracting businesses and individuals. The RM0.6 billion GDV AI Central Park will bolster our market position and expand the Property Development pipeline, laying the groundwork for sustainable projects in the future.

China's border reopening positively affects the local economy and tourism industry, benefiting our 8Kia Peng project, which is currently being rebranded with an international hotelier. Expecting increased foot traffic from global travellers, 8Kia Peng is poised to become a luxury hospitality destination in Kuala Lumpur.



i-City, the Next Generation Smart City

Sky Lounge at 8Kia Peng Suites

With an RM1 billion investment property portfolio, the Property Investment segment is becoming a key earning contributor for the Group. Occupancy rates are rising in Mercu Maybank (85%) and the Tier-3 Data Centre at i-City (100%), while Central i-City Mall secured approximately 90% tenancy, anticipating 12 million annual visitors. The Group's long-term strategy includes growing its investment property portfolio, by allocating over 50% of capital to Property Investments for sustainable income. To address increasing data centre demand, the Group also plans to build two 100,000 sq ft hyper-scale Data Centres at i-City South with reputable operators, featuring dual power sources and direct fibre connectivity. This positions the Group to capitalise on the digital economy and data centre market expansion.

Our DoubleTree by Hilton Shah Alam i-City, a flagship property in the Leisure and Hospitality segment, has been officially recognised as a 5-star hotel by the Ministry of Tourism, Arts, and Culture Malaysia. Since its Q3 2022 launch, it is poised to generate

Aurora in SnoWalk, a -8 degree celcius artic environment of snow play

significant revenue for the segment. The "Aurora Borealis" at SnoWalk further bolsters the Leisure and Hospitality segment's contributions. The Group plans to invest RM10 million in new attractions at the Leisure Theme Park, enhancing i-City's vibrancy. As we continue expanding the Leisure and Hospitality segment, we remain dedicated to offering exceptional experiences for customers.

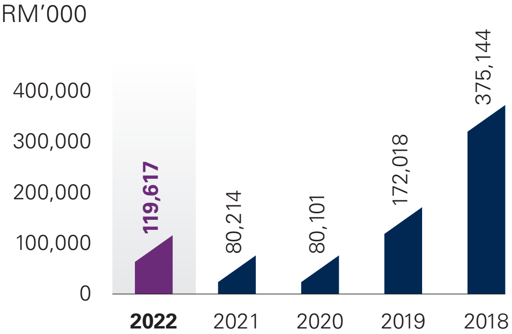
The Group has effectively executed i-City's master plan, and with 5 million sq ft GFA (RM5 billion GDV) remaining, we are confident in our tech-driven, integrated development where people want to live, work and play. By integrating modern technology, we fortify our market position and offer unmatched experiences. Our dedication to innovation, technology, and experiential design ensures i-City's ongoing evolution, transforming urban living and unlocking possibilities for businesses and individuals while generating long-term value for stakeholders and maintaining i-City's vitality for generations.

Financial Highlights

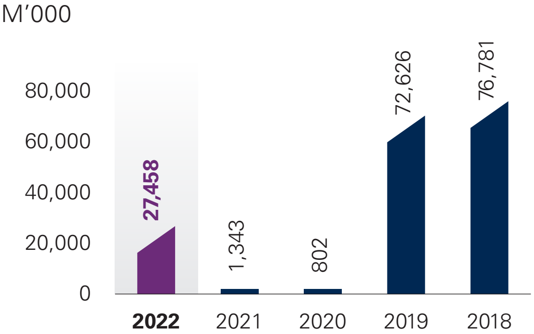
FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000
Revenue	**119,617**	80,214	80,101	172,018	375,144
Profit Before Tax	**27,458**	1,343	802	72,626	76,781
Profit After Tax	**27,305**	424	1,629	58,264	58,736
Profit Attributable to Shareholders	**27,215**	369	1,665	58,207	58,679
Total Assets	**1,919,403**	1,906,876	1,926,621	1,893,940	1,714,029
Shareholders' Equity	**1,169,348**	1,142,043	1,139,154	1,146,252	1,007,858
EBITDA	**48,480**	20,332	11,303	85,461	90,348
Earnings Per Share (Sen)	**2.27**	0.03	0.15	5.47	5.53
Net Asset Per Share (RM)	**0.63**	1.00	1.02	1.04	1.00
Return on Equity (%)	**2.34**	0.04	0.14	4.92	5.83

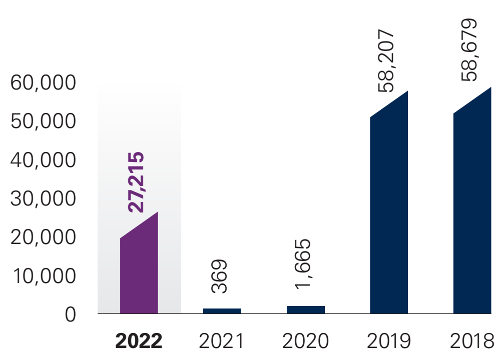
REVENUE
RM'000



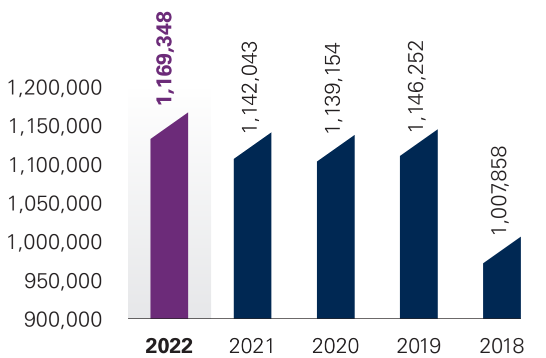
PROFIT BEFORE TAX
RM'000



PROFIT ATTRIBUTABLE TO SHAREHOLDERS
RM'000



SHAREHOLDERS' EQUITY
RM'000

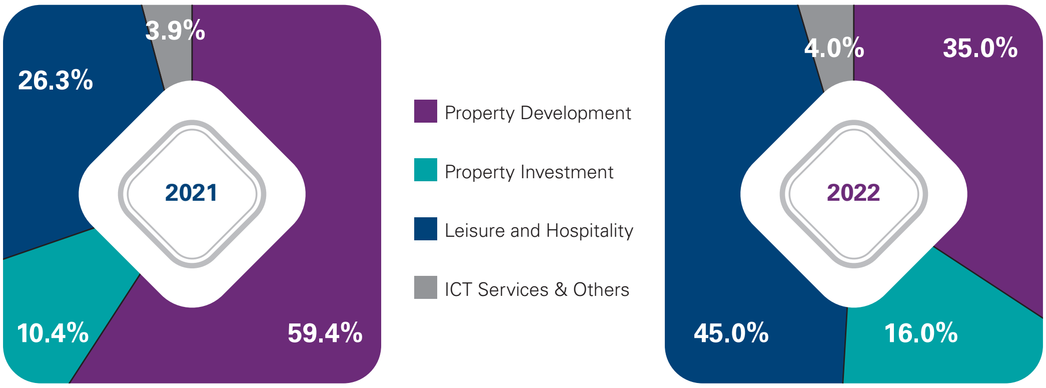


Financial Highlights
(Cont'd)

SEGMENTAL REVENUE

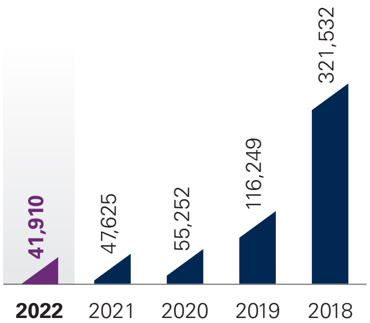
FY2021
(RM80.2 Million)

FY2022
(RM119.6 Million)

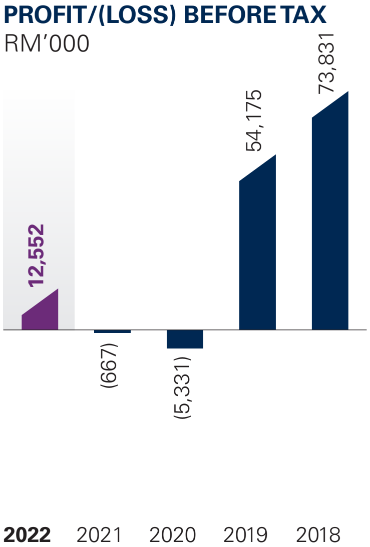


PROPERTY DEVELOPMENT

REVENUE
RM'000

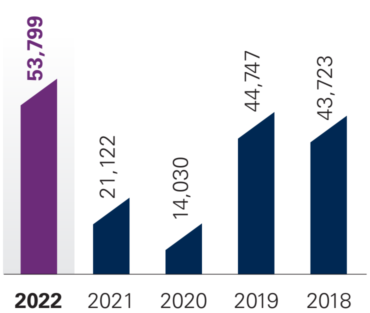


PROFIT/(LOSS) BEFORE TAX
RM'000

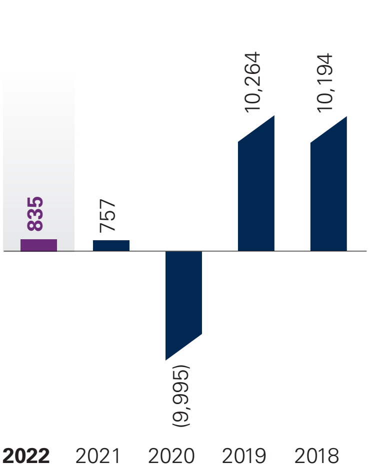


LEISURE AND HOSPITALITY

REVENUE
RM'000

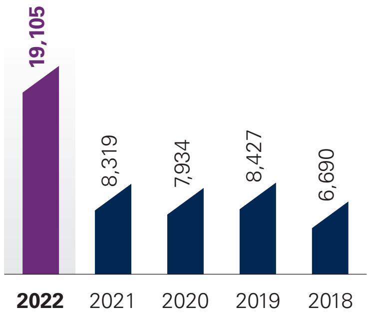


PROFIT/(LOSS) BEFORE TAX
RM'000

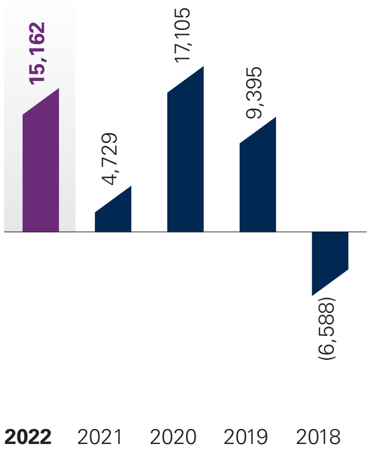


PROPERTY INVESTMENT

REVENUE
RM'000



PROFIT/(LOSS) BEFORE TAX
RM'000



Corporate Governance Overview Statement

The Board of Directors (the "Board") of the Company recognises the importance of adopting high standards of corporate governance as a fundamental part of its responsibility, in protecting and enhancing shareholders' value and financial performance of the Group. The Board is pleased to report to the shareholders on the manner in which the Group has applied the following principles as set out in the Malaysian Code on Corporate Governance 2021 throughout the financial year ended 31 December 2022:-

(i) Board leadership and effectiveness;
(ii) Effective audit and risk management; and
(iii) Integrity in corporate reporting and meaningful relationship with stakeholders

Corporate governance practices will form the fundamental aspect in managing the business and affairs of the Group in a responsible and ethical manner.

A. BOARD LEADERSHIP AND EFFECTIVENESS

(1) Roles and Responsibilities of the Board

(a) An effective Board leads and controls the Group whereby all Directors participate fully in decision making process on keys issues faced by the Group. The Executive Directors are responsible for implementing the policies and decisions of the Board, overseeing the operations as well as coordinating the development and implementation of business and corporate strategies while the Independent Non-Executive Directors play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience towards the formulation of policies and in the decision making process.

The responsibilities of the Board include defining and determining the strategic direction, ensuring that the necessary resources are in place for the Company to meet its objectives, review management performance, directing future expansion, implementing corporate governance, identifying principal risk and ensuring the implementation of appropriate systems to manage these risk, human resource planning and development, reviewing investments made by the Company, overseeing the proper conduct of business, reviewing the adequacy and the integrity of the Company's internal control system and management information system. Towards this end, the Directors have demonstrated their ability to devote sufficient time and commitment to their roles and responsibilities.

(b) The Board composition is listed in the Corporate Information section and the profiles of the members of the Board are provided in the Profile of Directors section of this Annual Report. The Chairman of the Board is responsible to instill good corporate governance practices, leadership and effectiveness of the Board.

(c) The Executive Directors are responsible for implementing the Group's policies, business plans and execute decision making and leads the discussion at Board level. The Executive Directors are assisted by the Senior Management of the Company.

(d) The Board has adopted the Board Charter as well as the Code of Ethics and Conduct on 13 May 2013 which are published on the Group's website at www.i-bhd.com. The Board Charter sets out the role, functions, composition, operation and processes of the Board and is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members, whilst the Code of Ethics and Conduct is formulated to enhance the standard of corporate governance and corporate behavior with the intention of establishing a standard of ethical behavior for Directors based on trustworthiness and values that can be accepted or upheld by any person and to uphold the spirit of social responsibility in line with the legislation, regulations and guidelines for administrating the Company.

The Board Charter also spells out the issues and decisions reserved for the Board which are as follows:-

(i) Approval of corporate plans and programmes;
(ii) Approval of annual budgets, including major capital commitments;
(iii) Approval of new ventures;

(iv) Approval of material acquisitions and disposals of undertakings and properties;
(v) Changes to the management and control structure within the Company and its subsidiaries including key policies and delegated authority limits; and
(vi) Participation in the adjudication of tenders for property projects in excess of established limit of RM20 million for local projects. The threshold will be reviewed if the Board deems appropriate.

Major investment decisions and management's proposals above certain limits are reserved for decision by the Board.

The Board will review the Board Charter from time to time, if necessary, to ensure that it remains consistent with the Board's objectives and is in line with current laws, regulations and best practices.

The Board has also established together with management, the policies and procedures on whistleblowing and anti-corruption policy in relation to all forms of bribery and corruption, improper conduct, fraud, abuse consisting of practices which caused unnecessary costs to the Company and wastage on goods or resources.

(e) The Board is aware of the importance of business sustainability and promotes sustainability to be embedded in the development of the Group's strategies and business direction, taking into account the environmental and social aspects of its various business operations. These strategies seek to meet the expectations of stakeholders in which the Group operates as it is critical for the long term success of the Group.

The details of the sustainability initiatives of the Group are set-out in the Sustainability Statement in this Annual Report.

(2) Board Composition

During the financial year, the Board composition totaled 7 Directors comprising a Non-Executive Chairman, 2 Executive Directors and 4 Non-Executive Directors (out of which 3 are Independent Directors). As such, the Company has fulfilled the minimum one-third (1/3) independence requirement throughout the financial year.

The Board will review the size of its members based on the Group's business needs from time to time. The position of the Chairman and Chief Executive Officer (CEO) are held by different individuals with the aim of promoting accountability and facilitating the division of responsibilities between them.

The Board is supported by the Senior Management team which will be developed and groomed to a stage where they could take on Executive roles on the Board.

(3) Board Committees

The Board is collectively responsible for the proper stewardship of the Group's business and the creation of long-term shareholders' value, while taking into account the interests of other stakeholders. In order to ensure the effective discharge of the Board's functions and responsibilities, the Board delegates specific responsibilities and functions to various committees.

The Board is assisted by several Board Committees which operate within clearly defined terms of reference namely:-

- Audit Committee
- Nomination Committee
- Remuneration Committee
- Risk Management Committee

The Chairman of the Board is not a member of the above Board Committees.

Corporate Governance Overview Statement
(Cont'd)

(4) Conduct of Board Meetings

The Board met a total of 5 times during the financial year ended 31 December 2022. Details of attendance of each individual Director in respect of the meetings held are as follows:-

Members	Attendance
Tan Sri Lim Kim Hong	5/5
Puan Sri Tey Siew Thuan	5/5
Mr Lim Boon Soon, Ricky	5/5
Dato' Eu Hong Chew	4/5
Mr Ng Chee Kiet	5/5
Mr Peck Boon Soon	5/5
Madam Goh Yeang Kheng	5/5

The Board will hold additional meetings as and when necessary to consider business issues that require the urgent decision of the Board. Urgent matters would also be circulated for Board approval via written resolutions.

The Directors are required to disclose and update their directorships in other companies as and when necessary. The Directors are also expected to comply with Paragraph 15.06 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") on the maximum number of five (5) directorships they could hold in public listed companies to ensure that all Directors are able to commit sufficient time for the Company. For the financial year under review, all Directors complied with the said requirement of the MMLR.

Board meetings are conducted with a structured pre-set agenda and are not held together with the Audit Committee meetings. For all major financial, operational and corporate matters which require the Board's decision, all Directors are provided with sufficient and timely reports and supporting documents which are circulated 7 days in advance of each meeting to ensure sufficient time is given to understand the key issues and contents. The Directors' materials for meeting include, among others, information on the Group's financial and operational performance, corporate proposals, annual budgets, significant acquisitions and disposals, minutes of Board Committees, securities transactions of the Directors and substantial shareholders and other related matters that require the Board's deliberation and due approval.

In the event of any potential conflict of interest, the Director in such position is required make a declaration in the meeting and abstain from deliberation and decision of the Board on the subject proposal. A record of the Board's deliberations of the issues discussed and conclusions reached in discharging its duties and responsibilities is captured in the minutes of each meeting. Minutes of each Board meeting are circulated to each Director prior to confirmation of the minutes in the next meeting. Senior Management is invited to present and provide explanation on the Board reports.

The Board has unrestricted access to the advice and services of the Company Secretary. The Company Secretary organises and attends all Board Meetings thus ensuring that Board meeting procedures are followed and that applicable rules and regulations are complied with. All matters arising therefrom and conclusions of the Board meetings are recorded in the minutes of Meetings by the Company Secretary which are thereafter confirmed and signed as correct records of the proceedings thereat by the Chairman.

External independent professional advisers are also made available to render their independent views and advice to the Board, whenever deemed necessary and in appropriate circumstances, at the Company's expense.

The Directors are notified of any corporate announcement released to Bursa Securities and the impending restriction in dealing with the securities of the Company prior to the announcement of financial results or corporate proposals. Directors are also expected to observe insider trading laws at all times when dealing with securities within the permitted trading period. Each Director is required to give notice to the Company of his acquisition of shares or of changes in the number of shares which he holds or in which he has an interest, within three market days after such acquisition or changes in interest outside closed periods and within 1 full market day after dealing during closed periods. All dealings in shares by Directors are announced to Bursa Securities within the required timeframe.

At Board meetings, written resolutions passed and all announcements to Bursa Securities since the last Board meeting were circulated to all members of the Board for notation.

(5) Appointment of Board Members

The Nomination Committee which was formed on 13 May 2002 is entrusted with the task of reviewing and recommending the appropriate mix of expertise and experience and the appropriate balance of Executive and Non-Executive Directors (including Independent Non-Executive Directors).

As of the date of this Statement, the Nomination Committee comprises 3 Independent Non-Executive Directors and 1 Non-Independent Non-Executive Director as follows:-

Members	Designation
Mr Ng Chee Kiet (Chairman)	Independent Non-Executive Director
Dato' Eu Hong Chew	Non-Independent Non-Executive Director
Mr Peck Boon Soon	Independent Non-Executive Director
Madam Goh Yeang Kheng	Independent Non-Executive Director

(a) Terms of Reference

The terms of reference of the Nomination Committee are as follows:-

(i) Recommending to the Board, candidates for Directorships to be filled by the shareholders or the Board;
(ii) Considering candidates for Directorships proposed by the Directors, Senior Management or external parties;
(iii) Recommending to the Board, Directors to seat on Board Committees;
(iv) Assessing the effectiveness of the Board and Board Committees (including size and composition) and contributions of each individual Director;
(v) Reviewing and recommending to the Board the required mix of skills, independence and experience, and other qualities, including core competencies which Non-Executive Directors should bring to the Board;
(vi) To determine the core competencies and skills required of Directors to best serve the business and operations of the Group as a whole;
(vii) To review Board balance and determine if additional Directors are required and also to ensure that at least one-third (1/3) of the Board is independent;
(viii) To review the Board's succession plan, in recommending the appropriate Board balance;
(ix) To facilitate Board's induction and training programmes in areas which Directors could improve on; and
(x) To introduce such regulations, guidelines and/or procedures to function effectively and fulfill the Committee's objectives.

The terms of reference of the Nomination Committee are available at the Company's website at www.i-bhd.com.

Corporate Governance Overview Statement
(Cont'd)

(b) Board Diversity

The Board's composition represents a mix of knowledge, skills and expertise from varied business backgrounds which are vital to the stewardship of the Group.

The Board acknowledges the importance of diversity in its membership including gender and age and strives to maintain the right balance for effective functioning of the Board. The Board is cognizant of the need for gender diversity and towards this end, there are 2 women Directors on Board and therefore comply with the MMLR of Bursa Securities where at least 1 woman director on Board is required. For the financial year ended 31 December 2022, 2 out of 7 (approximately 29%) of the Board are women Directors. At the Group's Senior Management level, there is 66% women representation in support of gender diversity.

(c) Board Nomination and Election Process

The sequence of the Board nomination and election process is summarised as follows:-

(i) Selection of candidates to be considered for appointment as recommended by the Directors, Senior Management or external parties;
(ii) The Nomination Committee will meet up with the shortlisted candidates to assess their suitability based on his/her skills, expertise, background, experience and such other relevant factors as may be determined by the Nomination Committee before considering and recommending them for appointment to the Board;
(iii) Recommendation is then made by the Nomination Committee to the Board which includes the appointment as a member of the various Board Committees, depending on their skills and expertise;
(iv) Decision would then be made by the Board as a whole on the appointment of the proposed candidate to the Board as well as to the various Board Committees.

(d) Activities of the Nomination Committee

During the financial year, the Nomination Committee met to review the terms of office, performance and the effectiveness of the Board and its Committees and each individual Director. The Nomination Committee also reviewed the terms of office and performance of the Audit Committee and each of its members to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference. The Nomination Committee is satisfied that the Audit Committee has discharged its duty and based on the self-assessment of the Audit Committee as well as the peer evaluation of its members which aimed to create a more effective Audit Committee, the Nomination Committee is of the view that the Audit Committee had been effective in providing support to the Board in fulfilling its responsibilities and thus adds value to the organisation.

An annual evaluation of the effectiveness of the Board, its Committees and individual Directors was also conducted by the Nomination Committee. The evaluation was based on specific criteria such as Board composition and structure, principal responsibilities of the Board, the Board process and Board governance.

The Board acknowledges the importance of Independent Non-Executive Directors, who provide objectivity, impartiality and independent judgement to ensure that there is an adequate check and balance to the Board. They perform a key role by providing unbiased and independent views, advice and judgment, which take into account the interests of the Group and all its stakeholders including shareholders, employees, customers, business associates and the community as a whole.

The Committee also assessed the independence of the Independent Non-Executive Directors and was satisfied that they could continue to bring sound, independent and objective judgment to board deliberations through active participation in discussions on decision making by the Board and their ability to act in the best interest of the Company.

At the forthcoming 56th Annual General Meeting of the Company, Madam Goh Yeang Kheng will be attaining a cumulative term of 10 years as Independent Non-Executive Director of the Company. The Nomination Committee had recommended for her retention as Independent Non-Executive Director at the forthcoming 56th Annual General Meeting of the Company through a two-tier voting process.

Following the evaluation, the Nomination Committee concluded that the Board as a whole has performed well, is effective and has all the necessary skills, experiences and qualities to lead the Company.

(e) Directors' Fit and Proper Policy

The Group had on 7 June 2022 adopted the Directors' Fit and Proper Policy to ensure that individuals of high caliber who possess the right blend of qualification, expertise, track record, competency and integrity are appointed to the Board of the Company and its subsidiaries. All candidates to be appointed to the Board of the Company and its subsidiaries including those seeking for re-election shall undergo a review of fit and properness by the Board in accordance with the Directors' Fit and Proper Policy.

The Directors' Fit and Proper Policy is available on the Company's website at www.i-bhd.com.

The Board will undertake the assessment of the training needs of each Director from time to time.

(6) Re-election of Directors

In accordance with the Company's Constitution, Directors who are appointed during the year by the Board are subject to re-election by the shareholders at the next Annual General Meeting held following their appointments. The Constitution also provides that one-third (1/3) of the Directors shall retire from office at each Annual General Meeting provided always that all the Directors including the Chairman shall retire from office at least once every three years but shall be eligible for re-election.

(7) Directors' Remuneration

(a) The level and make-up of Remuneration

The primary objective of the Remuneration Committee is to act as a Committee of the full Board to assist in assessing the remuneration of the Executive Directors to reflect the responsibility and commitment of Board membership so that the Company attracts, motivates and retains the Directors needed to run the Group successfully. The Board has in place, the written Terms of Reference of the Remuneration Committee as disclosed in the Company's website.

The component parts of their remuneration are structured so as to link rewards to corporate and individual performance in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the individual Non-Executive Director concerned. Remuneration practices of comparable companies are taken into consideration in determining the remuneration package of the Executive Director.

Corporate Governance Overview Statement
(Cont'd)

As of the date of this Statement, the Remuneration Committee comprises 3 Independent Non-Executive Directors and 1 Non-Independent Non-Executive Director as follows:-

Members	Designation
Mr Ng Chee Kiet (Chairman)	Independent Non-Executive Director
Dato' Eu Hong Chew	Non-Independent Non-Executive Director
Mr Peck Boon Soon	Independent Non-Executive Director
Madam Goh Yeang Kheng	Independent Non-Executive Director

(b) Procedure

The Remuneration Committee was formed on 23 July 2001 and its Terms of Reference are as follows:-

(i) Determining and developing the remuneration policy for the Directors and Senior Management;
(ii) Recommending to the Board, the remuneration of the Directors and Senior Management in all its forms, drawing from outside advice where necessary;
(iii) Assisting the Board in ensuring that the remuneration of the Directors reflect the responsibility and commitment of the Directors concerned, determining the policy for and scope of service agreements for the Directors and Senior Management, termination payments and compensation commitments;
(iv) Recommending to the Board, the appointment of the services of such advisers or consultants as it deems necessary to fulfill its responsibilities;
(v) Ensure that a fair differential between the remuneration of Directors and other levels of management is maintained;
(vi) Conduct continuous assessment of individual Directors and Senior Management to ensure that remuneration is directly related to corporate and individual performance;
(vii) Obtain the advice and information from external source, if necessary, to compare the remuneration currently earned by the Directors and Senior Management and those paid to Directors and Senior Management of other companies of a similar size in a comparable industry sector; and
(viii) To provide an objective and independent assessment of the benefits granted to Directors and Senior Management.

During the financial year, a Nomination and Remuneration Committees' meeting was held to review the terms of office, performance and effectiveness of the Board and its committees. The remuneration packages of the Non-Executive Directors were decided by the Board as a whole. Directors do not participate in decisions on their own remuneration packages.

(c) Disclosure

The details of the remuneration of Directors of the Company on named basis which comprise remuneration received/receivable from the Company and its subsidiary during the financial year ended 31 December 2022 together with the remuneration of its key management personnel are disclosed in the Corporate Governance Report which is available at the Company's website at www.i-bhd.com.

(8) Directors' Training

The Directors will be regularly updated on the latest regulatory requirements as well as accounting standards to enable them to keep abreast with new statutory and regulatory requirements. During the financial year, the Directors has attended the following training:-

Director's Name	Date	Type	Subject	Organiser
Tan Sri Lim Kim Hong	1 December 2022	Webinar	Business Succession: Ownership, Management & Leadership	Rockwills Business Solutions
Puan Sri Tey Siew Thuan	26 May 2022	In-house Training	New MFRSs effective 1 Jan 2022 and thereafter	Deloitte PLT
	1 December 2022	Webinar	Business Succession: Ownership, Management & Leadership	Rockwills Business Solutions
Mr Lim Boon Soon, Ricky	6 – 8 April 2022	Webinar	Mandatory Accreditation Programme	Institute of Corporate Directors Malaysia
	26 May 2022	In-house Training	New MFRSs effective 1 Jan 2022 and thereafter	Deloitte PLT
Dato' Eu Hong Chew	6 – 8 April 2022	Webinar	Mandatory Accreditation Programme	Institute of Corporate Directors Malaysia
	26 May 2022	In-house Training	New MFRSs effective 1 Jan 2022 and thereafter	Deloitte PLT
	1 December 2022	Webinar	Business Succession: Ownership, Management & Leadership	Rockwills Business Solutions
Mr Ng Chee Kiet	17 February 2022	Webinar	Embracing ESG Transformation	The Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor (KLSCCCI)
	26 May 2022	In-house Training	New MFRSs effective 1 Jan 2022 and thereafter	Deloitte PLT
	22 June 2022	Webinar	Assessing Your Organizational Culture	Iclif Executive Education Center
	14 July 2022	Webinar	MSWG Webinar - Cyber Security: What Directors Need to Know	Minority Shareholders Watch Group (MSWG)
	6 September 2022	Webinar	Corporate Governance & Remuneration Practices for the ESG World	Asia School of Business in Collaboration with MIT Sloan
	28 September 2022	Online Training	Industry 4.0 and It's Impact of Malaysian Capital Market	Securities Industry Development Corporation (SIDC)
	17 November 2022	Webinar	Audit Oversight Board Conversation with Audit Committees	AOB, Securities Commission Malaysia
Mr Peck Boon Soon	6 April 2022	Webinar	Positioning Corporate Malaysia for a sustainable future	PwC Malaysia & Capital Markets Malaysia
	20 April 2022	Webinar	Proptech Insights: In Conversation with JLL	JLL
	18 May 2022	Webinar	Agreement from the Alternative Dispute Resolution Perspective	ACCCIM
	26 May 2022	In-house Training	New MFRSs effective 1 Jan 2022 and thereafter	Deloitte PLT
	27 May 2022	Webinar	How to revive domestic direct investment	National Chamber of Commerce & Industry Malaysia
	22 June 2022	Webinar	Assessment of Organisation Culture	Financial Services Culture Board & Asia School of Business
	6 September 2022	Webinar	Corporate Governance & Remuneration Practices for the ESG World	Asia School of Business in collaboration with MIT Sloan
	1 December 2022	Seminar	Bursa Immersive Session: The Board "Agender"	Bursa and The Lead Women
	5 December 2022	Webinar	Global and domestic Economic Outlook 2023	Affin Hwang Investment Bank
	6 December 2022	Webinar	Audit Oversight Board Conversation with Audit Committees	AOB, Securities Commission Malaysia
Madam Goh Yeang Kheng	26 May 2022	In-house Training	New MFRSs effective 1 Jan 2022 and thereafter	Deloitte PLT
	17 November 2022	Webinar	Audit Oversight Board Conversation with Audit Committees	AOB, Securities Commission Malaysia
	1 December 2022	Webinar	Business Succession: Ownership, Management & Leadership	Rockwills Business Solutions

B. EFFECTIVE AUDIT AND RISK MANAGEMENT

(1) Audit Committee

The Board aims to present a balanced, clear and meaningful assessment of the Company and Group's financial performance and prospects via the Company's Annual Report and quarterly announcements of unaudited financial results and the press releases.

The Board, assisted by the Audit Committee, oversees the financial reporting process and the quality of the financial reporting of the Group. The Audit Committee reviews and monitors the integrity of the annual and interim financial statements. It also reviews the appropriateness of the Group's accounting policies and the changes to these policies as well as ensures these financial statements comply with financial reporting standards and regulatory requirements.

(2) Risk Management and Internal Control Framework

The Risk Management Committee was formed on 30 December 2021 and as of the date of this Statement, the Risk Management Committee comprises 3 Independent Non-Executive Directors and 1 Non-Independent Non-Executive Director and the meeting attendance of the Risk Management Committee members is as follows:-

Members	Designation	Attendance
Mr Peck Boon Soon (Chairman)	Independent Non-Executive Director	2/2
Dato' Eu Hong Chew	Non-Independent Non-Executive Director	1/2
Mr Ng Chee Kiet	Independent Non-Executive Director	2/2
Madam Goh Yeang Kheng	Independent Non-Executive Director	2/2

The Board has delegated the tasks of implementing the risk management and internal control framework to the Risk Management Committee to identify, assess and monitor operational, financial, compliance and non-financial risks facing the Group.

The Risk Management Committee will meet periodically to deliberate on the prevailing and emerging risks surrounding the Group. Matters to be deliberated and any recommendations made during the Risk Management Committee meetings will be escalated to the Board for decision.

Information on the Group's risk management and internal control framework and the adequacy and effectiveness of this framework is set out in the Statement on Risk Management and Internal Control contained in this Annual Report.

(3) Internal Audit

The Group has its own Internal Audit Department during the financial year. The internal audit function is described in the Audit Committee Report set out in this Annual Report. The internal audit function of the Group is currently carried out by the Internal Auditor, Mr Lim Ai Jet with Bachelor of Accounting qualification as well as a member of the Malaysian Institute of Accountants (MIA) who is free from any relationship or conflicts of interest. The internal audit function carries out its responsibilities in conformance to the International Standards for the Professional Practice of Internal Auditing (Standards) as confirmed by a quality assurance review conducted by the Institute of Internal Auditors Malaysia.

(4) Relationship with External Auditors

The Board has established a formal and transparent relationship with the external Auditors via the Audit Committee. The external Auditors attend the Audit Committee meetings where the Group's annual financial statements are considered as well as meetings to review and discuss the Group's accounting policies, audit findings and improvements to be made on existing internal control measures and accounting policies and procedures.

The Audit Committee has assessed the suitability, objectivity and independence of the external Auditors including considering the information presented in the external Auditors' Annual Transparency Report.

C. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

(1) Company's Annual Publication

The Company recognises the importance of communication with its shareholders through its distribution of the Annual Report.

(2) Bursa Malaysia Securities Berhad Announcements

The various announcements on the corporate developments made during the year coupled with the Group's timely release of unaudited financial results on a quarterly basis, as well as other periodic announcements, provide shareholders with an overview of the Group's performance and operations.

(3) Corporate Disclosure Policy

The Company is committed to ensure that all information such as corporate announcements, circular to shareholders and financial results are disseminated to the general public in a timely and accurate manner.

The Company's quarterly unaudited financial results are released within two (2) months from the end of each financial quarter and the Annual Report, which remains a key channel of communication, is published within four (4) months after the financial year end, barring any unforeseen circumstances. The Annual Report is not merely a factual statement of financial information and performance of the Group; but through the Management Discussion and Analysis provide an insightful interpretation of the Group's performance, operations, and other matters affecting shareholders' interest. It is hoped that such insights will allow shareholders and investors to make more informed investment decisions based not only on past performance but also the future direction of the Group.

(4) Website of the Company

The Company has also established its website (www.i-bhd.com) in which shareholders can access for updated information on the Group.

(5) i-City SuperApp

i-City SuperApp serves as the glue that brings the community and the stakeholders together by providing a platform for communication and engagement among its users. The app offers a unique experience by providing a space for its users to connect, share their thoughts, and engage with each other. It also allows the users to host activities and events, inviting others to join and creating a sense of belonging. By offering a single platform for community-related information and facilitating connections among its members, i-City SuperApp plays a crucial role in fostering a cohesive and inclusive community. The app's features serve to strengthen the bonds between i-City and its community members as well as its stakeholders, making it a more vibrant and enjoyable place to stay, play, and work.

(6) The General Meetings

The Annual General Meeting (AGM) remains the pivotal means of direct interaction between the Board of Directors and shareholders of the Company. Shareholders are given at least 28 days' notice prior to the AGM.

Shareholders are encouraged to attend the Company's general meetings and to participate in its proceedings through the 'questions and answers' session where shareholders are accorded both the opportunity and the time to raise questions on the agenda items of the general meetings. All Directors attend the general meetings. The Directors and the Chairmen of the respective board committees are present at general meetings together with Senior Management to provide meaningful response to shareholders' queries. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf. Poll voting would be implemented for all resolutions set out in the notice of general meetings. All participating shareholders would be briefed on the voting procedures by the poll administrator prior to poll voting and an independent scrutineer would be appointed to validate the votes cast prior to the announcement of poll results at general meetings.

The minutes of the general meetings held (including pertinent questions raised by shareholders and the respective responses and outcome of the voting results) are made available for viewing at the Company's website within 30 business days after the said meeting.

Shareholders' proposals and comments are reviewed and considered for implementation wherever possible. Shareholders and the public can convey their concerns and queries to the Corporate Communications Department.

(7) Investor Relations

In addition to the dialogue with invaluable shareholders of the Company, the Board values dialogue with investors.

The Company aims to communicate with fund managers, institutional investors and analysts upon request. During the financial year under review, briefing session on the Company's latest developments was conducted with some fund managers/analyst as part of its investor relations programme. The Company also participated in research firms' events such as RHB Small Cap event during the financial year. The Company's Corporate Planning Department is responsible for investors' relations and attending to communication and meeting with investors and analysts. Information is also disseminated in strict adherence to the disclosure requirements of Bursa Securities. Where a press conference is held after the Annual General Meeting, the Board of Directors together with the relevant Senior Management would advise the media on the resolutions approved by the shareholders and brief the media on the operations, performance and financial results of the Group for the year under review and clarify issues and answer questions posed by the media. Such press conferences are intended not only to promote the dissemination of the financial results of the Group to as wide an audience as possible, but also to keep the investing public and shareholders updated on the progress and development of the business of the Group.

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE ANNUAL FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

The Directors are responsible for ensuring that the financial statements of the Group are drawn up in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act 2016 so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2022 and of the results and cash flows of the Group and the Company for the financial year ended on that date.

In preparing the financial statements, the Directors have:-

- adopted appropriate accounting policies and have applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured adherence to all applicable approved accounting standards; and
- used the going concern basis for the preparation of the financial statements.

The Directors are also responsible for ensuring that the Company and Group maintain accounting records that disclose with reasonable accuracy the financial position of the Company and Group, and which enables them to ensure that the financial statements comply with the Companies Act 2016.

Furthermore, the Directors have the general responsibility of taking such steps necessary to safeguard the assets of the Company and Group and to prevent and detect fraud and other irregularities.

This statement is made in accordance with the resolution of the Board of Directors dated 18 April 2023.

Audit Committee Report

The Audit Committee of the Board comprises the following members during the financial year ended 31 December 2022:-

Chairman:
MR NG CHEE KIET
Independent Non-Executive Director

Members:
DATO' EU HONG CHEW
Non-Independent Non-Executive Director

MR PECK BOON SOON
Independent Non-Executive Director

MADAM GOH YEANG KHENG
Independent Non-Executive Director

COMPOSITION

The Committee shall be appointed by the Board of Directors amongst the Directors of the Company which fulfils the following requirements:-

1. The Committee must be composed of not fewer than three (3) members;
2. All the Committee members must be Non-Executive Directors with a majority of them being Independent Directors; and
3. At least one (1) member of the Committee:-
   (i) must be a member of the Malaysian Institute of Accountants; or
   (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years of working experience; and
      - he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
      - he must be a member of one of the Association of Accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
   (iii) fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").

COMPOSITION COMPLIANCE

Currently, all members of the Audit Committee are Non-Executive Directors with the majority of them being Independent Directors. No alternate Director has been appointed as a member of the Audit Committee. The Chairman of the Committee, Mr Ng Chee Kiet is a member of the Malaysian Institute of Accountants ("MIA") and an Independent Non-Executive Director. No former key audit partner has been appointed to the Board of the Company.

In the event of any vacancy in the Committee resulting in the non-compliance of the Listing Requirements of Bursa Securities pertaining to the composition of the Audit Committee, the Board shall within three (3) months of that event fill the vacancy.

The terms of office and performance of the Committee and each of its members have been reviewed by the Nomination & Remuneration Committee ("NRC") of the Company and the NRC was satisfied that the Audit Committee and its members have carried out their duties in accordance with their terms of reference.

Audit Committee Report
(Cont'd)

MEETING PROCEDURES

Frequency
Meetings shall be held not less than four (4) times a year, with additional meetings convened as and when necessary. Upon the request of the external or internal Auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider any matter the external or internal Auditors believe should be brought to the attention of the Directors or shareholders.

In the interval between Audit Committee meetings, for exceptional matters requiring urgent decisions, Audit Committee approvals are sought via circular resolutions which are attached with sufficient information required for an informed decision.

Quorum
The quorum for the meeting shall be 2 members, both being Independent Directors.

Secretary
The Company Secretary shall be the Secretary of the Committee or in her absence, another person authorised by the Chairman of the Committee.

Reporting Procedure
The minutes of each meeting of the Committee to be duly circulated to the Committee members and to all members of the Board.

Attendance
Other Directors and employees may attend any particular meeting only at the Audit Committee's invitation, specific to the relevant agenda of the meeting.

Details of attendance of the members of the Audit Committee at the meetings held during the financial year ended 31 December 2022 are as follows:-

Members	Designation	Attendance
Mr Ng Chee Kiet (Chairman)	Independent Non-Executive Director	8/8
Dato' Eu Hong Chew	Non-Independent Non-Executive Director	5/8
Mr Peck Boon Soon	Independent Non-Executive Director	8/8
Madam Goh Yeang Kheng	Independent Non-Executive Director	8/8

SUMMARY OF WORK OF THE AUDIT COMMITTEE IN DISCHARGING ITS FUNCTIONS AND DUTIES DURING THE YEAR

- Discussed and recommended for the Board's approval the audited financial statements together with reports thereon for the financial year ended 31 December 2021.

- Reviewed and recommended for the Board's approval the following reports covering the financial year ended 31 December 2021 for inclusion in the Annual Report 2021:-
  (i) Statement on Risk Management and Internal Control;
  (ii) Audit Committee Report;
  (iii) Corporate Governance ("CG") Overview Statement; and
  (iv) CG Report for submission to Bursa Securities.

- Discussed and approved the External Auditors' Audit Report in relation to the statutory audit of I-Berhad and its subsidiaries for the financial year ended 31 December 2021.

- Reviewed and approved the Internal Audit Report in relation to:-
  (i) Purchasing process of the Group; and
  (ii) Sales & Marketing Operations of Best Western Hotel.

- Reviewed and recommended for the Board's approval, the unaudited Quarterly Reports prepared by Management for release to Bursa Securities.

- Reviewed and approved the External Auditors' Audit Plan for the financial year ended 31 December 2022.

- Reviewed the Internal Audit Plan for the financial year ending 31 December 2023.

- Discussed and recommended for the Board's approval, the Proposed Redeemable Convertible Unsecured Loan Stocks ("RCULS") Variation and Proposed Amendments to the Deed Poll governing the RCULS.

- Reviewed and discussed the follow-up reports in relation to the Internal Audit Reports for the financial years ended 31 December 2021 and 2022.

- Discussed with both the External Auditors, Deloitte PLT as well as Internal Auditor (in the absence of Management) matters or issues that arose in the course of their audit for the financial year ended 31 December 2021.

During the year, the Audit Committee had conducted a self-assessment on the function of the Audit Committee to ascertain what the Committee could do better or differently to be more effective covering the following areas:-

(i) Creating and running an effective Audit Committee;
(ii) Overseeing financial reporting, risk management and internal control; and
(iii) Overseeing both external and internal audits.

The members of the Committee had also conducted its own peer evaluation during the year focusing on the following:-

(i) Evaluation of the skills and experience of the Committee member;
(ii) Evaluation of their understanding of the Company's significant financial and non-financial risks, compliance processes, financial and statutory reporting requirements, significant accounting policies, accounting estimates and financial reporting practices; and
(iii) Evaluation on their trustworthiness, dynamic participation, integrity, capability to handle conflict constructively, interpersonal skills and enthusiasm to tackle problems proactively.

INTERNAL AUDIT FUNCTION

The Group has in place, its own Internal Audit Department during the financial year. The Internal Auditor reports directly to the Audit Committee on his internal audit activities and audit plan for the year. During the financial year, the Internal Auditor had conducted audits on the Purchasing process of the Group as well as the Sales & Marketing operations of Best Western Hotel and presented his Internal Audit reports comprising audit findings together with recommendation for improvements to the Audit Committee for deliberation. The Internal Auditor has also presented his Internal Audit Plan for the financial year ending 31 December 2023 to the Audit Committee for approval. The 2023 internal audit plan and the internal audit reports prepared by the Internal Auditor were duly reviewed by the Audit Committee and reported to the Board of Directors.

The cost of the internal audit function incurred in respect of the financial year ended 31 December 2022 amounted to RM89,829.00.

Statement on Risk Management and Internal Control

INTRODUCTION

The Board of Directors of I-Berhad is committed to maintain a sound risk management framework and internal control system and is pleased to present its Statement on Risk Management and Internal Control of I-Berhad Group for the financial year ended 31 December 2022 pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

BOARD RESPONSIBILITY

The Board recognises the importance for the Group to have a sound internal control system as well as risk management practices and affirms its overall responsibility for the Group's approach in assessing risks and the system of internal control, and for reviewing the adequacy and effectiveness of the Group's internal control systems and management information systems, including compliance with applicable laws, regulations, rules, directives and guidelines. The review covers financial, operational and compliance controls, and risk management procedures of the Group. Moreover, the Board has via the Audit Committee and Risk Management Committee obtained the additional assurance on the adequacy and effectiveness of the Group's internal control systems and risk management framework through ongoing and independent reviews carried out by the internal audit function and assessments by the Management.

Due to inherent limitations in any system of risk management and internal controls, such systems can only manage rather than eliminate all possible risks. Nevertheless, the system can provide reasonable, but not absolute, assurance against material misstatement or loss.

RISK MANAGEMENT PROCESS

The Board has established a risk management framework and communicated the policies on risk management to the Management on the risk appetite and tolerance that the Group is willing to accept in pursuit of its objectives. The oversight role of risk management is carried out by the Risk Management Committee and ultimately the Board. The Board regards risk management as part of business operations and involves an on-going process for identifying, evaluating, managing and reviewing any changes in the significant risks faced by the business in the Group in its achievement of objectives and strategies. Also, the risk management process involved the business and functional units of the Group in identifying significant risks impacting the achievement of business objectives of the Group.

The management of risks in the daily business operations is assigned to management team and significant risks are identified and related mitigating responses as well as the corresponding internal controls are discussed during scheduled operational and management meetings. If there is any matter unresolved at the management level, the matter will be escalated to the Risk Management Committee and the Board for discussion.

The abovementioned practices serve as the ongoing process adopted by the Management to identify, evaluate and manage significant risks faced by the Group in achieving the business objectives and strategies. The Group's internal audit function provides further independent assurance on the adequacy and effectiveness of the internal control system.

The internal audit function has also assessed the key risks and challenges of the Group and had documented the same in the Strategic Internal Audit plan. Internal audits were subsequently conducted systematically based on the plan.

The Board is of the opinion that the risk management and internal control systems of the Group are adequate and effective. The Board endeavors to maintain a sound system of internal control and will periodically evaluate and take precautionary measures to further improve and strengthen the control environment to ensure the achievement of the Group's business objectives.

SYSTEM OF INTERNAL CONTROL

The main features of the Group's internal control system established are summarised as follows: -

- **Organisation Structure**
  The Group maintains a defined organisation structure with clear lines of reporting to the operating unit heads and the Board, including defined lines of accountability. Key responsibilities are properly segregated in order that no employee has total control of a transaction.

- **Authorisation Procedures**
  The Group maintains a defined authority chart with clear authority limits and approval procedures. Changes in authority limits are brought up to the attention of the Board for discussion and approval.

- **Standard Operating Procedures**
  Documented standard operating policies and procedures are reviewed and updated by Management, as and when required. The Management is responsible for handling matters that are not within the standard operating procedures including seeking guidance and direction from the Board, if necessary.

- **Periodic Management Meeting**
  Regular meetings are held at operational and management levels to identify and resolve operational and business matters. Deviation in targeted goals and corrective actions implemented where necessary are reported by the Heads of Department in the meetings. Senior Management and each Head of Department who has accumulated years of experience within the Group exercise a hands-on approach on the operational and financial matters of the Group.

- **Annual Budget**
  Budgetary control is implemented for the key business operations of the Group, where actual performance is closely monitored against budget to identify and address significant variances so that corrective actions can be taken to improve the achievement towards the budgeted results, sustainable operations and achieving the Group's business objectives as a whole.

- **Financial Reporting Timeline**
  Financial and operational reports are prepared on a timely basis for Management's review and action and thereafter submitted to the Board for deliberation.

- **Site Visits**
  Regular site visits are essential for the Group to maintain the quality of the Group's products and services and ensure that its operations processes are in compliance with applicable laws, rules, regulations, and directives.

- **Human Resources Structure**
  The Group's centralised human resource function sets out the procedures for recruitment, training and appraisal of the employees within the Group.

INTERNAL AUDIT FUNCTION

The Group's Internal Audit function evaluates the effectiveness of the governance, risk management and internal control framework and recommends enhancement, where appropriate. The work of the internal audit function is focused on areas of priority in accordance with the Strategic Internal Audit plan. Internal audit work is prioritised based on current Group risk profile, core activities and the Internal Auditor has direct access to the Audit Committee.

During the financial year, the Group's Internal Audit has reviewed Best Western Hotel's sales and marketing operations and the Group's purchasing function. The review was conducted to address effectiveness of the governance, risk management, internal control processes as well as enhancement of standard operating policies and procedures for the aforesaid operations, where required.

ASSURANCE FROM MANAGEMENT

The Board has received assurances from the Chief Executive Officer and the Head of Finance that the Group's risk management and internal control system is operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of Bursa Securities' Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

CONCLUSION

The Board recognises the importance of maintaining a sound system of internal controls and risk management which is an ongoing process to support the Group's business objective as well as safeguard shareholders' investments and Group's assets. No material losses were incurred during the financial year under review as a result of weaknesses in risk management and the internal control system of the Group.

The Group's risk management and internal control system do not apply to its associated companies as the Board does not have control over its operations. Nevertheless, the Group's interest is served through representation on the board of the associated companies, which allow for timely information and decision making with regards to the Group's investment in its associated companies.

The Board and management will continue to take adequate measures to strengthen the control environment in which the Group operates.

Additional Information

1. AUDIT AND NON-AUDIT FEES PAID/PAYABLE

During the financial year ended 31 December 2022, the amount of audit and non-audit fees paid and payable by the Company and the Group to the external auditors, Deloitte PLT (Deloitte) are as follows:-

	Group (RM'000)	Company (RM'000)
Audit Fees	552	150
Non-Audit Fees	158	20

The amount of non-audit fees paid by the Group to the external auditors, Deloitte amounted to RM40,000 while the balance of RM118,000 was paid to the tax agent, Messrs PricewaterhouseCoopers Taxation Services Sdn Bhd.

2. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries, involving the Directors and major shareholders' interest which were still subsisting at the end of the financial year or which were entered since the end of the previous financial year save for the following:-

(i) The Sale and Purchase Agreement (SPA) dated 20 December 2013 entered into between I-Berhad (as the issuer), City Centrepoint Sdn Bhd (as the purchaser) and The Peak @ KLCC Sdn Bhd (as the vendor and beneficial owner of Tower Land) together with the Land Proprietors (as the registered proprietors* of Tower Land) and supplemented by a supplemental agreement dated 12 May 2014 in relation to the Tower Land acquisition at a purchase consideration of RM129,000,000 through the issuance of RM105,000,000 ICULS and RM24,000,000 RCULS-B by the Company upon the terms and subject to the conditions of the Tower Land SPA;

(ii) The Sale and Purchase Agreement (SPA) dated 20 December 2013 entered into between I-Berhad (as the issuer), I-City Properties Sdn Bhd (as the purchaser) and The Peak @ KLCC Sdn Bhd (as the vendor and beneficial owner of SOHO Land) together with the Land Proprietors (as the registered proprietors* of the SOHO Land) and supplemented by a supplemental agreement dated 12 May 2014 in relation to the SOHO Land acquisition at a purchase consideration of RM241,300,000 through the issuance of RM196,300,000 ICULS and RM45,000,000 RCULS-B by the Company upon the terms and subject to the conditions of the SOHO Land SPA;

(iii) The Sale and Purchase Agreement (SPA) dated 24 October 2013 entered into between I-Berhad (as the issuer), I-Marcom Sdn Bhd (as the purchaser) and Sumuracres Sdn Bhd (as the vendor) in relation to the Kia Peng Land acquisition at a purchase consideration of RM132,000,000 through the issuance of RM132,000,000 RCULS–A by the Company upon the terms and subject to the conditions of the Kia Peng Land SPA;

(iv) The joint venture agreement dated 10 February 2009 entered into between I-Berhad and The Peak @ KLCC Sdn Bhd for the development of the Master Land (freehold land previously held under Geran 27449, Lot 4598, Mukim Bukit Raja, District of Petaling, Selangor Darul Ehsan) of which the parent title was subsequently subdivided into six (6) block titles;

(v) The Supplemental Deed Poll dated 16 August 2019 constituting the RM132 million 2014/2022 RCULS-A (which was issued to Sumuracres Sdn Bhd on 27 August 2014) to extend the maturity date of RCULS-A for an additional 3 years to 27 August 2022 upon the same terms and conditions of the Deed Poll dated 18 August 2014 (collectively, the Deed Poll dated 18 August 2014 and Supplemental Deed Poll dated 16 August 2019 are referred as "Deed Poll for RCULS-A");

(vi) The Supplemental Deed Poll dated 16 August 2019 constituting the RM69 million 2014/2022 RCULS-B (which was issued to Sumurwang Sdn Bhd on 27 August 2014) to extend the maturity date of RCULS-B for an additional 3 years to 27 August 2022 upon the same terms and conditions of the Deed Poll dated 18 August 2014 (collectively, the Deed Poll dated 18 August 2014 and Supplemental Deed Poll dated 16 August 2019 are referred as "Deed Poll for RCULS-B");

(vii) The Supplemental Deed Poll 2 dated 25 July 2022 to extend the tenure of RCULS-A for an additional 5 years to 27 August 2027 and to vary the interest rate of RCULS-A at the coupon rate of 3% per annum for the first 3 years and the coupon rate of 5% per annum for the subsequent 2 years. The Supplemental Deed Poll 2 is supplemental to the Deed Poll for RCULS-A.

(viii) The Supplemental Deed Poll 2 dated 25 July 2022 to extend the tenure of RCULS-B for an additional 5 years to 27 August 2027 and to vary the interest rate of RCULS-B at the coupon rate of 3% per annum for the first 3 years and the coupon rate of 5% per annum for the subsequent 2 years. The Supplemental Deed Poll 2 is supplemental to the Deed Poll for RCULS-B.

Note:
* *Sumur Heights Sdn Bhd, Sumurwang Industries Sdn Bhd, Top Capital Sdn Bhd, Sumur Marketing Sdn Bhd and Sumurwang Development Sdn Bhd, collectively known as "registered proprietors".*

3. CONTRACTS RELATING TO LOANS

During the financial year ended 31 December 2022, there were no material contracts relating to loans entered into by the Company and its subsidiaries involving its Directors or major shareholders.

Sustainability Statement

OUR COMMITMENT TO SUSTAINABILITY

Sustainability remains one of I-Berhad Group's yardsticks of success, as we deliver on our values and strategic objectives through a set of tools and processes for continuous improvement to conduct business fairly and ethically and consider the interest of all our stakeholders in achieving long-term, sustainable growth.

The Group strives to incorporate sustainable business practices to minimise adverse environmental and social impacts arising from daily operations. To this end, it is guided by long-term sustainability strategies comprising main core focus areas which are Economic + Environmental, Social and Governance (ESG).

ECONOMIC + ENVIRONMENTAL

SOCIAL

GOVERNANCE

SUSTAINABILITY FRAMEWORKS

The Sustainability Statement is prepared in accordance with Bursa Malaysia Securities Berhad's Sustainability Reporting Guide Third Edition. The sustainability framework mainly covers the sustainability governance structure, scope of statement and material sustainability matters.

REPORTING PERIOD

The Sustainability Statement covers the reporting period from 1 January 2022 to 31 December 2022.

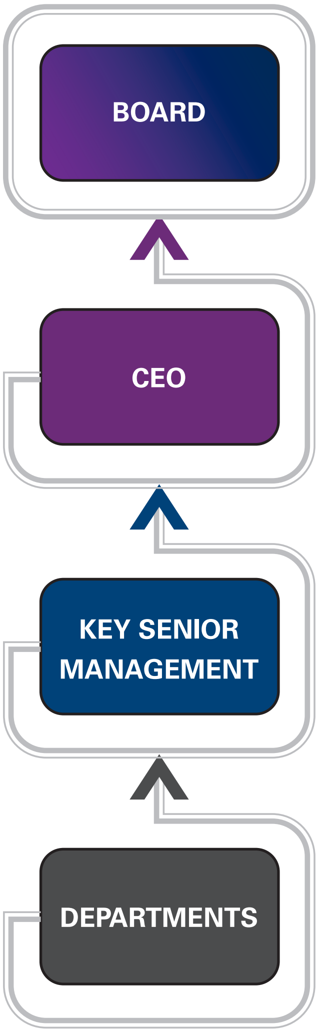
REPORTING SCOPE

Our reporting scope covers the operations and strategic decisions from its principal activities in Malaysia, operating under its subsidiaries which are involved in property development, property investment and leisure cum hospitality businesses.

SUSTAINABILITY GOVERNANCE

For the year under review, the Group's sustainability commitment, strategy and performance are governed by the Board of Directors and are assisted by Key Senior Management who are responsible for identifying, evaluating, and reviewing the sustainable practices across its businesses in a continuous and systematic manner.

The Sustainability Governance Structure is as follows:



Sustainability Statement
(Cont'd)

STAKEHOLDER ENGAGEMENT

Effective engagement helps translate stakeholders' needs into organisational goals and creates the basis for effective strategy development. Discovering the point of consensus or shared motivation helps the stakeholders to arrive at a decision and ensures an investment in a meaningful outcome. Our engagement is to build a healthy workplace culture and establish a mutually beneficial relationship with our stakeholders.

Stakeholder Group	Engagement Methods	Area of Interest
Board of Directors	• Annual General Meeting and Extraordinary General Meeting	• Sustainability profitability matters • Group's performance and targets • Compliance with relevant requirements
Investors & Media	• Annual General Meeting and Extraordinary General Meeting • Annual Report • Media Release • Press Conference • Social Media • Analysts Briefing	• Group's strategy for growth and value creation • Effective communications and timely reporting • Prudent risk management • Market performance, business outlook and strategies
Employees	• Regular Townhall Meetings • Performance Review • Employee Engagement Activities	• Group's performance and direction • Human capital competencies and capabilities • Welfare and remuneration • Health and safety practices • Workplace and living conditions • Career path and progression
Customers	• Company Website • Social Media • Events and Activities • i-City SuperApp	• Product quality • Timely and transparent information for business operations • Customer service and experience
Local Communities	• Social Events and Activities	• Social and economic development contribution • Socio-economic impacts • Pollution and cleanliness
Suppliers	• Tender interviews • Procurement Evaluation	• Fair treatment • Professional and transparent procurement • Timely payments
Government Authorities	• Compliance • Working hand in hand on government initiatives	• Compliance with regulations • Support for policies of national interest including sustainability initiatives and innovation • Implementation of policies and requirements by relevant agencies or professional bodies

Sustainability Statement
(Cont'd)

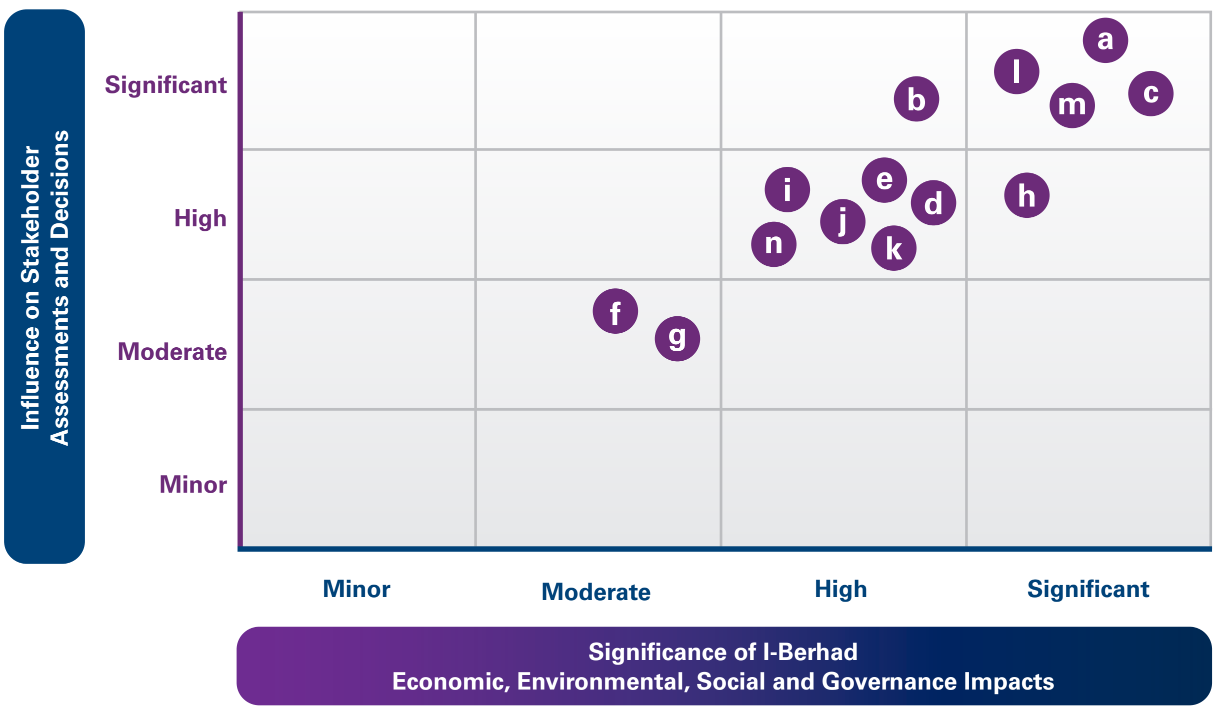
MATERIALITY

The Group through internal material assessment and the constant engagement with identified material internal and external stakeholders had sought to establish a clear study to identify and align the key priorities and concerns with organisational business practices, strategies and importance of ESG themes, as well as the expectations of its various stakeholders and is committed to continuously evolve and develop a sustainable business that has a positive impact on the economy + ESG.

This statement outlines the various practices and policies that have been embedded into the Group's core values, business model, operating strategies and corporate culture to create a positive impact on the business, the community at large and its stakeholders.

The Group assess the material sustainability matters against the changing operating landscape on a regular basis to identify and prioritise the economic + ESG factors that are important to our business and our stakeholders.

MATERIALITY MATRIX FY2022



REMARK:

ECONOMIC
a. Inclusive Development
b. Economic Contribution to Stakeholders

ENVIRONMENT
c. Enriching Communities
d. Accident & Natural Disaster
e. Security
f. Resource Management (Energy)
g. Resource Management (Water)
h. Resource Management (Supply Chain & Materials)

SOCIAL
i. Labour Standards & Practices
j. Human Capital Management
k. Health and safety

GOVERNANCE
l. Legal Compliance
m. Risk & Crisis Management
n. Corporate Governance

ECONOMIC

FINANCE AVENUE POISED TO BE THE GROWTH IMPETUS FOR i-CITY

A skyline of global brand names

The Property Development segment remains the Group's main focus and core contributor, as the property market is expected to experience progressive recovery since consumers are rebuilding their finances to commit to spending on large capital items.

The Group is optimistic and looks forward to continued healthy demand and improvement in the property market by recognising more sales from our latest residential development, BeCentral residences with an estimated GDV of approximately RM0.6 billion at i-City Finance Avenue.

The i-City Finance Avenue is seen as the next catalyst in forming the perfect launch pad for elevating the Group to unprecedented growth and greater heights in the coming future comprises BeCentral residences, Mercu Maybank smart corporate tower, DoubleTree by Hilton Shah Alam i-City, Hill10 residences, International ConventionCentre, 8Premier (premium offices) and Twenty8 (retail suites).

i-City Finance Avenue is said to be well poised as a financial hub, given its smart infrastructure already in place, allowing financial institutions and its supporting services and MNCs to seamlessly relocate and operate in i-City.

The Leisure and Hospitality segment experienced continuous positive recovery with the reopening of the i-City Leisure Park, as consumers rebuild their confidence to explore and participate in leisure and outdoor activities. On this note, coupled with the government's active efforts to incentivize spending in embracing endemicity as the new normal, the Leisure and Hospitality segment achieved an increased revenue which is 2.5 times higher than last year.

The Property Investment segment is also poised to witness unprecedented growth in the future, with the Group focusing on extracting full value from its rapid developments as a master-planned integrated Ultrapolis offering new business and investment opportunities to both foreign and local investors. This is evident by Malayan Banking Berhad (Maybank), being the leading bank setting up its permanent alternate office at the 33-storey Mercu Maybank at i-City Finance Avenue. Additionally, the official opening of DoubleTree by Hilton Shah Alam i-City as part of the integrated development within i-City Finance Avenue has further redefined meetings, incentives, conferencing, and exhibitions (MICE) experiences.

Sustainability Statement
(Cont'd)

i-CITY FINANCE AVENUE HAS ADDED ANOTHER FEATHER TO ITS CAP WITH THE ENTRY OF MAYBANK AND DOUBLETREE BY HILTON SHAH ALAM i-CITY IN YEAR 2022

Mercu Maybank was unveiled on 7 April 2022. The event was officiated by Tan Sri Zamzamzairani Mohd Isa, Chairman of Maybank, and Tan Sri Lim Kim Hong, Chairman of I-Berhad.

Maybank, the country's largest bank by assets, has relocated some 1,500 employees to Mercu Maybank located at i-City Finance Avenue to improve its business continuity management (BCM) and resilience planning.

Mercu Maybank's premium corporate office design, security features, and Green Building Index accreditation is well aligned with the banking group's environmental goals. Besides that, Mercu Maybank will also function as a permanent alternate office site for the banking group to meet new work arrangements due to the COVID-19 endemic, such as hybrid and remote work considerations for the group's numerous functions and companies.

There has been an urgent desire for decentralisation since the start of COVID-19, and firms are increasingly embracing hybrid and remote working. When attempting to decentralise genuinely, a top financial institution's key concern would be world-class business amenities in a desirable location. The site would need to be meticulously planned and outfitted with city-style amenities.

Launch of Mercu Maybank by Tan Sri Lim Kim Hong and Tan Sri Zamzamzairani Mohd Isa, Chairman of Maybank

Sultan of Selangor, HRH Sultan Sharafuddin Idris Shah officiated at the opening of DoubleTree by Hilton Shah Alam i-City through a launch event in i-City on 11 August 2022.

The opening of the 300 rooms DoubleTree by Hilton Shah Alam i-City marks the expansion of Hilton's award-winning brand into i-City Finance Avenue. This expansion underscores our commitment to continuously contributing to Selangor's economy and further strengthening its tourism industry.

The synergy between i-City Finance Avenue and DoubleTree by Hilton Shah Alam i-City is a perfect marriage that will leave a positive impact on the Selangor tourism industry. i-City Finance Avenue is poised to be the workplace for at least 10,000 knowledge workers from the financial services, e-commerce and technology industries.

Launching of DoubleTree by Hilton Shah Alam i-City by HRH Sultan of Selangor, Sultan Sharafuddin Idris Shah and witnessed by Tan Sri Lim Kim Hong

Sustainability Statement
(Cont'd)

FUTURE DEVELOPMENT IN i-CITY

Merging real estate and technology for a tech-driven future

The next chapter of i-City Finance Avenue will be the deployment of technology infrastructure to enable businesses to put up immersive experience centres seamlessly.

The Super AI technology ecosystem that i-City continues to extend to the RM1.5 billion GDV Finance Avenue will allow tenants to enjoy the infrastructure for the businesses.

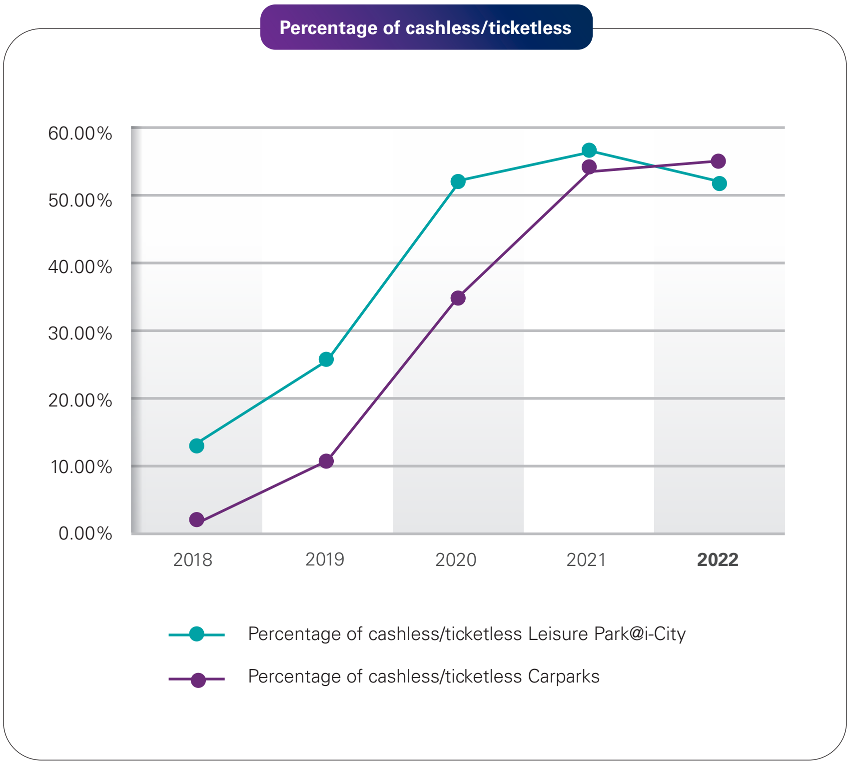
With the issuance of digital banking licences in Malaysia, the financial industry is moving towards the immersive virtual sphere very quickly. The inclusive nature of digital banking may make mainstream investments such as foreign exchange, precious metals and real estate more accessible to the general public as well as the underserved segments.

i-City Finance Avenue will be the first development to provide ready infrastructure with the merging of technology and real estate for such needs.

i-City Finance Avenue is already home to Mercu Maybank, a smart corporate office tower, and DoubleTree by Hilton Shah Alam i-City. It will soon welcome the BeCentral residences, international convention centre, 8Premier (premium offices) and Twenty8 (retail suites).

Community within fingertips

The Group has already begun demonstrating how this infusion of technology is already at work. The recent roll-out of the i-City SuperApp integrating functions for payments, parking, office tower access and other services within the ultrapolis is a testament to the development's ability to create a cohesive and connected smart living community. This digital transformation programme which is aimed to create a cashless community within i-City is supported and rolled out in collaboration with Touch n Go would enhance customers' experience as well as reduce the amount of plastic and paper usage. The growth in the cashless/ticketless is tabled below:



Coming up, we will enhance the parking system with Licence Plate Recognition (LPR) system for customers' experience, convenience, safety and fast in making payments.

Procurement

The Group's procurement process is not only limited to understanding business requirements but is also focused on supply efficiency (cost-savings) and effectiveness as well as developing a strong relationship with the vendors of the organisation.

For the Group to achieve its strategic goals, it will continuously identify suppliers who can provide the Group with high-quality materials and develop a long-term relationship with suppliers whilst integrating these suppliers as partners in the value creation process.

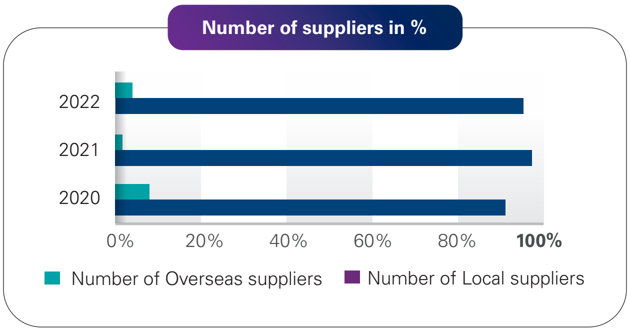
Sustainability Statement
(Cont'd)

Support for Local Suppliers

The Group has encouraged the procurement departments to prioritise the locally based suppliers and build up stronger relationship which can result in higher quality of goods, more reliable delivery times and lower transportation costs.

Additionally, the Group is helping to strengthen the local economy and promote sustainable practices by supporting the local businesses. Overall, prioritising local suppliers is a smart business decision that can bring many benefits for both the Group and the community.

We have constantly supported the local suppliers at 90% and above from the year 2020 to 2022 as tabled below:



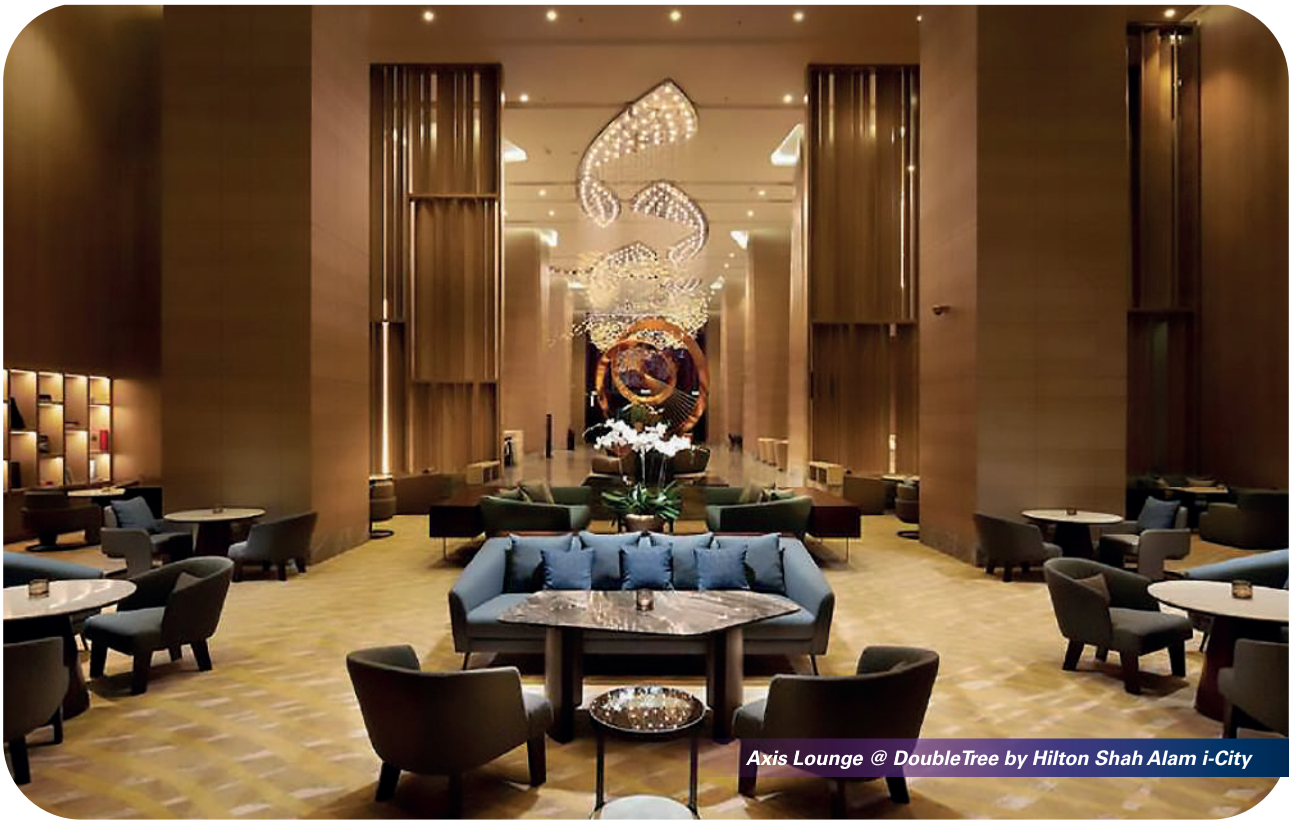
ENVIRONMENTAL

CREATING A SUSTAINABLE FUTURE AT DOUBLETREE BY HILTON SHAH ALAM i-CITY

As a responsible corporate citizen, the Group is aware of the environmental impacts resulting from our core operations. The Group has worked together with Hilton in reducing the carbon emissions at DoubleTree by Hilton Shah Alam i-City. With the effort of the Group in taking a huge step to improve the sustainable environment, the experts at Luxury Lifestyle Awards have selected DoubleTree by Hilton Shah Alam i-City as a winner of the International Sustainable Award 2022.

5-star DoubleTree by Hilton Shah Alam i-City

Sustainability Statement
(Cont'd)



Axis Lounge @ DoubleTree by Hilton Shah Alam i-City

DoubleTree by Hilton Shah Alam i-City measures all initiatives through an internal tracking system called Light Stay. Before any events, the potential environmental impact is calculated using Hilton's proprietary LightStay Meeting Impact Calculator. The calculation is updated at the event's conclusion to account for the final details. Hilton can then neutralise CO_2 emissions on behalf of the client by securing carbon credits with the South Pole for carbon reduction projects.

The hotel has also introduced its Meet with Purpose programme. This helps the clients to create a meaningful change for the attendee experience within the communities. This revolutionary program allows clients to gather more sustainably, with the hotel aiming to neutralize carbon dioxide emissions. Companies can also help nourish local communities by incorporating food donations into their programmes and positively impacting the destination by including team-building experiences that benefit local charities. The hotel's MICE series focusing on making meetings, incentives, conferences and exhibitions more sustainable, held its inaugural event in August 2022 with the theme of food sustainability. This series, with quarterly events, will continue to help bring the brand into a greener future.

ENERGY CONSERVATION

As a leading industry player in the merging of real estate and technology sector, the Group works to continuously inculcate efficient energy consumption measures and reduce carbon emissions throughout our value chain. Our main office, Mercu Maybank was designed to achieve Green Building Index (GBI) certification which requires provisions for resources saving and environment care efficient features to receive the award.

The Group has taken few steps in improving energy efficiency progressively as below:

- All lightings within the i-City development are LED lights. This will reduce the CO_2 emission and save 50%-60% of energy as compared with fluorescent tube lights.
- Air-conditional performance are compliance to MS1525:2019 (Energy Efficiency and Use of Renewable Energy For Non-Residential Buildings)
- Install solar light at surrounding Mercu Maybank walkway for energy saving.
- Motion sensor control for office light management.

Sustainability Statement
(Cont'd)

WATER MANAGEMENT

The Group also focuses on reducing water consumption to improve the water waste through the prudent management of water resources.

- Rainwater harvesting for cleaning purpose at construction site
- Installed pump and using ground water for construction works.
- All sanitary fittings in Mercu Maybank are automated, includes water taps, urinal taps etc.

MATERIAL AND WASTE MANAGEMENT

Given the nature of our business, we produce construction waste because of our building development operations. Cognisant of the long-term impact of improper waste management practices on the environment and society, the Group continues to practice responsible waste management methods that are in line with regulations enforced by local authorities.

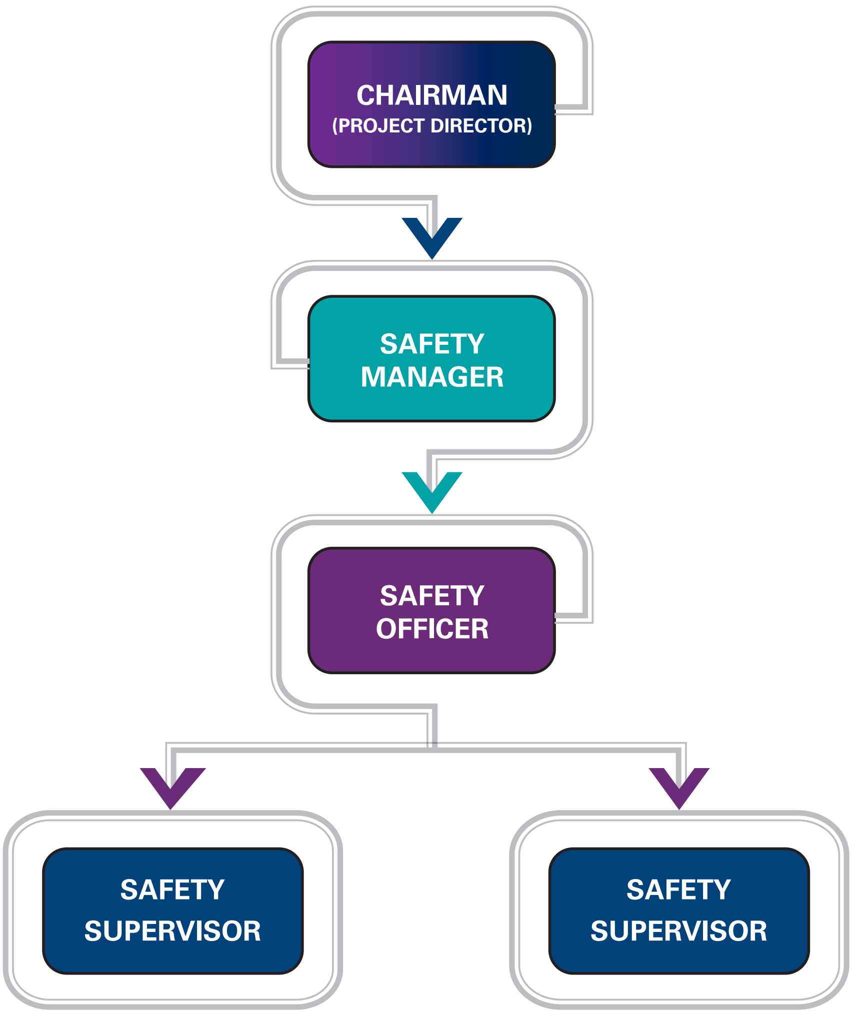
- All waste are properly stored in the dedicated roro bin and managed with disposal schedule.
- Provision of tray for all equipment to prevent oil spillage.

SOCIAL

HEALTH AND SAFETY

The Group is immensely proud to announce that it has successfully achieved zero fatalities and non-lost time incidents for three consecutive years with a cumulative worked hour of more than 2 million hours. This has clearly outlined the standards of our qualified safety officers and supervisors who supervise project sites with formally defined policies and procedures with zero tolerance for compromise. We encourage the highest standards of health and safety, facilitated by our Environmental, Safety and Health Committee and Emergency Response Team.

Environmental, Safety and Health Committee Organisation Chart



Maintaining workplace safety at sites

The project director will review and evaluate the site safety aspect for contractor at site via actions below:

1
Reporting
- Occupational Safety & Health Administration (OSHA) report and issues highlighted in site meeting.
- Regular safety audits.
- Regular hazard and risk assessment at site.
- Inspection by management team and QA team during construction phase.

2
Compliance to regulatory requirements

- Occupational Safety and Health Act 1994.
- Factories and Machineries Act 1967.
- CIDB Guidelines on First Aid Facilities at Workplace.

3
Engagement with site workers

- Daily safety briefing.
- Emergency incident rehearsal.
- Safety training and inspection conducted.
- Open communication to understand on ground employees point of view in safety matters.

Safety and health performance

Description	Project Sites	
Year	**2022**	2021
Total Hours Worked	**371,280**	384,440
Fatalities	**0**	0
First Aid Case	**0**	1
Near Miss	**0**	0
Non-Lost Time Incident	**0**	0

WORKPLACE

EMPLOYEE RIGHTS

The Group complies with the Employment Act 1955 and all other relevant labour laws of Malaysia. We respect freedom of association, whereby our employees are free to participate in any legal association, cultural society, professional body or political entity as long as such associations are not illegal, i.e. involvement in outlawed groups.

For the year 2022, the Group has not been fined, censured or faced any regulatory action for infringements of the rights of any persons, adult or child, nor any incidence of forced or compulsory labour.

The Group encourages employees to have more communication with their superiors which includes but is not limited to regular performance discussion, where ongoing mentoring programmes are provided with subsequent follow-up to ensure that employees meet their objectives and career goals.

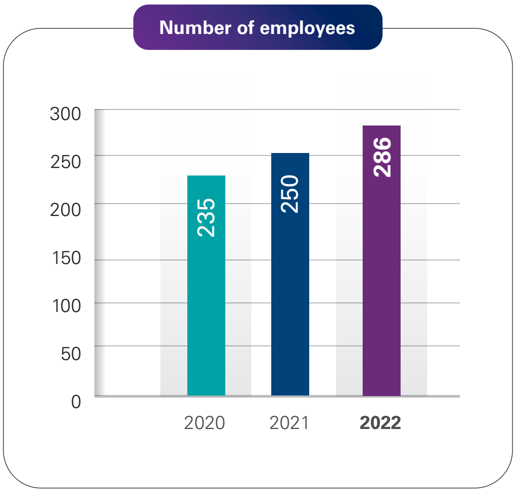
THE SHARING PLATFORMS

We have set up a channel for employees to have the opportunity for a bottom-up, top-down as well as horizontal sharing of information, ideas and opinion. It is also a station for management to deliver messages and boost employees' morale and business transformation guide. It also supports departments in communicating, planning, execution and filing.

RECRUITING/RETAINING EMPLOYEES

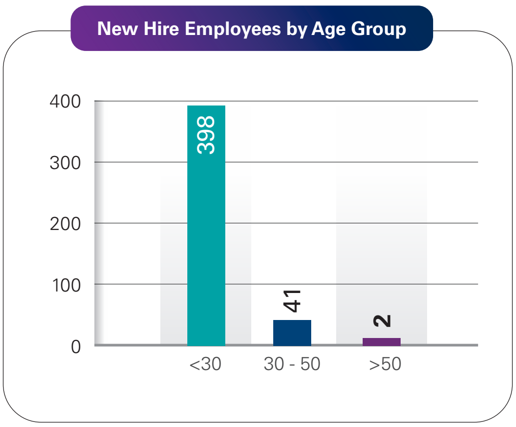
As of 31 December 2022, we employed a total of 286 employees – close to a 14% increase in the workforce compared to FY2021 (250 employees). Despite the adverse impact on job availability during the pandemic, the Group continued to add to our talent pool to ensure that our business continues to operate at the best level of efficiency and productivity.

Sustainability Statement
(Cont'd)



The Group also believes that effective recruitment of suitable talents can provide new and innovative ideas for management strategies i.e. creating a forward-thinking approach that stimulates the advancement as well as provide a quantum leap to the growth of the Group. The Group recruits its employees via web advertising, social media, talent pool database, employee referrals, boomerang employees, recruitment agencies and placements after internship.

Furthermore, it is heartening to know that in 2022, following the end of the pandemic, the Group has hired an additional 106 interns and 177 part-timers to support the younger generation in their economic recovery. This forward-thinking approach and willingness to invest in the next generation are admirable qualities that are sure to yield positive results.

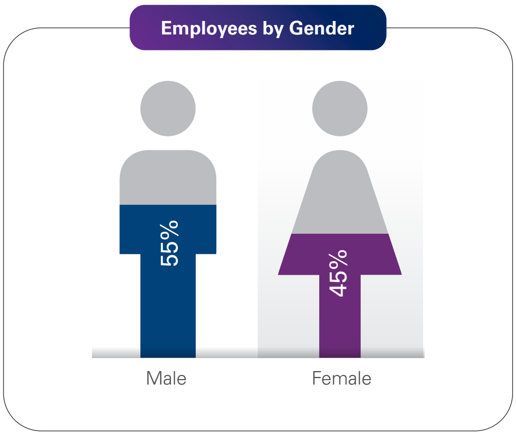


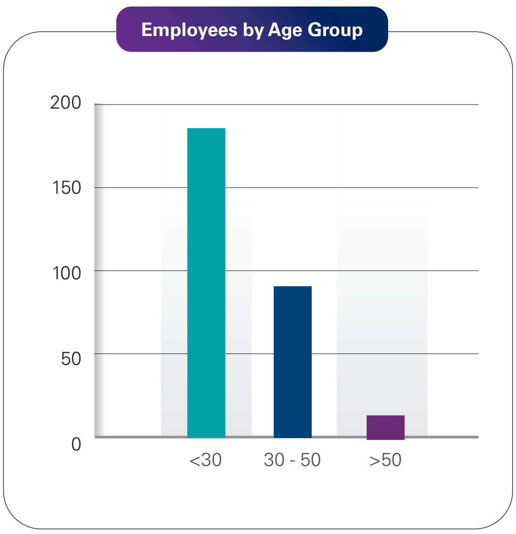
DIVERSITY AND INCLUSIVENESS

To sustain a thriving business and deliver value to our shareholders, we place the best interest of our employees at the forefront of our operating considerations. We believe that our people are the foundation and strength that allows I-Berhad to reach the success that it has achieved and holds the potential to propel the Group to greater heights.

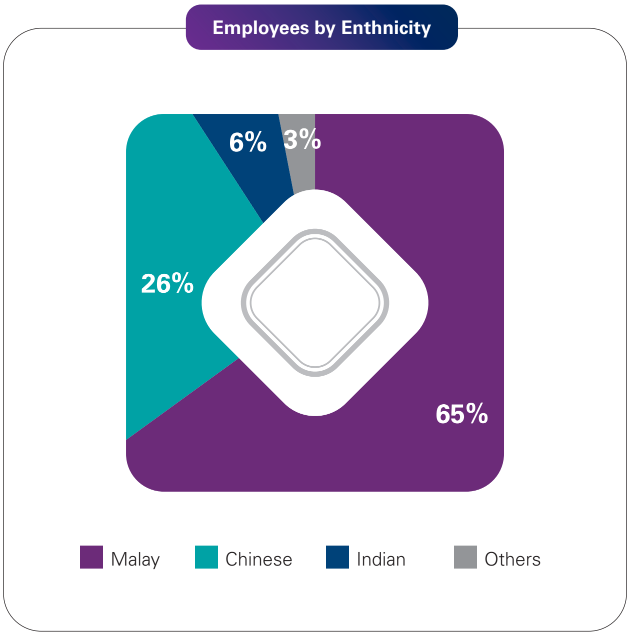
We also believe that diversity and inclusiveness could enhance the organisation's responsiveness to increasingly diverse customers, improve relations with its surrounding community; increase the organisation's ability to cope with change, as well as to expand the creativity of the organisation.

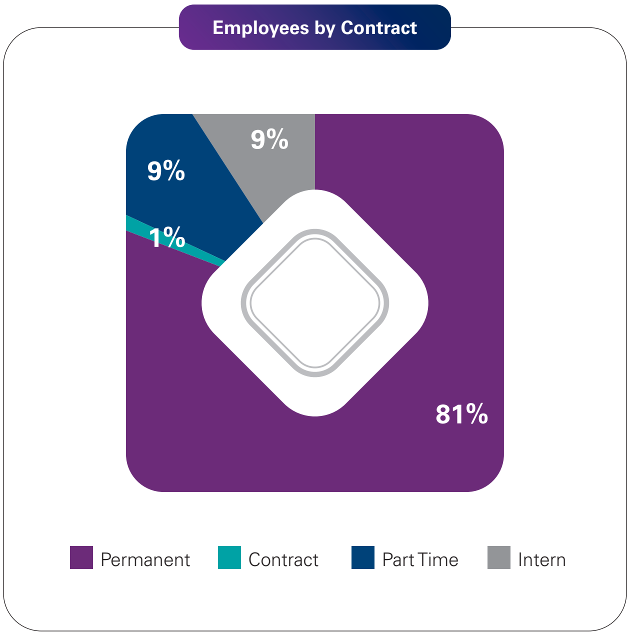
Therefore, we continuously work towards creating a conducive working environment by empowering our workforce through fair practices and inclusivity while rejecting any form of discrimination based on gender, ethnicity, age and contract.





Sustainability Statement
(Cont'd)





MOVING FORWARD

To recover from the impact of post COVID-19 and economic challenge is undoubtedly challenging. The Group is continuously committed to striving to improve its sustainable business management by integrating the above initiatives into every aspect of its business operations and work culture to enrich the lives of the communities it touches and serves.

i-City Finance Avenue

Event Highlights 2022

7 APRIL 2022

Malaysia's largest financial institution, Maybank officially launched its new permanent alternate office in i-City Finance Avenue.

The 33-storey Grade A GBI certified corporate office tower, equipped with artificial intelligence (AI) technology, dedicated internet access (DIA) powered by 400G high availability (HA) network and private cloud integrated to a Tier-3 Data Centre stands tall between its prominent neighbours, DoubleTree by Hilton Shah Alam i-City, BeCentral residences and Central i-City Mall, all within walking distance.

Tan Sri Lim Kim Hong, Chairman of I-Berhad and Tan Sri Zamzamzairani Mohd Isa, Chairman of Maybank

27 JULY 2022

YAM Tengku Ahmad Shah Ibni Sultan A. Aziz and I-Berhad's Chairman, Tan Sri Lim Kim Hong at the launch of i-City Finance Avenue.

i-City Finance Avenue, with GDV of RM1.5 billion comprises Mercu Maybank office tower, DoubleTree by Hilton Shah Alam i-City, an international convention centre, BeCentral residences, 8Premier (premium offices) and Twenty8 (retail suites).

YAM Tengku Ahmad Shah Ibni Sultan A. Aziz and Tan Sri Lim Kim Hong at the gong ceremony

11 AUGUST 2022

The opening ceremony of DoubleTree by Hilton Shah Alam i-City was officiated by HRH Sultan of Selangor, Sultan Sharafuddin Idris Shah.

This 5-star latest addition to Hilton's expanding portfolio in Malaysia marks the 3rd hotel within the hospitality arm of I-Berhad Group in addition to Best Western Hotel and 8Kia Peng Suites where guests could enjoy luxurious amenities, state-of-the-art meeting rooms, spa, its renowned restaurants and outdoor infinity pool.

Opening ceremony of DoubleTree by Hilton Shah Alam i-City

Event Highlights 2022
(Cont'd)

1 NOVEMBER 2022

I-Berhad's Chairman, Tan Sri Lim Kim Hong being awarded The Outstanding Property Entrepreneur Award 2022 by The Edge Malaysia for fusing real estate and technology and transforming Shah Alam's once sleepy western corridor into the thriving financial city today known as i-City.

Moving forward, i-City will continue to build on the three core pillars of i-City's master plan: the Smart Commercial, Smart Financial and Smart Tourism components.

Tan Sri Lim Kim Hong being awarded The Outstanding Property Entrepreneur 2022 by The Edge Malaysia

15 NOVEMBER 2022

Hilton Vice President and Regional Head Southeast Asia, Alexandra Murray paid a courtesy visit to Tan Sri Lim Kim Hong, Chairman of I-Berhad at Mercu Maybank, i-City.

i-City was the location of choice for Hilton as it was attracted and impressed by i-City's solid infrastructure such as its world-class IT infrastructure; and an on-site Tier-3 certified Data Centre enabling super AI and dual source network.

Tan Sri Lim Kim Hong and Ms Alexandra Murray, Hilton Vice President and Regional Head Southeast Asia

6 DECEMBER 2022

Chairman of I-Berhad, Tan Sri Lim Kim Hong met-up with Ms Wallaya Chirathivat, President & CEO of Central Pattana PCL of Thailand ("Central Group") during her courtesy visit to the Chairman's office at Mercu Maybank, i-City.

The Central Group is the operator of the Central i-City Mall, its first international mall foray outside Thailand. i-City was selected as it was the best location in Malaysia being the leading property development cum tourism destination as well as its well-thought-out development plans.

Tan Sri Lim Kim Hong and Ms Wallaya Chirathivat, President & CEO of Central Pattana PCL of Thailand

31 DECEMBER 2022

The 2023 New Year Countdown celebrations at i-City which drew massive crowds was a huge success with various activities amongst others, the Artisan Market, Thai Street, countdown party at DoubleTree by Hilton Shah Alam i-City, foam party at Best Western Hotel, Aurora lights at SnoWalk and many others.

2023 New Year Countdown celebrations at i-City

FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 31 DECEMBER 2022

Directors' Report

The Directors of I-Berhad have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and details of the subsidiaries are set out in Note 12 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year attributable to:		
- Owners of the Company	27,215	16,802
- Non-controlling interests	90	–
Net profit for the financial year	27,305	16,802

In the opinion of the Directors, the results of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

In respect of financial year ended 31 December 2022:

A final single-tier dividend of 0.20 sen per ordinary share (calculated based on the number of ordinary shares of the Company in issue as at balance sheet date), amounting to approximately RM3,623,000, representing approximately 30% of the Group's post tax profit (excluding one-off gain of RM15,137,000 from remeasurement of redeemable convertible unsecured loan stocks ("RCULS") liabilities) has been proposed by the Directors for shareholders' approval at the forthcoming Annual General Meeting. The Dividend per Ordinary Share shall take into account the potential additional number of RCULS that may be converted up to the entitlement date. The payment and entitlement dates will be announced at a later date. Such dividend will be accounted for in equity as an appropriation of retained earnings during the financial year ending 31 December 2023.

In respect of financial year ended 31 December 2021:

In view of the prolonged COVID-19 pandemic/current market uncertainties, no dividend was declared for the Redeemable Cumulative Convertible Preference Shares ("RCCPS") in respect of the RCCPS 1st year and 2nd year anniversary dividend. However, the RCCPS holders will be entitled to receive cumulative preferential dividend.

Accordingly, no distribution of dividend was made on the ordinary shares.

PREFERENTIAL DIVIDEND

On 21 October 2022, the Company has recommended cumulative preferential dividend of 5% per annum on a cumulative basis on the Issue Price of the RCCPS during the tenure of the RCCPS for the period from 27 November 2019 to 27 November 2022 (both dates inclusive). The dividends have been paid on 25 November 2022.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

Directors' Report
(Cont'd)

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up share capital of the Company was increased from RM646,686,000 to RM768,687,000 by way of issuance of 720,436,588 new ordinary shares pursuant to conversion of RM122,001,000 RCCPS, as disclosed in Note 22 to the financial statements.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company. There were no other issues of shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

OTHER STATUTORY INFORMATION

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

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that there were no known bad debts to be written off and that adequate allowance had been made for doubtful debts; and

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

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

(a) which would require any amount to be written off as bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

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

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

(d) not otherwise dealt with in this report or the financial statements which 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:

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

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

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

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

The Directors of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

Y. Bhg. Tan Sri Lim Kim Hong
Y. Bhg. Puan Sri Tey Siew Thuan
Madam Goh Yeang Kheng
Mr Ng Chee Kiet
Mr Peck Boon Soon
Y. Bhg. Dato' Eu Hong Chew (Appointed on 1 January 2022)
Mr Lim Boon Soon (Appointed on 1 January 2022)

LIST OF DIRECTORS OF SUBSIDIARIES

The list of Directors of the subsidiaries during the financial year and during the period from the end of the financial year to the date of the report are:

Y. Bhg. Puan Sri Tey Siew Thuan
Madam Goh Yeang Kheng
Mr Lee Ming Suan
Madam Ong Poh Ling
Tengku Ahmad Shah Ibni Sultan A. Aziz

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the benefits shown below) by reason of a contract made by the Company or by a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except for any benefit which may deemed to have arisen by virtue of the transactions between the Company and certain companies in which certain directors of the Company are also directors and/or shareholders.

Details of Directors' Remuneration are as follows:

	Group RM'000	**Company RM'000**
Directors' fees	480	480
Directors' remuneration other than fee	1,062	–
Contributions to defined contribution plan	166	–
	1,708	480

Neither during nor at the end of the financial year was the Company or any of its subsidiaries a party to any arrangements whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Report
(Cont'd)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its subsidiaries or its holding company or subsidiaries of the holding company during the financial year except as follows:

	Number of ordinary shares			
	Balance as at 1.1.2022	**Acquired**	**Disposed**	**Balance as at 31.12.2022**
Shares in the Company				
Y. Bhg. Tan Sri Lim Kim Hong				
- direct interests	35,666,800	26,934,400	–	62,601,200
- indirect interests #	742,321,884	589,578,300	–	1,331,900,184
Y. Bhg. Puan Sri Tey Siew Thuan				
- direct interests	1,793,566	1,345,174	–	3,138,740
Peck Boon Soon				
- direct interests	170,000	50,000	(20,000)	200,000

\# *Deemed interest through Sumur Ventures Sdn. Bhd., Sumurwang Sdn. Bhd., Sumurwang Capital Sdn. Bhd. and Sumurwang Corporate Services Sdn. Bhd..*

By virtue of his interest in Sumur Ventures Sdn. Bhd., a company incorporated in Malaysia, Y. Bhg. Tan Sri Lim Kim Hong is deemed interested in the shares of the Company and all its subsidiaries to the extent Sumur Ventures Sdn. Bhd. has an interest.

	Number of Redeemable Convertible Unsecured Loan Stocks - A ('RCULS-A') & Loan Stocks - B ('RCULS-B') 2014/2027			
	Balance as at 1.1.2022	**Issued**	**Conversion**	**Balance as at 31.12.2022**
Redeemable Convertible Unsecured Loan Stocks - A				
Y. Bhg. Tan Sri Lim Kim Hong				
- indirect interests*	264,000,000	–	–	264,000,000
Redeemable Convertible Unsecured Loan Stocks - B				
Y. Bhg. Tan Sri Lim Kim Hong				
- indirect interests**	138,000,000	–	–	138,000,000

* *Deemed interest in RCULS-A by virtue of his interest in Sumuracres Sdn. Bhd.*
** *Deemed interest in RCULS-B by virtue of his interest in Sumurwang Sdn. Bhd.*

By virtue of his interests in the ordinary shares of the Company, Y. Bhg. Tan Sri Lim Kim Hong is also deemed to be interested in the ordinary shares of all the subsidiaries to the extent the Company has an interest.

DIRECTORS' INTERESTS (CONTINUED)

	Number of RCCPS			
	Balance as at 1.1.2022	**Issued**	**Conversion**	**Balance as at 31.12.2022**
Redeemable Cumulative Convertible Preference Shares				
Y. Bhg. Tan Sri Lim Kim Hong				
- direct interests	22,386,100	843,500	(23,229,600)	–
- indirect interests #	577,242,700	4,644,000	(581,886,700)	–
Y. Bhg. Puan Sri Tey Siew Thuan				
- direct interests	1,345,174	–	(1,345,174)	–

Deemed interest through Sumur Ventures Sdn. Bhd., Sumurwang Sdn. Bhd., Sumurwang Capital Sdn. Bhd. and Sumurwang Corporate Services Sdn Bhd..

Y. Bhg. Tan Sri Lim Kim Hong is the spouse of Y. Bhg. Puan Sri Tey Siew Thuan. By virtue of their relationship, they are also deemed to have interests in shares held by each other, both direct and indirect.

Other than disclosed above, none of the other Directors holding office at the end of the financial year held any interest in ordinary shares of the Company and of its related corporations during the financial year.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

There was no indemnity given to or insurance effected for any Director, officer or auditors of the Company during the financial year in accordance with Section 289 of the Companies Act 2016.

HOLDING COMPANIES

The Directors regard Sumur Ventures Sdn. Bhd. and Sumurwang Sdn. Bhd., as the ultimate and immediate holding companies respectively. Both companies are incorporated in Malaysia.

AUDITORS' REMUNERATION

The amount payable as remuneration of the auditors for the financial year ended 31 December 2022 are as follows:

	Group RM'000	**Company RM'000**
Statutory audit fee	552	150
Non-statutory audit fee	40	9
	592	159

Directors' Report
(Cont'd)

AUDITORS

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

Signed on behalf of the Board
in accordance with a resolution of the Directors, dated 18 April 2023

PUAN SRI TEY SIEW THUAN

GOH YEANG KHENG

Independent Auditors' Report
to the Members of I-Berhad

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **I-BERHAD**, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and 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 64 to 147.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants *("By-Laws")* and the *International Code of Ethics for Professional Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

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

Key audit matter	*How the scope of our audit responded to the key audit matter*
Revenue recognition from property development activities Property development revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation.	Our audit procedures included, among others: • Obtained an understanding of the relevant controls put in place by the Group in respect of revenue recognition for property development activities and performed procedures to evaluate design and implementation and tested operating effectiveness of such controls.

Independent Auditors' Report to the Members of I-Berhad
(Cont'd)

Key audit matter	*How the scope of our audit responded to the key audit matter*
Revenue recognition from property development activities (continued) The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the property development costs incurred to date as a percentage of the budgeted total costs of development of the contract). In making the estimate, management relies on opinion/ service of experts, past experience and the continuous monitoring mechanism. Refer to "Key sources of estimation uncertainty" in Note 3(i) to the financial statements.	Our audit procedures included, among others: (continued) • Verified gross development value and assessed the terms and conditions of major sales transactions, in particular non-routine transactions, to ensure that revenue recognised conforms with the Group policy and the requirements of MFRS 15 Revenue from Contract with Customers. • Evaluated management prepared budgets for property development projects and ensured that budgets are appropriate and reflected current costs of operations and cost to complete. Challenged the reasonableness of management's assumptions and estimations on the budgeted total cost of development projects. • Tested samples of cost incurred to date to supporting documents such as contractor's claim certificates or supplier invoices. Where costs have not been billed or certified, determined adequacy of management's accruals of such costs by reviewing subsequent contractors' claims certificates, supplier invoices or approved architect's certificates. • Checked the mathematical accuracy of revenue and profit by recomputing stage of completion percentages by computing the proportion of property development costs incurred for work performed to date to the estimated total property development costs. • Performed site visit to assess the status of the development projects to arrive at an overall assessment as to whether information provided by management is reasonable.
Valuation of investment properties As at 31 December 2022, the Group's investment properties which are carried at fair value amounted to RM572 million, which represents approximately 30% of the Group's total assets. The fair value of investment properties is estimated either by reference to market evidence of transaction prices for similar properties or the latest valuation carried out by independent professional valuer firms in December 2022.	• Understood the management's control process for the determination of fair value of investment properties and evaluated the design and implementation of controls. • Performed site-visit to assess the physical condition of investment properties, especially the occupancy of the investment properties. • Held discussion with independent external valuer to develop an understanding of the methodologies and assumptions used in performing the valuation. Challenged the basis of methodologies and assumptions used, which included verifying the property related input data applied by external valuer.

Independent Auditors' Report to the Members of I-Berhad
(Cont'd)

Key audit matter	*How the scope of our audit responded to the key audit matter*
Valuation of investment properties (continued) We focused on this area due to the complexities in determining the fair value of the investment properties, which involved significant estimates and judgements in determining the appropriate valuation methodologies and estimating the underlying assumptions to be applied. Refer to "Key sources of estimation uncertainty" in Note 3(ii) to the financial statements.	• Assessed the independent external valuers' competency, capabilities and objectivity by checking the independent external valuers' qualification and declarations. • Obtained and verified the source information provided by management to the said independent valuer. Considered the appropriateness of the valuation techniques and challenged the basis and assumptions used. • Recomputed the sensitivity analysis prepared by management underpinning the valuation, where applicable. • Assessed the adequacy and appropriateness of the related disclosures in the financial statements.
Net realisable value of completed inventories held for sale The Group recorded RM570 million of completed inventories as at 31 December 2022 as disclosed in Note 16 to the financial statements, which represents approximately 30% of the Group's total assets. Completed inventories are stated at the lower of cost and net realisable value ("NRV"). The determination of the estimated NRV of these completed inventories involve considerable analyses of expected future selling price based on prevailing market conditions such as current market prices of comparable properties and locations. Management applies significant judgement in estimating the underlying assumptions in determining the net realisable values of completed inventories. Refer to "Key sources of estimation uncertainty" in Note 3(iii) to the financial statements.	• Understood the management's control process and evaluated the design and implementation of controls in respect of determination of net realisable value of completed inventories held for sales. • Evaluated the Group's policy for valuation of completed properties through discussion with management and considered management's basis for determining the net realisable value. • Tested management's assessment of net realisable value by comparing it to recent transacted prices of similar or comparable completed property units and taking into consideration the estimated selling costs. Challenged the reasonableness of management's assumptions and estimation for determining the net realisable value. • Performed site visit to assess the condition of the inventories to arrive at an overall assessment as to whether information provided by management is reasonable and to ascertain if any write-down is warranted on long-aged property units due to physical obsolescence and deterioration of the units.

We have determined that there are no key audit matters in the audit of the financial statements of the Company to be communicated 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 information included in the annual report of the Group, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

Independent Auditors' Report to the Members of I-Berhad
(Cont'd)

Information other than the financial statements and auditors' report thereon (continued)

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

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

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

Independent Auditors' Report to the Members of I-Berhad
(Cont'd)

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

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

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

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

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

From the matters communicated with 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

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

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

MURALI A/L SAMY
Partner - 03377/06/2024 J
Chartered Accountant

18 April 2023

Statements of Profit or Loss
and Other Comprehensive Income
for the financial year ended 31 December 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Revenue	4	119,617	80,214	–	–
Cost of sales	5	(53,576)	(43,672)	–	–
Gross profit		66,041	36,542	–	–
Other income		25,476	2,784	18,708	89
Finance income		419	361	11,113	11,757
Finance costs		(13,793)	(12,323)	(10,969)	(11,692)
Fair value gain/(loss) on investment properties		2,852	(5,151)	–	–
Fair value loss on assets held for sale		–	(799)	–	(462)
Sales and marketing expenses		(8,550)	(1,043)	–	–
Administrative and office expenses		(54,759)	(26,922)	(1,812)	(1,397)
Other operating expenses		–	–	(204)	(1,267)
Reversal of/(Impairment losses on) trade and other receivables - Net		2,539	(5,321)	–	–
Share of results of associates	13	7,233	13,215	–	–
Profit/(Loss) before tax	6	27,458	1,343	16,836	(2,972)
Taxation	8	(153)	(919)	(34)	32
Profit/(Loss)/Total comprehensive income/ (loss) for the financial year		27,305	424	16,802	(2,940)
Profit/(Loss) for the financial year attributable to:					
Owners of the Company		27,215	369	16,802	(2,940)
Non-controlling interests		90	55	–	–
		27,305	424	16,802	(2,940)
Total comprehensive income/(loss) for the financial year attributable to:					
Owners of the Company		27,215	369	16,802	(2,940)
Non-controlling interests		90	55	–	–
		27,305	424	16,802	(2,940)
Earnings per ordinary share attributable to owners of the Company (sen):					
Basic	9 (a)	2.27	0.03		
Diluted	9 (b)	2.27	0.03		

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

Statements of Financial Position
as at 31 December 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
ASSETS					
Non-current Assets					
Property, plant and equipment	10	270,480	232,775	1,003	*
Investment properties	11	571,726	554,004	–	–
Investment in subsidiary companies	12	–	–	1,004,743	1,001,236
Associates	13	238,531	231,298	–	–
Goodwill	14	–	–	–	–
Intangible assets	15	79	85	–	–
Deferred tax assets	26	9,204	13,141	–	–
Total Non-current Assets		1,090,020	1,031,303	1,005,746	1,001,236
Current Assets					
Inventories	16	749,117	769,852	–	–
Receivables and contract assets	17	35,953	56,539	115	83
Amounts due from subsidiary companies, related parties and ultimate holding company	18	928	928	266,269	219,211
Current tax assets		6,373	7,356	3	262
Short-term funds with licensed financial institutions	19	11	2,028	7	2,024
Cash and bank balances	20	19,435	21,304	60	61
		811,817	858,007	266,454	221,641
Assets classified as held for sale	21	17,566	17,566	10,163	10,163
Total Current Assets		829,383	875,573	276,617	231,804
TOTAL ASSETS		1,919,403	1,906,876	1,282,363	1,233,040
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	22	768,687	646,686	768,687	646,686
Retained earnings	23	385,775	358,560	137,474	120,672
RCCPS - equity component	24	–	122,001	–	122,001
RCULS - equity component	25	14,547	14,547	14,547	14,547
		1,169,009	1,141,794	920,708	903,906
Non-controlling interests		339	249	–	–
TOTAL EQUITY		1,169,348	1,142,043	920,708	903,906

** Amount is less than RM1,000.*

Statements of Financial Position

as at 31 December 2022
(Cont'd)

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Non-current Liabilities					
Deferred tax liabilities	26	3,017	10,652	600	568
RCULS - liability component	25	183,021	–	183,021	–
Payables and contract liabilities	27	50,636	50,763	50,636	50,763
Lease liabilities	29	1,794	11	527	–
Bank borrowings	30	79,025	79,102	–	–
Total Non-current Liabilities		317,493	140,528	234,784	51,331
Current Liabilities					
RCCPS - liability component	24	–	6,557	–	6,557
RCULS - liability component	25	6,030	203,749	6,030	203,749
Payables and contract liabilities	27	351,901	375,708	1,569	14,743
Amounts due to ultimate holding company and immediate holding company	31	32,652	2,517	30,000	–
Amounts due to subsidiary companies	31	–	–	88,771	52,754
Current tax liabilities		559	122	–	–
Hire purchase liability	28	–	52	–	–
Lease liabilities	29	1,797	1,267	501	–
Bank borrowings	30	39,623	34,333	–	–
Total Current Liabilities		432,562	624,305	126,871	277,803
Total Liabilities		750,055	764,833	361,655	329,134
TOTAL EQUITY AND LIABILITIES		1,919,403	1,906,876	1,282,363	1,233,040

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

Consolidated Statement of Changes in Equity
for the financial year ended 31 December 2022

		Non-distributable reserves			Distributable reserve			
Group	Note	Share capital RM'000	RCCPS-equity component RM'000	RCULS-equity component RM'000	Retained earnings RM'000	Total attributable to owners of the Company RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 January 2022		646,686	122,001	14,547	358,560	1,141,794	249	1,142,043
Profit/Total comprehensive income for the financial year		–	–	–	27,215	27,215	90	27,305
Transactions with owners:								
Conversion of RCCPS	22,24	122,001	(122,001)	–	–	–	–	–
At 31 December 2022		768,687	–	14,547	385,775	1,169,009	339	1,169,348

Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2022
(Cont'd)

		Non-distributable reserves				Distributable reserve			
Group	**Note**	**Share capital RM'000**	**Treasury shares RM'000**	**RCCPS-component RM'000**	**RCULS-equity component RM'000**	**Retained earnings RM'000**	**Total attributable to owners of the Company RM'000**	**Non-controlling interest RM'000**	**Total equity RM'000**
At 1 January 2021		643,249	(1,341)	125,107	14,547	357,398	1,138,960	194	1,139,154
Profit/Total comprehensive income for the financial year		–	–	–	–	369	369	55	424
Transactions with owners:									
Conversion of RCCPS	22,24	3,437	–	(3,106)	–	–	331	–	331
Disposal of treasury shares	22(b)	–	1,341	–	–	793	2,134	–	2,134
Total transactions with owners		3,437	1,341	(3,106)	–	793	2,465	–	2,465
At 31 December 2021		646,686	–	122,001	14,547	358,560	1,141,794	249	1,142,043

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

Statements of Changes in Equity
for the financial year ended 31 December 2022

Company	Note	Share capital RM'000	RCCPS-equity component RM'000	RCULS-equity component RM'000	Retained earnings RM'000	Total equity RM'000
		Non-distributable reserves			Distributable reserve	
At 1 January 2022		646,686	122,001	14,547	120,672	903,906
Profit/Total comprehensive income for the financial year		–	–	–	16,802	16,802
Transactions with owners:						
Conversion of RCCPS	22,24	122,001	(122,001)	–	–	–
At 31 December 2022		768,687	–	14,547	137,474	920,708

Company	Note	Share capital RM'000	Treasury shares RM'000	RCCPS-equity component RM'000	RCULS-equity component RM'000	Retained earnings RM'000	Total equity
			Non-distributable reserves			Distributable reserve	
At 1 January 2021		643,249	(1,341)	125,107	14,547	122,819	904,381
Loss/Total comprehensive loss for the financial year		–	–	–	–	(2,940)	(2,940)
Transactions with owners:							
Conversion of RCCPS	22,24	3,437	–	(3,106)	–	–	331
Acquisition of treasury shares	22(b)	–	1,341	–	–	793	2,134
Total transactions with owners		3,437	1,341	(3,106)	–	793	2,465
At 31 December 2021		646,686	–	122,001	14,547	120,672	903,906

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

Statements of Cash Flows

for the financial year ended 31 December 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax		27,458	1,343	16,836	(2,972)
Adjustments for:					
Depreciation of:					
- Property, plant and equipment		7,097	6,464	–	–
- Right-of-use assets		509	530	502	78
Amortisation of intangible assets		42	33	–	–
Finance costs		13,793	12,323	10,969	11,692
Fair value (gain)/loss on investment properties		(2,852)	5,151	–	–
Fair value loss on asset held for sale		–	799	–	462
Income on short term funds		(31)	(67)	(30)	(67)
Interest income		(388)	(294)	(11,083)	(11,690)
Impairment of investments in subsidiary companies		–	–	59	1,625
Impairment of amount due from subsidiary companies		–	–	324	141
Impairment losses on trade and other receivables		863	5,712	–	–
Reversal of impairment of investment in subsidiary companies		–	–	(3,566)	(391)
Reversal of impairment of amount due from subsidiary companies		–	–	(120)	(108)
Reversal of impairment losses on trade and other receivables no longer required		(3,402)	(391)	–	–
Share of results of associates, net of tax		(7,233)	(13,215)	–	–
Rent concession received		(311)	(285)	–	–
Gain on modification of redeemable convertible unsecured loan stocks ("RCULS")		(15,137)	–	(15,137)	–
Operating Profit/(Loss) Before Changes In Working Capital		20,408	18,103	(1,246)	(1,230)
Changes in working capital:					
Inventories		20,930	25,586	–	–
Receivables and contract assets		23,925	10,984	(32)	(112)
Payables and contract liabilities		(46,764)	(56,621)	(13,456)	(6,779)
Cash Generated From/(Used In) Operations		18,499	(1,948)	(14,734)	(8,121)
Tax refunded		1,012	134	259	–
Tax paid		(3,443)	(5,399)	(2)	(14)
Net Cash Generated From/(Used In) Operating Activities		16,068	(7,213)	(14,477)	(8,135)

Statements of Cash Flows

for the financial year ended 31 December 2022
(Cont'd)

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
(Advances to)/Repayment from subsidiary companies		–	–	(164)	20,265
Interest received		419	361	30	67
Withdrawal from short-term funds with licensed financial institutions		13,934	13,115	2,017	13,217
Development of investment properties under construction		(11,185)	(4,950)	–	–
Purchase of property, plant and equipment	10(c)	(20,749)	(38,490)	–	–
Purchase of intangible assets		(36)	(27)	–	–
Net Cash (Used In)/From Investing Activities		(17,617)	(29,991)	1,883	33,549
CASH FLOWS FROM FINANCING ACTIVITIES					
Coupon payment for RCULS		(10,022)	(10,050)	(10,022)	(10,050)
Repayment of RCCPS		(6,844)	–	(6,844)	–
Disposal of treasury shares		–	2,134	–	2,134
Repayment of hire purchase liability		(53)	(75)	–	
Repayment of lease liabilities		(1,692)	(1,729)	(541)	(84)
Drawdown from bank borrowings		11,089	67,367	–	–
Repayment of bank borrowings		(6,250)	(2,603)	–	–
Interest payment on bank borrowings		(4,765)	(2,676)	–	–
Interest payment on hire purchase liability		–	(5)	–	–
Advances from/(Repayment to) immediate holding company		30,000	(18,000)	30,000	(18,000)
Advances from ultimate holding company		135	913	–	–
Net Cash From/(Used In) Financing Activities		11,598	35,276	12,593	(26,000)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		10,049	(1,928)	(1)	(586)
CASH AND CASH QUIVALENTS AT BEGINNING OF FINANCIAL YEAR		9,347	11,275	22	608
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	20	19,396	9,347	21	22

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

Statements of Cash Flows

for the financial year ended 31 December 2022
(Cont'd)

(i) Changes in liabilities arising from financing activities

				Non-cash Changes					
Group	**Note**	**At 1.1.2022 RM'000**	**Cash flow (including interest paid, if any) RM'000**	**New lease liabilities RM'000**	**Interest accretion RM'000**	**Gain on modification RM'000**	**Capitalisation of extension cost RM'000**	**Rent concession RM'000**	**At 31.12.2022 RM'000**
RCCPS									
- liability component	24	6,557	(6,844)	–	287	–	–	–	–
RCULS									
- liability component	25	203,749	(10,022)	–	10,793	(15,137)	(332)	–	189,051
Hire purchase liability	28	52	(53)	–	1	–	–	–	–
Lease liabilities	29	1,278	(1,692)	4,215	101	–	–	(311)	3,591
Bank borrowings	30	113,435	74	–	5,139	–	–	–	118,648
Amount due to ultimate holding company and immediate holding company	31	2,517	30,135	–	–	–	–	–	32,652
		327,588	11,598	4,215	16,321	(15,137)	(332)	(311)	343,942

Statements of Cash Flows

for the financial year ended 31 December 2022
(Cont'd)

(i) Changes in liabilities arising from financing activities (continued)

Group	Note	At 1.1.2021 RM'000	Cash flow (including interest paid, if any) RM'000	Non-cash Changes					At 31.12.2021 RM'000
				New lease liabilities RM'000	Interest accretion RM'000	Conversion to equity RM'000	Rent concession RM'000	Dividend payable RM'000	
RCCPS									
- liability component	24	13,123	–	–	609	(331)	–	(6,844)	6,557
RCULS									
- liability component	25	202,718	(10,050)	–	11,081	–	–	–	203,749
Hire purchase liability	28	127	(80)	–	5	–	–	–	52
Lease liabilities	29	2,882	(1,729)	298	112	–	(285)	–	1,278
Bank borrowings	30	48,835	62,088	–	2,512	–	–	–	113,435
Amount due to ultimate holding company and immediate holding company	31	19,604	(17,087)	–	–	–	–	–	2,517
		287,289	33,142	298	14,319	(331)	(285)	(6,844)	327,588

Statements of Cash Flows

for the financial year ended 31 December 2022
(Cont'd)

(i) Changes in liabilities arising from financing activities (continued)

Company	Note	At 1.1.2022 RM'000	Cash flow (including interest paid, if any) RM'000	Non-cash Changes: New lease liabilities RM'000	Non-cash Changes: Interest accretion RM'000	Non-cash Changes: Gain on modification RM'000	Non-cash Changes: Capitalisation of extension cost RM'000	At 31.12.2022 RM'000
RCCPS								
- liability component	24	6,557	(6,844)	–	287	–	–	–
RCULS								
- liability component	25	203,749	(10,022)	–	10,793	(15,137)	(332)	189,051
Lease liabilities	29	–	(541)	1,505	64	–	–	1,028
Amount due to immediate holding company	31	–	30,000	–	–	–	–	30,000
		210,306	12,593	1,505	11,144	(15,137)	(332)	220,079

Company	Note	At 1.1.2021 RM'000	Cash flow (including interest paid, if any) RM'000	Non-cash Changes: Interest accretion RM'000	Non-cash Changes: Conversion to equity RM'000	Non-cash Changes: Dividend payable RM'000	At 31.12.2021 RM'000
RCCPS							
- liability component	24	13,123	–	609	(331)	(6,844)	6,557
RCULS							
- liability component	25	202,718	(10,050)	11,081	–	–	203,749
Lease liabilities	29	82	(84)	2	–	–	–
Amount due to immediate holding company	31	18,000	(18,000)	–	–	–	–
		233,923	(28,134)	11,692	(331)	(6,844)	210,306

Notes to the Financial Statements
for the financial year ended 31 December 2022

1. GENERAL INFORMATION

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 12. There have been no significant changes in the nature of these activities during the financial year.

I-Berhad ('the Company') is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company is located at Level 31, Mercu Maybank, i-City, Selangor Golden Triangle, 40000 Shah Alam, Selangor Darul Ehsan.

The Directors regard Sumur Ventures Sdn. Bhd. and Sumurwang Sdn. Bhd., as the ultimate and immediate holding companies respectively. Both companies are incorporated in Malaysia.

The consolidated financial statements for the financial year ended 31 December 2022 comprise the Company and its subsidiaries and the interests of the Group in associates. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the functional currency of the Company.

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors dated 18 April 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Group and of the Company for the financial year ended 31 December 2022 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared under the historical cost convention except for certain non-current assets and financial instruments that are measured at fair value at the end of reporting period as disclosed in this summary of significant accounting policies.

The financial statements are presented in Ringgit Malaysia ("RM") which represents the functional currency of the Group and of the Company and all financial information presented in RM are rounded to the nearest thousand ("RM'000"), unless otherwise stated.

Fair value is 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of MFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 Inventories or value in use in MFRS 136 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into different levels of fair value hierarchy based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Adoption of amended Malaysian Financial Reporting Standards

In the current financial year, the Group and the Company have adopted all the amendments to MFRSs issued by Malaysian Accounting Standards Board ("MASB") that are effective for annual periods beginning on or after 1 January 2022.

Amendments to:	
MFRS 3	Reference to the Conceptual Framework
MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract
Annual improvement to MFRS Standards 2018 – 2020	

The adoption of these amendments to MFRSs did not result in significant changes in the accounting policies of the Group and of the Company and has no significant effect on the financial performance or position of the Group and of the Company.

Standards and Amendments in Issue But Not Yet Effective

At the date of authorisation for issue of these financial statements, the new and revised MFRSs and amendments to MFRSs which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

MFRS 17	Insurance Contracts[1]
Amendments to:	
MFRS 101	Disclosure of Accounting Policies[1]
MFRS 101	Classification of Liabilities as Current or Non-current[1]
MFRS 17	Initial application of MFRS 17 and MFRS 9 - Comparative Information[1]
MFRS 108	Definition of Accounting Estimates[1]
MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]
MFRS 16	Lease liability in a Sale and Leaseback[2]
MFRS 101	Non-current Liabilities with Covenants[2]
MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 *Effective for annual periods beginning on or after 1 January 2023, with earlier application permitted.*
2 *Effective for annual periods beginning on or after 1 January 2024, with earlier application permitted.*
3 *Effective date deferred to a date to be determined and announced, with earlier application still permitted.*

The Directors anticipate that the abovementioned MFRSs and amendments to MFRSs will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these MFRSs and amendments to MFRSs will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Consolidation

(i) Subsidiaries

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

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of any asset transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statements of profit or loss and other comprehensive income (see Note 2(c) on goodwill).

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

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

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statements of profit or loss and other comprehensive income, consolidated statement of changes in equity and statements of financial position respectively.

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

Notes to the Financial Statements
for the financial year ended 31 December 2022
(Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Consolidation (continued)

(i) Subsidiaries (continued)

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

(ii) Transactions with non-controlling interests

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant shares acquired of the carrying value of the net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. The existence and the effect of potential voting rights are considered when assessing whether the Group exercises significant influence over another entity. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not the power to exercise control over those policies.

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Consolidation (continued)

(iv) Investments in subsidiaries and associates

In the Company's separate financial statements, investments in subsidiaries and associates are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in the statements of profit or loss and other comprehensive income.

Investments in subsidiaries and associates are assessed for indication of impairment. If an indication exists, an impairment test is performed. This exercise is performed annually and whenever events or circumstances occur indicating that impairment may exist.

An impairment loss is recognised for the amount by which the carrying amount of the subsidiary exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and present value of the estimated future cash flows expected to be derived from the investment including the proceeds from its disposal. Any subsequent increase in recoverable amount is recognised in the statements of profit or loss and other comprehensive income.

The amounts due from subsidiaries on which the Company does not expect repayment in the foreseeable future are considered as part of the Company's investments in subsidiaries.

(c) Goodwill

Goodwill represents the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest and the fair value of any previously held equity interest in the acquiree at the acquisition date over the fair value of the net identifiable assets acquired and liabilities assumed. If the total consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in statements of profit or loss and other comprehensive income.

Goodwill on acquisition of subsidiaries is included in the statements of financial position as intangible assets. Goodwill is not amortised but is tested annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment and carried at cost less accumulated impairment. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose. The Group allocates goodwill to each business segment in each country in which it operates. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Goodwill on acquisitions of associates is included in investments in associates. Such goodwill is tested for impairment as part of the total carrying value.

(d) Investments

Short term investments in marketable securities are classified as financial assets at fair value through profit or loss and measured at fair value on the date a transaction is entered into and are subsequently re-measured at fair value with changes in fair value recognised in statements of profit or loss and other comprehensive income. Market value is calculated by reference to stock exchange quoted selling prices at the close of business on the statement of reporting date. On disposal of an investment, the difference between net disposal proceeds and its fair value is recognised in statements of profit or loss and other comprehensive income.

Notes to the Financial Statements
for the financial year ended 31 December 2022
(Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Impairment of non-financial assets

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

The impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

(f) Property, plant and equipment

Property, plant and equipment are initially stated at cost. The cost of an item of property, plant and equipment initially recognised includes its purchase price, import duties, non-refundable purchase taxes and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. See accounting policy Note 2(s) on borrowing costs.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the subsequent costs would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. All other repairs and maintenance are recognised in statements of profit or loss and other comprehensive income as incurred.

Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has a different useful life, is depreciated separately.

Gains or losses on disposals are determined by comparing proceeds with carrying amount and are included in 'Other operating income' or 'Other operating expenses' in the statements of profit or loss and other comprehensive income.

Freehold land is not depreciated as it has an infinite life. Other property, plant and equipment are depreciated on the straight-line method to allocate the cost to the depreciation rates as follows:

Sales gallery	20%
Hotel properties	
- Hotel building	1%
- Plant and equipment	10%
Office equipment, furniture, fittings and fixtures and renovation	10% to 33%
Motor vehicles	20%
Plant and equipment	10% to 50%

Depreciation on assets under construction commences when the assets are ready for their intended use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Property, plant and equipment (continued)

Residual values and useful lives of assets are reviewed and adjusted if appropriate at the end of the reporting period. The Group carries out assessment on residual values and useful lives of assets on an annual basis. There was no adjustment arising from the assessment performed in the financial year.

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 2(e) on impairment of non-financial assets.

(g) Investment properties

Investment properties are properties which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties also include properties that are being constructed or developed for future use as investment properties. Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties are carried at fair value.

If the Group determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is complete, the Group shall measure that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). Once the Group is able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, the Group shall measure that property at its fair value.

The fair value of investment properties reflect among other things, rental income from current leases and other assumptions that market participants would use when pricing investment properties under current market conditions.

A gain or loss arising from a change in the fair value of investment properties is recognised in the statements of profit or loss and other comprehensive income for the period in which it arises.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in the statements of profit or loss and other comprehensive income in the period of the retirement or disposal.

(h) Intangible assets

a) Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criterias are met:

(i) it is technically feasible to complete the software product so that it will be available for use;
(ii) management intends to complete the software product and use or sell it;
(iii) there is an ability to use or sell the software product;
(iv) it can be demonstrated how the software product will generate probable future economic benefits;
(v) adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
(vi) the expenditure attributable to the software product during its development can be reliably measured.

Notes to the Financial Statements
for the financial year ended 31 December 2022
(Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Intangible assets (continued)

a) Computer software (continued)

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised from the point at which the asset is ready for use over their estimated useful lives, which does not exceed 3 years.

(i) Leases

Accounting by lessee

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

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

Lease term

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

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

ROU Assets

ROU assets are initially measured at cost comprising the following:

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Leases (continued)

ROU Assets (continued)

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

The Group and the Company present ROU assets that meet the definition of investment property in the statements of financial position as investment property. ROU assets that are not investment properties are presented as property, plant and equipment in the statements of financial position.

Lease liabilities

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

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

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

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

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

(i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
(ii) any reduction in lease payments affects only payments due on or before 30 June 2022; and
(iii) there is no substantive change to other terms and conditions of the lease.

The Group and the Company account for COVID-19 related rent concession as a variable lease payment in the period in which the event or condition that triggers the reduced payment occurs. Impacts of rent concessions are presented within cost of sales and administrative and office expenses.

The Group and the Company present the lease liabilities as a separate line item in the statements of financial position. Interest expense on the lease liability is presented within the finance cost in profit or loss in the statements of profit or loss and other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Leases (continued)

Reassessment of lease liabilities

The Group and the Company are also exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

Short term leases and leases of low value assets

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

Accounting by lessor

As a lessor, the Group and the Company determine at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group and the Company make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group and the Company consider certain indicators such as whether the lease is for the major part of the economic life of the asset.

Assets leased out under operating leases are included in property, plant and equipment in the statements of financial position. They are depreciated over their useful lives on bases consistent with similar owned property, plant and equipment. Lease income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

(j) Inventories

(i) Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost consists of cost associated with the acquisition of land, direct costs and appropriate proportions of common costs attributable to developing the properties to completion.

(ii) Property development costs

Cost is determined based on a specific identification basis. Property development costs comprising costs of land, land enhancement costs, direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors that meet the definition of inventories are recognised as an asset and are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable selling expenses. The property development costs is subsequently recognised as an expense in statements of profit or loss and other comprehensive income when or as the control of the asset is transferred to the customer.

Property development costs for which work has been undertaken and development activities are expected to be completed within the Group's normal operating cycle, is classified as current asset.

(iii) Consumables

Consumables are stated at the lower of cost and net realisable value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Inventories (continued)

(iii) Consumables (continued)

Cost is determined using the first in, first out formula. The cost comprises all costs of purchase, cost of conversion plus other costs incurred including import duties and other taxes in bringing the inventories to their present location and condition.

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.

(k) Financial assets

(i) Classification

The Group and the Company classify its financial assets at amortised cost.

(ii) Recognition and derecognition

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

(iii) Measurement

At initial recognition, the Group and the Company measure a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. The Group and the Company classify its debt instruments as amortised cost:

(i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payment of principal and interest ("SPPI") are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in statements of profit or loss and other comprehensive income. Impairment losses are presented as separate line item in the statements of profit or loss and other comprehensive income.

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Where the Group's and the Company's management have elected to present fair value gains and losses on equity investments in 'Other comprehensive income', there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in statements of profit or loss and other comprehensive income as other income when the Group's and the Company's right to receive payments is established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial assets (continued)

(iv) Subsequent measurement - Impairment

Impairment for debt instruments

The Group and the Company assess on a forward looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group has the following financial instruments (trade receivables, other receivables, deposits and amounts due from subsidiaries (applicable in the Company's separate financial statements)) and related companies and contract assets that are subject to the ECL model.

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instrument.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(i) Simplified approach for trade receivables and contract assets

The Group applies the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets. Note 38(c) sets out the measurement details of ECL.

(ii) General 3-stage approach for other receivables, deposits and amounts due from subsidiaries, related companies and ultimate holding company

At each reporting date, the Group and the Company measure ECL through loss allowance at an amount equal to 12 months ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required. Note 38(c) sets out the measurement details of ECL.

Significant increase in credit risk

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial assets (continued)

(iv) Subsequent measurement - Impairment (continued)

The following indicators are incorporated:

- internal credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of the debtor
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group and changes in the operating results of the debtor.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 150 days past due in making a contractual payment.

Definition of default and credit-impaired financial assets

The Group and the Company define a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:
The Group defines a financial instrument as default, when the counterparty fails to make contractual payment within 150 days of when they fall due.

Qualitative criteria:
The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group and the Company consider the following instances:

- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- the debtor is insolvent

Financial instruments that are credit-impaired are assessed on individual basis.

Groupings of instruments for ECL measured on collective basis

(i) Collective assessment

To measure ECL, trade receivables and contract assets arising from property development activities have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial assets (continued)

(iv) Subsequent measurement - Impairment (continued)

Groupings of instruments for ECL measured on collective basis (continued)

(ii) Individual assessment

Trade receivables and contract assets which are in default or credit-impaired are assessed individually. Amounts due from subsidiaries in the Company's separate financial statements and amount due from related companies and ultimate holding company, are assessed on individual basis for ECL measurement, as credit risk information is obtained and monitored based on each amount due from the subsidiaries, related companies and ultimate holding company.

Write-off

(i) Trade receivables and contract assets

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 150 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(ii) Other receivables, deposits and amounts due from subsidiaries, related companies and ultimate holding company

The Group and the Company write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group and the Company may write-off financial assets that are still subject to enforcement activity. There is no outstanding contractual amounts of such assets written off during the year ended 31 December 2022.

(l) Restructuring of financial liabilities

When the Group and the Company restructure its financial liabilities, the Group and the Company apply the 10% test to assess if terms of the existing financial liability are substantially different from those of the restructured liability. The terms are considered as substantially modified when the present value of the cash flows under the new terms, including any fees paid (net of any fees received and discounted using the original effective interest rate), is at least 10% different from the present value of the remaining cash flows of the original financial liability.

(a) Substantial modification of financial liability

When the terms of a financial liability are substantially modified, the existing financial liability is considered as extinguished and a new financial liability is recognised. The difference between the carrying amount of the original financial liability that has been extinguished and the fair value of the new financial liability is recognised in profit or loss. Any costs or fees incurred are recognised as part of the gain or loss on the extinguishment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Restructuring of financial liabilities (continued)

(b) Modification without resulting in derecognition of financial liability

When the 10% test is not met, the existing financial liability is not derecognised. Any gain or loss, being the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate is recognised in profit or loss. Any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

(m) Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group and of the Company. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, where they are recognised at fair value plus transaction costs. Other receivables are recognised initially at fair value plus transaction costs. Transaction costs include transfer taxes and duties. Trade and other receivables are subsequently measured at amortised cost using the effective interest method, less loss allowance (see Note 2(k)(iv) on impairment of financial assets).

(n) Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value net of transaction costs incurred, which include transfer taxes and duties and subsequently measured at amortised cost using the effective interest method.

(o) Assets held for sale

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

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

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

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

Notes to the Financial Statements
for the financial year ended 31 December 2022
(Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Cash and cash equivalents

For the purpose of the statements of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(q) Share capital

(i) Classification

Ordinary shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the substance of the contractual arrangement of the particular instrument. See accounting policy Note 2(r) on compound financial instruments and Note 2(s) on borrowings and borrowing costs.

(ii) Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

(iii) Treasury shares

A purchase by the Company of its own equity shares is accounted for under the treasury stock method. Under this method, the shares purchased and held as treasury shares is measured and carried at the cost of purchase (including any directly attributable incremental external costs, net of tax). On presentation in the statements of financial position, the carrying amount of the treasury shares is offset against equity. Where treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the distributable reserves. Where treasury shares are reissued by re-sale in the open market, the difference between the sales consideration and the carrying amount of the treasury shares is shown as a movement in equity. As treasury shares, the rights attached to voting, dividends and participation in other distributions are suspended.

(r) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital of the Company at the option of the holder, and the number of shares to be issued does not vary with changes in the fair value of the shares.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method until it is extinguished on conversion or maturity of the compound instrument. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except when the compound instrument is redeemed or repurchased before maturity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Compound financial instruments (continued)

Upon conversion of the convertible instrument into equity shares, the amount credited to share capital is the aggregate of the carrying amounts of the liability components classified within liability and equity at the time of conversion. No gain or loss is recognised.

(s) Borrowings and borrowing costs

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption value are recognised in the statements of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are regarded as transaction costs of the loan to the extent that it is possible some or all of the facility will be drawdown. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all the facility will be drawdown, the fee is capitalised as a prepayment for a liquidity services and amortised over the period of the facility of which it relates.

Borrowings are removed from the statements of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in statements of profit or loss and other comprehensive income.

Where the terms of a financial liability are renegotiated and the Company issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Borrowing costs

Borrowing costs directly attributable to the acquisition or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs incurred to finance property development activities and construction contracts are accounted for in a similar manner. All other borrowing costs are expensed to the statements of profit or loss and other comprehensive income in the period in which they are incurred.

(t) Current and deferred income tax

Tax expense for the period comprises current and deferred income tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Notes to the Financial Statements

for the financial year ended 31 December 2022
(Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Current and deferred income tax (continued)

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries and associates except where the timing of the reversal of the temporary difference is controlled by the parent or investor and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the investor is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the investor the ability to control the reversal of the temporary difference, a deferred tax liability is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the deductible temporary difference can be utilised.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The Group presumed investment property measured at fair value will be recovered entirely through sale. Accordingly, deferred tax assets or liabilities arising on such investment property are measured at the tax rate applicable when the Group sells the property.

(u) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the Group expects a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Provisions (continued)

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

(v) Contingent liabilities and contingent assets

The Group does not recognise contingent assets and liabilities other than those arising from business combinations, but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts. A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(w) Revenue recognition

(i) Revenue from contracts with customers

Revenue which represents income arising in the course of the Group's ordinary activities is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group transfers the control of the goods or services promised in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with customer, the control of the promised goods or services may transfer over time or at a point in time.

A contract with customer exists when the contract has commercial substance, the Group and its customer has approved the contract and intend to perform their respective obligations, the Group's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group will collect the consideration to which it will be entitled to in exchange of those goods or services.

Specific revenue recognition criteria for each of the Group's activities are as described below:

Property development

Property development, comprising residential and commercial properties are specifically identified by its plot, lot or parcel number as set out in the sale and purchase agreement.

Revenue from property development, comprising residential and commercial properties are recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time.

Notes to the Financial Statements
for the financial year ended 31 December 2022
(Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Revenue recognition (continued)

(i) Revenue from contracts with customers (continued)

Property development (continued)

Revenue from property development is recognised over time when control of the asset is transferred over time when Group's performance:

- creates and enhances an asset that the customer controls as the property development is being performed; or

- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

When control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of the performance obligation is measured based on the following methods that best depict the Group's performance in satisfying the performance obligation:

- the Group's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the property development costs incurred up to the end of the reporting period as a percentage of total estimated costs for complete satisfaction of the contract).

When the Group determines that it is not probable that the Group will collect the consideration in which the Group is entitled to in exchange to the properties, the Group will defer the recognition of revenue from such sales of properties and considerations received from the customers will be recognised as contract liabilities.

Some contracts include multiple deliverables, such as the installation of furniture and fittings. In most cases, the installation is simple, does not include an integration service and could be performed by another party. It is therefore accounted for as a separate performance obligation. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost-plus margin. Revenue for the furniture and fittings is recognised at a point in time upon delivery of the furniture and fittings, the legal title has passed and the customer has accepted the furniture and fittings.

Billings to the customers from property development is in accordance to the terms of the contract. Where revenue recognised in the statements of profit or loss and other comprehensive income exceeds billings to purchasers, the balance is shown as contract assets. Where billings to purchasers exceed revenue recognised in the statements of profit or loss and other comprehensive income, the balance is shown as contract liabilities.

Leisure

Revenue from promotion, marketing and management of events, leisure services and other tourism related activities is recognised as and when services are rendered.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Revenue recognition (continued)

(i) Revenue from contracts with customers (continued)

Hotel revenue

Hotel revenue represents revenue derived from room rental and sales of food and beverage. Room rental revenue is accrued on a daily basis on customer-occupied rooms. Revenue from the sales of food and beverage is recognised when the customer receives and consumes, and the Group has a present right to payment for, the food and beverage product. Hotel revenue is recorded based on the published rates, net of discounts.

Rendering of services

Revenue from the provision of services in relation to management of network and telephony as well as development of MSC Cyber-centre is recognised as and when services are rendered.

(ii) Rental income

Rental income is accounted for on a straight-line basis over the lease term of an ongoing lease. The aggregate cost of incentives provided to the lessee is recognised as reduction of rental income over the lease term on a straight-line basis.

(iii) Dividend income

Dividend income is recognised when the right to receive payment is established.

(iv) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(x) Contract cost assets

Incremental cost to obtain contract

The Group has recognised an asset of RM2,653,000 (2021: RM1,123,000) (Note 17) in respect of sales commissions incurred to obtain the sales contract. Incremental costs to secure a sales contract such as sales agents' commission that would not have been incurred by the Group if the respective contracts had not been obtained, are recognised as contract cost assets. The Group expects to recover these costs through the margin from sales of property earned from the customer.

Accordingly, the contract cost asset is amortised over the term of the specific contract to which the costs relate to, ranging for period of 2 to 4 years, which best depicts the transfer of goods and services to the customer.

An impairment loss is recognised to profit or loss to the extent that the carrying amount of the contract cost asset recognised exceeds the remaining amount of consideration that the Group expects to receive for the specific contract that the costs relate to (after deducting additional costs required to deliver the property development activities).

Notes to the Financial Statements
for the financial year ended 31 December 2022
(Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Contract assets and contract liabilities

Contract asset is the right to consideration in exchange for goods or services transferred to the customers. If the Group performs, by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. The Group's contract asset is the excess of cumulative revenue earned over the billings to-date.

Where there is an objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whenever is earlier). The Group's contract liability is the excess of the billings to-date over the cumulative revenue earned. Contract liabilities are recognised as revenue when the Group performs its obligation under the contract.

(z) Employee benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as 'Payables and contract liabilities' in the statements of financial position.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(ii) Defined contribution plans

The Group's contributions to a defined contribution plan are charged to statements of profit or loss and other comprehensive income in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund ('EPF'), a defined contribution plan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(aa) Earnings per share

(i) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to the owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to the owners of the Company by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

(ab) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Board of Directors that makes strategic decisions.

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risk and returns that are different from those of other business segments.

Segment revenue, expenses, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expenses, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process.

(ac) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

(ad) Financial liabilities

The Group classifies its financial liabilities as other financial liabilities. The classification depends on the nature of the liabilities and the purpose for which the financial liabilities were incurred. Management determines the classification at initial recognition.

(i) Other financial liabilities

When other financial liabilities (excluding borrowings and trade payables) are recognised initially, they are measured at fair value net of directly attributable transaction costs.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the other financial liabilities are derecognised, and through the amortisation process.

Notes to the Financial Statements
for the financial year ended 31 December 2022
(Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ad) Financial liabilities (continued)

(i) Other financial liabilities (continued)

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

(ae) Financial guarantee contract liabilities

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 payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, they are measured at the 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*.

3. KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

(i) Revenue recognition from property development activities

The Group recognises property development revenue in the statements of profit or loss and other comprehensive income by using the stage of completion method. The stage of completion is measured by reference to the property development costs incurred up to the end of the reporting period as a percentage of total estimated costs for the property development projects.

Given the nature of property development projects, significant judgement is required in:

- Determining the extent of property development costs accruals to reflect work performed up to reporting date;
- Determining the estimated total property development costs to completion; and
- Determining the common costs allocation to the project phases from the total budgeted common costs attributable to the respective property development projects.

Substantial changes in cost estimates can in future periods, have a significant effect on the Group's profitability. In making the above judgement, the Group leverages on its past experience and work of specialists.

(ii) Valuation of investment properties

The principal assumptions underlying estimation of fair value of investment properties are those related to term rental rate, reversionary rental rate, projected rental rates, projected occupancy rates, rental periods, net lettable area, projected outgoings expenses, term yield, reversion yield and allowance for void based on income approach and recent transacted prices and adjustment factor based on market approach.

Fair values of investment properties are determined based on income and market approach. Investment properties are stated at fair value based on management's estimates and valuations performed by independent external valuers with appropriate recognized professional qualification and has recent experience in the location and category of the investment properties being valued.

3. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities. (continued)

(ii) Valuation of investment properties (continued)

The valuations are compared with actual market yield data, actual transactions and those reported by the market, when available. Assumptions used are mainly based on market conditions existing at each reporting date.

Sensitivity analysis on fair value of investment properties as valued by the independent external valuers is disclosed in Note 11.

(iii) Net realisable value of completed inventories held for sale

The Group writes down the inventories to their net realisable values based on the estimated selling prices by reference to recent sales transactions of similar properties net of the estimated cost necessary to complete the sale. If needed, these are adjusted to reflect management's latest plans and expected costs to complete the sale based on current market conditions.

Whilst the Directors exercise due care and attention to make reasonable estimates, taking into account all available information in estimating the selling price and the related cost to complete the sale, the estimates will, in all likelihood, differ from the actual transactions achieved in future periods.

(iv) Measurement of impairment loss for non-financial assets, property, plant and equipment and investment in subsidiaries

The Group and the Company assess whether there is any indication that the non-financial assets, property, plant and equipment and investment in subsidiaries are impaired at the end of each reporting date. Impairment loss is measured by comparing the carrying amount of an asset with its recoverable amount when there is an indication of impairment. Recoverable amount is measured at the higher of the fair value less cost to sell and value in-use for that asset. The assessment of the recoverable amount involves a number of methodology. The impairment loss on property, plant and equipment and investments in subsidiaries are disclosed in Note 10 and Note 12 respectively.

(v) Measurement of ECL allowance for financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions as well as forward looking estimates at the end of reporting period.

The Group and the Company further evaluate ECL on customers on a case by case basis, which may be assessed based on indicators such as changes in financial capability of the receivables, and default of significant delay in payments.

(vi) Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unused tax credits to the extent it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Notes to the Financial Statements

for the financial year ended 31 December 2022
(Cont'd)

4. REVENUE

	Note	Group 2022 RM'000	Group 2021 RM'000
Revenue from contract with customers	(a)	99,942	71,504
Revenue from other sources:			
(i) Rental income		19,474	7,845
(ii) Others		201	865
		119,617	80,214

(a) Breakdown of the Group's revenue from contract with customers:

	Group 2022 RM'000	Group 2021 RM'000
Major goods and services		
Property development	17,772	47,614
Sale of completed properties	24,573	–
Leisure and hospitality	54,492	21,438
Telephone and network services	3,105	2,452
	99,942	71,504
Timing of revenue recognition		
Over time	20,877	50,066
Point in time	79,065	21,438
	99,942	71,504

5. COST OF SALES

	Group 2022 RM'000	Group 2021 RM'000
Property development costs (including furniture & fittings)	12,872	28,917
Completed units sold	11,195	–
Maintenance costs	5,734	2,011
Leisure activities costs	21,937	11,411
Services rendered	1,838	1,333
	53,576	43,672

During the financial year, cost savings amounting to RM7,721,000 included in completed units costs were mainly due to cost savings from the building materials works upon the receipt of anticipated final account from the architect.

In 2021, included in property development costs was a cost savings amounting to RM7,532,000 arising from finishing work and net of liquidated damages claim from the main contractor.

6. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax is arrived at after charging:

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Auditors' remuneration:					
- Statutory audit		552	510	150	140
- Non-statutory audit		40	17	9	8
Depreciation of:					
- Property, plant and equipment	10	7,097	6,464	–	–
- Right-of-use assets	10	509	530	502	78
Amortisation of intangible assets	15	42	33	–	–
Employee benefit costs	7(a)	23,073	15,279	341	294
Directors' fees	7(b)	480	352	480	352
Directors' remuneration other than fees	7(b)	1,228	803	–	–
Impairment losses on trade and other receivables	17(c)	863	5,712	–	–
Rental expenses		146	148	–	–
Corporate exercise expenses		58	13	58	13
Impairment of investments in subsidiary companies	12	–	–	59	1,625
Impairment of amount due from subsidiary companies		–	–	324	141
Finance costs		13,793	12,323	10,969	11,692
Fair value loss on investment properties	11	–	5,151	–	–
And crediting:					
Income on short term funds		31	67	30	67
Interest income		388	294	11,083	11,690
Reversal of impairment losses on trade and other receivables no longer required	17(c)	3,402	391	–	–
Reversal of impairment of investments in subsidiary companies	12	–	–	3,566	391
Reversal of impairment of amount due from a subsidiary company		–	–	120	108
Rent concession received		311	285	–	–
Gain on modification of RCULS		15,137	–	15,137	–
Fair value gain on investment properties	11	2,852	–	–	–

7. EMPLOYEE BENEFIT COSTS

(a) Employee benefit costs

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Wages, salaries and bonuses	15,967	11,433	293	258
Contributions to defined contribution plan	2,037	1,584	25	32
Other employee benefits	5,069	2,262	23	4
	23,073	15,279	341	294

(b) The breakdown of the Directors' remuneration of the Group and of the Company is as disclosed in Note 35(b)(i).

Notes to the Financial Statements

for the financial year ended 31 December 2022
(Cont'd)

8. TAXATION

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Malaysian income tax:				
- Income tax expense based on taxable profit for the financial year	2,587	1,270	2	–
- Under/(Over)-provision in prior financial year	1,264	(3,487)	–	14
	3,851	(2,217)	2	14
Deferred tax (Note 26):				
- Relating to origination and reversal of temporary differences	(3,698)	3,136	32	(46)
	153	919	34	(32)

Malaysian income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated taxable profits for the fiscal year.

The numerical reconciliation between the tax expense/(credit) and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit/(loss) before tax	27,458	1,343	16,836	(2,972)
Tax at Malaysian statutory tax rate	6,590	322	4,041	(713)
Tax effects in respect of:				
Non-allowable expenses	816	1,798	481	730
Non-taxable income	(3,947)	(17)	(4,519)	(17)
Share of post-tax results of associates	(1,736)	(3,172)	–	–
Different tax rates arising from gain from real property investments	(399)	721	–	—
Utilisation of previously unrecognised tax losses	(15)	(442)	–	–
Utilisation of previously unrecognised capital allowances	(285)	(97)	–	–
Unused tax losses not recognised	624	692	–	–
(Reversal)/Recognition of previously recognised/ unrecognised temporary difference	(2,759)	4,601	31	(46)
Under/(Over)-provision in prior financial year	1,264	(3,487)	–	14
	153	919	34	(32)

9. EARNINGS PER ORDINARY SHARE

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to the owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group 2022	2021
Profit attributable to owners of the Company (RM'000)	27,215	369
Weighted average number of ordinary shares in issue, net of treasury shares	1,136,863,102	1,110,566,039
Effect of:		
- Conversion of RCCPS	60,036,382	12,616,937
- Disposal of treasury shares	–	7,952,200
Adjusted weighted average number of ordinary shares applicable to basic earnings per ordinary share	1,196,899,484	1,131,135,176
Basic earnings per ordinary share (sen)	2.27	0.03

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to owners of the Company by the weighted average number of shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

	Group 2022	2021
Profit attributable to owners of the Company (RM'000)	27,215	369
Adjusted weighted average number of ordinary shares in issue, net of treasury shares	1,196,899,484	1,131,135,176
Effect of dilution:		
- RCULS	–*	–*
Adjusted weighted average number of shares applicable to diluted earnings per ordinary share	1,196,899,484	1,131,135,176
Diluted earnings per ordinary share (sen)	2.27	0.03

* *Anti dilutive*

Notes to the Financial Statements

for the financial year ended 31 December 2022
(Cont'd)

10. PROPERTY, PLANT AND EQUIPMENT

Group	Sales gallery RM'000	Hotel properties Freehold land RM'000	Hotel properties Hotel building RM'000	Hotel properties Plant and equipment RM'000	Office equipment, furniture, fittings and fixtures and renovation RM'000	Motor vehicles RM'000	Plant and equipment RM'000	Right-of-use assets RM'000	Construction in-progress RM'000	Total RM'000
Net book value										
As at 1 January 2022	*	12,906	26,278	692	560	107	9,127	264	182,841	232,775
Additions	–	–	3,070	85	266	–	327	1,695	40,384	45,827
Transfer to investment properties (Note 11)	–	–	–	–	(44)	–	–	–	(60)	(104)
Reclassification	–	–	196,317	21,816	–	–	–	–	(218,133)	–
Transfer to property development cost [Note 16(a)]	–	(412)	–	–	–	–	–	–	–	(412)
Depreciation charge for the financial year	–	–	(1,113)	(1,484)	(673)	(27)	(3,800)	(509)	–	(7,606)
As at 31 December 2022	*	12,494	224,552	21,109	109	80	5,654	1,450	5,032	270,480
Cost	2,213	12,906	228,743	24,772	22,102	1,532	101,708	3,567	5,092	402,635
Accumulated depreciation	(2,213)	–	(4,191)	(3,663)	(21,796)	(1,452)	(96,039)	(2,117)	–	(131,471)
Accumulated impairment	–	–	–	–	(153)	–	(15)	–	–	(168)
Transfer to investment properties (Note 11)	–	–	–	–	(44)	–	–	–	(60)	(104)
Transfer to property development cost [Note 16(a)]	–	(412)	–	–	–	–	–	–	–	(412)
Net book value	*	12,494	224,552	21,109	109	80	5,654	1,450	5,032	270,480

* *Amount is less than RM1,000.*

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

As at 31 December 2022, certain freehold land of the Group amounting to RM9,005,000 (2021: RM9,417,000) are charged to licensed bank for credit facilities granted to the Group as mentioned in Note 30.

Group	Sales gallery RM'000	Hotel properties: Freehold land RM'000	Hotel properties: Hotel building RM'000	Hotel properties: Plant and equipment RM'000	Office equipment, furniture, fittings and fixtures and renovation RM'000	Motor vehicles RM'000	Plant and equipment RM'000	Right-of-use assets RM'000	Construction in-progress RM'000	Total RM'000
Net book value										
As at 1 January 2021	*	12,906	26,560	893	1,878	29	11,936	794	153,657	208,653
Additions	–	–	–	18	213	107	1,200	–	30,393	31,931
Transfer to investment properties (Note 11)	–	–	–	–	–	–		–	(815)	(815)
Reclassification	–	–	–	–	–	–	394	–	(394)	–
Depreciation charge for the financial year	–	–	(282)	(219)	(1,531)	(29)	(4,403)	(530)	–	(6,994)
As at 31 December 2021	*	12,906	26,278	692	560	107	9,127	264	182,841	232,775
Cost	2,213	12,906	29,356	2,872	21,836	1,532	100,987	1,871	184,050	357,623
Accumulated depreciation	(2,213)	–	(3,078)	(2,180)	(21,123)	(1,425)	(92,239)	(1,607)	–	(123,865)
Accumulated impairment	–	–	–	–	(153)	–	(15)	–	–	(168)
Transfer to investment properties (Note 11)	–	–	–	–	–	–		–	(815)	(815)
Reclassification	–	–	–	–	–	–	394	–	(394)	–
Net book value	*	12,906	26,278	692	560	107	9,127	264	182,841	232,775

* Amount is less than RM1,000.

Notes to the Financial Statements
for the financial year ended 31 December 2022
(Cont'd)

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Office equipment, computer and Software RM'000	Right-of-use assets RM'000	Total RM'000
Net book value			
As at 1 January 2022	*	*	*
Addition	–	1,505	1,505
Depreciation charge for the financial year	–	(502)	(502)
As at 31 December 2022	*	1,003	1,003
Cost	49	1,505	1,554
Accumulated depreciation	(49)	(502)	(551)
Net book value	*	1,003	1,003
Net book value			
As at 1 January 2021	*	78	78
Depreciation charge for the financial year	–	(78)	(78)
As at 31 December 2021	*	*	*
Cost	49	234	283
Accumulated depreciation	(49)	(234)	(283)
Net book value	*	*	*

* *Amount is less than RM1,000.*

(a) Included in hotel properties of the Group is freehold land which the title is in the process of being transferred to the Group.

(b) Included in the property, plant and equipment of the Group is the net book value of the following asset acquired under hire purchase agreement:

	Group 2022 RM'000	Group 2021 RM'000
Office equipment		
Cost	–	224
Accumulated depreciation	–	(105)
Net book value	–	119

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(c) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	Group 2022 RM'000	Group 2021 RM'000
Purchase of property, plant and equipment	44,132	31,931
Interest expenses capitalised	(1,498)	(3,007)
(Unsettled and remained as other payables and accruals)//Settled	(21,885)	9,566
Cash payments on purchase of property, plant and equipment	20,749	38,490

(d) The right-of-use assets recognised and the movements during the financial year are set out below:

The statements of financial position show the following amounts relating to right-of-use assets:

	Group				Company	
	Land RM'000	Building RM'000	Computer & software RM'000	Total RM'000	Building RM'000	Total RM'000
Right-of-use assets						
Net book value:						
At 1 January 2022	264	–	–	264	–	–
Additions	1,358	–	337	1,695	1,505	1,505
Depreciation charge for the financial year	(453)	–	(56)	(509)	(502)	(502)
At 31 December 2022	1,169	–	281	1,450	1,003	1,003
Right-of-use assets						
Net book value:						
At 1 January 2021	716	78	–	794	78	78
Depreciation charge for the financial year	(452)	(78)	–	(530)	(78)	(78)
At 31 December 2021	264	*	–	264	*	*

* *Amount is less than RM1,000.*

Notes to the Financial Statements
for the financial year ended 31 December 2022
(Cont'd)

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(d) The right-of-use assets recognised and the movements during the financial year are set out below: (continued)

The statements of profit or loss and other comprehensive income show the following amounts relating to leases:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Finance cost	101	112	64	2
Income from subleasing right-of-use assets	994	990	–	–
Total cash outflow for leases	1,692	1,729	541	84

11. INVESTMENT PROPERTIES

	Group	
	2022 RM'000	2021 RM'000
Completed investment properties		
At fair value		
At 1 January	477,300	435,900
Reclassification from investment properties under construction upon completion	27,305	46,144
Cost adjustments*	(7,300)	(942)
Fair value gain/(loss) recognised in statements of profit or loss and other comprehensive income	4,215	(3,802)
At 31 December	501,520	477,300

* *Cost adjustments are from development cost savings recognised arising from corporate office tower.*

11. INVESTMENT PROPERTIES (CONTINUED)

	Note	Group 2022 RM'000	Group 2021 RM'000
Investment properties under construction			
At cost			
At 1 January		75,755	117,806
Additions		19,546	3,278
Transfer from property, plant and equipment	10	104	815
Reclassification to completed investment properties upon completion		(27,305)	(46,144)
At 31 December		68,100	75,755
Right-of-use assets			
At fair value			
At 1 January		949	2,000
Additions		2,520	298
Fair value loss for the financial year		(1,363)	(1,349)
At 31 December		2,106	949
Total investment properties		571,726	554,004

During the financial year, the Group made the following cash payments for development of investment properties:

	Group 2022 RM'000	Group 2021 RM'000
Development of investment properties	19,546	3,278
Interest capitalised	(479)	(569)
(Unsettled and remained as other payables and accruals)/Settled	(7,882)	2,241
Total cash payments on development of investment properties	11,185	4,950

Direct operating expenses arising from investment properties

(a) Direct operating expenses arising from investment properties generating rental income during the financial year are as follows:

	Group 2022 RM'000	Group 2021 RM'000
Repair and maintenance	4,823	2,739
Quit rent and assessment	405	274
	5,228	3,013

Notes to the Financial Statements
for the financial year ended 31 December 2022
(Cont'd)

11. INVESTMENT PROPERTIES (CONTINUED)

Direct operating expenses arising from investment properties (continued)

(b) There are no direct operating expenses of the Group arising from investment properties that did not generate rental income during the financial year.

Title deeds

Title deeds pertaining to certain investment properties of the Group of RM569,620,000 (2021: RM553,055,000) shall be transferred to a subsidiary's name upon issuance of strata titles.

Freehold land

The title of the freehold land in respect of the investment properties is in the process of being transferred to the Group.

Investment properties under construction

Investment properties under construction of the Group represent car park lots and convention centre under construction. The fair value of investment properties under construction cannot be reliably measured until the construction is completed or the fair value becomes reliably measurable, whichever is earlier.

Fair value

Fair value is determined based on the various valuation techniques using Level 3 significant unobservable inputs. Changes in fair value are recognised in the statements of profit or loss and other comprehensive income during the period in which they are reviewed.

Investment properties of the Group are stated at fair value based on valuation performed by independent professional valuers, Nawawi Tie Leung Property Consultants Sdn. Bhd. and Cheston International (KL) Sdn. Bhd., who hold a recognised relevant professional qualification and have recent experience in the locations and categories of the investment properties valued. Valuations are performed by professional valuers at every year end. The valuation updates are reviewed by the management and approved during the meetings of the Audit Committee and Board of Directors of the Company.

Fair value of right-of-use assets of the Group are stated at RM2,106,000 (2021: RM949,000) based on management's estimates using the income approach by discounting rentals using yield rate.

During the financial year, the unobservable inputs used in the valuations of the investment properties of the Group which include:

Unobservable inputs used for income approach

Term rental	- the expected rental that the investment properties are expected to achieve and is derived from current rental, including revision upon renewal of tenancies during the year
Projected occupancy rate	- the occupancy rates that the investment property is projected to achieve is derived from analysis of the historical occupancy trend of similar types of building
Projected rental	- the rental that the investment property is expected to achieve is derived from analysis of current asking rental of similar types of building with projected growth rates

11. INVESTMENT PROPERTIES (CONTINUED)

Fair value (continued)

During the financial year, the unobservable inputs used in the valuations of the investment properties of the Group which include: (continued)

Unobservable inputs used for income approach (continued)

Outgoings	- including quit rent and assessment, service charges, utilities costs, and repair and maintenance
Reversionary rental	- the expected rental that the investment properties are expected to achieve upon expiring of term rental
Yield	- based on actual location, size and condition of the investment properties and taking into account market data at the valuation date
Allowance for void	- allowance provided for vacancy period

Unobservable inputs used for market approach

Recent transacted	- these are obtained by the valuer for similar properties within the vicinity prices
Adjustment factor	- adjustments are made to account for the differences in locations, size, timing of transactions of these recent transacted prices compared to the properties held by the Group

Notes to the Financial Statements

for the financial year ended 31 December 2022
(Cont'd)

11. INVESTMENT PROPERTIES (CONTINUED)

Fair value (continued)

The valuation techniques used to determine the fair value measurements using significant unobservable inputs are as follows:

Group	Valuation technique	Fair value RM'000	Parameters: Outgoings RM psf	Parameters: Yield %	Parameters: Allowance for void %	Sensitivity analysis on fair value measurements: Outgoings RM0.10 Impact of higher rate RM'000	Yield rate 10 basis points Impact of higher rate RM'000	Yield rate 10 basis points Impact of lower rate RM'000	Allowance for void 1% Impact of higher rate RM'000
31.12.2022									
Mercu Maybank (Formerly known as Sumurwang Tower)	Income approach^	195,000	1.00	5.50-6.00	7.00	(6,000)	(3,000)	4,000	(2,000)
Block M - Data Centre	Income approach^	31,700	0.60	6.00-6.50	10.00	(900)	(400)	500	(300)
Convention Centre	Income approach^	4,800	1.30	6.50	10.00	(400)	(30)	100	(100)
		231,500							
31.12.2021									
Sumurwang Tower	Income approach^	195,000	0.95	5.50-6.00	7.00	(6,000)	(2,000)	2,000	(1,000)
Block M - Data Centre	Income approach^	30,400	0.60	6.00-6.50	5.00-10.00	(855)	(315)	470	(289)
Convention Centre	Income approach^	4,800	1.30	6.50	5.00-10.00	(431)	(22)	113	3
		230,200							

^ *Income approach by using investment method*

11. INVESTMENT PROPERTIES (CONTINUED)

Fair value (continued)

The valuation techniques used to determine the fair value measurements using significant unobservable inputs are as follows: (continued)

Group	Valuation technique	Fair value RM'000	Parameters: Unit	Parameters: Average price of recent transactions	Sensitivity analysis on fair value measurements*: Impact of higher rate RM'000	Sensitivity analysis on fair value measurements*: Impact of lower rate RM'000
31.12.2022						
Car park bays						
Block JKL basement car park	Comparison approach	11,600	RM per bay	32,500	358	(358)
Car park block	Comparison approach	18,400	RM per bay	32,500	566	(566)
Surface car park	Comparison approach	5,100	RM per bay	16,250	315	(315)
Common area surrounding car park bays	Comparison approach	3,870	RM psf	82	5	(5)
SOHO car park	Comparison approach	166,900	RM per bay	26,000	6,418	(6,418)
Central Tower LG car park	Comparison approach	41,400	RM per bay	32,500	1,273	(1,273)
Central Tower Multistorey car park	Comparison approach	22,750	RM per bay	34,125	732	(732)
		270,020				
31.12.2021						
Car park bays						
Block JKL basement car park	Comparison approach	11,600	RM per bay	32,500	358	(358)
Car park block	Comparison approach	18,400	RM per bay	32,500	566	(566)
Surface car park	Comparison approach	5,100	RM per bay	16,250	315	(315)
Common area surrounding car park bays	Comparison approach	3,700	RM psf	79	5	(5)
SOHO car park	Comparison approach	166,900	RM per bay	26,000	6,418	(6,418)
Central Tower LG car park	Comparison approach	41,400	RM per bay	32,500	1,273	(1,273)
		247,100				

* *Changes to market value used in comparison method by RM0.10 psf for common area surrounding car park bays and RM1,000 per bay for car park bays*

Notes to the Financial Statements

for the financial year ended 31 December 2022
(Cont'd)

11. INVESTMENT PROPERTIES (CONTINUED)

Fair value (continued)

The fair value of investment properties of the Group are categorised as follows:

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2022				
Investment properties	–	–	503,626	503,626
31 December 2021				
Investment properties	–	–	478,249	478,249

12. INVESTMENT IN SUBSIDIARY COMPANIES

	Company 2022 RM'000	2021 RM'000
Unquoted equity shares, at cost	826,221	826,221
Less: Impairment loss	(9,900)	(12,400)
	816,321	813,821
Quasi-equity loans to subsidiary companies	189,578	189,578
Less: Impairment loss	(1,156)	(2,163)
	1,004,743	1,001,236

In 2021, I-Marcom Sdn Bhd, a wholly owned subsidiary company of the Company, acquired 100% of the issued and paid-up capital of King of The Hill 8Kia Peng Sdn Bhd, a company incorporated in Malaysia, for a total consideration of RM2,500.

Quasi-equity loans to subsidiary companies are in respect of contribution to subsidiary companies, for which the repayment is at the sole discretion of the Board of Directors of the subsidiary companies, and it is not entitled to interest and dividend. These amounts are, in substance, part of the investments in the subsidiary companies of the Company.

In 2021, the Company has capitalised an amount of RM14,900,000 previously classified as amount due from subsidiary companies into quasi-equity loans and there was a repayment of RM160,000,000 by way of offsetting against the amount due to subsidiary company.

12. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

The details of the subsidiary companies as follows:

Name of company	Country of incorporation	Equity interest 2022 %	Equity interest 2021 %	Principal activities
I-City Marketing Sdn. Bhd.*	Malaysia	100	100	Property developer, contractor for construction work, land and property owner, property and complex manager
I-City Properties Sdn. Bhd.*	Malaysia	100	100	Property developer, contractor for construction work, land and property owner, marketing and management of events, leisure and other tourism related activities
City Centrepoint Sdn. Bhd.*	Malaysia	100	100	Property developer and contractor for construction work, land and property owner To carry on business as hotel cum restaurant, bars, beauty & healthcare centre
Centralwalk i-City Sdn. Bhd.*	Malaysia	100	100	Property management services
I-City (MM2H) Sdn. Bhd.*	Malaysia	100	100	Dormant since incorporation, intended activities as property management and advisory services in relation to the Malaysia My Second Home Programme
I-City (Selangor) Sdn. Bhd.* and its subsidiary company:	Malaysia	100	100	Management and development of i-City, Shah Alam as a MSC Malaysia Cybercentre
5G World Sdn. Bhd.*	Malaysia	100	100	Retail of wireless technology products, information and communication technology ("ICT") products
I-Marcom Sdn. Bhd.* and its subsidiary companies:	Malaysia	100	100	Investment holding and property development activities
I-Think Sdn. Bhd.*	Malaysia	100	100	Advertising agent, advertiser, advertising contractor, co-working space and events venue and related services
King of The Hill 8Kia Peng Sdn Bhd.*	Malaysia	100	100	Property developer
I-R & D Sdn. Bhd.* and its subsidiary companies:	Malaysia	100	100	Investment and property holdings
I-City Travel Sdn. Bhd.*	Malaysia	100	100	Travel agent
I-Office2 Sdn. Bhd.*	Malaysia	80	80	Management of network and telephony services

Notes to the Financial Statements
for the financial year ended 31 December 2022
(Cont'd)

12. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

The details of the subsidiary companies as follows (continued):

Name of company	Country of incorporation	Equity interest 2022 %	2021 %	Principal activities
I-Silicon Sdn. Bhd.* **and its subsidiary company:**	Malaysia	100	100	Investment holding, property management and property investment
Metaverse I-City Sdn. Bhd.*	Malaysia	100	100	Dormant during the financial year. Principal activities were promotion, marketing and management of events, leisure and other tourism related activities
Central Park I-City Sdn. Bhd.*	Malaysia	100	100	Dormant during the financial year
Pacific Avenue I-City Sdn. Bhd.*	Malaysia	100	100	Dormant during the financial year
South Gardens Sdn. Bhd.*	Malaysia	100	100	Dormant during the financial year
Garden of Infinity Sdn. Bhd.*	Malaysia	100	100	Dormant during the financial year
The Jewel I-City Sdn. Bhd.*	Malaysia	100	100	Dormant during the financial year
Hollywood I-City Sdn. Bhd.*	Malaysia	100	100	Café, coffee house, food and beverages retail outlet

* *Audited by Deloitte PLT, Malaysia.*

The Company had assessed the recoverable amount of investments in subsidiary companies based on the net assets of these subsidiary companies. During the financial year, impairment loss amounting to RM59,000 (2021: RM1,625,000) was written down based on their recoverable amounts. The recoverable amount was determined based on fair value less cost to sell approach using adjusted net assets attributable to ordinary shares at the end of financial year.

Movements in the accumulated impairment losses of investment in subsidiary companies are as follows:

	Company 2022 RM'000	2021 RM'000
At 1 January	14,563	13,329
Add: Impairment loss recognised during the year	59	1,625
	14,622	14,954
Less: Reversal of impairment loss during the year	(3,566)	(391)
At 31 December	11,056	14,563

13. ASSOCIATES

	Group 2022 RM'000	Group 2021 RM'000
At cost:		
- Unquoted equity shares	168,213	168,213
- Share of post-acquisition reserves	70,010	62,777
	238,223	230,990
Amount owing by an associate	308	308
	238,531	231,298

Amount owing by an associate represents contribution to the associate for working capital purposes, which are interest-free, unsecured and settlement is neither planned nor likely to occur in the foreseeable future. These amounts are, in substance, part of the investments in the associates of the Company.

The details of the associates are as follows:

Name of company	Country of incorporation	Equity interest 2022 %	Equity interest 2021 %	Principal activities
Held by I-R & D Sdn. Bhd.:				
Citylight Hotel Sdn. Bhd.^	Malaysia	40	40	Hotel operator
Central Plaza I-City Real Estate Sdn. Bhd.^	Malaysia	40	40	Property owner and mall operator

^ *Not audited by Deloitte PLT, Malaysia.*

Notes to the Financial Statements
for the financial year ended 31 December 2022
(Cont'd)

13. ASSOCIATES (CONTINUED)

The Group's share of assets and liabilities of a material associate is as follows:

	Group	
	2022 RM'000	2021 RM'000
Central Plaza i-City Real Estate Sdn. Bhd.		
Assets and liabilities		
Non-current assets	975,673	954,133
Current assets	28,362	25,640
Non-current liabilities	(36,388)	(27,065)
Current liabilities	(371,418)	(374,670)
Net assets	596,229	578,038
Revenue	62,466	54,945
Other income	19,049	52,755
Profit for the financial year	18,191	33,397
Total comprehensive income	18,191	33,397
Share of net assets/Carrying amount	238,491	231,215
Share of results for the financial year		
Share of profit for the financial year	7,276	13,359
Share of total comprehensive income for the financial year	7,276	13,359

Set out below is the financial information of the other individually immaterial associate:

	Group	
	2022 RM'000	2021 RM'000
Carrying amount of investment in an associate	40	83
Share of results for the financial year		
Share of loss for the financial year	43	144
Share of total comprehensive loss for the financial year	43	144

14. GOODWILL

	Group 2022 RM'000	Group 2021 RM'000
Cost	4,333	4,333
Less: Accumulated impairment loss	(4,333)	(4,333)
At 31 December	–	–

15. INTANGIBLE ASSETS

	Group 2022 RM'000	Group 2021 RM'000
Software		
Net book value		
At 1 January	85	91
Additions	36	27
Amortisation charge for the financial year	(42)	(33)
At 31 December	79	85
Cost	162	125
Accumulated amortisation	(83)	(40)
Net book value	79	85

16. INVENTORIES

	Note	Group 2022 RM'000	Group 2021 RM'000
At cost:			
Property development costs	(a)	178,295	173,674
Completed properties held for sale	(b)	366,121	391,599
Consumables		383	261
		544,799	565,534
At net realisable value:			
Completed properties held for sale	(b)	204,318	204,318
Total inventories		749,117	769,852

Notes to the Financial Statements

for the financial year ended 31 December 2022
(Cont'd)

16. INVENTORIES (CONTINUED)

(a) Property development costs

	Group 2022 RM'000	Group 2021 RM'000
Land and development costs		
At 1 January	2,022,809	1,992,192
Additions during the financial year	17,081	30,617
Transfer from property, plant and equipment (Note 10)	412	–
At 31 December	2,040,302	2,022,809
Less: Accumulated costs recognised as an expense in statements of profit or loss and other comprehensive income		
At 1 January	(1,849,135)	(1,806,349)
Additions during the financial year	(12,872)	(36,449)
Transfer to completed properties held for sale	–	(6,337)
At 31 December	(1,862,007)	(1,849,135)
	178,295	173,674

Property development costs are analysed as follows:

	Group 2022 RM'000	Group 2021 RM'000
Land and development costs	2,040,302	2,022,809
Accumulated costs recognised as expense in statements of profit or loss and other comprehensive income	(1,862,007)	(1,849,135)
	178,295	173,674

Included in property development costs incurred for the financial year ended 31 December 2022 of the Group is interest expense capitalised of RM194,000 (2021: RM450,000).

The titles to the properties under construction have not been transferred to the Group. Once the properties are completed and sold, the title deeds will be transferred directly from the related companies to the end purchasers.

16. INVENTORIES (CONTINUED)

(b) Completed properties held for sale

	Group 2022 RM'000	Group 2021 RM'000
At 1 January	595,917	608,932
Transfer from property development cost	–	6,337
Completed units sold	(18,916)	–
Cost adjustments	(6,562)	(19,352)
At 31 December	570,439	595,917

Included in cost adjustments recognised are cost savings from the building materials works upon received of anticipated final account from the architect.

17. RECEIVABLES AND CONTRACT ASSETS

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Trade receivables	(a)	34,145	58,986	–	–
Other receivables		4,536	4,086	92	58
Less: Impairment losses	(c)	(11,900)	(14,439)	–	–
		26,781	48,633	92	58
Contract cost assets	(d)	2,653	1,123	–	–
Deposits		5,568	5,456	–	–
		35,002	55,212	92	58
Prepayments		951	1,327	23	25
		35,953	56,539	115	83

(a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group ranges from 1 to 30 days (2021: 1 to 30 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in trade receivables for the Group is an amount of RM5,632,000 (2021: RM10,246,000), being stakeholder sum for property development.

The Group does not have concertation of credit risk from its property development activities as sale of development units are made to large number of property purchasers with end financing facilities from reputable end-financiers and the ownership and rights to the properties revert to the Group in the event of default. Credit risks with respect to trade receivables are disclosed in Note 38 (c).

Notes to the Financial Statements
for the financial year ended 31 December 2022
(Cont'd)

17. RECEIVABLES AND CONTRACT ASSETS (CONTINUED)

Ageing analysis of trade receivables:

	Group 2022 RM'000	Group 2021 RM'000
Stakeholders' sum	5,632	10,246
Not past due	2,125	10,021
Past due < 30 days	1,695	1,607
Past due 30 – 60 days	278	673
Past due 61 – 90 days	217	501
Past due > 90 days	13,699	22,900
Total	23,646	45,948

(b) Unsatisfied performance obligations

As at 31 December 2022, the aggregate amount of the transaction price allocated to the remaining performance obligation is RM102,237,000 (2021: RM39,345,000) and the Group will recognise this revenue as and when the building is constructed, which is expected to occur over the next 2 to 4 years.

(c) Impairment losses on trade and other receivables

Trade and other receivables of the Group and of the Company that are in default at the end of the reporting period are as follows:

Group	Individually impaired 2022 RM'000	Individually impaired 2021 RM'000
Trade and other receivables, gross	11,900	14,439
Less: Impairment losses	(11,900)	(14,439)
	–	–

Movements of the Group's loss allowances on trade and other receivables are as follows:

	Group 2022 RM'000	Group 2021 RM'000
At 1 January	14,439	9,118
Charge for the financial year	863	5,712
Reversal of loss allowances no longer required	(3,402)	(391)
At 31 December	11,900	14,439

Trade and other receivables that are individually determined to be impaired at the end of each reporting period relate to those receivables that have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

17. RECEIVABLES AND CONTRACT ASSETS (CONTINUED)

(d) Contract cost assets

	Group 2022 RM'000	Group 2021 RM'000
Assets recognised from incremental cost of obtaining a contract	6,478	4,311
Cumulative amortisation of contract cost assets	(3,825)	(3,188)
At 31 December	2,653	1,123

The Group recognised an asset in relation to costs incurred in sales agent commission of property development projects and is amortised based on the percentage of completion and is presented as 'Sales and marketing expenses' in the statements of profit or loss and other comprehensive income.

18. AMOUNTS DUE FROM SUBSIDIARY COMPANIES, RELATED PARTIES AND ULTIMATE HOLDING COMPANY

Amounts owing by subsidiary companies, related companies and ultimate holding company represent advances and payments made on behalf, which are unsecured, interest-free and receivable on demand.

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Amounts owing by:				
Subsidiary companies	–	–	266,239	219,181
Related parties	444	444	30	30
Ultimate holding company	484	484	–	–
	928	928	266,269	219,211

The amounts due from subsidiary companies, related companies and ultimate holding company represent advances and payments made on behalf which are unsecured, non-interest bearing except for loan amount owing from subsidiary companies amounting to RM189,690,261 (2021: RM210,614,000) which bears interest at 5% - 5.5% (2021: 5% - 5.5%) per annum.

19. SHORT-TERM FUNDS WITH LICENSED FINANCIAL INSTITUTIONS

Short-term funds represent investment in money market funds.

Notes to the Financial Statements

for the financial year ended 31 December 2022
(Cont'd)

20. CASH AND CASH EQUIVALENTS

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Cash at bank held under Housing Development Accounts	(a)	607	654	–	–
Deposits with licensed financial institutions	(b)	5,648	17,975	39	39
Cash and bank balances	(c)	13,180	2,675	21	22
As reported in the statements of financial position		19,435	21,304	60	61
Less: Deposits with licensed financial institutions					
Less than 3 months	(b)(i)	(39)	(39)	(39)	(39)
More than 3 months	(b)(ii)	–	(11,918)	–	–
As reported in statements of cash flows		19,396	9,347	21	22

(a) Bank balances held under the Housing Development Accounts represents receipts from purchasers of residential properties less payments as withdrawals provided under Section 7A of the Housing Development (Control and Licensing) Amendment Act 2002 and Housing Development (Housing Development Account) Regulation 1991 in connection to the Group's property development projects.

(b) Deposits with licensed banks and financial institutions have maturity periods ranges from 1 day to 1 month (2021: 1 day to 6 months).

Included in deposits with licensed banks and licensed financial institutions of the Group are as follows:

(i) amount of RM39,000 (2021: RM39,000) pledged to a licensed bank as security bank guarantee.

(ii) amount of RM Nil (2021: RM11,918,000) with maturity period of six months. This amount is not classified as cash and cash equivalents as its maturity period is more than 3 months.

(c) Bank balances are deposits held at call with banks and earn no interest.

(d) The weighted average interest rates per annum for the Group and the Company are as follows:

	Group 2022 %	Group 2021 %	Company 2022 %	Company 2021 %
Cash at bank held under Housing Development Accounts	1.45	0.50	–	–
Deposits with licensed financial institutions	1.15	1.47	1.50	1.50

21. ASSETS CLASSIFIED AS HELD FOR SALE

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Investment properties	17,566	17,566	10,163	10,163

Assets classified as held for sale are in relation to the management and Directors' commitment to sell leasehold land and building of the investment properties.

On 18 March 2022, the Group and the Company entered into Sales and Purchase Agreements to sell the leasehold lands and buildings. The land titles were still in the progress of transferring as of 31 December 2022. The said transactions were subsequently completed on 28 February 2023.

The fair value of assets classified as held for sale of the Group and of the Company had been measured using an average asking price of RM22 psf (2021: RM22 psf) and are categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
31 December 2022				
Taiping lands	–	–	17,566	17,566
31 December 2021				
Taiping lands	–	–	17,566	17,566
Company				
31 December 2022				
Taiping lands	–	–	10,163	10,163
31 December 2021				
Taiping lands	–	–	10,163	10,163

The change in asking price by RM0.10 psf higher and lower, has fair value impacts of RM80,000 and RM46,000 (2021: RM80,000 and RM46,000) higher and lower for the Group and the Company respectively.

Notes to the Financial Statements
for the financial year ended 31 December 2022
(Cont'd)

22. SHARE CAPITAL

	Group and Company			
	2022 Number of shares	2021 Number of shares	2022 RM'000	2021 RM'000
Issued and fully paid				
At 1 January	1,136,863,101	1,118,518,239	646,686	643,249
Issued pursuant to:				
- conversion of RCCPS	720,436,588	18,344,862	122,001	3,437
At 31 December	1,857,299,689	1,136,863,101	768,687	646,686

(a) Issued and paid-up share capital

The issued and paid-up share capital of the Company was increased from RM646,686,000 to RM768,687,000 with issuance of 720,436,588 new ordinary shares pursuant to the conversion of RM122,001,000 RCCPS.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company. There were no other issues of shares or debentures during the financial year.

(b) Treasury shares

In 2021, the Company has sold 7,952,200 shares at an average price of RM0.27 per share at a total consideration of RM2,134,000.

23. RETAINED EARNINGS

At the end of the reporting period, the entire balance of the retained earnings of the Company is available for distribution as dividends under the single-tier income tax system.

24. REDEEMABLE CUMULATIVE CONVERTIBLE PREFERENCE SHARES ("RCCPS")

On 27 November 2019 ('Issue Date'), the Company has issued 795,985,581 RCCPS at an issue price of RM0.19 each.

The salient terms of the RCCPS are as follows:

(a) Conversion rights and mandatory conversion on maturity date

The RCCPS holder shall have the right to convert 1 RCCPS into 1 new ordinary share in the Company at the conversion price at any time during the tenure. Unless previously redeemed or converted during the tenure, all outstanding RCCPS will be mandatorily converted into ordinary shares at the conversion price on maturity date. The conversion price of RCCPS is equivalent to the issue price per RCCPS.

(b) Maturity Date

The day which is the third anniversary of the Issue Date. For avoidance of doubt, if the Maturity Date is not a Market Day, then the RCCPS shall be mandatorily converted into new ordinary shares in the Company at the conversion price at the end of the Market Day immediately preceding the Maturity Date.

24. REDEEMABLE CUMULATIVE CONVERTIBLE PREFERENCE SHARES ("RCCPS") (CONTINUED)

The salient terms of the RCCPS are as follows: (continued)

(c) Dividend

The holders shall be entitled to receive cumulative preferential dividend of 5% per annum, payable on an annual basis and in arrears at the cumulative preferential dividend of 5% per annum during the tenure of the RCCPS. Subject to the provision of the Companies Act 2016 including the requirement for the availability of profits, the cumulative preferential dividend shall accrue and be paid cash upon such dividend pay-out date as declared by the Company. Subject to the foregoing, the dividend shall be distributable annually.

(d) Voting Rights

The RCCPS shall not be entitled to vote or approve any shareholders' resolution or vote at any general meeting of the Company, save and except in respect of the following:

(i) when the declared cumulative preferential dividend or part of the declared cumulative preferential dividend on the RCCPS is in arrears for more than 6 months;

(ii) resolution on a proposal to reduce the Company's share capital;

(iii) resolution on a proposal for the disposal of substantially the whole of the Company's property, business and undertaking;

(iv) resolution on a proposal to wind up the Company;

(v) during the winding-up of the Company; or

(vi) resolution on any proposal that affects the rights and privileges attached to the RCCPS, including the amendments to the Company's Constitution.

(e) Redemption

Subject to the Companies Act 2016, all outstanding RCCPS shall, unless previously converted, be redeemable at the option of the Company, in full or in part, at any time from and including Issue Date up to the day immediately preceding the Maturity Date.

On 29 November 2022, the outstanding RCCPS has been fully converted into 720,436,588 ordinary shares.

The amounts recognised in the statements of financial position of the Group and of the Company are analysed as follows:

	Group and Company RM'000
Nominal value of RCCPS issued on 27 November 2019	151,237
Equity component, net of deferred tax assets	(135,586)
Deferred tax assets	4,942
Liability component on initial recognition	20,593

Notes to the Financial Statements
for the financial year ended 31 December 2022
(Cont'd)

24. REDEEMABLE CUMULATIVE CONVERTIBLE PREFERENCE SHARES ("RCCPS") (CONTINUED)

	Group and Company	
	2022 RM'000	2021 RM'000
Liability component:		
At 1 January	6,557	13,123
Interest expense	287	609
Dividend payable	(6,844)	(6,844)
	–	6,888
Less: Conversion to ordinary shares	–	(331)
At 31 December	–	6,557
Non-current	–	–
Current	–	6,557
	–	6,557
Equity component:		
At 1 January	122,001	125,107
Conversion to ordinary shares	(122,001)	(3,106)
At 31 December	–	122,001

25. REDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("RCULS")

On 27 August 2014 ('RCULS Issue Date'), the Company issued 264,000,000 five-year 3% to 5% Redeemable Convertible Unsecured Loan Stocks of RM132,000,000 at 100% of its nominal value of RM0.50 each ('RCULS-A') to Sumuracres Sdn. Bhd. as settlement for the acquisition on a piece of freehold land held under Geran No. 26180, Lot No. 242, Seksyen 63, Town and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur ('Kia Peng Land').

On the same date, the Company issued 138,000,000 five-year 3% to 5% Redeemable Convertible Unsecured Loan Stocks of RM69,000,000 at 100% of its nominal value of RM0.50 each ('RCULS-B') to Sumurwang Sdn. Bhd. as part settlement for the acquisitions on a piece of freehold land held under Geran No. 311884, Lot No. 16964, Seksyen 7, Bandar Shah Alam, District of Petaling, State of Selangor Darul Ehsan ('SOHO Land') and a piece of freehold land held under Geran No. 321043, Lot No. 17196, Seksyen 7, Bandar Shah Alam, District of Petaling, State of Selangor Darul Ehsan ('Tower Land').

On 28 June 2022, the tenure of the RCULS-A of RM132.0 million and RCULS-B of RM69.0 million has been extended for another 5 years and shall become due on 27 August 2027, being the 13th anniversary of the issue date of RCULS-A and RCULS-B respectively ("RCULS extension").The shareholders of the Company had approved the above in an Extraordinary General Meeting held on 28 June 2022.

25. REDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("RCULS") (CONTINUED)

The salient terms of the RCULS are as follows:

(a) Conversion rights and rates

The RCULS are convertible to new ordinary shares in the Company during the conversion period ("Right Issue"). The conversion price is fixed at RM0.84 for RCULS-A or RM0.71 for RCULS-B per ordinary share of the Company. However, the conversion price would be subject to further price adjustments against certain dilutive events as stipulated in the supplemental deed polls executed by the Company on 18 August 2014 ('Supplemental Deed Poll').

Pursuant to the Rights Issue, the conversion price had been adjusted to RM 0.71 for RCULS-A or RM 0.60 for RCULS-B per ordinary share of the Company. The adjusted conversion price will be effective on 5 November 2020, which is the day after the entitlement date of the Rights Issue.

The new ordinary shares to be allotted and issued upon conversion of the RCULS would rank pari passu in all respects with the existing ordinary shares of the Company.

(b) Conversion period

The RCULS are convertible from the period commencing from and including the second anniversary of the RCULS Issue Date up to and on the 13th anniversary of the RCULS Issue Date, 27 August 2027.

(c) Coupon rate

The RCULS bear a coupon interest rate of 3.0% and 5.0% per annum based on the nominal value of the outstanding RCULS, as follows:

Years from Issue Date	Coupon rate per annum
9	3.0%
10	3.0%
11	3.0%
12	5.0%
13	5.0%

The coupons are payable in arrears on a semi-annual basis.

(d) Redemption

RCULS may at the option of the Company be redeemed, in whole or in part, at any time during the tenure of the RCULS at 100% of their nominal amount plus accrued coupon up to the redemption date with not less than 30 days prior written notice to the RCULS holder prior to the redemption of RCULS. All RCULS which are redeemed by the Company shall be cancelled immediately and cannot be resold or reissued.

25. REDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("RCULS") (CONTINUED)

The amounts recognised in the statements of financial position of the Group and of the Company are analysed as follows:

	Group and Company RM'000
Nominal value of RCULS issued on 27 August 2014	201,000
Equity component, net of deferred tax liabilities	(14,547)
Deferred tax liabilities	(4,594)
Liability component on initial recognition	181,859

	Group and Company	
	2022 RM'000	2021 RM'000
At 1 January		
Non-current	–	192,668
Current	203,749	10,050
Interest expense	10,793	11,081
Coupon payment	(10,022)	(10,050)
Changes in fair value due to RCULS extension	(15,137)	–
Capitalisation of RCULS extension costs	(332)	–
At 31 December	189,051	203,749
Non-current	183,021	–
Current	6,030	203,749
	189,051	203,749
Equity component:		
At 1 January/At 31 December	14,547	14,547

26. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority.

(a) The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Deferred tax assets	9,204	13,141	–	–
Deferred tax liabilities	(3,017)	(10,652)	(600)	(568)
	6,187	2,489	(600)	(568)

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
At 1 January	2,489	5,625	(568)	(614)
Credited/(Charged) to statements of profit or loss and other comprehensive income (Note 8):				
- property, plant and equipment	4,173	85	–	–
- investment properties	(865)	(902)	(32)	46
- RCULS	(1,183)	(2,653)	–	–
- unused tax losses	(2,278)	(34)	–	–
- inventories	6,630	528	–	–
- advance receipts	88	157	–	–
- contract cost asset	(316)	(315)	–	–
- provisions	(2,551)	(2)	–	–
	3,698	(3,136)	(32)	46
At 31 December	6,187	2,489	(600)	(568)

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Subject to income tax				
Deferred tax assets (before offsetting)				
- unused tax losses	–	2,278	–	–
- property, plant and equipment	5,448	2,592	–	–
- RCULS	45	1,228	–	–
- advanced receipts	245	157	–	–
- provisions	4,695	7,246	–	–
	10,433	13,501	–	–
Offsetting	(1,229)	(360)	–	–
Deferred tax assets (after offsetting)	9,204	13,141	–	–

Notes to the Financial Statements

for the financial year ended 31 December 2022
(Cont'd)

26. DEFERRED TAX (CONTINUED)

(a) The following amounts, determined after appropriate offsetting, are shown in the statements of financial position: (continued)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Subject to income tax				
Deferred tax liabilities (before offsetting)				
- investment properties	(3,483)	(2,618)	(600)	(568)
- property, plant and equipment	(5)	(1,322)	–	–
- inventories	(405)	(7,035)	–	–
- contract cost asset	(353)	(37)	–	–
	(4,246)	(11,012)	(600)	(568)
Offsetting	1,229	360	–	–
Deferred tax liabilities (after offsetting)	(3,017)	(10,652)	(600)	(568)

(b) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group	
	2022 RM'000	2021 RM'000
Unutilised tax losses	13,958	11,420
Unabsorbed capital allowances	5,353	6,540
	19,311	17,960

The availability of unutilised tax losses and unabsorbed capital allowances for offsetting future taxable profits of the Group are subject to the agreement with the tax authorities. The comparative information presented above has been restated to conform with the actual income tax computation submitted to tax authorities.

Pursuant to an amendment to Section 44(57) of the Income Tax Act 1967, the time limit to utilise tax losses has been extended to a maximum of 10 consecutive years. This amendment is deemed to have effect from the year assessment 2019.

The expiry of the unutilised tax losses, which deferred tax assets have been recognised, is as follows:

	Group	
	2022 RM'000	2021 RM'000
Unutilised tax losses		
- expiring by year of assessment 2028^	–	97
- expiring by year of assessment 2029^	–	–
- expiring by year of assessment 2030^	–	4,792
- expiring by year of assessment 2031^	–	1,829
	–	6,718

^ *Under the Malaysia Finance Act 2021, the Company's unutilised tax losses can be carried forward for 10 consecutive years from year of assessment.*

26. DEFERRED TAX (CONTINUED)

The expiry of the unutilised tax losses, which no deferred tax assets have been recognised, is as follows: (continued)

	Group	
	2022 RM'000	2021 RM'000
Unutilised tax losses		
- expiring by year of assessment 2028^	7,112	7,112
- expiring by year of assessment 2029^	528	528
- expiring by year of assessment 2030^	862	887
- expiring by year of assessment 2031^	4,419	2,893
- expiring by year of assessment 2032^	1,037	–
	13,958	11,420

^ *Under the Malaysia Finance Act 2021, the Company's unutilised tax losses can be carried forward for 10 consecutive years from year of assessment.*

27. PAYABLES AND CONTRACT LIABILITIES

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade payables	(a)	19,234	48,211	–	–
Retention sum		47,725	51,710	–	–
Other payables	(b)	79,094	98,731	51,441	65,376
Deposits		7,103	6,306	10	45
Accruals	(c)	234,105	217,754	754	85
		387,261	422,712	52,205	65,506
Contract liabilities in relation to:					
- Property development	(d)	15,276	3,759	–	–
Total		402,537	426,471	52,205	65,506
Non-current		50,636	50,763	50,636	50,763
Current		351,901	375,708	1,569	14,743
Total		402,537	426,471	52,205	65,506

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group ranges from 1 to 30 days (2021: 1 to 30 days) from date of invoice.

(b) Included in other payables of the Group and of the Company is an amount owing to a third party of RM50,636,000 (2021: RM50,763,000) in which the Group and the Company have the discretion to defer the settlement for at least 12 months from the reporting date.

Included in other payables of the Group is an amount of RM355,000 (2021: RM106,000) being sales and service tax ("SST") payable.

Notes to the Financial Statements
for the financial year ended 31 December 2022
(Cont'd)

27. PAYABLES AND CONTRACT LIABILITIES (CONTINUED)

(c) Included in accruals of the Group are accruals for the property development costs of RM224,039,000 (2021: RM218,892,000).

(d) Contract liabilities

The contract liabilities as at reporting dates were not impacted by significant changes in contract terms.

	Note	Group 2022 RM'000	Group 2021 RM'000
Net carrying amount of contract liabilities is analysed as follows:			
At 1 January			
- contract (liabilities)/assets		(3,759)	2,829
Property development revenue recognised during the financial year	4	17,772	47,614
Less: Billings during the financial year		(29,289)	(54,202)
At 31 December		(15,276)	(3,759)
At 31 December			
- contract liabilities		(15,276)	(3,759)

28. HIRE PURCHASE LIABILITY

	Group 2022 RM'000	Group 2021 RM'000
Minimum lease payments		
- Payable within 1 year	–	53
- Payable between 1 and 5 years	–	–
	–	53
Less: Future finance charges	–	(1)
Present value of lease liability	–	52
Present value of lease liability		
- Payable within 1 year	–	52
- Payable between 1 and 5 years (included in non-current liability)	–	–
	–	52

Hire purchase liability is effectively secured as the rights to the leased asset revert to the financier in the event of default. In 2021, the effective interest rate was 5.32% per annum.

29. LEASE LIABILITIES

The lease liabilities recognised and the movements during the financial year are set out below:

The statements of financial position show the following amounts relating to leases:

	Group RM'000	Company RM'000
Lease liabilities		
At 1 January 2022	1,278	–
Additions	4,215	1,505
Accretion of interests for the financial year	101	64
Rent concession received	(311)	–
Payments	(1,692)	(541)
At 31 December 2022	3,591	1,028
Current	1,797	501
Non-current	1,794	527
	3,591	1,028
Lease liabilities		
At 1 January 2021	2,882	82
Additions	298	–
Accretion of interests for the financial year	112	2
Rent concession received	(285)	–
Payments	(1,729)	(84)
At 31 December 2021	1,278	–
Current	1,267	–
Non-current	11	–
	1,278	–

30. BANK BORROWINGS

	Group	
	2022 RM'000	2021 RM'000
Non-current liabilities		
Term loans	79,025	79,102
Current liabilities		
Term loans	14,623	9,333
Revolving credit	25,000	25,000
	39,623	34,333

The term loans and revolving credit has a maturity of 5 years and one month respectively.

Notes to the Financial Statements
for the financial year ended 31 December 2022
(Cont'd)

30. BANK BORROWINGS (CONTINUED)

The weighted average interest rates per annum of bank borrowings as at the end of the reporting date for the Group are as follows:

	Group 2022 %	Group 2021 %
Term loans	4.81	3.89
Revolving credit	4.14	3.06

The above term loans and revolving credit of the Group are secured by way of the following corporate guarantees from the Company:

(i) deposits pledged with licensed banks as securities;
(ii) charged over the freehold land of certain subsidiary as mentioned in Note 10; and
(iii) secured by corporate guarantee from the Company.

31. AMOUNTS DUE TO ULTIMATE HOLDING COMPANY, IMMEDIATE HOLDING COMPANY AND SUBSIDIARY COMPANIES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Amounts due to:				
Ultimate holding company	2,652	2,517	–	–
Immediate holding company	30,000	–	30,000	–
	32,652	2,517	30,000	–
Subsidiary companies	–	–	88,771	52,754

Amounts due to ultimate holding company of the Group and immediate holding company of the Group and the Company, are advances and non-trade transactions, which is unsecured, interest-free and payable on demand.

Amount due to subsidiary companies of the Company, which arose mainly from non-trade transactions, is unsecured, interest free and repayable on demand.

32. COMMITMENTS - OPERATING LEASE

The Group and the Company as lessor

The Group and the Company had entered into non-cancellable lease arrangements for some of its investment properties for a term of one to two years. The future minimum lease receivables as at the end of the reporting period are as follows:

	Group 2022 RM'000	Group 2021 RM'000
Less than one year	5,134	5,395
Between one and five years	5,422	3,305
	10,556	8,700

33. COMMITMENTS - PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

	Group	
	2022 RM'000	2021 RM'000
Capital expenditure in respect of additional property, plant and equipment and investment properties:		
- Approved and contracted but not provided for	38,835	42,546

34. DIVIDENDS

	Group and Company			
	2022		2021	
	Single tier dividend per share sen	Amount of single tier dividend RM'000	Single tier dividend per share sen	Amount of single tier dividend RM'000
Ordinary Shares Dividend				
First and final dividend	0.20	3,623	–	–

In respect of the financial year ended 31 December 2022, a final single-tier dividend of 0.20 sen per ordinary share (calculated based on the number of ordinary shares of the Company in issue as at balance sheet date), amounting to approximately RM3,623,000, representing approximately 30% of the Group's post tax profit (excluding one-off gain of RM15,137,000 from remeasurement of RCULS liabilities) has been proposed by the Directors for shareholders' approval at the forthcoming Annual General Meeting. The Dividend per Ordinary Share shall take into account the potential additional number of RCULS that may be converted up to the entitlement date. The payment and entitlement dates will be announced at a later date. Such dividend will be accounted for in equity as an appropriation of retained earnings during the financial year ending 31 December 2023.

In respect of the financial year ended 31 December 2021, in view of the prolonged COVID-19 pandemic/current market uncertainties, no dividend was declared for the RCCPS in respect of the RCCPS 1st and 2nd year anniversary dividend. Accordingly, no distribution of dividend made on the ordinary shares.

	Group	
	2022 RM'000	2021 RM'000
Preferential Dividend	6,844	–

On 21 October 2022, the Company has recommended cumulative preferential dividend of 5% per annum on a cumulative basis on the Issue Price of the RCCPS during the tenure of the RCCPS for the period from 27 November 2019 to 27 November 2022 (both dates inclusive). The dividends have been paid on 25 November 2022.

35. RELATED PARTY DISCLOSURES

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances. The related party transactions described below were carried out on terms and conditions negotiated amongst the parties.

Related parties of the Group include the following:

	Related parties	Relationship
i)	Sumur Ventures Sdn. Bhd.	Ultimate holding company
ii)	Sumurwang Sdn. Bhd.	Immediate holding company
iii)	Sumurfields Sdn. Bhd.	Related party
iv)	Sumuracres Sdn. Bhd.	Related party

(a) The following transactions with related parties were carried out on terms and conditions negotiated amongst the related parties:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Subsidiary companies:				
Interest income	–	–	11,080	11,690
Ultimate holding company:				
Rental expense paid	518	1,249	–	–
Immediate holding company:				
Interest expense paid	3,450	3,450	3,450	3,450
Related parties:				
Interest expense paid	6,600	6,600	6,600	6,600
Rental expense paid	69	39	–	–

(b) Compensation of key management personnel

Key management personnel comprise the Executive Directors and the Senior Management of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group.

(i) Directors:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Directors' fees	480	352	480	352
Directors' remuneration other than fee	1,062	684	–	–
Contributions to defined contribution plan	166	119	–	–
	1,708	1,155	480	352

35. RELATED PARTY DISCLOSURES (CONTINUED)

(b) Compensation of key management personnel (continued)

(ii) Senior Management Personnel:

	Group 2022 RM'000	Group 2021 RM'000
Salaries, bonuses and allowances	1,721	2,153
Contributions to defined contribution plan	201	235
	1,922	2,388

36. SUBSEQUENT EVENT

On 19 April 2021, a wholly owned subsidiary company of I-Berhad received the Writ and Statement of Claim of the civil suit from the plaintiffs. On 8 March 2023, High Court delivered its decision which allowed the plaintiffs to claim. The Group does not agree with the decision and submitted a Notice of Appeal on 22 March 2023 against the High Court Judgement and continues to engage with external legal counsel to pursue the appeal. Until a final outcome is obtained, the ultimate amount and timing of any potential claim arising from this civil suit cannot be measured reliably as at the reporting date.

37. OPERATING SEGMENTS

Management has determined the operating segments based on the various reports prepared for the Board of Directors that are used to make strategic decisions.

The Group is organised into the following main business segments:

(i) Property development - Development and sale of residential and commercial properties.

(ii) Property investment - Investment and property holdings.

(iii) Leisure and hospitality - Promotion, marketing and management of events, leisure, hotel and other tourism related activities.

Other operating segments include the provision of managed network and telephony charges (ICT services), investment holding, advertising agent, advertiser and advertising contractor, none of which are individually significant to be reported separately.

Inter-segment revenue comprises revenue from ICT services and advertising charges. These transactions are transacted on agreed terms between the segments.

Segment assets exclude tax assets and cash and cash equivalents of the Group retained for corporate purposes. Segment liabilities exclude tax liabilities.

Details are provided in the reconciliations from segment assets and liabilities to the position of the Group.

Notes to the Financial Statements

for the financial year ended 31 December 2022
(Cont'd)

37. OPERATING SEGMENTS (CONTINUED)

The following table provides an analysis of the Group's revenue, results, assets and liabilities and other information by operating segments:

2022	Property development RM'000	Property investment RM'000	Leisure and hospitality RM'000	Others RM'000	Total RM'000
Revenue					
Total revenue	47,100	21,891	54,448	5,927	129,366
Inter-segment revenue	(5,190)	(2,786)	(649)	(1,124)	(9,749)
Revenue from external customers	41,910	19,105	53,799	4,803	119,617
Interest income	386	*	*	33	419
Depreciation of property, plant and equipment	(2,406)	(962)	(3,375)	(354)	(7,097)
Segment profit/(loss)	12,552	7,929	835	(1,091)	20,225
Share of results of associates, net of tax	–	7,233	–	–	7,233
Profit/(loss) before tax	12,552	15,162	835	(1,091)	27,458
Taxation	–	–	–	–	(153)
Other material non-cash items:					
- Impairment losses on receivables	(347)	(412)	–	(104)	(863)
Additions to non-current assets other than right-of-use assets, financial instruments and deferred tax assets	62	19,623	43,975	19	63,679

* *Amount is less than RM1,000.*

2022	Property development RM'000	Property investment RM'000	Leisure and hospitality RM'000	Others RM'000	Total RM'000
Segment assets	796,345	589,573	276,773	2,604	1,665,295
Current tax assets					6,373
Deferred tax assets					9,204
Associates					238,531
Total assets					1,919,403
Segment liabilities	555,670	68,528	87,973	34,308	746,479
Current tax liabilities					559
Deferred tax liabilities					3,017
Total liabilities					750,055

37. OPERATING SEGMENTS (CONTINUED)

The following table provides an analysis of the Group's revenue, results, assets and liabilities and other information by operating segments:

2021	Property development RM'000	Property investment RM'000	Leisure and hospitality RM'000	Others RM'000	Total RM'000
Revenue					
Total revenue	48,128	11,214	21,666	3,737	84,745
Inter-segment revenue	(503)	(2,895)	(544)	(589)	(4,531)
Revenue from external customers	47,625	8,319	21,122	3,148	80,214
Interest income	292	*	1	68	361
Depreciation of property, plant and equipment	(259)	(1,721)	(4,200)	(284)	(6,464)
Segment (loss)/profit	(667)	(8,486)	757	(3,476)	(11,872)
Share of results of associates, net of tax	–	13,215	–	–	13,215
(Loss)/Profit before tax	(667)	4,729	757	(3,476)	1,343
Taxation	–	–	–	–	(919)
Other material non-cash items:					
- Impairment losses on receivables	(2,023)	(2,682)	–	(1,007)	(5,712)
Additions to non-current assets other than right-of-use assets, financial instruments and deferred tax assets	30,667	4,785	462	110	36,024

* *Amount is less than RM1,000.*

2021	Property development RM'000	Property investment RM'000	Leisure and hospitality RM'000	Others RM'000	Total RM'000
Segment assets	844,871	574,763	230,214	5,233	1,655,081
Current tax assets					7,356
Deferred tax assets					13,141
Associates					231,298
Total assets					1,906,876
Segment liabilities	581,566	63,300	68,735	40,458	754,059
Current tax liabilities					122
Deferred tax liabilities					10,652
Total liabilities					764,833

Notes to the Financial Statements

for the financial year ended 31 December 2022
(Cont'd)

38. FINANCIAL INSTRUMENTS BY CATEGORY

	Group 2022 RM'000	Group 2021 RM'000
Financial assets carried at amortised cost		
- Receivables excluding prepayments, contract cost assets and contract assets in respect of property development	32,349	54,089
- Amounts due from related parties	928	928
- Short-term funds with licensed financial institutions	11	2,028
- Cash and bank balances	19,435	21,304
	52,723	78,349
Financial liabilities carried at amortised cost		
- Payables excluding SST payables and contract liabilities in respect of property development	386,906	422,606
- Amounts due to ultimate holding company and immediate holding company	32,652	2,517
- RCCPS - Liability component	–	6,557
- RCULS - Liability component	189,051	203,749
- Hire purchase liability	–	52
- Lease liabilities	3,591	1,278
- Bank borrowings	118,648	113,435
	730,848	750,194

	Company 2022 RM'000	Company 2021 RM'000
Financial assets carried at amortised cost		
- Receivables excluding prepayments	92	58
- Amounts due from subsidiary companies, related parties and ultimate holding company	266,269	219,211
- Short-term funds with licensed financial institutions	7	2,024
- Cash and bank balances	60	61
	266,428	221,354
Financial liabilities carried at amortised cost		
- Payables excluding SST payables	52,205	65,506
- Amounts due to immediate holding company	30,000	–
- Amounts due to subsidiary companies	88,771	52,754
- RCCPS - Liability component	–	6,557
- RCULS - Liability component	189,051	203,749
- Lease liabilities	1,028	–
	361,055	328,566

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in interest rates and the unpredictability of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group's financial risk management policies. The Group is exposed mainly to interest rate risk, liquidity and cash flow risk and credit risk. Information on the management of the related exposures is as detailed below.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates.

The exposure of the Group and of the Company to interest rate risk arises primarily from short term bank deposits and short-term funds placed with licensed financial institutions. The interest rates are monitored closely to ensure that they are maintained at favourable rates. The Group considers the risk of significant changes to interest rates to be unlikely.

As at 31 December 2022, the borrowings of the Group of RM40,326,000 (2021: RM46,580,000) are at floating interest rates. The interest rate risk exposure to the profit or loss is deemed immaterial to the Group, hence sensitivity analysis is not presented.

(b) Liquidity and cash flow risk

Liquidity risk arises from management of working capital of the Group and of the Company. It is the risk that the Group and the Company will encounter difficulty in meeting its financial obligations when fall due.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

The table below summarises the maturity profile of the liabilities of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
As at 31.12.2022				
Group				
Financial liabilities				
RCULS - liability component	6,030	233,160	–	239,190
Trade and other payables	336,270	50,636	–	386,906
Amounts due to ultimate holding company and immediate holding company	32,652	–	–	32,652
Bank borrowings	39,623	65,186	23,646	128,455
Lease liabilities	1,935	1,853	–	3,788
	416,510	350,835	23,646	790,991
Financial guarantee contracts*	119,100	–	–	119,100

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity and cash flow risk (continued)

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
As at 31.12.2022				
Company				
Financial liabilities				
RCULS - liability component	6,030	233,160	–	239,190
Trade and other payables	1,569	50,636	–	52,205
Amount due to immediate holding company	30,000	–	–	30,000
Amounts due to subsidiary companies	88,771	–	–	88,771
Lease liabilities	541	541	–	1,082
	126,911	284,337	–	411,248
Financial guarantee contracts*	119,100	–	–	119,100
As at 31.12.2021				
Group				
Financial liabilities				
RCCPS - liability component	6,844	–	–	6,844
RCULS - liability component	211,050	–	–	211,050
Trade and other payables	371,843	50,763	–	422,606
Amounts due to holding companies	2,517	–	–	2,517
Bank borrowings	34,618	18,750	63,998	117,366
Hire purchase liability	53	–	–	53
Lease liabilities	1,293	11	–	1,304
	628,218	69,524	63,998	761,740
Financial guarantee contracts*	113,895	–	–	113,895
Company				
Financial liabilities				
RCCPS - liability component	6,844	–	–	6,844
RCULS - liability component	211,050	–	–	211,050
Trade and other payables	14,743	50,763	–	65,506
Amounts due to subsidiary companies	52,754	–	–	52,754
	285,391	50,763	–	336,154
Financial guarantee contracts*	113,895	–	–	113,895

* *At the end of reporting date, the counterparties to the financial guarantees do not have a right to demand for cash as the defaults have not occurred.*

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It is the Group's policy to enter into financial instrument with a diversity of creditworthy counterparties. The Group does not expect to incur material credit losses of its financial assets or other financial instruments.

As at the end of the reporting date, the maximum exposure to credit risk arising from financial assets is limited to the carrying amounts of each class of financial assets recognised in the statements of financial position.

Following are the areas where the Group is exposed to credit risk:

(i) Trade receivables and contract assets

Credit risk, which is the risk of counterparties defaulting, is controlled by the application of credit approvals, credit limits and monitoring procedures. Credit evaluations are performed on all customers requiring credit over a certain amount and strictly limiting the associations of the Group to parties with high credit worthiness. Trade receivables are monitored on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The Group applies the simplified approach to provide for the expected credit losses prescribed by MFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets.

In determining the expected credit loss rate, the Group has considered the payment profiles of sales over a period of 36 months before reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates identified are immaterial and hence, no adjustment has been made.

The Company's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses ("ECL")
Performing	The customers that have no history of default.	Lifetime ECL
In-default	• Customers that have history of default. • Amount that is more than 150 days past due.	Lifetime ECL
Write-off	There is evidence indicating that the Group has no realistic prospect of recovery from the customers.	Asset is written off

No significant changes to estimate techniques or assumptions were made during the reporting period.

At the end of the reporting period, there were no significant concentrations of credit risk owned by a single major customer.

(ii) Other debt instruments financial assets at amortised costs

The financial assets of the Group and of the Company with exposure to credit risk include cash and bank balances, fixed deposits and short-term funds, which are placed with banks and other financial and non-financial institutions with good credit ratings and hence, the credit risk is negligible.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (continued)

(ii) Other debt instruments financial assets at amortised costs (continued)

Other debt instruments financial assets at amortised cost include other receivables and amounts due from subsidiaries.

All of these financial assets are considered to have low credit risk, and thus the impairment provision recognised during the period was limited to 12 months expected credit losses.

(iii) Financial guarantee

The maximum exposure to credit risk in relation to the financial corporate guarantees given amounts to RM119,100,000 (2021: RM113,895,000) representing the outstanding banking facilities of the subsidiaries as at the end of the financial year.

(d) Capital risk management

Capital represents equity attributable to the owners of the Company.

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concerns while maximising the return to shareholders through the optimisation of the capital structure. The overall strategy of the Group remains unchanged from that in the prior financial year.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2022 and 31 December 2021.

The Group is not subject to any externally imposed capital requirements.

(e) Fair value measurements

The carrying amounts of financial assets and liabilities such as deposit, cash and bank balances, current receivables and payables approximate their fair values due to the relatively short term maturity of these financial instruments.

The fair value for liability components of RCULS and RCCPS are estimated by discounting cash flows at the adjusted market cost of debts of the Company.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value measurements (continued)

Non-derivative financial liabilities (continued)

The valuation techniques and adjustment to inputs used in determining the fair value measurement of Level 2 financial instruments as well as relationship between key adjusted inputs and fair value, is detailed in the table below:

Financial instrument	Fair value hierarchy	Valuation technique used	Adjusted inputs	Inter-relationship between adjusted inputs and fair value
RCULS - liability component	Level 2	Discounted cash flows method	5% - 5.5% adjusted market cost of debts	The higher the discount rate, the lower the fair value of the RCULS would be
RCCPS - liability component	Level 2	Discounted cash flows method	5% adjusted market cost of debts	The higher the discount rate, the lower the fair value of the RCCPS would be

The following tables set out the financial instruments carried at fair value, together with their fair values and carrying amounts shown in the statements of financial position:

	Fair value of financial instruments carried at fair value				
	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Carrying amount RM'000**
Group and Company					
31.12.2022					
Financial liabilities					
- RCULS	–	189,051	–	189,051	189,051
31.12.2021					
Financial liabilities					
- RCCPS	–	6,557	–	6,557	6,557
- RCULS	–	203,749	–	203,749	203,749

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial year ended 31 December 2022 and 31 December 2021.

Statement by Directors

The Directors of **I-BERHAD** state that, in their opinion, the accompanying financial statements 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 at 31 December 2022 and of the financial performance and the cash flows of the Group and of the Company for the financial year ended on that date.

Signed in accordance with
a resolution of the Directors,

PUAN SRI TEY SIEW THUAN

GOH YEANG KHENG

Kuala Lumpur
18 April 2023

Declaration by the Officer Primarily Responsible for the Financial Management of the Company

I, **CHAN YI MUNN**, the Officer primarily responsible for the financial management of **I-BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

____

CHAN YI MUNN
(MIA No. 35219)

Subscribed and solemnly declared by
the abovenamed CHAN YI MUNN at
KUALA LUMPUR this 18th day of April, 2023.

Before me,

____

YM TENGKU NUR ATHIYA TENGKU FARIDDUDIN (NO. W881)
COMMISSIONER FOR OATHS
KUALA LUMPUR

List of Properties Held

No.	Location	Description	Tenure	Size	Approximate Age of the Buildings	NBV/Valuation as at 31 December 2022
1	Lot 4799 QT (R) L & M 2/69 Mukim of Asam Kumbang Kamunting Industrial Estate Taiping, Perak Darul Ridzuan	Factory & warehouse	Leasehold for a term of 99 years expiring on 11 July 2068 - Unexpired term is 47 years	4.08 acres	Between 53 to 54 years	3,907,106
2	Lot 5813 QT (R) L & M 3/69 Mukim of Asam Kumbang Kamunting Industrial Estate Taiping, Perak Darul Ridzuan	Factory & warehouse	Leasehold for a term of 99 years expiring on 11 July 2068 - Unexpired term is 47 years	2.00 acres	47 years	1,916,641
3	Lot 6675 HS (D) L & M 2/77 Mukim of Asam Kumbang Kamunting Industrial Estate Taiping, Perak Darul Ridzuan	Factory & warehouse	Leasehold for a term of 99 years expiring on 10 January 2076 - Unexpired term is 55 years	2.76 acres	Between 44 to 46 years	2,641,261
4	Lot 11472 PN 67136 Mukim of Asam Kumbang Kamunting Industrial Estate Taiping, Perak Darul Ridzuan	Vacant factory land	Leasehold for a term of 99 years expiring on 23 February 2080 - Unexpired term is 59 years	1.79 acres	N/A	1,697,857
5	Lot 5658 PN 119473 Mukim of Asam Kumbang Kamunting Industrial Estate Taiping, Perak Darul Ridzuan	Factory & warehouse	Leasehold for a term of 99 years expiring on 29 Jan 2072 - Unexpired term is 51 years	3.98 acres	49 years	3,809,304
6	Lot 6704 PN 104498 Mukim of Asam Kumbang Kamunting Industrial Estate Taiping	Vacant factory land	Leasehold for a term of 99 years expiring on 4 Sep 2074 - Unexpired term is 53 years	3.75 acres	N/A	3,593,883
7	Block M, No 6 Persiaran Multimedia i-City, 40000 Shah Alam Selangor Darul Ehsan	Data Centre	Freehold	76,143 sqft	13 years	31,700,000
8	Part of Geran 312735 Lot 16971 Mukim Bukit Raja, District of Petaling, Selangor Darul Ehsan	Surface Car Park	Freehold	2.14 acres	13 years	5,100,000
9	Part of Geran 312735 Lot 16971 Mukim Bukit Raja, District of Petaling, Selangor Darul Ehsan	9-storey Car Park	Freehold	218,944 sqft	13 years	18,400,000
10	Part of Geran 312735 Lot 16971 Mukim Bukit Raja, District of Petaling, Selangor Darul Ehsan	Basement Car Park	Freehold	133,816 sqft	13 years	11,600,000
11	A-GF-01, No.6, Persiaran Multimedia, i-City, Shah Alam, 40000 Selangor	3-star Hotel	Freehold	104,777 sqft	8 years	29,512,741
12	I-Walk & Citywalk i-City, 40000 Shah Alam, Selangor Darul Ehsan	Themepark Land	Freehold	1.93 acres	N/A	3,870,000

List of Properties Held
(Cont'd)

No.	Location	Description	Tenure	Size	Approximate Age of the Buildings	NBV/Valuation as at 31 December 2022
13	i-SOHO, i-City, 40000 Shah Alam, Selangor Darul Ehsan	Car Park	Freehold	2,319,558 sqft	5 years	166,900,000
14	i-SOHO, i-City, 40000 Shah Alam, Selangor Darul Ehsan	Convention Centre	Freehold	25,790 sqft	5 years	4,800,000
15	Lot 17196, No.3, Persiaran Multimedia 40000 Shah Alam, Selangor Darul Ehsan	Corporate Tower	Freehold	322,201 sqft	2 years	195,000,000
16	Lot 17196, No.3, Persiaran Multimedia 40000 Shah Alam, Selangor Darul Ehsan	Basement Car Park	Freehold	694,463 sqft	1 year	41,400,000
17	Lot 17196, No.3, Persiaran Multimedia 40000 Shah Alam, Selangor Darul Ehsan	9-storey Car Park	Freehold	330,748 sqft	Completed in 2022	22,750,000
18	Lot 17196, No.3, Persiaran Multimedia 40000 Shah Alam, Selangor Darul Ehsan	5-star Hotel	Freehold	179,938 sqft	Completed in 2022	207,533,170
Property Development Land						
1	Geran 321043, Lot 17196 Seksyen 7, Bandar Shah Alam, District Of Petaling, State Of Selangor Darul Ehsan	Land for mixed development in progress	Freehold	7.45 acres	N/A	129,000,000

Analysis of Shareholdings
as at 31 March 2023

TOTAL NUMBER OF ISSUED SHARES	:	1,857,299,689
CLASS OF SHARE	:	Ordinary share
VOTING RIGHTS	:	1 vote per ordinary share

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Issued Shares held	% of Issued Shares
Less than 100	563	9.31	16,593	0.00
100 to 1,000	526	8.70	239,144	0.01
1,001 to 10,000	1,940	32.08	11,587,002	0.62
10,001 to 100,000	2,401	39.71	83,729,191	4.51
100,001 to less than 5% of total number of issued shares	615	10.17	544,719,002	29.33
5% and above of total number of issued shares	2	0.03	1,217,008,757	65.53
Total	6,047	100.00	1,857,299,689	100.00

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

	No. of Issued Shares held			
Name of Substantial Shareholders	**Direct**	**% of Issued Shares**	**Indirect**	**% of Issued Shares**
Sumurwang Sdn Bhd	1,063,091,309	57.24	118,558,627 *	6.38
Sumur Ventures Sdn Bhd	153,917,448	8.29	1,181,649,936 **	63.62
Tan Sri Lim Kim Hong	63,301,200	3.41	1,335,567,384 ***	71.91

Notes:-

* *Deemed interest through its shareholding in Sumurwang Capital Sdn Bhd and Sumurwang Corporate Services Sdn Bhd by virtue of Section 8(4) of the Companies Act 2016.*

** *Deemed interest through its shareholding in Sumurwang Sdn Bhd, Sumurwang Capital Sdn Bhd and Sumurwang Corporate Services Sdn Bhd by virtue of Section 8(4) of the Companies Act 2016.*

*** *Deemed interest through his shareholding in Sumur Ventures Sdn Bhd, Sumurwang Sdn Bhd, Sumurwang Capital Sdn Bhd and Sumurwang Corporate Services Sdn Bhd by virtue of Section 8(4) of the Companies Act 2016.*

Thirty Largest Shareholders
as at 31 March 2023

No.	Name of Shareholders	No. of Shares Held	% of Issued Shares
1	Sumurwang Sdn Bhd	1,063,091,309	57.24
2	Sumur Ventures Sdn Bhd	153,917,448	8.29
3	Sumurwang Capital Sdn Bhd	58,816,627	3.17
4	Lim Kim Hong	55,770,000	3.00
5	Sumurwang Corporate Services Sdn Bhd	37,342,600	2.01
6	Lim Khuan Eng	26,974,900	1.45
7	Sumurwang Capital Sdn Bhd	22,399,400	1.21
8	Lee Kong Yeow	14,137,771	0.76
9	Chin Yat Yin	11,800,000	0.64
10	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Pow Choo @ Wong Seng Eng (6000090)	9,473,000	0.51
11	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Su Ming Keat	9,255,040	0.50
12	Lim Kim Hong	7,531,200	0.41
13	Loo Kuan Chin	7,462,500	0.40
14	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Su Ming Ming	6,941,280	0.37
15	Tan Yu Yeh	6,220,000	0.33
16	Lim Kian Wat	6,054,549	0.33
17	Ong Bee Lian	4,924,882	0.27
18	Wong Wai Kuan	4,401,760	0.24
19	Sim Mui Khee	3,986,603	0.21
20	Chin Khee Kong & Sons Sendirian Berhad	3,709,900	0.20
21	Saw Beng Kee	3,702,692	0.20
22	Lim Jit Hai	3,298,900	0.18
23	Tey Siew Thuan	3,138,740	0.17
24	Onn Ping Lan	3,055,680	0.16
25	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Kiam Hsung	3,016,500	0.16
26	Lim Siew Kheong	2,975,000	0.16
27	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Michael Heng Chun Hong	2,721,094	0.15
28	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chang Sen Siang	2,625,500	0.14
29	Tan Boo Nam	2,430,100	0.13
30	Su Ming Yaw	2,315,471	0.12
	Total	1,543,490,446	83.11

Statement of Directors' Interest in the Company and Its Related Corporations
as at 31 March 2023

Other than as disclosed below, none of the other Directors of the Company has any interest in the shares and convertible securities of the Company or its related corporations as at 31 March 2023:-

	No. of Shares held			
Director	**Direct**	**% of Issued Shares**	**Indirect**	**% of Issued Shares**
Tan Sri Lim Kim Hong	63,301,200	3.41	1,335,567,384*	71.91
Puan Sri Tey Siew Thuan	3,138,740	0.17	–	–
Peck Boon Soon	200,000	0.01	–	–

	Number of Redeemable Convertible Unsecured Loan Stocks – A ("RCULS-A") 2014/2027 held			
Director	**Direct**	**% of Issued RCULS-A**	**Indirect**	**% of Issued RCULS-A**
Tan Sri Lim Kim Hong	–	–	264,000,000**	100.00

	Number of Redeemable Convertible Unsecured Loan Stocks – B ("RCULS-B") 2014/2027 held			
Director	**Direct**	**% of Issued RCULS-B**	**Indirect**	**% of Issued RCULS-B**
Tan Sri Lim Kim Hong	–	–	138,000,000**	100.00

Notes:-

* *Deemed interest through Sumur Ventures Sdn Bhd, Sumurwang Sdn Bhd, Sumurwang Capital Sdn Bhd and Sumurwang Corporate Services Sdn Bhd.*

** *Deemed interested in the RM132,000,000 2014/2027 RCULS-A by virtue of his interest in Sumuracres Sdn Bhd and in the RM69,000,000 2014/2027 RCULS-B by virtue of his interest in Sumurwang Sdn Bhd.*

By virtue of his interest in Sumur Ventures Sdn Bhd, Y. Bhg. Tan Sri Lim Kim Hong is deemed interested in the shares of the Company and all its subsidiaries to the extent Sumur Ventures Sdn Bhd has an interest.

Notice of 56th Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 56th Annual General Meeting ("**AGM**") of I-BERHAD (the "**Company**") will be held at the Ballroom, Level 2, DoubleTree by Hilton Shah Alam i-City, i-City Finance Avenue, 40000 Shah Alam, Selangor, Malaysia on Wednesday, 28 June 2023 at 10.30 a.m. to transact the following businesses:

AGENDA

AS ORDINARY BUSINESS

1. To receive the audited financial statements for the financial year ended 31 December 2022 together with the Directors' and Auditors' Reports thereon. **Note A**
2. To approve a final single tier dividend of 0.20 sen per ordinary share for the financial year ended 31 December 2022. **(Resolution 1)**
3. To approve the payment of Directors' fees totaling RM240,000 to the Non-Executive Chairman and Executive Director/Chief Executive Officer in respect of the financial year ended 31 December 2022. **(Resolution 2)**
4. To approve the payment of monthly Directors' fees totaling RM240,000 to the Non-Executive Directors in respect of the period from 1 July 2023 until the next AGM in 2024. **(Resolution 3)**
5. To re-elect Y. Bhg. Puan Sri Tey Siew Thuan who retires pursuant to Clause 96 of the Company's Constitution and being eligible, offer herself for re-election as Director of the Company. **(Resolution 4)**
6. To re-elect Madam Goh Yeang Kheng who retires pursuant to Clause 96 of the Company's Constitution and being eligible, offer herself for re-election as Director of the Company. **(Resolution 5)**
7. To re-appoint Messrs. Deloitte PLT, as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

AS SPECIAL BUSINESS

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

   (A) PROPOSED RETENTION OF MADAM GOH YEANG KHENG AS INDEPENDENT NON-EXECUTIVE DIRECTOR

   "**THAT** Madam Goh Yeang Kheng, who will be attaining a cumulative term of ten (10) years on 30 June 2023 as Independent Non-Executive Director of the Company, to continue to act as Independent Non-Executive Director of the Company until the conclusion of the next AGM of the Company." **(Resolution 7)**

   (B) AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

   "**THAT** pursuant to Sections 75 and 76 of the Companies Act 2016, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next AGM and upon such terms and conditions and for such purposes as the Directors may, in their discretion, deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being, subject always to the approvals of all the relevant regulatory authorities.

   AND THAT in connection with the above, pursuant to Section 85 of the Companies Act 2016 to be read together with Clause 45 of the Constitution of the Company, the shareholders of the Company do hereby waive their pre-emptive rights over all new shares, options over or grants of new shares or any other convertible securities in the Company and/or any new shares to be issued pursuant to such options, grants or other convertible securities, such new shares when issued, to rank pari passu with existing issued shares in the Company." **(Resolution 8)**

9. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.

By Order of the Board
BU CHEW LIN
Company Secretary
SSM Practicing Certificate No. 201908000674
MAICSA No. 6008132

Shah Alam
28 April 2023

Notice of 56th Annual General Meeting
(Cont'd)

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 21 June 2023 (General Meeting Record of Depositors) shall be entitled to attend and vote at this 56th AGM.

2. A member entitled to attend, speak and vote at the general meeting is entitled to appoint any person as his proxy to attend, speak and vote in his stead.

3. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (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.

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.

5. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

6. The Form of Proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation, under its common seal or the hand of an officer or attorney duly authorised.

7. For a corporate member who has appointed a representative, please deposit the ORIGINAL certificate of appointment with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment should be executed in the following manner:

   (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.

   (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:

      (a) at least two (2) authorised officers, of whom one shall be a director; or
      (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

8. Any authority pursuant to which such an appointment is made by power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., or alternatively, at its Customer Service Centre not less than twenty-four (24) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

9. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company's Share Registrar not less than twenty-four (24) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

   (i) In hard copy form

   In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., or alternatively, at its Customer Service Centre.

(ii) By electronic form

The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online. Kindly refer to the Administrative Guide on the procedures for electronic lodgement of proxy form via TIIH Online.

10. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

11. Last date and time for lodging the proxy form is Tuesday, 27 June 2023 at 10.30 a.m.

12. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

EXPLANATORY NOTES

NOTE A
This Agenda item is meant for discussion only as under the provision of Section 340 of the Companies Act 2016, the audited financial statements do not require a formal approval of the shareholders. Hence, this resolution will not be put forward for voting.

RESOLUTIONS 2 AND 3
Section 230(1) of the Companies Act 2016 provides amongst others, that the fees of the Directors and any benefits payable to the Directors of a public company or a listed company and its subsidiaries shall be approved at a general meeting.

The proposed Resolutions 2 and 3, if approved, will authorise the payment of Directors' fees up to a maximum aggregate amount of RM240,000 respectively for the period stated in the respective resolutions. The Directors had abstained from deliberation and voting on their own respective fees.

In the event that the proposed amount is insufficient due to the enlarged Board size, approval will be sought at the next AGM for additional fees to meet the shortfall.

RESOLUTIONS 4 AND 5
Based on the Directors' Self and Peer Assessment results of the Board Effectiveness Evaluation, the individual Directors standing for re-election met the performance criteria required of an effective and a high performing Board. In addition, each of the Independent Directors has also provided his/her annual declaration/confirmation of independence.

Following the above, the Board approved the Nomination Committee's recommendation that the Directors retiring in accordance with Clause 96 of the Company's Constitution are eligible to stand for re-election. The retiring Directors had abstained from deliberations and decisions on their eligibility to stand for re-election at the 56th AGM of the Company.

RESOLUTION 7
The ordinary resolution proposed under Agenda 8(A) is in line with the Malaysian Code on Corporate Governance 2021. The Board had via the Nomination Committee, assessed the performance of Madam Goh Yeang Kheng, who will be attaining a cumulative term of ten (10) years on 30 June 2023 as Independent Non-Executive Director of the Company and has recommended that she continues to act as Independent Non-Executive Director until the conclusion of the next AGM of the Company based on the following justifications:

- Madam Goh's length of service on the Board of approximately ten (10) years did not in any way interfere with her exercise of objective and independent judgement or her ability to act in the best interests of the Company and the Group. She has devoted sufficient time and commitment to her role and responsibilities as an Independent Director for informed and balanced decision making; and

- She has expressed due care during her tenure as Independent Director of the Company and has discharged her duties with reasonable skill and competence, bringing independent judgement and depth into the Board's decision making in the interest of the Company and its shareholders.

Madam Goh had abstained from deliberation and voting on her proposed retention.

Notice of 56th Annual General Meeting
(Cont'd)

RESOLUTION 8
The Company has not issued any new shares to-date under the general authority which was approved at the 55th AGM held on 28 June 2022 and which will lapse upon the conclusion of the forthcoming 56th AGM to be held on 28 June 2023. A renewal of this authority is being sought at the 56th AGM under proposed Resolution 8.

Resolution 8 proposed under Agenda 8(B), if passed, will give the Directors of the Company authority to issue and allot shares as the Directors in their discretion consider to be in the best interest of the Company, without having to convene a general meeting in the event of any strategic opportunities to broaden the operating base and earnings potential of the Company which may involve the issuance of new shares. Any delay and cost involved in convening a general meeting to approve such issuance of shares would thus be avoided.

Personal data privacy:
By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 56th 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 56th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 56th 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.

Statement Accompanying Notice of Annual General Meeting

Directors standing for re-election at the 56th Annual General Meeting ("AGM") of the Company

The following Directors are standing for re-election at the 56th AGM of the Company pursuant to Clause 96 of the Company's Constitution and their profiles are set out on pages 4 and 6 of this Annual Report:-

(i) Y. Bhg. Puan Sri Tey Siew Thuan
(ii) Madam Goh Yeang Kheng

Administrative Guide for the Conduct of 56th Annual General Meeting ("56th AGM")

Date & Time : Wednesday, 28 June 2023 at 10.30 a.m.
Venue : Ballroom, Level 2
DoubleTree by Hilton Shah Alam i-City
i-City Finance Avenue
40000 Shah Alam, Selangor
Malaysia

Dear Shareholders of I-Berhad (the "Company")

Pursuant to the Guidance Note on the Conduct of General Meetings for Listed Issuers by the Securities Commission Malaysia, please find the guidance below on the requirements and method of participating in the 56th AGM:

A. Public Health Precautions and Preventive Measures

- Members/proxies/corporate representatives/attorneys who wish to attend the 56th AGM in person **ARE REQUIRED TO PRE-REGISTER** with the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, via TIIH Online website at https://tiih.online no later than Tuesday, 27 June 2023 at 10.30 a.m. Alternatively, you may also appoint the Chairman of the meeting as your proxy to attend and vote on your behalf at this AGM. You may refer to the Pre-Registration Procedure below.

- If you have been in contact with a COVID-19 affected person prior to the date of the 56th AGM or if you are unwell with sore throat, flu, fever, cough, aches and pains, nasal congestion, diarrhea or shortness of breath or any symptoms of the COVID-19, you are required to quarantine yourself or seek medical advice and may not be allowed to attend the 56th AGM. You are hereby strongly advised and encouraged to appoint a proxy or the Chairman of the meeting to attend and vote at the 56th AGM on your behalf.

- Any person showing symptoms of respiratory illness such as coughing and sneezing, will be denied entry into the meeting venue.

Despite the wearing of face masks in enclosed spaces is now optional, you are encouraged to keep your mask on at the meeting venue during the 56th AGM.

Shareholders are advised to check the Company's website at http://www.i-bhd.com/ and Bursa Malaysia's website at https://www.bursamalaysia.com/ from time to time for any changes to the administration of the 56th AGM that may be necessitated by changes, if any, to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.

B. Eligibility to Attend based on the Record of Depositors

Only a shareholder whose name appears on the Record of Depositor as at 21 June 2023 shall be entitled to attend or appoint proxy(ies) to attend and/or vote on his/her behalf.

Administrative Guide for the Conduct of 56th Annual General Meeting ("56th AGM") (Cont'd)

C. Pre-registration Procedure

Members/proxies/corporate representatives/attorneys who wish to attend and vote at the 56th AGM are to follow the procedure as summarised below:

Procedure		Action
BEFORE THE 56th AGM DAY		
(a)	Register as a user with TIIH Online	• Using your computer, access the website at https://tiih.online. Register as a user under the "e-Services" select "**Create Account by Individual Holder**". Refer to the tutorial guide posted on the homepage for assistance. • Registration as a user will be approved within one (1) working day and you will be notified via e-mail. • If you are already a user with TIIH Online, you are not required to register again. You will receive an **e-mail to notify** you that the Pre-Registration for I-Berhad 56th AGM is available for registration at TIIH Online.
(b)	PRE-REGISTRATION to attend AGM	• **Registration is open from 10.00 a.m. Friday, 28 April 2023 up to 10.30 a.m. Tuesday, 27 June 2023.** • Login with your user ID and password and select the corporate event: **"(REGISTRATION) I-BERHAD 56TH AGM"**. • Read and agree to the Terms & Conditions and confirm the Declaration. • Insert the CDS account number and indicate the number of shares. • Submit to register your physical attendance. • System will send an **e-mail to notify** you that your registration to attend the AGM physically is received and will be verified. • After verification of your registration against the General Meeting Record of Depositors as at **21 June 2023**, the system will send you an **e-mail on 27 June 2023, after 10.30 a.m. to approve or reject** your registration for pre-registration to attend the 56th AGM.

D. Appointment of Proxy

A shareholder who is unable to attend the 56th AGM on 28 June 2023 may appoint proxy and indicate the voting instructions in the form of proxy. Please deposit the form of proxy with the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

You may also submit the form of proxy electronically via TIIH Online website at https://tiih.online, not less than twenty-four (24) hours before the time appointed for holding the 56th AGM or any adjournment thereof, otherwise the form of proxy shall not be treated as valid. Please do read and follow the procedures below to submit form of proxy electronically.

Administrative Guide for the Conduct of 56th Annual General Meeting ("56th AGM") (Cont'd)

E. Electronic Lodgment of Form of Proxy

The procedures to lodge your form of proxy electronically via Tricor's TIIH Online website are summarised below:

Procedure	Action
i. Steps for Individual Shareholders	
Register as a User with TIIH Online	• Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again.
Proceed with submission of form of proxy	• After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. • Select the corporate event: **"I-BERHAD 56TH AGM - Submission of Form of Proxy"**. • Read and agree to the Terms and Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf. • Appoint your proxy/proxies and insert the required details of your proxy/proxies or appoint the Chairman as your proxy. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes. • Review and confirm your proxy(ies) appointment. • Print the form of proxy for your record.
ii. Steps for corporation or institutional shareholders	
Register as a User with TIIH Online	• Access TIIH Online at https://tiih.online • Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder select **"Create Account by Representative of Corporate Holder"**. • Complete the registration form and upload the required documents. • Registration will be verified, and you will be notified by email within one (1) to two (2) working days. • Proceed to activate your account with the temporary password given in the email and re-set your own password. *Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.*
Proceed with submission of form of proxy	• Login to TIIH Online at https://tiih.online • Select the corporate exercise name: **"I-BERHAD 56TH AGM - Submission of Form of Proxy"** • Agree to the Terms & Conditions and Declaration. • Proceed to download the file format for "Submission of Form of Proxy" in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Login to TIIH Online, select corporate exercise name: **"I-BERHAD 56TH AGM - Submission of Form of Proxy"**. • Proceed to upload the duly completed proxy appointment file. • Select "Submit" to complete your submission. • Print the confirmation report of your submission for your record.

The last date and time for lodging the form of proxy is **Tuesday, 27 June 2023 at 10.30 a.m.**

Administrative Guide for the Conduct of 56th Annual General Meeting ("56th AGM") (Cont'd)

F. Registration on the day of the 56th AGM

Upon arrival at the Level 2 Registration counter at DoubleTree by Hilton Shah Alam i-City, please follow the following procedures:-

Step 1: Download i-City SuperApp & sign up

Download the i-City SuperApp via Appstore for iOS and Playstore for Android. QR code will be generated after completing in-app registration.

Step 2: Register at Registration Counter

The shareholders are required to register their details at the registration counter.

Registration will start at 9.30 a.m. and original MyKad or passport is required to be presented during registration for verification.

Upon verification of your MyKad or passport and signing of attendance list, you will be given the poll form together with an identification wristband to enter the meeting. There will be no replacement of wristband in the event that it is lost or misplaced.

Please note that you will only be allowed to enter the meeting venue if you are wearing the identification wristband.

You will not be allowed to register on behalf of another person even with the original MyKad or passport of that person.

Please vacate the registration area immediately after registration to prevent congestion. If you have any enquiry, please proceed to the Help Desk counter located near the registration area.

G. Enquiry

If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

Tricor Investor & Issuing House Services Sdn Bhd Unit 32-01, Level 32, Tower A Vertical Business Suite, Avenue 3 Bangsar South, No. 8, Jalan Kerinchi 59200 Kuala Lumpur, Malaysia	General Line:	603-2783 9299
	Contact person: Ms Wong Pang Yi Mr Ludwig Wong Ms Stephanie Wee	 603-2783 9242 603-2783 9244 603-2783 9265
	Fax Number:	603-2783 9222
	Email:	is.enquiry@my.tricorglobal.com

No. of Shares Held	CDS Account No.

I-Berhad
(196701000055 (7029-H))
(Incorporated in Malaysia)

Proxy Form

I/We ____

NRIC No./Passport No./Company No. ____________________ of ____________________

____

being a member of I-BERHAD hereby appoint ____________________

NRIC No./Passport No. ____________________ of ____________________

____

and ____

NRIC No./Passport No. ____________________ of ____________________

____

or failing *him/her, THE CHAIRMAN OF THE MEETING as *my/our proxy to vote for *me/us on *my/our behalf at the 56th Annual General Meeting of the Company to be held at the Ballroom, Level 2, DoubleTree by Hilton Shah Alam i-City, i-City Finance Avenue, 40000 Shah Alam, Selangor, Malaysia on Wednesday, 28 June 2023 at 10.30 a.m. or at any adjournment thereof and *my/our *proxy/proxies *is/are to vote as indicated below:-

No.	Resolutions	For	Against
1.	Approval of a final single tier dividend of 0.20 sen per ordinary share for the financial year ended 31 December 2022.		
2.	Approval of Directors' fees totaling RM240,000 to the Non-Executive Chairman and Executive Director/Chief Executive Officer in respect of the financial year ended 31 December 2022.		
3.	Approval of monthly Directors' fees totaling RM240,000 to the Non-Executive Directors in respect of the period from 1 July 2023 until the next Annual General Meeting in 2024.		
4.	Re-election of Y. Bhg. Puan Sri Tey Siew Thuan as Director of the Company pursuant to Clause 96 of the Company's Constitution.		
5.	Re-election of Madam Goh Yeang Kheng as Director of the Company pursuant to Clause 96 of the Company's Constitution.		
6.	Re-appointment of Messrs. Deloitte PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		
7.	Proposed retention of Madam Goh Yeang Kheng as Independent Non-Executive Director.		
8.	Authority for the Directors to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.		

Please indicate with a cross ("X") in the spaces provided how you wish your vote to be cast. In the absence of specific directions, your proxy may vote or abstain from voting at his discretion.

Where a member appoints 2 proxies, please specify the proportions of the member's shareholdings to be represented by each proxy:-

Dated this ________ day of ____________________ 2023

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:		
	No of shares	Percentage
Proxy 1		%
Proxy 2		%
		100%

____

Signature/Common Seal of Shareholder

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 21 June 2023 (General Meeting Record of Depositors) shall be entitled to attend and vote at this 56th AGM.
2. A member entitled to attend, speak and vote at the general meeting is entitled to appoint any person as his proxy to attend, speak and vote in his stead.
3. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (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.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
5. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
6. The Form of Proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation, under its common seal or the hand of an officer or attorney duly authorised.
7. For a corporate member who has appointed a representative, please deposit the ORIGINAL certificate of appointment with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment should be executed in the following manner:

Notes: (Cont'd)

(i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.

(ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:

(a) at least two (2) authorised officers, of whom one shall be a director; or

(b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

8. Any authority pursuant to which such an appointment is made by power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., or alternatively, at its Customer Service Centre not less than twenty-four (24) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

9. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company's Share Registrar not less than twenty-four (24) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

(i) In hard copy form
In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., or alternatively, at its Customer Service Centre.

(ii) By electronic form
The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online. Kindly refer to the Administrative Guide on the procedures for electronic lodgement of proxy form via TIIH Online.

10. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

11. Last date and time for lodging the proxy form is Tuesday, 27 June 2023 at 10.30 a.m.

12. Pursuant to Paragraph 8.29A (1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

Personal data privacy:
By submitting an instrument appointing a proxy(ies) and/or representative(s), the members accept and agree to the personal data privacy terms set out in the Notice of Annual General Meeting dated 28 April 2023.

PLEASE FOLD HERE TO SEAL

AFFIX
STAMP

Share Registrar of I-Berhad
Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

PLEASE FOLD HERE TO SEAL

I-Berhad

i-bhd.com