



MBf CORPORATION BERHAD

(Incorporated in Malaysia)

(Company No. 200201008009 (575672-X))

ANNUAL REPORT 2022

MBf Corporation Berhad
(Incorporated in Malaysia)
(Company No. 200201008009 (575672-X))

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-First Annual General Meeting of MBf Corporation Berhad will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Malaysia on Wednesday, 28 June 2023 at 10.00 a.m. for the purpose of transacting 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 Reports of the Directors and Auditors thereon.
[Please refer to Explanatory Note (a)]
2. To approve the payment of a monthly Directors' fees of RM1,250.00 for the period from 1 July 2023 until the conclusion of the next Annual General Meeting ("AGM") of the Company, to be paid monthly in arrears after each month of completed service of the Non-Executive Directors of the Company.
[Please refer to Explanatory Note (b)] Ordinary Resolution 1
3. To approve the meeting allowance of RM1,000.00 per meeting payable to the Non-Executive Directors of the Company for the period from 1 July 2023 until the conclusion of the next AGM of the Company.
[Please refer to Explanatory Note (b)] Ordinary Resolution 2
4. To re-elect Christopher Koh Swee Kiat who is retiring in accordance with Clause 124 of the Company's Constitution and being eligible, offers himself for re-election.
[Please refer to Explanatory Note (c)] Ordinary Resolution 3
5. To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. Ordinary Resolution 4
6. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

LILY YIN KAM MAY (MAICSA 0878038) (SSM PC NO. 201908001210)
LIM BEE TING (MIA 16769) (SSM PC NO. 202008002018)
Company Secretaries

Petaling Jaya
30 May 2023

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Notes: Proxy

1. A member of the Company entitled to attend, participate, speak and vote at the meeting is entitled to appoint up to 2 proxies to attend, participate, speak and vote instead of him/her. Where a member appoints 2 proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy. There shall be no restriction as to the qualification of the proxy.
2. The instrument appointing a 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 its officer or attorney duly authorised.
3. The original Proxy Form must be deposited at the Company's Share Registrar, Insurban Corporate Services Sdn Bhd at 149, Jalan Aminuddin Baki, Taman Tun Dr. Ismail, 60000 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.

Explanatory Notes

(a) Audited Financial Statements for the Financial Year Ended 31 December 2022

This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require the Audited Financial Statements to be formally approved by the shareholders. As such, this Agenda item is not put forward for voting.

(b) Ordinary Resolutions 1 and 2

Section 230(1)(a) of the Companies Act, 2016 provides that the fees of the directors and benefits payable to the directors of a public company shall be approved at a general meeting. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next AGM of the Company.

(c) Ordinary Resolution 3

Clause 124 of the Company's Constitution provides that the Directors shall have power at any time, and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but the total number of Directors shall not at any time exceed the maximum number fixed in accordance with the Constitution. Any Director so appointed shall hold office only until the next following AGM, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting. Christopher Koh Swee Kiat who was appointed as Director of the Company on 1 December 2022 pursuant to Clause 124 of the Company's Constitution and being eligible, has offered himself for re-election at the Twenty-First AGM pursuant to Clause 124 of the Constitution of the Company.

Personal Data Policy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, 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 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.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

DATO' LOY TEIK NGAN, D.I.M.P.
Managing Director and Chief Executive Officer

ANGELINA SAHAYA MARY A/P RAMAKRISHNAN
Non-Independent Non-Executive Director

CHRISTOPHER KOH SWEE KIAT
Independent Non-Executive Director
(Appointed on 1 December 2022)

COMPANY SECRETARIES

Lily Yin Kam May
(MAICSA 0878038) (SSM PC No. 201908001210)

Lim Bee Ting
(MIA 16769) (SSM PC No. 202008002018)

REGISTERED OFFICE

1023, Level 10, Block B1
Pusat Dagang Setia Jaya
(Leisure Commerce Square)
No. 9 Jalan PJS 8/9
46150 Petaling Jaya
Selangor Darul Ehsan
Tel : 603 7861 8899
Fax : 603 7873 6860
Website : www.mbfcorp.com.my

AUDITORS

Crowe Malaysia PLT
Chartered Accountants
License No.: 201906000005 (LLP0018817-LCA) &
AF 1018
Suite 50-3, Setia Avenue
No. 2, Jalan Setia Prima S U13/S
Setia Alam, Seksyen U13
40170 Shah Alam
Selangor Darul Ehsan
Tel: 603 3343 0730 / 3343 1846
Fax: 603 3344 3036

REGISTRAR

Insurban Corporate Services Sdn Bhd
149 Jalan Aminuddin Baki
Taman Tun Dr Ismail
60000 Kuala Lumpur
Tel : 603 7729 5529 / 7727 3873
Fax : 603 7728 5948

PRINCIPAL BANKER

Malayan Banking Berhad

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Message From The Managing Director/Chief Executive Officer

Dear Shareholders,

On behalf of the Board of Directors of MBf Corporation Berhad (“the Company”), I would like to present the Annual Report and Audited Financial Statements of the Company and its Subsidiaries (“the Group”) for the financial year ended 31 December 2022 (“FY 2022”).

Group Financial Performance

The Group registered lower revenue of RM6.92 million for the financial year as compared to RM7.02 million for the previous financial year, a decrease of RM0.10 million or 1.42%. The revenue of the Group is mainly derived from its timeshare business and rental income from the letting of unsold properties stocks. Revenue from the timeshare business mainly comprises of the annual maintenance charges billed to the timeshare holders and recognition of deferred income from the timeshare membership fees.

The Group recorded a gross profit of RM5.23 million or 75.58% of the revenue for the financial year as compared to RM5.81 million or 82.76% for the previous financial year, a reduction in margin by 7.18%. The increase in cost of sales was due to the removal of Movement Control Order (“MCO”) in April 2022 by the Government which allowed the resumption of travel by our timeshare holders to our resorts. The gross profit margin achieved is primarily due to outsourcing some of our timeshare resorts to third party operators, who are responsible for the maintenance and running costs for these timeshare resorts. Besides enhanced revenue, this strategy also enabled the Group to have substantial savings in operational and capital expenses.

For FY 2022, the Group registered other income of RM4.57 million as compared to RM2.22 million for FY 2021, mainly due to :-

- (1) rental income of RM0.44 million (2021 : RM0.37 million),
- (2) interest income of RM0.20 million (2021 : RM0.14 million),
- (3) resorts apartments rental income of RM0.97 million (2021 : RM0.57 million),
- (4) rental from Perdana Beach Resort and Lotus Desaru Beach Resort of RM0.31 million and RM0.37 million respectively (2021 : RM0.13 million and RM0.29 million respectively),
- (5) car parks rental income of RM0.08 million (2021 : RM0.05 million),
- (6) timeshare memberships termination income of RM0.64 million (2021 : RM0.39 million),
- (7) fair value adjustment on an investment property of RM0.12 million (2021 : Nil),
- (8) administrative fee and miscellaneous income of RM0.17 million (2021 : RM0.06 million),
- (9) reversal of impairment on property of RM1.21 million (2021 : Nil),
- (10) wage subsidy of RM0.02 million (2021 : RM0.15 million) from the Government.

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The increase in the rental income from the office and retail units and resorts apartment rental income during the financial year were due to the removal of rental rebates given to some of the tenants as a result of the removal of MCO by the Government and normalization of business activities.

The Group recorded other expenses of RM4.02 million for the financial year as compared to the previous year of RM1.37 million, an increase of RM2.65 million which was mainly caused by the impairment of the inventories (unsold office and retail units at Leisure Commerce Square) of RM3.02 million despite the reduction in refurbishment cost for the resorts of RM0.07 million (2021 : RM0.25 million) and the decrease in the allowance for impairment losses on trade receivables to RM0.1 million for FY 2022 from RM0.25 million for FY 2021.

The Group recorded a net profit after taxation of RM1.48 million for FY 2022 as compared to a net profit after taxation of RM2.29 million for FY 2021. Profit for the year attributable to equity holders of the Company amounted to RM1.30 million as compared to the previous financial year profit of RM1.72 million. The basic earnings per share for FY 2022 stood at 0.46 sen as compared to FY 2021 of 0.61 sen.

Prospects

The Group's main businesses were selling of timeshare memberships, rental income from the resorts apartments and the sale and/or letting commercial lots situated at Leisure Commerce Square. As explained in the past financial years, the timeshare industry has been facing many challenges. As a result, the Group has ceased the sale of new timeshare memberships since 2015 and there is no plan to reactivate the sale of new timeshare memberships.

With the reopening of borders, we have seen an improvements in our timeshare holders frequenting our resorts. In addition, there is also an increase in the bookings at our resorts by the tourists through on line travel platform, hence our resorts rental income has increased in FY 2022. This momentum is expected to remain in FY 2023. However, we are anticipating an increase too in our operating expenses caused by the high inflation, increase in minimum wages, shorter working hours from 48 hours to 45 hours and overtime claim by staffs earning less than RM4,000 per month as compared previously to the threshold of RM2,000 per month. Speed bumps can be expected due to many uncertainty ahead such as unresolved Ukraine war, geopolitical tensions, high interest rate, anticipated economic recession in western countries, recent banking failures especially in USA and intensified natural disasters too.

The expiration of the timeshare memberships has begun in year 2020 and this has affected the revenue from the annual maintenance charges billed to timeshare holders. This revenue stream will continue to drop on a year on year basis as the timeshare holders base continues to expire and/or terminate on their own accords or due to non payment of the annual maintenance charges. As at 1 January 2023, there are approximately 3,604 (1

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January 2022 : 4,116) timeshare memberships or a reduction of 12%. It is expected that around 1,297 timeshare memberships will expire between 2023 and 2032.

The Group will continue to streamline its business to further reduce the operational expenses and enhance its revenues. As an alternative revenue stream, the Group will continue to drive the rental business on the apartment units that have been removed as lodged timeshare accommodation units. In regards to the sale and/or letting of completed office and retail lots situated at Leisure Commerce Square, efforts are on-going to find tenants and buyers, which has proven to be challenging due to the current business environment and the soft property market. The property industry, in particular, is also facing a continuing glut in residential, office and retail spaces and is not expected to recover soon. However, the Group with the continuous effort in working closely with the real estate agents, hopefully will yield some positive outcome.

In view of the above, the Group's financial performance for the financial year ending 31 December 2023 will be very much dependent on the sale/rental income from the unsold inventories and investment properties together with the resort and apartment rental income.

Corporate Proposal

On 7 April 2023, the Company received a letter from its major shareholders, Leisure Holidays Holdings Sdn Bhd, Puan Sri Ling Mah Lee @ Ling Lee Hung, Dato' Loy Teik Ngan ("Dato' Loy") and Loy Teik Inn (collectively, the "Non-Entitled Shareholders"), who collectively own approximately 39.49% equity interest in the Company, notifying the Board of the Non-Entitled Shareholders' intention to privatise the Company by way of selective capital reduction and repayment exercise pursuant to Section 116 of the Companies Act 2016 ("Proposed SCR") and requesting the Company to undertake the Proposed SCR ("Offer Letter").

Pursuant to the Proposed SCR, all the shareholders of the Company other than the Non-Entitled Shareholders will receive a cash amount of RM0.095 for each ordinary share of the Company held by them in the Company on an entitlement date which will result in a total capital repayment in cash of RM16,211,337 by the Company.

On 25 April 2023, the Board (save for the interested directors, namely Dato' Loy and Angelina Sahaya Mary A/P Ramakrishnan), after taking into consideration the advice from the appointed Independent Adviser, TA Securities Holdings Berhad, had deliberated on the contents of the Offer Letter and had resolved to table the Proposed SCR to the shareholders of the Company (save for the Non-Entitled Shareholders) for their consideration and approval in a general meeting to be convened.

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Welcome

We welcome to the Board, Mr Koh Swee Kiat as an Independent Non-Executive Director of the Company on 1 December 2022. His training as a lawyer and his diverse experience in various industries will contribute effectively to the Group. Mr Koh Swee Kiat also sits on the board of Mynews Holdings Bhd and Glostrex Berhad as an Independent Non-Executive Director too.

Appreciation

On behalf of the Board of Directors, I would like to express our thanks and appreciation to our valued shareholders, our timeshare holders, customers and business associates for their continuous support. I would also like to thank the management and all staff for their continuous commitment, dedication and loyalty to the Group.

Dato' Loy Teik Ngan
Managing Director/Chief Executive Officer

5 May 2023

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FINANCIAL REPORT

for the financial year ended 31 December 2022

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Directors' report

The directors have pleasure in presenting their report together with 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 of the subsidiaries are disclosed in Note 13 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit after taxation for the financial year	<u>1,484</u>	<u>666</u>
Attributable to:		
Owners of the Company	1,297	666
Non-controlling interests	<u>187</u>	<u>-</u>
	<u>1,484</u>	<u>666</u>

There were no material transfers to or from reserves or provisions during the financial year.

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

Dividend

No dividend was recommended by the directors for the financial year.

Directors

The names of directors who served during the financial year and up to the date of this report are as follows:

Dato' Loy Teik Ngan
Angelina Sahaya Mary A/P Ramakrishnan
Christopher Koh Swee Kiat (Appointed on 1.12.2022)
Dato' Nelson Arputham (Retired on 22.06.2022)

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Loy Teik Inn
Ding Lien Bing

Directors' interests in shares

According to the register of directors' shareholdings, the interests of a director holding office at the end of the financial year in the shares of the Company and its related corporations during the financial year are as follows:

	Number of ordinary share		
	1 January 2022	Bought	Sold
Indirect interest in the Company			31 December 2022
Dato' Loy Teik Ngan*	111,387,661	-	-
			111,387,661

** Deemed to have indirect interest by virtue of his relationship with Puan Sri Ling Mah Lee @ Ling Lee Hung, who is his mother and the controlling shareholder of Leisure Holidays Holdings Sdn Bhd and direct interest of his mother and brother (who is not a director of the Company).*

By virtue of his indirect interests in shares of the Company through Leisure Holidays Holdings Sdn. Bhd., Dato' Loy Teik Ngan is deemed to have interests in shares in its subsidiaries to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial year had no interests in shares of the Company or its related corporations during or at the end of the financial year.

Directors' benefits

Neither at the end of the financial year, nor at any time during the financial year, did there subsist any arrangement to which the Company or its subsidiaries was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest as disclosed in Note 25 to the financial statements.

Directors' remuneration

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

	The Group RM'000	The Company RM'000
Fees and other benefits	24	24
Salaries, bonuses and other benefits	204	120
Defined contribution benefits	8	5
	<u>236</u>	<u>149</u>

Directors' remuneration (Cont'd)

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the Group were RM33,825.

Indemnity and insurance cost

During the financial year, there is no indemnity given to or professional indemnity insurance effected for directors or officers of the Company.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 13 to the financial statements.

Other statutory information

- (a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) it necessary to write off any bad debts or the additional amount of the allowance for impairment losses on receivables in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances 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.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

Other statutory information (Cont'd)

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

- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

- (i) no contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations when they fall due; and
- (ii) 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 the operations of the Group and of the Company for the financial year in which this report is made.

Significant event occurring after the reporting period

The significant event occurring after the reporting period is disclosed in Note 30 to the financial statements.

Auditors

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

The details of the auditors' remuneration are disclosed as follows:

	The Group RM'000	The Company RM'000
Audit fee	35	12
Non-audit fee	10	2
	<u>45</u>	<u>14</u>

Signed in accordance with a resolution of the directors dated 5 May 2023.

Dato' Loy Teik Ngan

Angelina Sahaya Mary A/P Ramakrishnan

Statement by directors
Pursuant to Section 251(2) of the Companies Act 2016

We, Dato' Loy Teik Ngan and Angelina Sahaya Mary A/P Ramakrishnan, being two of the directors of MBf Corporation Berhad, state that, in the opinion of directors, the financial statements set out on pages 10 to 65 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 their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 5 May 2023.

Dato' Loy Teik Ngan

Angelina Sahaya Mary A/P Ramakrishnan

Statutory declaration
Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Ding Lien Bing, MIA Membership Number: CA 6896, being the officer primarily responsible for the financial management of MBf Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 10 to 65 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Ding Lien Bing,
at Klang in the State of Selangor Darul Ehsan
dated 5 May 2023.

Ding Lien Bing

Before me

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MBf CORPORATION BERHAD

(Incorporated in Malaysia)

Company No. 200201008009 (575672-X)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of MBf Corporation Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of 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 financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 65.

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 cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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Information Other than the Financial Statements and Auditors' Report Thereon (Cont'd)

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and 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 or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- 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.

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

(Incorporated in Malaysia)

Company No. 200201008009 (575672-X)

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 13 to the financial statements.

OTHER MATTERS

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

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

Shah Alam

5 May 2023

Ong Beng Chooi
03155/05/2023 J
Chartered Accountant

MBf CORPORATION BERHAD
(Incorporated in Malaysia)
Company No. 200201008009 (575672-X)

Statements of profit or loss and other comprehensive income
For the year ended 31 December 2022

		Group		Company	
	Note	2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Revenue	3	6,921	7,021	99	108
Cost of sales	4	(1,693)	(1,215)	-	-
Gross profit		5,228	5,806	99	108
Other income	5	4,566	2,218	818	-
Staff costs	6	(2,026)	(2,071)	(138)	(130)
Depreciation	11	(1,639)	(1,700)	-	-
Other expenses	7	(4,023)	(1,369)	(113)	(116)
Profit/(Loss) from operations		2,106	2,884	666	(138)
Finance costs	8	(2)	(7)	-	-
Profit/(Loss) before taxation		2,104	2,877	666	(138)
Income tax expense	9	(620)	(589)	^	-
Profit/(Loss) after taxation		1,484	2,288	666	(138)
Other comprehensive income		-	-	-	-
Total comprehensive income/(expenses) for the financial year		1,484	2,288	666	(138)
Profit/(Loss) after taxation attributable to:					
Owners of the Company		1,297	1,723	666	(138)
Non-controlling interests		187	565	-	-
		1,484	2,288	666	(138)
Total comprehensive income/(expenses) attributable to:					
Owners of the Company		1,297	1,723	666	(138)
Non-controlling interests		187	565	-	-
		1,484	2,288	666	(138)

^ denotes less than RM1,000

Earnings per share (sen) attributable to owners of the Company:

Basic, for the year (sen)	10	0.46	0.61
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The annexed notes form an integral part of the financial statements.

Statements of financial position as at 31 December 2022

		Group	
	Note	2022 RM'000	2021 RM'000 (Restated)
Assets			
Non-current assets			
Property, plant and equipment	11	39,781	40,162
Investment properties	12	9,150	9,031
Trade receivables	14	11	11
		<u>48,942</u>	<u>49,204</u>
Current assets			
Inventories	15	12,007	15,246
Trade receivables	14	89	358
Other receivables	16	1,285	790
Current tax assets		432	409
Cash and cash equivalents	18	8,159	8,027
		<u>21,972</u>	<u>24,830</u>
Total assets		<u>70,914</u>	<u>74,034</u>
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	19	282,033	282,033
Accumulated losses		<u>(276,905)</u>	<u>(278,202)</u>
		5,128	3,831
Non-controlling interests		<u>(3,497)</u>	<u>(3,684)</u>
Total equity		<u>1,631</u>	<u>147</u>
Non-current liabilities			
Hire purchase payables	20	-	9
Refundable security deposits	21	294	870
Timeshare development account	22	<u>60,267</u>	<u>64,055</u>
		<u>60,561</u>	<u>64,934</u>

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

Statements of financial position as at 31 December 2022 (Cont'd)

		Group	
	Note	2022	2021
		RM'000	RM'000
			(Restated)
Current liabilities			
Hire purchase payables	20	8	95
Refundable security deposits	21	384	651
Timeshare development account	22	3,405	3,429
Other payables	23	4,702	4,558
Current tax liabilities		223	220
		<u>8,722</u>	<u>8,953</u>
Total liabilities		<u>69,283</u>	<u>73,887</u>
Total equity and liabilities		<u>70,914</u>	<u>74,034</u>

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

Statements of financial position as at 31 December 2022 (Cont'd)

		Company	
	Note	2022	2021
		RM'000	RM'000
Assets			
Non-current assets			
Property, plant and equipment	11	-	-
Investment in subsidiaries	13	45,446	44,628
		<u>45,446</u>	<u>44,628</u>
Current assets			
Other receivables	16	5	5
Due from related companies	17	983	1,180
Current tax assets		4	4
Cash and cash equivalents	18	66	10
		<u>1,058</u>	<u>1,199</u>
Total assets		<u>46,504</u>	<u>45,827</u>
Equity and liability			
Equity attributable to owners of the Company			
Share capital	19	282,033	282,033
Accumulated losses		(236,025)	(236,691)
Total equity		<u>46,008</u>	<u>45,342</u>
Current liabilities			
Other payables	23	154	143
Due to related companies	17	342	342
		<u>496</u>	<u>485</u>
Total liability		<u>496</u>	<u>485</u>
Total equity and liability		<u>46,504</u>	<u>45,827</u>

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

MBf CORPORATION BERHAD
(Incorporated in Malaysia)
Company No. 200201008009 (575672-X)

Statements of changes in equity
For the year ended 31 December 2022

Group	Share capital RM'000	Accumulated losses RM'000	Attributable to Owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2021	282,033	(279,925)	2,108	(4,249)	(2,141)
Total comprehensive income for the financial year	-	1,723	1,723	565	2,288
At 31 December 2021	<u>282,033</u>	<u>(278,202)</u>	<u>3,831</u>	<u>(3,684)</u>	<u>147</u>
At 1 January 2022	282,033	(278,202)	3,831	(3,684)	147
Total comprehensive income for the financial year	-	1,297	1,297	187	1,484
At 31 December 2022	<u>282,033</u>	<u>(276,905)</u>	<u>5,128</u>	<u>(3,497)</u>	<u>1,631</u>

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

Statements of changes in equity
For the year ended 31 December 2022 (Cont'd)

	Share capital RM'000	Accumulated losses RM'000	Total equity RM'000
Company			
At 1 January 2021	282,033	(236,553)	45,480
Total comprehensive expenses for the financial year	-	(138)	(138)
At 31 December 2021	<u>282,033</u>	<u>(236,691)</u>	<u>45,342</u>
At 1 January 2022	282,033	(236,691)	45,342
Total comprehensive income for the the financial year	-	666	666
At 31 December 2022	<u>282,033</u>	<u>(236,025)</u>	<u>46,008</u>

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

Statements of cash flows
For the year ended 31 December 2022

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
		(Restated)		
Cash flows from/(for) operating activities				
Profit/(Loss) before taxation	2,104	2,877	666	(138)
Adjustments for:				
Allowance for impairment losses on:				
- trade receivables (Note 14)	100	248	-	-
Reversal of allowance for impairment losses on				
other receivables (Note 16)	(3)	(5)	-	-
Depreciation	1,639	1,700	-	-
Equipment written off	8	4	-	-
Gain on disposal of equipment	-	^	-	-
Interest expense	2	7	-	-
Dividend income	(4)	(8)	(99)	(108)
Fair value adjustment on:				
- investment properties	(119)	-	-	-
Forfeiture of rental deposit	(5)	(13)	-	-
Disputable payables written back	(1)	(48)	-	-
Interest income	(199)	(143)	-	-
Impairment losses on inventories	3,018	-	-	-
Reversal of allowance for impairment				
losses on investment in subsidiaries	-	-	(818)	-
Net reversal of allowance for impairment losses				
on property, plant and equipment	(1,206)	-	-	-
Operating profit/(loss) before working				
capital changes	5,334	4,619	(251)	(246)
Increase in trade and other receivables	(323)	(205)	-	-
Decrease in amount due from related companies	-	-	197	145
Decrease in inventories	221	-	-	-
Increase/(Decrease) in other payables	150	407	11	(5)
Decrease in timeshare development				
account and refundable security				
deposits	(4,655)	(4,618)	-	-
Cash from/(for) operations	727	203	(43)	(106)
Income tax paid	(640)	(647)	-	(1)
Net cash from/(for) operating activities	87	(444)	(43)	(107)

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

Statements of cash flows
For the year ended 31 December 2022 (Cont'd)

		Group		Company	
	Note	2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
			(Restated)		
Cash flows from/(for) investing activities					
Interest received		199	143	-	-
Dividend received		4	8	99	108
Acquisition of property, plant and equipment	26(i)	(60)	(41)	-	-
Proceeds from disposal of equipment		-	[^]	-	-
Net cash from investing activities		<u>143</u>	<u>110</u>	<u>99</u>	<u>108</u>
Cash flows for financing activities					
Interest paid	26(iii)	(2)	(7)	-	-
Repayment of hire purchase obligation	26(iii)	(96)	(106)	-	-
Net cash for financing activities		<u>(98)</u>	<u>(113)</u>	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents					
		132	(447)	56	1
Cash and cash equivalents at beginning of the financial year					
		<u>8,027</u>	<u>8,474</u>	<u>10</u>	<u>9</u>
Cash and cash equivalents at end of the financial year					
		<u>8,159</u>	<u>8,027</u>	<u>66</u>	<u>10</u>
Cash and cash equivalents comprise:					
Cash and bank balances	18	413	474	66	10
Deposits in money market fund	18	3,761	7,158	-	-
Fixed deposits with licensed banks	18	3,985	395	-	-
		<u>8,159</u>	<u>8,027</u>	<u>66</u>	<u>10</u>

[^] denotes less than RM1,000

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

Notes to the financial statements
For the year ended 31 December 2022

1. General information

The Company is a public company limited by shares and is incorporated under the Companies Act 2016 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal place of business of the Company is located at 1023, Level 10, Block B1, Pusat Dagang Setia Jaya (Leisure Commerce Square), No. 9, Jalan PJS 8/9, 46150 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 5 May 2023.

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

(i) Effective for annual periods beginning on or after 1 January 2022

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

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

Amendments to MFRS 3: Reference to the Conceptual Framework

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

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

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

Annual Improvements to MFRS Standards 2018 - 2020

2. Significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

(i) Effective for annual periods beginning on or after 1 January 2022 (Cont'd)

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

(ii) Standards and Interpretations issued but not yet effective

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

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

2. Significant accounting policies (Cont'd)

2.2 Basis of consolidation

(i) Subsidiaries

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of reporting period.

Subsidiaries are entities (including structured entities, if any) controlled by the Group. 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. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

2. Significant accounting policies (Cont'd)

2.2 Basis of consolidation (Cont'd)

(i) Subsidiaries (Cont'd)

(b) Non-controlling interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(d) Loss of control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed off (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value of the initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2. Significant accounting policies (Cont'd)

2.3 Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

2.4 Cash and cash equivalents

For purposes of the statements of cash flows, cash and cash equivalents include cash in hand, bank balances, short term funds and deposits with financial institutions, net of outstanding bank overdrafts.

2.5 Investments in subsidiaries

The Company's investments in subsidiaries are stated at cost less impairment losses, if any. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in profit or loss.

2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the assets can be measured reliably.

The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss during the financial year in which they are incurred.

Subsequent to initial recognition, property, plant and equipment, except for freehold land, are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land is not depreciated. Depreciation of other property, plant and equipment is provided on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

2. Significant accounting policies (Cont'd)

2.6 Property, plant and equipment (Cont'd)

Freehold buildings	2%
Leasehold buildings	Over the lease periods of 26 to 79 years
Renovation and building improvements	10% - 20%
Office equipment, furniture and fittings	10% - 20%
Computer equipment	20%
Motor vehicles	20%
Others	10%

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

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in profit or loss.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these plant and equipment.

2.7 Investment properties

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

Investment properties which are owned are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

Subsequent to initial recognition, investment properties are stated at fair value with fair value changes recognised in profit or loss.

Investment properties are derecognised when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

2. Significant accounting policies (Cont'd)

2.7 Investment properties (Cont'd)

Transfers are made to or from investment properties only when there is change in use. For a transfer from investment properties to owner-occupied properties or inventories, the fair value at the date of change becomes the cost for subsequent accounting purposes. If owner-occupied properties become investment properties, such properties shall be accounted for in accordance with the accounting policy for property, plant and equipment up to date of change in use.

2.8 Inventories

Inventories comprise completed properties held for resale.

Completed properties held for resale are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis and includes costs of land, construction and appropriate development overheads.

2.9 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

2.10 Functional and foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional and presentation currency and has been rounded to the nearest thousands, unless otherwise stated.

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the Company's functional currency are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date.

2. Significant accounting policies (Cont'd)

2.10 Functional and foreign currencies (Cont'd)

(ii) Foreign currency transactions (Cont'd)

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

2.11 Income tax

(i) Current

Current tax assets and liabilities are the expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(ii) Deferred tax

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that 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. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

2. Significant accounting policies (Cont'd)

2.11 Income tax (Cont'd)

(ii) Deferred tax (Cont'd)

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all the economic benefits embodied in the property over time, rather through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

2.12 Impairment of non-financial assets

The carrying values of assets, other than those to which MFRS 136 does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

2. Significant accounting policies (Cont'd)

2.12 Impairment of non-financial assets (Cont'd)

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.13 Leases

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets that do not meet the definition of investment properties and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

2. Significant accounting policies (Cont'd)

2.13 Leases (Cont'd)

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount has been reduced to zero.

2.14 Revenue from contracts with customers

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised services to a customer, net of rebates and discounts.

(i) Fixed annual fee from the sale of timeshare membership

Fixed annual fee in relation to the timeshare development account and refundable security deposits are recognised on a straight-line method over the tenure of the related Timeshare Agreement as disclosed in Note 2.22 to the financial statements.

(ii) Annual maintenance charges

Annual maintenance charges are recognised as income upon execution and renewal of the Timeshare Agreement.

2.15 Revenue from other sources and other operating income

(i) Rental income

Revenue from rental of office and retail lots are accounted for on a straight-line method over the lease term.

(ii) Interest income

Interest income is recognised on an accrual basis that reflects the effective yield on the asset.

(iii) Management fee

Management fee is recognised over time in period in which the service is rendered.

2. Significant accounting policies (Cont'd)

2.15 Revenue from other sources and other operating income (Cont'd)

(iv) Dividend income

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

2.16 Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense as incurred.

2.17 Borrowing costs

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

2.18 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are recognised initially at fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15). Transaction costs that are directly attributable to the acquisition or issue of the financial asset (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

2. Significant accounting policies (Cont'd)

2.18 Financial assets (Cont'd)

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

2. Significant accounting policies (Cont'd)

2.18 Financial assets (Cont'd)

Equity Instruments (Cont'd)

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or its designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following derecognition of an equity investment.

2.19 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Financial liabilities at fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

2. Significant accounting policies (Cont'd)

2.19 Financial liabilities (Cont'd)

(ii) Other financial liabilities (Cont'd)

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

The Group has not designated any financial liabilities as financial liabilities at fair value through profit or loss.

Derecognition

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2.20 Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

2. Significant accounting policies (Cont'd)

2.20 Impairment of financial assets (Cont'd)

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

2.21 Earnings per ordinary share

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

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

2.22 Timeshare development account and refundable security deposits

The timeshare development account and refundable security deposits are credited to the profit or loss over the tenure of the related Timeshare Agreement.

2.23 Fair value measurements

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 a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical asset or liability 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

2. Significant accounting policies (Cont'd)

2.23 Fair value measurements (Cont'd)

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

2.24 Equity instruments

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.25 Critical accounting estimates and judgements

Preparation of the financial statements involves making certain estimates, assumptions concerning the future and applying judgements. They affect the accounting policies applied, amounts of assets, liabilities, income and expenses reported and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

(i) Impairment of properties

The Group determines whether land and buildings, investment properties and completed properties classified as inventories are impaired when indications of impairment exist. The Group evaluates whether such indications of impairment exist based on reference to indicative market prices of similar properties in the same vicinity or past valuation reports performed by independent valuers. The carrying amount of land and buildings, investment properties and completed properties classified as inventories are as disclosed in Notes 11, 12 and 15 respectively to the financial statements.

2. Significant accounting policies (Cont'd)

2.25 Critical accounting estimates and judgements (Cont'd)

(ii) Impairment of trade receivables

The Groups uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales (including changes in the customer payment profile in response to the COVID-19 pandemic) and the corresponding historical credit losses, and adjust for qualitative and quantitative reasonable supportable forward-looking information. If the expectation is different from estimation, such difference will impact the carrying of trade receivables. The carrying amounts of trade receivables as at reporting date are disclosed in Note 14 to the financial statements.

(iii) Impairment of non-trade receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period. The carrying amounts of other receivables and amounts owing by related companies as at reporting date are disclosed in Notes 16 and 17 respectively to the financial statements.

(iv) Lease terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

3. Revenue

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Timeshare enrolment fee and annual maintenance fee	6,048	6,517	-	-
Dividend income	4	8	99	108
Sales of property	170	-	-	-
Rental income	699	496	-	-
	<u>6,921</u>	<u>7,021</u>	<u>99</u>	<u>108</u>

4. Cost of sales

Cost of sales of the Group represents timeshare commission, timeshare marketing and other direct timeshare related expenditures and rental expenses for letting.

5. Other income

Included in other income are:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Interest income on:				
- fixed deposits	77	6	-	^
- deposits in money market fund	94	133	-	-
- others	28	4	-	-
Termination income	642	386	-	-
Disputable payables written back	1	48	-	-
Rental income from investment properties	440	369	-	-
Fair value adjustment on:				
- investment properties (Note 12)	119	-	-	-
Forfeiture of rental deposit	5	13	-	-
Gain on disposal of equipment	-	^	-	-
Reversal of allowance for impairment losses on investment in subsidiaries (Note 13)	-	-	818	-
Reversal of allowance for impairment losses on property, plant and equipment (Note 11)	1,206	-	-	-
Reversal of allowance for impairment losses on other receivables (Note 16)	3	5	-	-
Wage subsidy	18	154	-	-

^ denotes less than RM1,000

6. Staff costs

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Executive directors' remuneration (Note 24)	585	840	125	134
Staff salaries and other benefits	1,289	1,099	13	(4)
Defined contribution benefits	152	132	-	-
	<u>2,026</u>	<u>2,071</u>	<u>138</u>	<u>130</u>

Included in the staff costs are remuneration paid to other key management personnel as disclosed in Note 24 to the financial statements.

7. Other expenses

Included in other expenses are:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration:				
- statutory audit				
: current year	35	33	12	12
: over provision in previous year	-	(1)	-	-
- non-audit services				
: current year	10	10	2	2
Non-executive director's (Note 24)				
- fee	9	15	9	15
- other benefits	15	-	15	-
Allowance for impairment losses on:				
- trade receivables (Note 14)	100	248	-	-
Equipment written off	8	4	-	-
Impairment losses on inventories (Note 15)	3,018	-	-	-
Lease expenses				
- low value assets (Note 26 (iii))	5	4	-	-
Direct operating expenses on investment properties	155	188	-	-

8. Finance costs

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
- hire purchase	2	7	-	-

9. Income tax expense

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Current tax:				
- for the year	(790)	(714)	^	-
- overprovision in previous year	170	125	-	-
	<u>(620)</u>	<u>(589)</u>	<u>^</u>	<u>-</u>

^ denotes less than RM1,000.

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the financial year.

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before taxation from	<u>2,104</u>	<u>2,877</u>	<u>666</u>	<u>(138)</u>
Taxation at the Malaysian statutory tax rate of 24%	(505)	(690)	(160)	33
Income not subject to tax	1,114	614	220	26
Expenses not deductible for tax purposes	(1,156)	(622)	(60)	(59)
Utilisation of previously unrecognised tax losses	1	1	-	-
Deferred tax assets not recognised	(244)	(17)	-	-
Overprovision of income tax in previous year	170	125	-	-
Income tax expense	<u>(620)</u>	<u>(589)</u>	<u>^</u>	<u>-</u>

^ denotes less than RM1,000.

9. Income tax expense (Cont'd)

No deferred tax assets have been recognised in respect of the following items:-

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Unutilised tax losses	<u>5,482</u>	<u>5,238</u>	<u>532</u>	<u>532</u>
Unabsorbed capital allowances	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>

Deferred tax assets have not been recognised in respect of these items as there is no assurance of their realisation in the foreseeable future.

Pursuant to Section 8 of the Finance Act 2021 (Act 833), the amendment to Section 44(5F) of Income Tax Act 1967, the time limit on the carried forward unutilised tax losses has been extended to maximum 10 consecutive years. This amendment is deemed to have effect for the year of assessment 2019 and subsequent year of assessment.

Any unutilised tax losses brought forward from year of assessment 2018 can be carried forward for another 10 consecutive years of assessment.

The unutilised tax losses are available for offset against future taxable profits of the Group and the Company up to the following financial years:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
2028	21,583	21,583	2,216	2,216
2029	65	65	-	-
2030	67	67	-	-
2031	112	112	-	-
2032	<u>1,015</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>22,842</u>	<u>21,827</u>	<u>2,216</u>	<u>2,216</u>

10. Basic earnings per share

Basic earnings per share amounts are calculated by dividing the net profit for the year attributed to ordinary owners of the Company by the number of ordinary shares in issue during the year.

	Group	
	2022	2021
	RM'000	RM'000
Profit attributable to ordinary owners of the Company	<u>1,297</u>	<u>1,723</u>
Number of ordinary shares in issue	<u>282,033</u>	<u>282,033</u>
Basic earnings per share (sen)	<u>0.46</u>	<u>0.61</u>

No diluted earnings per share is presented as there are no dilutive potential ordinary shares in the Company.

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11. Property, plant and equipment

Group	Land and buildings* RM'000	Renovation and building improvements RM'000	Furniture and fittings RM'000	Office equipment RM'000	Computer equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost							
At 1 January 2022	69,413	1,045	7,697	1,417	7	554	80,133
Additions	-	-	59	1	-	-	60
Written off	-	-	(36)	(2)	-	-	(38)
At 31 December 2022	69,413	1,045	7,720	1,416	7	554	80,155
Accumulated depreciation and impairment							
At 1 January 2022	29,885	958	7,244	1,370	7	507	39,971
Charge for the financial year	1,466	7	103	16	-	47	1,639
Written off	-	-	(28)	(2)	-	-	(30)
Reversal of allowance for impairment losses	(1,206)	-	-	-	-	-	(1,206)
At 31 December 2022	30,145	965	7,319	1,384	7	554	40,374
Carrying amount							
At 31 December 2022	39,268	80	401	32	-	-	39,781

11. Property, plant and equipment (Cont'd)

Group (Restated)	Land and buildings* RM'000	Renovation and building improvements RM'000	Furniture and fittings RM'000	Office equipment RM'000	Computer equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost							
At 1 January 2021	69,413	1,045	7,682	1,418	7	-	79,565
Transfer from right-of-use assets	-	-	-	-	-	554	554
Additions	-	-	33	8	-	-	41
Disposal	-	-	(1)	-	-	-	(1)
Written off	-	-	(17)	(9)	-	-	(26)
At 31 December 2021	69,413	1,045	7,697	1,417	7	554	80,133
Accumulated depreciation and impairment							
At 1 January 2021	28,419	951	7,161	1,360	7	-	37,898
Transfer from right-of-use assets	-	-	-	-	-	396	396
Charge for the financial year	1,466	7	99	17	-	111	1,700
Disposal	-	-	(1)	-	-	-	(1)
Written off	-	-	(15)	(7)	-	-	(22)
At 31 December 2021	29,885	958	7,244	1,370	7	507	39,971
Carrying amount							
At 31 December 2021	39,528	87	453	47	-	47	40,162

The Group has leased motor vehicles under hire purchase arrangements with lease term of five years. The leases bear effective interest rates at 4.42% (2021: 4.42% to 4.50%) per annum and are secured by the leased assets.

11. Property, plant and equipment (Cont'd)

	Office equipment RM'000	Computer equipment RM'000	Total RM'000
Company			
Cost			
At 1 January 2022/ 31 December 2022	1	2	3
Accumulated depreciation			
At 1 January 2022/ 31 December 2022	1	2	3
Carrying amount			
At 31 December 2022	-	-	-
Cost			
At 1 January 2021/ 31 December 2021	1	2	3
Accumulated depreciation			
At 1 January 2021/ 31 December 2021	1	2	3
Carrying amount			
At 31 December 2021	-	-	-

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11. Property, plant and equipment (Cont'd)

* Land and buildings of the Group comprise:

	Freehold land RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Total RM'000
Group				
Cost				
At 1 January 2022/ 31 December 2022	1,787	53,605	14,021	69,413
Accumulated depreciation				
At 1 January 2022	-	24,056	5,829	29,885
Charge for the financial year	-	1,063	403	1,466
Reversal of allowance for impairment losses	-	(1,206)	-	(1,206)
At 31 December 2022	-	23,913	6,232	30,145
Carrying amount				
At 31 December 2022	1,787	29,692	7,789	39,268
Cost				
At 1 January 2021/ 31 December 2021	1,787	53,605	14,021	69,413
Accumulated depreciation				
At 1 January 2021	-	22,993	5,426	28,419
Charge for the financial year	-	1,063	403	1,466
At 31 December 2021	-	24,056	5,829	29,885
Carrying amount				
At 31 December 2021	1,787	29,549	8,192	39,528

12. Investment properties

	Group	
	2022	2021
	RM'000	RM'000
Leasehold buildings		
At fair value		
At 1 January	9,031	9,031
Gain on changes in fair value (Note 5)	119	-
At 31 December	9,150	9,031

The investment properties of the Group are leased to parties under operating lease with rental payable monthly. The leases are with lease payments indexed to the consumer price index.

12. Investment properties (Cont'd)

The Group requires 1 month of advanced rental payment from the parties. The leases do not include residual value guarantee and variable lease payments that depend on an index or rate.

The undiscounted operating lease payments receivable are as follows:-

	Group	
	2022	2021
	RM'000	RM'000
Within 1 year	414	547
Between 1 and 2 years	66	499
Between 2 and 3 years	-	70
	<u>480</u>	<u>1,116</u>

The details of the Group's investment properties that carried at fair values are analysed as follows:-

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Group				
2022				
Long term leasehold buildings	-	9,150	-	9,150
2021				
Long term leasehold buildings	-	9,031	-	9,031

The fair value of the leasehold buildings which have been derived using the market comparison approach performed by independent professional valuers by making reference to recent sales and/or listings of similar properties in the vicinity or similar localities. There has been no change to the valuation technique used during the financial year.

The fair values of the investment properties are within level 2 of the fair value hierarchy.

There were no transfers between level 1 and level 2 during the financial year.

13. Investment in subsidiaries

	Company	
	2022	2021
	RM'000	RM'000
Unquoted shares, at cost	207,142	207,142
Less: Allowance for impairment losses	(161,696)	(162,514)
Carrying amount	<u>45,446</u>	<u>44,628</u>
Allowance for impairment losses:		
At 1 January	162,514	162,514
Addition	1,582	-
Reversal	(2,400)	-
Net reversal (Note 5)	(818)	-
At 31 December	<u>161,696</u>	<u>162,514</u>

The following are the subsidiaries of the Company, all of which are incorporated in Malaysia:

Name of Subsidiary	Percentage of Issued Share Capital held by Parent		Principal Activities
	2022	2021	
	%	%	
Leisure Holidays Bhd.	76.48	76.48	Promoting and selling of timeshare memberships, resort management services and provision of management service
Leisure Holidays Marketing Sdn. Bhd. *	76.48	76.48	Promoting and marketing of timeshare and club memberships
Leisure Commerce Square Sdn. Bhd.	70.00	70.00	Property developer
MBF Premier Sdn. Bhd.	100.00	100.00	Investment holding company
<u>Subsidiaries in liquidation</u>			
(i) Leisure Holidays Resorts Management Sdn. Bhd. *	76.48	76.48	Not applicable
(ii) Summerset Resort Sdn. Bhd. @ *	65.01	65.01	Not applicable
(iii) Summerset Group Management Sdn. Bhd. @ *	65.01	65.01	Not applicable

13. Investment in subsidiaries (Cont'd)

Note:

- * Held through Leisure Holidays Bhd.
- @ Prior to the liquidation process of the above-mentioned companies, the subsidiaries were previously audited by a firm other than Crowe Malaysia PLT.
- (i) On 28 December 2020, Leisure Holidays Resorts Management Sdn. Bhd. was placed under members' voluntary winding up which was dissolved on 27 August 2022. It was deconsolidated in the financial year 2020.
- (ii) On 17 July 2012, Summerset Resort Sdn. Bhd. was placed under creditors' voluntary winding up which is currently pending dissolution. It was deconsolidated in the financial year 2012.
- (iii) On 21 June 2011, Summerset Group Management Sdn. Bhd. was placed under creditors' voluntary winding up which is currently pending dissolution. It was deconsolidated in the financial year 2011.
- (iv) The non-controlling interests at the end of the reporting period comprise the following:

	Effective equity interest		Group	
	2022 %	2021 %	2022 RM'000	2021 RM'000
Leisure Holidays Bhd. and it's subsidiary companies	23.52	23.52	(7,882)	(8,914)
Leisure Commerce Square Sdn. Bhd.	30.00	30.00	4,385 (3,497)	5,230 (3,684)

- (v) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:

	Leisure Holidays Bhd. and it's subsidiary companies	
	2022 RM'000	2021 RM'000
<u>At 31 December</u>		
Non-current assets	60,791	61,079
Current assets	1,813	1,696
Non-current liabilities	(60,561)	(64,934)
Current liabilities	(17,633)	(17,829)
Net liabilities	<u>(15,590)</u>	<u>(19,988)</u>

13. Investment in subsidiaries (Cont'd)

- (v) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows (Cont'd):

	Leisure Holidays Bhd. and it's subsidiary companies	
	2022 RM'000	2021 RM'000
<u>Financial Year Ended 31 December</u>		
Revenue	6,156	6,625
Profit after taxation for the financial year	4,399	2,491
Total comprehensive income	<u>4,399</u>	<u>2,491</u>
 Total comprehensive income attributable to non-controlling interests	 <u>1,036</u>	 <u>586</u>
 Net cash flows from operating activities	 94	 22
Net cash flows for investing activities	(25)	(31)
Net cash flows for financing activities	<u>(51)</u>	<u>(51)</u>
	Leisure Commerce Square Sdn. Bhd.	
	2022 RM'000	2021 RM'000
<u>At 31 December</u>		
Non-current assets	^	^
Current assets	18,026	18,988
Current liabilities	<u>(3,415)</u>	<u>(3,359)</u>
Net assets	<u>14,611</u>	<u>15,629</u>
 <u>Financial Year Ended 31 December</u>		
Revenue	869	496
Loss after taxation for the financial year	(1,018)	(69)
Total comprehensive expenses	<u>(1,018)</u>	<u>(69)</u>

13. Investment in subsidiaries (Cont'd)

- (v) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows (Cont'd):

	Leisure Commerce Square Sdn. Bhd.	
	2022	2021
	RM'000	RM'000
<u>Financial Year Ended 31 December</u>		
Total comprehensive expenses attributable to non-controlling interests	<u>(305)</u>	<u>(21)</u>
Net cash flows from operating activities	263	132
Net cash flows from investing activities	111	84
Net cash flows for financing activities	<u>(46)</u>	<u>(62)</u>

^ denotes less than RM1,000

14. Trade receivables

	Group	
	2022	2021
	RM'000	RM'000
Trade receivables	9,116	9,743
Less: Allowance for impairment losses	<u>(9,016)</u>	<u>(9,374)</u>
Net trade receivables	<u>100</u>	<u>369</u>
Of which:		
Due within 1 year	89	358
Due after 1 year	<u>11</u>	<u>11</u>
	<u>100</u>	<u>369</u>

The Group's normal trade credit terms range from 30 to 180 (2021: 30 to 180) days. Other current terms are assessed and approved on a case-by-case basis. The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

14. Trade receivables (Cont'd)

The movements in the allowance for impairment in respects of trade receivables are as follows:

	Group		
	Lifetime expected credit loss RM'000	Credit impaired RM'000	Total RM'000
At 1 January 2022	57	9,317	9,374
Addition (Note 7)	-	157	157
Reversal (Note 7)	(34)	(23)	(57)
Written off	-	(458)	(458)
At 31 December 2022	<u>23</u>	<u>8,993</u>	<u>9,016</u>
At 1 January 2021	22	9,494	9,516
Addition (Note 7)	35	213	248
Written off	-	(390)	(390)
At 31 December 2021	<u>57</u>	<u>9,317</u>	<u>9,374</u>

15. Inventories

	Group	
	2022 RM'000	2021 RM'000
At net realisable value:		
Unsold properties	<u>12,007</u>	<u>15,246</u>
Recognised in profit or loss:		
Inventories recognised as cost of sales	221	-
Amount impaired to net realisable value	<u>3,018</u>	<u>-</u>

16. Other receivables

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Sundry receivables	697	306	-	-
Amount due from a non consolidated subsidiary	12,324	12,324	-	-
Deposits	455	456	5	5
Prepayments	151	49	-	-
	<u>13,627</u>	<u>13,135</u>	<u>5</u>	<u>5</u>
Less: Allowance for impairment losses	<u>(12,342)</u>	<u>(12,345)</u>	<u>-</u>	<u>-</u>
	<u>1,285</u>	<u>790</u>	<u>5</u>	<u>5</u>

16. Other receivables (Cont'd)

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment losses:-				
At 1 January	12,345	12,350	-	-
Reversal for the financial year (Note 5)	(3)	(5)	-	-
At 31 December	<u>12,342</u>	<u>12,345</u>	<u>-</u>	<u>-</u>

The Group and the Company have no significant concentration of credit risk that may arise from exposures to a single receivable or to groups of receivables other than the amount due from a subsidiary, Summerset Resort Sdn. Bhd. ("SRSB"), amounting to RM12,324,397 (2021: RM12,324,397) which is currently under creditors' voluntary winding up. The said amount is admitted as secured creditor of SRSB. The amount is non-interest bearing and repayable from any surplus proceed upon disposal of the parcels of land owned by SRSB.

In view of the uncertainty involved in the resolution of the exorbitant quit rent and the long time taken for the process coupled with the inability of SRSB to meet the obligation of the quit rent to Pejabat Tanah Daerah Dan Tanah Rompin, the directors of the Company had on financial year ended 31 December 2020, proceeded to impair the amount due from SRSB.

During the financial year, the Sale and Purchase Agreement dated 20 December 2019 ("SPA") entered into by SRSB and Purchaser, have been mutually terminated by SRSB and Purchaser since the exorbitant quit rent issue with Pejabat Tanah Daerah Dan Tanah Rompin was not resolved during the extension period of the SPA.

17. Due from/(to) related companies

The amounts due from/(to) related companies comprise:

	Company	
	2022	2021
	RM'000	RM'000
Due from subsidiaries	<u>983</u>	<u>1,180</u>
Due to a subsidiary	<u>(342)</u>	<u>(342)</u>

The amounts due from subsidiaries are unsecured, interest free and have no fixed terms of repayment.

The amount due to a subsidiary is unsecured, non-interest bearing and has no fixed terms of repayment.

18. Cash and cash equivalents

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	413	474	66	10
Deposits in money market fund	3,761	7,158	-	-
Fixed deposits with licensed banks	3,985	395	-	-
	<u>8,159</u>	<u>8,027</u>	<u>66</u>	<u>10</u>

Included in cash and bank balances of the Group are bank balances of RM137,458 (2021: RM42,742) in trust accounts established in accordance with the terms of the Trust Deeds entered into by a subsidiary, the Trustee and the subsidiary's Timeshare Holders.

Included in deposits with licensed banks of the Group are deposits of RM423,553 (2021: RM395,477) in sinking fund trust accounts established in accordance with the terms of the Trust Deeds entered into by a subsidiary, the Trustee and the subsidiary's Timeshare Holders.

The range of interest rates per annum and average maturities of deposits of the Group and of the Company as at the end of the financial year were as follows:

	Interest rates		Maturity periods	
	2022	2021	2022	2021
	%	%	Days	Days
Group and Company				
Deposits in money market fund	1.70 - 3.00	1.65 - 1.95	1	1
Fixed deposits with licensed banks	<u>2.20 - 3.55</u>	<u>1.40 - 1.70</u>	<u>1 - 90</u>	<u>1 - 90</u>

19. Share capital

	Group and Company			
	Number of shares		Amount	
	2022	2021	2022	2021
	Unit ('000)	Unit ('000)	RM'000	RM'000
Issued and fully paid-up: Ordinary Shares				
At 1 January/31 December	<u>282,033</u>	<u>282,033</u>	<u>282,033</u>	<u>282,033</u>

20. Hire purchase payables

	Group	
	2022	2021
	RM'000	RM'000
		(Restated)
Minimum hire purchase payments:		
- Not later than 1 year	8	97
- Later than 1 year but not later than 5 years	-	9
	<u>8</u>	<u>106</u>
Less: Future finance charges	[^]	(2)
Present value of hire purchase payables	<u>8</u>	<u>104</u>
Analysed by:-		
Current liabilities	8	95
Non-current liabilities	-	9
	<u>8</u>	<u>104</u>

[^] denotes less than RM1,000

21. Refundable security deposits

The refundable security deposits are funds paid by subscribers to ensure that the subscribers comply with the terms and conditions of the subscribers' agreements over the duration of the agreements. The refund ability of these funds is subject to the terms and conditions of the subscribers' agreements. The balance outstanding as at the reporting date is stated net of any amounts utilised to settle fixed annual fees outstanding. The portion of the refundable security deposits to be utilised after the period of 12 months from the reporting date amounting to RM294,000 (2021: RM870,000) is reflected as a non-current liability in the Statements of Financial Position.

22. Timeshare development account

The timeshare development account is to be utilised to cover the cost of acquisition or construction and furnishing of each resort or holiday apartment used for the timeshare business. The balance outstanding as at the reporting date is stated net of any amounts utilised to settle fixed annual fees outstanding. The portion of the timeshare development account to be utilised after the period of 12 months from the reporting date amounting to RM60,267,000 (2021: RM64,055,000) is reflected as a non-current liability in the Statements of Financial Position.

23. Other payables

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Sundry payables	1,107	1,050	7	8
Accruals	834	747	147	135
Amount due to a subsidiary's shareholder	2,761	2,761	-	-
	<u>4,702</u>	<u>4,558</u>	<u>154</u>	<u>143</u>

Amount due to a subsidiary's shareholder is unsecured, non-interest bearing and is repayable on demand.

24. Key management personnel compensation

The key management personnel of the Group and of the Company include executive directors and non-executive directors and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Directors				
<u>Directors of the Company</u>				
<i>Non-executive directors (Note 7)</i>				
Short-term employee benefits:				
- fee	9	15	9	15
- other benefits	15	-	15	-
	24	15	24	15
<i>Executive director (Note 6)</i>				
Short-term employee benefits:				
- salaries, bonuses and other benefits	204	204	120	120
Defined contribution benefits	8	23	5	14
	212	227	125	134
	<u>236</u>	<u>242</u>	<u>149</u>	<u>149</u>

24. Key management personnel compensation (Cont'd)

The key management personnel compensation during the financial year are as follows (Cont'd):

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<u>Director of subsidiary companies</u>				
<i>Executive director (Note 6)</i>				
Short-term employee benefits:				
- salaries, bonuses and other benefits	314	521	-	-
Defined contribution benefits	59	92	-	-
	373	613	-	-
Total directors remuneration	609	855	149	149

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the Group were RM33,825 (2021 - RM35,700).

	Group	
	2022	2021
	RM'000	RM'000
Other key management personnel (Note 6)		
Short-term employee benefits		
- salaries, bonuses and other benefits	358	307
Defined contribution benefits	41	35
Total compensation for other key management personnel	399	342

25. Related party disclosures

(i) Identities of related parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and subsidiaries.

25. Related party disclosures (Cont'd)

(ii) Related party transactions and balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with related parties during the financial year:-

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Dividend income from a subsidiary company	-	-	95	100
Management fee paid or payable to a subsidiary company	-	-	(24)	(24)
Rental income from a company in which a director of the Company has interest	6	6	-	-
Rental income from immediate family member of a director of the Company	3	3	-	-

The significant outstanding balances of related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

26. Cash flow information

(i) The cash disbursed for the purchase of property, plant and equipment is as follows:-

	Group	
	2022	2021
	RM'000	RM'000
Cash disbursed for purchase of property, plant and equipment (Note 11)	60	41

26. Cash flow information (Cont'd)

- (ii) The reconciliations of liabilities arising from financing activities are as follows:-

	Group	
	2022	2021
	RM'000	RM'000
<u>Hire Purchase</u>		
At 1 January	104	210
<u>Changes in Financing Cash Flows</u>		
Repayment of principal	(96)	(106)
Repayment of interests	(2)	(7)
	(98)	(113)
<u>Non-cash Changes</u>		
Interest expense recognised in profit or loss (Note 8)	2	7
At 31 December	8	104

- (iii) The total cash outflows for leases as a lease are as follows:-

	2022	2021
	RM'000	RM'000
Payment of low-value assets	5	4
Interest paid on hire purchase	2	7
Payment of hire purchase obligation	96	106
	103	117

27. Financial instruments

(i) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risk, liquidity risk and credit risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is to not engage in speculative transactions.

(ii) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

27. Financial instruments (Cont'd)

(ii) Interest rate risk (Cont'd)

The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in money market funds and fixed deposits.

As at the end of the reporting date, as the Group has no significant interest-bearing financial liabilities, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

(iii) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group's credit risk is primarily attributable to trade and other receivables and bank balance. In respect of trade and other receivables, the Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and policies and procedures are in place to ensure that the Group's exposure to bad debts is kept to a minimum. In respect of cash and cash equivalents, the Group's policy is to place surplus cash with licensed banks in Malaysia.

The maximum amount of exposure to credit risk arising from the Group's trade and other receivables and cash and cash equivalents equal to the carrying amount of these financial assets on the statements of financial position.

The profiles of the Group's trade and other receivables and cash and bank balances at the reporting date are as disclosed in Notes 14, 16 and 18 respectively to the financial statements.

Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of financial assets at amortised cost is impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite they are still subject to enforcement activities.

Trade Receivables

The Group applies the simplified approach to measuring expected credit losses using uses a lifetime expected loss allowance for all trade receivables.

27. Financial instruments (Cont'd)

Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

The Group considers any receivables having significant balances and more than 180 days overdue are deemed credit impaired.

The expected loss rates are based on the actual credit experience over the past two years. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables is summarised below:-

	Gross amount RM'000	Lifetime loss amount RM'000	Carrying amount RM'000
Group 2022			
Neither past due nor impaired	11	-	11
Current (not past due)	12	-	12
1 to 30 days past due	2	-	2
31 to 60 days past due	1	-	1
61 to 90 days past due	3	-	3
91 to 120 days past due	3	-	3
121 to 180 days past due	49	(24)	25
	<u>70</u>	<u>(24)</u>	<u>46</u>
Credit impaired:			
- individually impaired	9,035	(8,992)	43
	<u>9,116</u>	<u>(9,016)</u>	<u>100</u>

27. Financial instruments (Cont'd)

(iii) Credit risk (Cont'd)

Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

	Gross amount RM'000	Lifetime loss amount RM'000	Carrying amount RM'000
Group 2021			
Neither past due nor impaired	11	-	11
Current (not past due)	23	-	23
1 to 30 days past due	8	-	8
31 to 60 days past due	16	-	16
61 to 90 days past due	4	-	4
91 to 120 days past due	4	-	4
121 to 180 days past due	317	(57)	260
	<u>372</u>	<u>(57)</u>	<u>315</u>
Credit impaired:			
- individually impaired	9,360	(9,317)	43
	<u>9,743</u>	<u>(9,374)</u>	<u>369</u>

The movements in the loss allowances in respect of trade receivables are disclosed in Note 14 to the financial statements.

Other Receivables

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

The Group considers a receivable is credit impaired when the receivable is in significant financial difficulty, for instances, the receivable is insolvent and unable to pay the significant increase in quit rent expense. Receivables that are credit impaired are assessed individually while other receivable is assessed on a collective basis.

27. Financial instruments (Cont'd)

(iii) Credit risk (Cont'd)

Assessment of Impairment Losses (Cont'd)

Other Receivables (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated for the other receivable is summarised below:-

	Gross amount RM'000	Lifetime loss amount RM'000	Carrying amount RM'000
Group			
2022			
Credit impaired			
- Individually impaired (Note 16)	<u>13,021</u>	<u>(12,342)</u>	<u>679</u>
2021			
Credit impaired			
- Individually impaired (Note 16)	<u>12,630</u>	<u>(12,345)</u>	<u>285</u>

Fixed deposits with licensed banks, deposits in money market fund and cash and bank balances

The Group considers these banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

(iv) Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and balances its portfolio with some short-term funding so as to achieve overall cost effectiveness.

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows:

27. Financial instruments (Cont'd)

(iv) Liquidity risk (Cont'd)

Group	Weighted average effective interest rate %	Carrying amount RM'000	Contractual undiscounted cash flows RM'000	Within 1 year RM'000	1 - 5 years RM'000
2022					
Financial liabilities					
Other payables	-	4,702	4,702	4,702	-
Hire purchase payables	4.42	8	8	8	-
Refundable security deposits	-	678	678	384	294
Total financial liabilities		5,388	5,388	5,094	294
2021					
Financial liabilities					
Other payables	-	4,558	4,558	4,558	-
Hire purchase payables	4.42 - 4.50	104	106	98	8
Refundable security deposits	-	1,521	1,521	651	870
Total financial liabilities		6,183	6,185	5,307	878
Company					
2022					
Financial liabilities					
Other payables	-	154	154	154	-
Due to related companies	-	342	342	342	-
Total financial liabilities		496	496	496	-

27. Financial instruments (Cont'd)

(iv) Liquidity risk (Cont'd)

Company	Weighted average effective interest rate %	Carrying amount RM'000	Contractual undiscounted cash flows RM'000	Within 1 year RM'000	1 - 5 years RM'000
2021					
Financial liabilities					
Other payables	-	143	143	143	-
Due to related companies	-	342	342	342	-
Total financial liabilities		485	485	485	-

(v) Categories of financial instrument

Financial instruments of the Group and of the Company are categorised as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Financial assets				
Amortised cost				
Trade receivables	100	369	-	-
Other receivables	1,134	741	5	5
Due from related companies	-	-	983	1,180
Cash and bank balances	8,159	8,027	66	10
Total financial assets	9,393	9,137	1,054	1,195
Financial liabilities				
Amortised cost				
Other payables	4,702	4,558	154	143
Due to related companies	-	-	342	342
Refundable security deposits	678	1,521	-	-
Total financial liabilities	5,380	6,079	496	485

27. Financial instruments (Cont'd)

(vi) Fair value information

The fair values of the financial assets and financial liabilities of the Group and the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

28. Capital management

The primary objective of the Group's capital management is to ensure that it maintains sufficient capital to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. 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 for the financial year ended 31 December 2022.

29. Comparative figures

The following figures have been reclassified to conform with the presentation of the current financial year:-

	Group	
	As Previously Reported RM'000	As Restated RM'000
<u>Statement of Financial Position (Extract):-</u>		
<u>Current assets</u>		
Property, plant and equipment	40,115	40,162
Right-of-use asset	47	-
<u>Non-current liabilities</u>		
Hire purchase payables	-	9
Lease liability	9	-
<u>Current liabilities</u>		
Hire purchase payables	-	95
Lease liability	95	-
	<hr/>	<hr/>
<u>Statement of Cash Flows (Extract):-</u>		
<u>Cash flows from/(for) operating activities</u>		
Depreciation of property, plant and equipment	1,589	1,700
Depreciation of right-of-use asset	111	-
	<hr/>	<hr/>

29. Comparative figures (Cont'd)

The following figures have been reclassified to conform with the presentation of the current financial year (Cont'd):-

	Group	
	As Previously Reported RM'000	As Restated RM'000
<u>Cash flows for financing activities</u>		
Repayment of hire purchase obligation	-	(106)
Repayment of lease liability	(106)	-
	<hr/>	<hr/>

30. Significant event occurring after the reporting period

On 7 April 2023, the Company received a letter from its major shareholders, Leisure Holidays Holdings Sdn Bhd, Puan Sri Ling Mah Lee @ Ling Lee Hung, Dato' Loy Teik Ngan ("**Dato' Loy**") and Loy Teik Inn (collectively, the "**Non-Entitled Shareholders**"), who collectively own approximately 39.49% equity interest in the Company, notifying the Board of the Non-Entitled Shareholders' intention to privatise the Company by way of selective capital reduction and repayment exercise pursuant to Section 116 of the Companies Act 2016 ("**Proposed SCR**") and requesting the Company to undertake the Proposed SCR ("**Offer Letter**").

Pursuant to the Proposed SCR, all the shareholders of the Company other than the Non-Entitled Shareholders will receive a cash amount of RM0.095 for each ordinary share of the Company held by them in the Company on an entitlement date which will result in a total capital repayment in cash of RM16,211,337.04 by the Company.

On 25 April 2023, the Board (save for the interested directors, namely Dato' Loy and Angelina Sahaya Mary A/P Ramakrishnan), after taking into consideration the advice from the appointed Independent Adviser, TA Securities Holdings Berhad, had deliberated on the contents of the Offer Letter and had resolved to table the Proposed SCR to the shareholders of the Company (save for the Non-Entitled Shareholders) for their consideration and approval in a general meeting to be convened.

MBf CORPORATION BERHAD
(Incorporated in Malaysia)
Company No. 200201008009 (575672-X)

List of Properties

- held by MBf Corporation Berhad Group as at 31 December 2022

No.	Addresses	Description and Existing Use	Total Area (Square Meter)	Tenure/ Approximate Age of Buildings (Years)	Expiry Date	Carrying Amount (RM'000)
1.	Block Aster (A1) Jalan Gereja 39000 Tanah Rata Cameron Highlands Pahang Darul Makmur	36 units of apartments For timeshare business	3,348	Leasehold / 26	2038	2,851
2.	No. 563, Jalan Wee Hein Tze 11200 Tanjung Bungah, Penang	49 units of apartments For timeshare business	4,101	Freehold / 25	-	11,287
3.	Jalan Kuala Muda Padang Matsirat, 07100 Langkawi Kedah Darul Aman	74 units of apartments For timeshare business	6,998	Freehold / 23	-	10,472
4.	Lot 1854, Jalan Desaru Bandar Penawar 81930 Kota Tinggi Johor Darul Takzim	50 units of apartments For timeshare business	4,834	Leasehold / 24	2088	2,699
5.	218, Jalan Ipoh 51200 Kuala Lumpur	24 units of apartments For timeshare business	2,237	Freehold / 23	-	3,314
6.	Lot No. 752, Batu 7 Jalan Pantai Teluk Kemang 71050 Port Dickson	30 units of apartments For timeshare business	2,120	Freehold / 27	-	1,224

List of Properties

- held by MBf Corporation Berhad Group as at 31 December 2022 (Cont'd)

No.	Addresses	Description and Existing Use	Total Area (Square Meter)	Tenure/ Approximate Age of Buildings (Years)	Expiry Date	Carrying Amount (RM'000)
7.	Amber Court 69000 Genting Highlands	36 units of apartments For timeshare business	2,316	Freehold / 26	-	2,545
8.	7-15 Monte Carlo Avenue Surfers Paradise, Queensland 4217 Australia	10 units of apartments For timeshare business	566	Freehold / 25	-	1,553
9.	Pusat Dagang Setia Jaya 9 Jalan PJS 8/9, 46150 Petaling Jaya Selangor Darul Ehsan	13 units of office lots For use as office and rental	4,506	Leasehold / 22	2091	12,173
10.	Unit B2-7A 2nd Floor, Binova Industrial Centre No. 1 Jalan 2/87B Kawasan Perusahaan Segambut Off Jalan Segambut Bawah 51200 Kuala Lumpur	Light industrial and office lot For rental	144	Leasehold / 31	2077	300

MBf Corporation Berhad
(Incorporated in Malaysia)
(Company No. 200201008009 (575672-X))

ANALYSIS OF SHAREHOLDINGS

As at 20 April 2023

Total Number of Issued Shares	:	282,033,314
Class of Share	:	Ordinary shares
Number of Shareholders	:	39,845
Voting Rights	:	On a show of hands – one vote for every shareholder On a poll – one vote for every ordinary share held

SUBSTANTIAL SHAREHOLDERS

Name	Direct	%	Indirect	%
Leisure Holidays Holdings Sdn Bhd (“LHHSB”) ⁽¹⁾	111,380,600	39.49	-	-
Chuah Hun Leong	15,721,610	5.57	-	-
Puan Sri Ling Mah Lee @ Ling Lee Hung (“Puan Sri Ling”) ⁽²⁾	6,811	~	111,380,600 ^(a)	39.49
Dato' Loy Teik Ngan (“LTN”) ⁽³⁾	-	-	111,387,661 ^(b)	39.49
Loy Teik Inn (“LTI”) ⁽⁴⁾	250	~	111,387,411 ^(c)	39.49

⁽¹⁾ LHHSB is the major shareholder of MBf Corporation Berhad (“MBfCorp”). LHHSB is owned by Puan Sri Ling (99.99%) and LTN (0.01%). The directors of LHHSB are LTN and LTI.

⁽²⁾ Puan Sri Ling is the controlling shareholder of LHHSB. She is the mother of LTN and LTI.

⁽³⁾ LTN is a major shareholder of LHHSB by virtue of his indirect interest through his mother, Puan Sri Ling. He is a director of LHHSB and also the Managing Director and Chief Executive Officer of MBfCorp.

⁽⁴⁾ LTI is a major shareholder of LHHSB by virtue of his indirect interest through his mother, Puan Sri Ling. He is a director of LHHSB.

^(a) Deemed interest by virtue of her interest in LHHSB.

^(b) Deemed interest by virtue of his interest in LHHSB through his mother, Puan Sri Ling and the direct interest of his mother and brother, LTI, in MBfCorp.

^(c) Deemed interest by virtue of his interest in LHHSB through his mother, Puan Sri Ling and the direct interest of his mother, in MBfCorp.

MBf Corporation Berhad
(Incorporated in Malaysia)
(Company No. 200201008009 (575672-X))

ANALYSIS OF SHAREHOLDINGS

As at 20 April 2023

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	20,339	51.04	868,279	0.31
100 - 1,000	16,384	41.12	4,247,669	1.50
1,001- 10,000	2,001	5.02	7,998,417	2.84
10,001 - 100,000	948	2.38	33,247,630	11.78
100,001 and below 5% of issued shares	171	0.43	108,569,109	38.50
5% and above of issued shares	2	0.01	127,102,210	45.07
Total	39,845	100.00	282,033,314	100.00

TOP 30 SHAREHOLDERS AS PER REGISTER & RECORD OF DEPOSITORS

No.	Name	No. of Shares	% of Issued Capital
1.	LEISURE HOLIDAYS HOLDINGS SDN BHD	111,380,600	39.49
2.	CHUAH HUN LEONG	15,721,610	5.57
3.	TEH CHEE FEI	12,256,300	4.35
4.	CHEE HONG LEONG	8,695,000	3.08
5.	DING LIEN BING	6,512,721	2.31
6.	HENG FOOK SENG	5,619,000	1.99
7.	UOB KAY HIAN NOMINEES (ASING) SDN BHD Beneficiary : Exempt An For UOB Kay Hian Pte Ltd	4,204,735	1.49
8.	NG GOON GOON @ NG GOON NING	3,463,000	1.23
9.	LEE SIENG POON	3,000,000	1.06
10.	KUOK YIT LI @ KUOK LEE LEE	2,830,000	1.00
11.	SABAH DEVELOPMENT BANK BERHAD Beneficiary : As Beneficial Owner	2,379,300	0.84
12.	CITIGROUP NOMINEES (ASING) SDN BHD Beneficiary : Exempt An For OCBC Securities Private Limited	2,177,419	0.77
13.	RHB NOMINEES (ASING) SDN BHD Beneficiary : Exempt An For Phillip Securities Pte Ltd	1,507,611	0.53

MBf Corporation Berhad
(Incorporated in Malaysia)
(Company No. 200201008009 (575672-X))

ANALYSIS OF SHAREHOLDINGS

As at 20 April 2023

TOP 30 SHAREHOLDERS AS PER REGISTER & RECORD OF DEPOSITORS (Cont'd)

No.	Name	No. of Shares	% of Issued Capital
14.	YEW CHAN LENG @ YAU CHAN LEONG	1,500,000	0.53
15.	HSBC NOMINEES (ASING) SDN BHD Beneficiary : Exempt An For Caceis Bank	1,477,034	0.52
16.	HO SIEW CHIN	1,445,000	0.51
17.	UOB KAY HIAN NOMINEES (ASING) SDN BHD Beneficiary : KGI Securities (Singapore) Pte Ltd	1,343,850	0.48
18.	CGS-CIMB NOMINEES (ASING) SDN BHD Beneficiary : Exempt An For CGS-CIMB Securities (Singapore) Pte Ltd	1,302,570	0.46
19.	TANG KAM KEW	1,250,000	0.44
20.	TOH TIAM HWAT	1,050,000	0.37
21.	KONG CHOON HOCK	1,000,000	0.35
22.	TAY SOO CHENG	1,000,000	0.35
23.	ONG KOON HO	880,000	0.31
24.	APEX NOMINEES (TEMPATAN) SDN BHD Beneficiary : As Beneficial Owner	870,000	0.31
25.	MAYBANK NOMINEES (TEMPATAN) SDN BHD Beneficiary : Pledged Securities Account for Tan Sea Ming	850,000	0.30
26.	PHOON MEE HUNG	810,000	0.29
27.	GOH JUAI HIAN	765,000	0.27
28.	WONG CHUAN TZE	744,300	0.26
29.	LAU CHEONG KOON	731,000	0.26
30.	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD Beneficiary : Lim & Tan Securities Pte Ltd for Ng Boon Tin	685,000	0.24
	TOTAL	197,451,050	70.01

PROXY FORM

MBf Corporation Berhad

(Incorporated in Malaysia)

(Company No. 200201008009 (575672-X))

No. of Shares Held	Shareholder's Contact No.

I / We _____
(Full Name in Block Letters)

NRIC No./Company Registration No./Passport No. _____
of _____
(Full Address)

being a member/members of **MBf CORPORATION BERHAD**, hereby appoint:

“Proxy A”

Full name of proxy		Proportion of shareholdings represented	
Address	NRIC No./Passport No./ Company No.	No. of shares	%

and/or failing him/her,

“Proxy B”

Full name of proxy		Proportion of shareholdings represented	
Address	NRIC No./Passport No./ Company No.	No. of shares	%

or failing him/her, the Chairman of the meeting, as my/our proxy to attend and vote for me/us and on my/our behalf at the **TWENTY-FIRST ANNUAL GENERAL MEETING** of the Company to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Malaysia on Wednesday, 28 June 2023 at 10.00 a.m. or at any adjournment thereof.

In case of a vote taken by a show of hands * Proxy A / Proxy B shall vote on my/our behalf.

My/our proxies shall vote as follows:-

RESOLUTIONS	FOR	AGAINST
Ordinary Resolution 1		
Ordinary Resolution 2		
Ordinary Resolution 3		
Ordinary Resolution 4		

(Please indicate with an “X” in the spaces provided how you wish your votes to be cast. If you do not do so, the proxy/proxies will vote or abstain from voting at his/their discretion.)

Dated thisday of2023

Signature(s) / Common Seal of Shareholder(s)

Notes:

1. A member of the Company entitled to attend, participate, speak and vote at the meeting is entitled to appoint up to 2 proxies to attend, participate, speak and vote instead of him/her. Where a member appoints 2 proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy. There shall be no restriction as to the qualification of the proxy.
2. The instrument appointing a 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 its officer or attorney duly authorised.
3. The original Proxy Form must be deposited at the Company's Share Registrar, Insurban Corporate Services Sdn Bhd at 149, Jalan Aminuddin Baki, Taman Tun Dr. Ismail, 60000 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.

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Affix Stamp Here

The Share Registrar:

MBf CORPORATION BERHAD
(Company No. 200201008009 (575672-X))
c/o Insurban Corporate Services Sdn Bhd
149, Jalan Aminuddin Baki
Taman Tun Dr. Ismail
60000 Kuala Lumpur
Malaysia

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MBf CORPORATION BERHAD

(Company No. 200201008009 (575672-X))

1023, Level 10, Block B1, Pusat Dagang Setia Jaya, (Leisure Commerce Square)

No. 9, Jalan PJS 8/9, 46150 Petaling Jaya, Selangor Darul Ehsan.