PARAMOUNT

Building Upon Success

ANNUAL REPORT 2022

53rd
Annual General Meeting

Suite I, Level 2,
Mercure Kuala Lumpur Glenmarie Hotel,
Jalan Kontraktor U1/14, Seksyen U1,
40150 Shah Alam,
Selangor Darul Ehsan

Thursday
15 June 2023, 10.30 a.m.

Inside This Report

THE FINANCIALS

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ADDITIONAL INFORMATION

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APPENDICES

Scan the QR code to view or download a soft copy of this Annual Report 2022

The *Company*

How We Create Value

Our Vision

Changing Lives And Enriching Communities For A Better World

Our Mission

We deliver superior products and services that benefit society, and shape future generations of leaders and thinkers.

We care for the safety and health of our people, and we believe in developing their talents through empowerment and enabling them to maximise their potential.

We grow our businesses to deliver sustainable and responsible shareholder returns while ensuring that we continue to protect our environment.

We must be bold in technological innovations to be market leaders in our core businesses.

We will leverage on the synergies within our business ecosystem to create unique product offerings.

Our Core Values

T R I B E

TRUST

We will strive to strengthen the faith that our shareholders, customers and the community have placed upon us to deliver sustainable returns.

RESPECT

We respect people as individuals, care for their well-being, and welcome diversity in capability and background. We encourage positive teamwork and expect everyone to be open, candid and constructive in their comments and suggestions and always seek to help our colleagues inside and outside Paramount.

INTEGRITY

We expect to do what is right, not only what is allowed. We believe in absolute honesty and strong principles of uncompromising ethical and moral behaviour from everyone – our employees as well as those who do business with us. Integrity must not only be heard but must also be seen in action at all times.

BRAVERY

We must have the courage to stand up for what we believe in and be bold enough to venture into new areas and businesses.

ENERGY

We embrace the future with vitality and vigour, exhibiting innovativeness and entrepreneurship in the true spirit upon which the company was founded.

Corporate Structure

PROPERTY

- 100% Aneka Sepakat Sdn Bhd
  - Berkeley Sdn Bhd
  - Berkeley Maju Sdn Bhd
  - Broad Projects Sdn Bhd
  - Carp Legacy Sdn Bhd
  - Kelab Bandar Laguna Merbok Sdn Bhd
  - Paramount Construction Sdn Bhd
  - Paramount Construction (PG) Sdn Bhd
  - Paramount Engineering & Construction Sdn Bhd (In members' voluntary liquidation)
  - Paramount Holdings Sdn Bhd
  - Paramount Property (Cityview) Sdn Bhd
  - Paramount Property (Cjaya) Sdn Bhd
  - Paramount Property Construction Sdn Bhd
  - Paramount Property Development Sdn Bhd
  - Paramount Property (Glenmarie) Sdn Bhd
  - Paramount Property (Lakeview) Sdn Bhd
  - Paramount Property (PG) Sdn Bhd
  - Paramount Property (PW) Sdn Bhd
  - Paramount Property (Seaview) Sdn Bhd
  - Paramount Property (Sekitar 26 Enterprise) Sdn Bhd
  - Paramount Property (Sepang) Sdn Bhd
  - Paramount Property (Utara) Sdn Bhd
  - Paramount Utropolis Retail Sdn Bhd
  - Seleksi Megah Sdn Bhd (In members' voluntary liquidation)
- 99% Paramount Property (Lakeside) Sdn Bhd
- 70% Utropolis Sdn Bhd
- 49% Navarang Charoennakhon Company Limited

COWORKING

- 100% Paramount Coworking Sdn Bhd
- 70% Gardens of Hope Sdn Bhd

INVESTMENT AND OTHERS

- 100% Flexsis Sdn Bhd
  - Janahasil Sdn Bhd
  - Jasarim Bina Sdn Bhd (In members' voluntary liquidation)
  - Magna Intelligent Sdn Bhd
  - Paramount Capital Resources Sdn Bhd
  - Paramount FoodPrint Sdn Bhd
  - Paramount Global Sdn Bhd
  - Paramount Global Investments Pty Ltd
  - Paramount Globalcom Sdn Bhd
  - Paramount Greencity Sdn Bhd
  - Paramount Investments & Properties Pty Ltd
  - Paramount Property Holdings Sdn Bhd
  - Super Ace Resources Sdn Bhd
- 35% UOW Malaysia KDU University College Sdn Bhd
- 35% UOW Malaysia KDU Penang University College Sdn Bhd
- 30% Omegaxis Sdn Bhd
  - 55.1% Peoplender Sdn Bhd
    - 51% Fundaztic SG Pte Ltd

At a Glance - *Higlights for 2022*

GROUP REVENUE	PROFIT BEFORE TAX	PROFIT FOR THE PERIOD
RM847.5 MILLION	**RM105.1** MILLION	**RM75.1** MILLION
YOY ▲ 24%	YOY ▲ 50%	YOY ▲ 76%

PROPERTY SALES	PROPERTIES LAUNCHED	AVERAGE TAKE-UP RATE
RM1.1 BILLION	**RM1.2** BILLION	**71%^**
YOY ▲ 37%	YOY ▲ 40% **1,702** UNITS AT **6 LOCATIONS**	^ excluding commercial components of ATWATER

UNBILLED SALES	DEBT TO TOTAL EQUITY RATIO	DIVIDEND
RM1.4 BILLION	GROSS **0.61x**	**6.0** SEN*
YOY ▲ 24%	NET **0.41x**	SPECIAL DIVIDEND **12.0** SEN
		* Interim dividend of 2.5 sen has been paid while the final dividend of 3.5 sen is subject to shareholders' approval

Corporate Profile

Paramount Corporation Berhad (**Paramount** or **the Company**) is an award-winning investment holding company with property development as its core business. It is listed as a property company on the Main Market of Bursa Malaysia Securities Berhad.

Paramount Property, its main business division, has 10 ongoing property development projects in Kuala Lumpur, Selangor, Penang and Kedah, and a 49% equity venture in Bangkok.

Paramount's workspace solutions provider, Paramount Coworking, offers a network of coworking spaces in the Klang Valley bearing the brand of Co-labs Coworking, and design, build and manage services under the brand of Scalable Malaysia.

In the hospitality sector, Paramount owns the 4-star Mercure Kuala Lumpur Glenmarie in Shah Alam, which is managed by French hospitality company Accor, as well as Dewakan, which is one of only four restaurants in Malaysia to have received a MICHELIN Star each.

Leveraging on opportunities in the digital economy, Paramount invested in a peer-to-peer financing business in 2021, and an e-commerce ecosystem provider in 2022. Paramount maintains a strategic equity stake in the tertiary education business after selling off its majority stake in 2019. Paramount divested its remaining stake in the pre-tertiary education business in 2022.

Paramount was incorporated as Malaysia Rice Industries Berhad on 15 April 1969. It was then in the rice milling business. Malaysia Rice Industries was listed on the Kuala Lumpur Stock Exchange on 15 July 1971.

The Company assumed its current name in 1980 to reflect its new business of property development after acquiring real estate company Perumahan Berjaya Sdn Bhd (now known as Paramount Property Holdings Sdn Bhd) in 1978.

Guided by its corporate vision of ***'Changing lives and enriching communities for a better world'***, Paramount is committed to growing its businesses while contributing to nation building.

Corporate Profile

PROPERTY

Paramount Property

PARAMOUNT PROPERTY

The People's Developer™

Paramount Property has 45 years of robust reputation as a trustworthy developer that delivers quality products.

As the people's developer, Paramount Property is inspired to **Design for Life**, ensuring that its products are built to last; put **People First**, listening to those who trust in us and grow with us; and **Uplift Communities** in the areas of wellness, the environment and society.

Paramount Property has come a long way since its first township project of Taman Patani Jaya, Sungai Petani in 1981. Today, it has 10 ongoing projects in Kuala Lumpur, Selangor, Penang and Kedah. In 2020, Paramount Property ventured into Bangkok via an equity stake in a Thai property development company.

It has developed landed homes and townships, integrated developments, schools and college campuses, condominiums and serviced apartments, as well as commercial and industrial buildings. It has built on different terrains, from a riverbank to a lakeside and in the city centre. It has also transformed a former palm oil plantation into an award-winning hill park township.

It also operates a mall at Utropolis Glenmarie.

COWORKING

Co-labs Coworking

Scalable Malaysia

CO-LABS COWORKING

COWORKING SPACES

Co-labs Coworking is a network of vibrant coworking spaces designed for entrepreneurs, SMEs and corporates. More than just workstations, these coworking spaces provide businesses with a collaborative ecosystem and holistic work environment, with opportunities for networking, as well as personal, wellness and career development.

Co-labs Coworking started with 3,700 sq ft in 2016 and expanded by more than 30-fold to some 115,000 sq ft across five locations in the Klang Valley i.e. two outlets at Damansara Uptown, Petaling Jaya (Starling Mall and Uptown 7), Naza Tower in Kuala Lumpur; Sekitar26 in Shah Alam, and Tropicana Gardens, Kota Damansara.

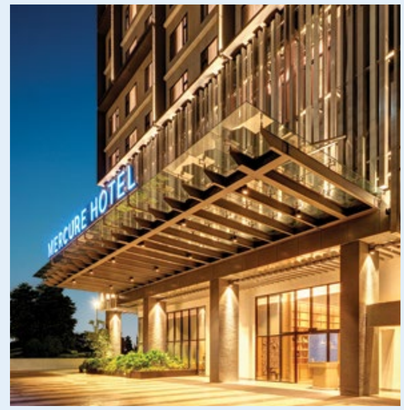
SCALABLE

DESIGN, BUILD & MANAGE SOLUTIONS

In August 2020, Paramount Coworking together with Paramount Property, launched **Scalable Malaysia**, a one-stop workspace solutions provider that specialises in location sourcing, designing, and building cost-effective innovative interiors, with options of after-built service for facility management, including curated employee wellness engagement across a wide variety of businesses such as media, technology, government, retail, F&B and pharmaceutical.

Corporate Profile

INVESTMENT AND OTHERS



EDUCATION

Paramount has a 35% stake in UOW Malaysia after divesting its majority stake in what was known as KDU in 2019. Paramount is sub-leasing three campuses to UOW Malaysia. Paramount sold off its remaining stakes in its pre-tertiary education business in 2022.

DEWAKAN

FOOD & BEVERAGE

Dewakan proudly wears a MICHELIN star and is the only Malaysian restaurant on the list of Asia's 50 Best Restaurants 2022 and 2023. It is only one of four MICHELIN-starred restaurants in Malaysia. The fine dining restaurant at Naza Tower, Kuala Lumpur, shot to fame in 2019 when it became the first Malaysian restaurant to appear as Asia's top 50 restaurants.

Dewakan

HOSPITALITY

Mercure Kuala Lumpur Glenmarie is a 4-star business hotel of contemporary design at Utropolis Glenmarie, Shah Alam. The 229-key hotel houses Warna, an all-day dining restaurant, Urban@13, a rooftop pool lounge, meeting rooms featuring natural daylight, a rooftop pool and a fitness room.

Mercure
Kuala Lumpur
Glenmarie

DIGITAL BUSINESSES

Paramount's digital journey began in 2018 when Magna Intelligent Sdn Bhd (Magna Intelligent) was incorporated as a wholly owned subsidiary for the purpose of investments in the digital space. It began with an investment in OpenLearning Ltd, an Australian online education platform for tertiary education institutions that got listed on the Australian Securities Exchange in 2019.

In August 2021, Magna Intelligent completed its first fintech investment with a 30% equity interest in Omegaxis Sdn Bhd (Omegaxis), the holding company of Peoplelender Sdn Bhd that operates Fundaztic, a peer-to-peer (P2P) financing platform.

In March 2022, Magna Intelligent invested in Commerce DotAsia Ventures Sdn Bhd (Commerce.Asia), an all-in-one e-commerce ecosystem that provides one stop e-commerce solutions for brands, businesses, and small and medium enterprises (SMEs) in Southeast Asia.

Corporate Profile

ONGOING PROPERTY PROJECTS
CENTRAL REGION (KUALA LUMPUR & SELANGOR)

THE ATERA
PETALING JAYA

Launch of Phase 1
Q4 2022

Acreage
9.66 acres

Total no. of units
2,100

Phase 1 launched
760

Expected completion
2030

The Atera, Petaling Jaya, is a transit-oriented mixed development that is a walking distance to the Asia Jaya LRT. It is a GreenRE Silver development that features rainwater harvesting, solar power for common areas and electric vehicle chargers. Each home is semi-furnished and comes with a smart home system.

The development consists of serviced apartments and retail lots. The Atera is perfect for couples and young families with its host of facilities.

Promising *'Closer to All that Matters'*, The Atera boasts of malls, grocers, commercial hubs, hospitals, universities, colleges and public and private schools nearby. The development is well-connected to major highways (Federal Highway, NKVE, Sprint Highway and the New Pantai Expressway).

THE ATRIUM
AN EXQUISITE UNION

Launched
2021

Acreage
0.95 acres

Total no. of units
241

Expected completion
2024

The Atrium is a freehold 20-storey tower of luxury serviced apartments at Jalan Ampang, Kuala Lumpur, just 1.8km to the city centre.

With 12 layout types and promising an *Exquisite Union* of elegant aesthetics and modern practicality, this prestigious address in the vicinity of the Embassy Row lets residents enjoy not only an exclusive community, but also the city's wealth of amenities, including premium malls, education institutions, medical centres, leisure spots, and more.

Beyond a multi-tier security system, all units at The Atrium are equipped with a digital door lock for easy-access safety, as well as smart home systems controlled by mobile devices. It won Honours in the Close to Home category at StarProperty Awards 2022.

Corporate Profile

ONGOING PROPERTY PROJECTS
CENTRAL REGION (KUALA LUMPUR & SELANGOR)

SEJATI LAKESIDE 2
CYBERJAYA

Launched
Q4 2022

Acreage
32.74 acres

Total no. of units
234

Phase 1 launched
122

Phase 2 - 2023
112

Expected completion
2026

Sejati Lakeside 2 is a freehold landed development by a 45-acre lake, a sequel to Sejati Lakeside. It offers dual recreation experiences – garden and lakeside views offering *Wellness Inspired Living*. The address in Cyberjaya features three lush parks with carefully curated facilities that promote wellness and safety. Its lush parks are equipped with exercise stations along the north-south orientation, promenade walk with pavilions and a games zone.

This non-strata development comprises double storey semi-detached homes. The homes are spacious and designed with layouts that achieve harmony between shade and cross ventilation.

Nestled in a prime location within Cyberjaya, this exclusive enclave is conveniently close to all that you love in life - universities, international schools, shopping malls, sports and recreational centres, banks, hospitals, restaurants, and commercial hubs are all around the corner.

SEJATI LAKESIDE
CYBERJAYA

Launched
2019

Acreage
41.4 acres

Total no. of units
418

Expected completion
2023

Sejati Lakeside is a low-density freehold residential development set against a panoramic 45-acre lake and five acres of landscaped vistas. Three parks with more than 1,000 trees form the nucleus of the development, providing residents with ample green spaces for recreation and sports. Sejati Lakeside offers you *Your Ultimate Lakeside Living*. This development won Excellence in The Family Friendly Awards (Landed) category at the StarProperty Awards 2020.

The non-strata development comprises three phases of landed homes: double-storey terrace and superlink homes and double to two-and-half-storey lakefront semi-detached homes. The third and final phase was launched in November 2021.

Homes are spacious and designed with practical layouts that invite natural lighting and cross ventilation. Sejati Lakeside also offers the gold standard in multi-generational living with its spaciousness and features for elderly mobility.

Corporate Profile

ONGOING PROPERTY PROJECTS
CENTRAL REGION (KUALA LUMPUR & SELANGOR)

ARINNA
KEMUNING UTAMA

Launched
Q3 2022

Acreage
6.02 acres

Total no. of units
356

Expected completion
2025

Bearing the concept of *Smart Home Living at Your Fingertips*, **Arinna Kemuning Utama** is a freehold low density landscaped residential development in Kemuning Utama, Shah Alam. It comprises two residential towers. All units enjoy smart home features and are protected with multi-tiered security.

A mini retail complex provides convenient access to groceries, eateries and other day-to-day necessities. There are also public and international schools, banks, medical centres and commercial hubs in the vicinity.

GREENWOODS
Salak Perdana

Launched
2015

Acreage
237 acres

Total no. of units
2,715

Units launched
1,098

Expected completion
2027

Paramount Property's second township in the Klang Valley, **Greenwoods Salak Perdana** is planned around the concept of *My Home, My Community*. The freehold development with double storey terrace houses and shoplots is located at Salak Perdana, Sepang, offers a vista of hills and parks.

Its latest launch, Greenwoods Seraya (December 2022) is a cluster of 260 freehold modern townhouses in a gated and guarded neighbourhood. Greenwoods Cendana, which comprises double-storey terrace houses, was completed in January 2023. Greenwoods Keranji, which are also double-storey terrace houses won Starter Home Award 2019 (Best Affordable Home) by The StarProperty.my.

The high-rise Greenwoods Amaria, comprising *Rumah Idaman*, will be launched in 2023. The township is accessible via major highways and the Express Rail Line (ERL).

Corporate Profile

ONGOING PROPERTY PROJECTS
CENTRAL REGION (KUALA LUMPUR & SELANGOR)

Berkeley UPTOWN

Launched
2019

Acreage
33 acres

Total no. of units (residential phases 1 & 2)
1,609

Phase 1 launched
736 including affordable homes

Expected completion
2028

Berkeley Uptown is a freehold mixed-use development in Klang's central business district, presenting *Modern Living in the Heart of Klang.* The development comprises serviced apartments, retail shops, offices, and a public park. It is anchored by Sri KDU International School Klang.

Phase 1 of Uptown Residences offers a range of sizes: smaller units for first-time buyers and small families to garden villa units for bigger families. Residents will enjoy 16 modern facilities for all ages and multi-tiered security including 24-hour CCTV surveillance. The development is close to schools, commercial centres, malls, medical centres, major highways and trains. The Light Railway Transit (LRT) 3 line, scheduled for completion in 2024, will further improve accessibility.

Berkeley Uptown's commercial hub BE spans 7.7 acres. It houses the first Family Mart drive-through in Malaysia, with other lifestyle brands slated to join in later.

ATWATER

Launched
Service residences in 2018

Office and retail spaces in 2019

Acreage
5.09 acres

Total no. of units
Serviced apartments - 493 (completed)

Retail spaces and two office towers

Expected completion
2023 (Commercial)

ATWATER is designed for people to *Live Life in Free Flow.* The integrated development of stylish homes, office spaces and retail outlets at Section 13, Petaling Jaya, is built around lush gardens, water features and pocket parks. The service apartments had been completed and handed over to buyers.

The commercial portion takes up two thirds of the development while service apartments occupy the rest. The two office towers and retail spaces are designed for sustainability and connectivity: GreenRE for both towers and Multimedia Super Corridor (MSC) status for Office Tower A. The development is oriented North-South for comfort.

Corporate Profile

ONGOING PROPERTY PROJECTS
CENTRAL REGION (KUALA LUMPUR & SELANGOR)

KEMUNING IDAMAN

Launched
2019

Acreage
14.74 acres

Total no. of units (phases 1 & 2)
1,579

Phase 1 launched
650

Expected completion
2026

Kemuning Idaman offers affordable homes in the mature Kemuning Utama suburb of Shah Alam, which is Paramount's first township project in the Klang Valley. It supports the Selangor government's Rumah Selangorku initiative to help Malaysians own homes. Kemuning Idaman (Phase 1) spans over 7 acres and comprises two towers with 650 affordable apartments; the units were completed in 2022 and have been handed over to new owners. The development enjoys a mix of amenities and facilities and is connected to multiple highways.

ONGOING PROPERTY PROJECTS
NORTHERN REGION (KEDAH & PENANG)

BUKIT BANYAN
Up Close To Nature

Launched
2012

Acreage
520 acres

Total no. of units
4,360

Units launched
3,223

Expected completion
2027

Bukit Banyan is Sungai Petani's first hill park gated-and-guarded township development that offers a lifestyle *Up Close to Nature*. Perched in the middle of the township is a 25-acre landscaped hill park that won the EdgeProp-ILAM Malaysia's Sustainable Landscape Awards 2021 – Landscape Planning (Gold).

The development comprises detached, semi-detached, double- and single-storey terrace houses, townhouses, and shop offices. Bukit Banyan has received several other awards for its family-centric designs and landscaping.

Wisma Paramount, Paramount Property's northern regional office, which is located at Bukit Banyan, enjoys a Platinum rating from GreenRE and a Silver from Green Building Index.

In the first quarter of 2023, Bukit Banyan launched 163 units of double-storey terrace and semi-detached homes.

Corporate Profile

ONGOING PROPERTY PROJECTS
NORTHERN REGION (KEDAH & PENANG)

PARAMOUNT UTROPOLIS BATU KAWAN PENANG

Launched
2016

Acreage
33.8 acres

Total no. of units
4,709

Units launched
2,801

Expected completion
2030

Utropolis Batu Kawan is Paramount's first project in Penang. This integrated mixed development at Penang's eco-city comprises residential apartments, commercial and retail lots, as well as UOW Malaysia KDU Penang University College's campus.

The whole development, including Sinaran Residences Tower B launched in late 2021, and Sinaran Avenue in 2022, is equipped with modern amenities for health, safety and wellness. It also enjoys a spectacular view of the sea and sky. Sinaran Residences prides itself with getting Excellence in the Family friendly award category for Highrise at the StarProperty Awards 2022. A new tower of 522 units, Savana, was launched in the first quarter of 2023.

Utropolis Batu Kawan has easy access to North-South Highway, the second Penang Bridge, McDonald's Drive-Thru, Starbucks Drive-Thru, IKEA, Design Village Outlet Mall and Batu Kawan Industrial Park where opportunities abound.

EQUITY VENTURE

NA REVA CHAROENNAKHON

Launched
2020

Acreage
0.5 acres

Total no. of units
253

Expected completion
2024

Na Reva Charaoennakhon in Bangkok is a freehold condominium project by Navarang Charoennakorn, which is 49% equity owned by Paramount.

The 29-storey building is a waterfront development next to Chao Phraya River, just minutes to the Central Business District and key attractions. It enjoys one of the best panoramic skylines with a river view in Bangkok. The modern apartments come with amenities such as an infinity-edge pool, fitness centre, various gardens and even a coworking space.

The project marries timeless aesthetics with comfort and functionality for multi-generations and enjoys easy access to public transport. Our equity partner, Navarang Asset Co. Ltd was awarded 'Best Developer Residential High-Rise' by Dot Property Thailand Awards 2021.

Corporate Profile

LAUNCHES IN 2023 (ASIDE FROM NEW PHASES OF ONGOING PROPERTY PROJECTS)

Paramount Palmera Industrial Park, Penang

Acreage
17.87 acres

Total no. of units
58

Expected completion
2025

At **Paramount Palmera Industrial Park**, business owners can truly benefit from these light industrial units that can be adapted to the growth of their business. Comprising 52 semi-detached and six detached light industrial units, the business park is strategically located in the industrial area of Bukit Minyak.

With expandable warehousing space and many other positive features, there's so much to achieve as you take your operations to the next level. Located strategically at the established industrial address of Bukit Minyak, Paramount Palmera is at a convenient location with connection to transport networks and easy access to major highways.

Jalan Ampang Hilir, Kuala Lumpur

Paramount Property's next project at the Embassy Row in the heart of the Kuala Lumpur city centre is a high-end residential development consisting of 360 units of serviced apartments on 3.59 acres of freehold land. The condominium would be located next to The Atrium within the U-Thant enclave of Kuala Lumpur which is surrounded by foreign embassies, high commissions, high-end residences, international schools, medical centres, eateries and premium grocers.

Bukit Banyan (Expansion), Sungai Petani

Riding on the success of Bukit Banyan, Paramount Property purchased an adjoining piece of land to expand the township. **Bukit Banyan (Expansion)** will offer a variety of housing options, which include low-cost apartments, townhouses, single and double-storey terrace houses as well as double-storey semi-detached homes. The development period is slated for 2023 to 2027. Once completed, it will comprise 1,568 residential units on 137.1 acres of freehold land. The first phase of homes for Bukit Banyan (Expansion) will consist of 137 units of single-storey affordable homes.

Corporate Profile

AWARDS & RECOGNITION IN THE PAST THREE YEARS

2022

Industry Excellence Award for Corporate Governance Disclosure – Property

Minority Shareholders Watch Group (MSWG)-ASEAN Corporate Governance Award 2021

Paramount Corporation Berhad

- **Top of the Chart (Under RM1 Billion) – Ranked 4th**
- **Ranked 1st for Transparency among all reviewed companies, including companies with market cap above RM1 Billion**

Malaysia Developer Awards 2022

Paramount Corporation Berhad

Highest Return on Equity Over Three Years in the Property Sector

The Edge Malaysia's Centurion Club & Corporate Awards 2022

Paramount Corporation Berhad

The Edge Top Property Developers Award 2022 – Ranked 12th Overall & 7th for Qualitative

The Edge Malaysia Property Excellence Awards 2022

Paramount Corporation Berhad

All Stars Award

StarProperty Awards 2022

Paramount Property

Excellence in the 'Family friendly' award category for Highrise

StarProperty Awards 2022

Sinaran Residences, Utropolis Batu Kawan

Honours in the 'Close to Home' award category

StarProperty Awards 2022

The Atrium

MICHELIN Star

The MICHELIN Guide Kuala Lumpur and Penang 2023

Dewakan

Asia's 50 Best Restaurant 2022

Dewakan

Corporate Profile

AWARDS & RECOGNITION IN THE PAST THREE YEARS

2021

BCI Asia Awards 2020/2021
Top 10 Developers 2020/2021
Paramount Corporation Berhad

The Edge Property Top Developers Awards 2021 – Ranked 12
The Edge Malaysia Property Excellence Awards 2021
Paramount Property

EdgeProp Best Managed & Sustainable Property Awards 2021 – Landscape Planning category
EdgeProp Best Managed & Sustainable Property Awards 2021
Bukit Banyan

5-Star rating in Safety and Health Assessment System in Construction (SHASSIC) Award 2020
SHASSIC Day 2021
Phase 4 – Sierra 2, Bukit Banyan

Excellence Award for Corporate Governance Disclosure – Market Cap above RM300 million to below RM1 billion

Industry Excellence Award for Corporate Governance Disclosure – Property
MSWG-ASEAN Corporate Governance Award 2020
Paramount Corporation Berhad

2020

Top 10 Property Development Brand
Property Insight Malaysia's Top 100 Property Developer Brand 2019/2020
Paramount Corporation Berhad

Best Overall Champions
StarProperty.my Awards 2020
Paramount Property

Most Sustainable Award
StarProperty.my Awards 2020
Paramount Property

The Edge Property Top Developers Awards 2020 – Ranked 12
The Edge Malaysia Property Excellence Awards 2020
Paramount Property

The Family Friendly Award (Landed) – Excellence
StarProperty.my Awards 2020
Sejati Lakeside

The Starter Home Award – Excellence
StarProperty.my Awards 2020
Utropolis Batu Kawan

5-Star rating in Safety and Health Assessment System for Building Construction Works 2020
SHASSIC Day 2020
Phase 3 – Utropolis Glenmarie

High QLASSIC Achievement (Landed Residential Development)
QLASSIC Construction Quality Excellence Awards 2020
Sejati Residences Phase 3A – Amelia

High QLASSIC Achievement (Landed Residential Development)
QLASSIC Construction Quality Excellence Awards 2020
Sejati Residences Phase 3B – Amelia, Courtyard Villa and Eugenia

GBI Silver
Green Building Index (GBI)
Utropolis Batu Kawan Phase 2

Corporate Information

BOARD OF DIRECTORS

QUAH CHEK TIN
Chairman &
Independent Non-Executive Director

JEFFREY CHEW SUN TEONG
Group Chief Executive Officer &
Executive Director

BENJAMIN TEO JONG HIAN
Deputy Group Chief Executive Officer &
Executive Director

ONG KENG SIEW
Senior Independent Non-Executive Director
Mobile : 018-959 8578
Email : ksong@pcb.my

QUAH POH KEAT
Independent Non-Executive Director

FATIMAH BINTI MERICAN
Independent Non-Executive Director

FOONG PIK YEE
Independent Non-Executive Director

SECRETARY

NG WAI PENG
MAICSA 7014112
SSM Practicing Certificate No. 202008003726

REGISTERED OFFICE

Level 8, Uptown 1
1, Jalan SS21/58, Damansara Uptown
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Telephone : 03-7712 3333
Facsimile : 03-7712 3322
Email : info@pcb.my
Website : www.pcb.my

INVESTOR RELATIONS

Investor Relations Department
Telephone : 03-7712 3337
Facsimile : 03-7712 3322
Email : ir@pcb.my

REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3, Bangsar South
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur
Telephone : 03-2783 9299
Facsimile : 03-2783 9222
Email : is.enquiry@my.tricorglobal.com
Website : www.tricorglobal.com

AUDITORS

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
50490 Kuala Lumpur
Telephone : 03-7495 8000
Facsimile : 03-2095 5332

PRINCIPAL BANKERS

Al Rajhi Banking & Investment Corporation (Malaysia) Bhd
Bank Islam Malaysia Berhad
CIMB Bank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
Public Bank Berhad
RHB Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Code : 1724
Stock Name : PARAMON
(Listed since 15 July 1971)

The Story

Message from *The Chairman*

QUAH CHEK TIN
Chairman &
Independent Non-Executive Director

Dear Shareholders,

On behalf of the Board of Directors (**the Board**) of Paramount Corporation Berhad (**Paramount** or **the Company**), it is my privilege and honour to present the Company's annual report and audited financial statements for the financial year ended 31 December 2022 (**FY2022**).

The year in review marked my first full year as Chairman of the Board, and I am pleased to report that Paramount delivered a commendable performance in a recovering economic landscape.

The full reopening of economic sectors and international borders in 2022 had prompted an uptrend in consumer spending as most businesses resumed their pre-pandemic activities. Yet, it was not all smooth sailing, as Paramount and the rest of the property development industry had to grapple with higher development costs and labour shortage.

Against this backdrop, Paramount and its subsidiaries (**the Group**) secured a revenue of RM847.5 million and a profit before tax (**PBT**) of RM105.1 million, higher by 24% and 50% respectively over the preceding year's revenue and PBT. Paramount also achieved two 'RM1 billion ringgit' milestones in FY2022 – namely, record sales of RM1.1 billion, surpassing our FY2018 record, and the launch of RM1.2 billion worth of properties.

Our achievement is owing to the combined efforts of our Board, management team and employees, whose dedication and tenacity helped us achieve full recovery, building on the efforts and successes of previous years.

As we venture forth, we remain committed to building upon our success and creating value in a sustainable manner.

For further details on the Group's financial performance, please turn to the Management Discussion and Analysis on pages 23 to 36.

ONGOING SHAREHOLDER VALUE CREATION

For the financial year ended 31 December 2022, the Board is proposing a final dividend of 3.5 sen for shareholders' approval at the upcoming Annual General Meeting. This dividend is on top of the 12 sen special dividend that was paid out on 29 March 2023 from the proceeds of the divestment of Paramount's remaining equity in our pre-tertiary education business in FY2022.

Paramount's total dividends for FY2022 would be 18 sen should the final dividend be approved, as the Company has already paid a 2.5 sen interim dividend in September 2022. Our pay-out ratio (excluding the special dividend) would be 62%, which is way above our dividend policy of paying out not less than 20% of the Group's net profit attributable to shareholders each financial year. If the special dividend of 12 sen is included in the count, the payout ratio would be 186%.

Message from The Chairman

ENSURING SUSTAINABLE BUSINESS GROWTH

Business sustainability is at the forefront of our value creation agenda. Back in FY2020, we launched our five-year (2020-2024) strategic plan to accelerate our current businesses and to identify new revenue streams.

The Board took a mid-term review in FY2022, and decided to extend the implementation of the five year plan to 2025, taking into account the various disruptions faced during the COVID-19 pandemic.

The Board also affirmed the following:

- Property development will remain Paramount's core business, with residential landed and integrated developments being the mainstay. The Property Division will also focus on integrated development where higher priority will be given to transit-oriented developments and properties in the RM400,000 to RM700,000 range;
- We will look at building an industrial portfolio as demand for industrial properties is expected to grow along with the booming e-commerce industry;
- We will build upon our successes in geographical locations where our brand has grown and where we are familiar with the needs of the communities;
- We will continue to look for landbanks locally, and overseas, that will facilitate speed-to-market development. In doing so, we will focus on efficient use of capital, cut down on interest costs, and protect our margins;
- Last but not least, Paramount will continue to look for opportunities in the digital economy.

Our strategic plan has helped the Group to focus on activities that amplify returns while mitigating losses and maximising margins. It has also propelled our decision to streamline our assets, including the divestment of our education business.

Detailed insights into the implementation of the Group's strategies in 2022 can be found in the Management Discussion and Analysis section of this report.

RECOGNISED FOR EXCELLENCE

Good governance translates into good business and Paramount is strongly committed to upholding integrity and transparency as key tenets. As such, Paramount is proud of the Industry Excellence Award for Corporate Governance Disclosure that it received in the property segment at the MSWG-ASEAN Corporate Governance Awards 2021.

We were also recognised for offering the Highest Return on Equity over Three Years in the Property Sector at The Edge Malaysia's Centurion Club & Corporate Awards 2022 thus attesting to the value that we create for our shareholders.

Paramount was ranked fourth among the Top 10 Bursa Malaysia listed property developers with a market capitalisation of under RM1 billion at the inaugural Malaysia Developer Awards 2022. We also scored the highest marks for transparency among all assessed companies, including those with above RM1 billion market capitalisation.

The year also saw us placed 12th Overall and 7th for Qualitative attributes at The Edge Malaysia Property Excellence Awards 2022. We also went on to secure several accolades at the StarProperty Awards 2022. The year ended with our fine dining restaurant, Dewakan, being awarded a MICHELIN Star and listed in the 2023 MICHELIN Guide Kuala Lumpur and Penang.

We are grateful for the recognition bestowed upon Paramount during the year in review. These awards and accolades affirm that we are fulfilling what the market wants i.e., that we take care of both our shareholders (via good governance and return on equity) and our customers (via quality products and services).

ENSURING EMPLOYEE WELL-BEING

At Paramount, we recognise the importance of cultivating a workforce that is strong on all fronts. To this end, we aim to provide our employees with working environments that not only empower them in their careers but also ensure their safety and well-being.

While government-mandated COVID-19 requirements have eased, we continue to implement preventive and safety measures within our offices. These measures are monitored by our working Health Committee, which is led by the Group Human Resource Director with the heads of our subsidiary businesses contributing as participants.

Message from The Chairman

Paramount's holistic approach to employee wellness also comprises a variety of programmes that aim to strengthen employees, be it programmes that cater to mental and physical health or to personal financial management. By looking after the well-being of our employees, we are ensuring business continuity and the sustainability of our daily operations.

CHANGING LIVES, ENRICHING COMMUNITIES

Paramount is committed to supporting the less fortunate around us via our corporate social responsibility (**CSR**) initiatives. Our CSR initiatives are one of the ways we fulfil our vision of 'Changing Lives and Enriching Communities for a Better World'.

Details can be found in the digital Sustainability Report on our corporate website. Paramount's Sustainability Report 2022 also provides an overview of the six United Nations Sustainability Development Goals that the Company is committed to uphold.

FORGING AHEAD

In FY2022, Malaysia registered a Gross Domestic Product (**GDP**) growth of 8.7%, exceeding the initial forecasts of 6.5% to 7%, thus signalling the recovery of consumer, business and investor confidence in the national economy.

While GDP growth is expected to moderate to 4% to 5% in FY2023, the Malaysian property market has always proven its resilience. Therefore, we remain cautiously optimistic of Paramount's ability to deliver commendable results in the coming year, bolstered by our past successes and our pipeline of projects.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I would like to express my sincere appreciation to our Management team for their dedication and perseverance. To our loyal employees, your resilience, diligence and the spirit of excellence you have displayed have been vital to our success. We look forward to your continued commitment as we aim for new heights of success.

My gratitude also goes to my fellow Board members whose guidance and astute insights have helped the Group successfully navigate the year in review.

I wish to acknowledge the contributions of Datuk Seri Dr Michael Yam Kong Choy, our Senior Independent Non-Executive Director who retired in June 2022. Datuk Seri Dr Michael joined the board in February 2010 and was redesignated as Senior Independent Non-Executive Director in 2014. Datuk Seri remains with Paramount as Chairman of our subsidiary Super Ace Resources Sdn Bhd.

Our gratitude also goes to Puan Faizah binti Khairuddin, our Independent Non-Executive Director, who has left the Board to pursue a professional career. Our sincere thanks to Puan Faizah and we wish her success in her new endeavour.

Finally, a big thank you to our shareholders, business associates, customers and other stakeholders who stood by us and supported us.

I humbly call upon all our stakeholders for their continued support as Paramount continues to dedicate itself to the creation and delivery of sustainable long-term value for all.

Thank you. Stay safe and stay healthy, all.

QUAH CHEK TIN
Chairman & Independent Non-Executive Director

Management Discussion *and Analysis*

JEFFREY CHEW SUN TEONG
Group Chief Executive Officer & Executive Director

At the start of 2022, with much of the world beginning to recover from the onslaught of challenges brought on by the COVID-19 pandemic, there was renewed hope that things were turning around for the better. Russia's invasion of Ukraine in February 2022 triggered a global slowdown in economic activities and an energy crisis in Europe, but the implications turned out to be less severe than initially feared.

Despite the turmoils in many parts of the world, Southeast Asia continued to demonstrate a steady growth trajectory in 2022 fuelled by strong private consumption. This momentum is expected to carry through to 2023.

In Malaysia, the nation emerged from the pandemic to make the official transition to the endemic phase in early April 2022. By year end, the recovery of consumer sentiment resulted in a strong Gross Domestic Product (**GDP**) growth of 8.7% for 2022 with many industries reporting an upturn in their financial performance.

As a reinvigorated Malaysia pursued a pathway of economic recovery, the property development industry too began to register a resurgence in launches and sales. However, this was not without challenges as property players had to contend with many headwinds on their journey to recovery. From the rising cost of raw building materials to the shortage of construction workers, property developers had to cope with higher development costs and possible delays in the pace of construction. On top of this, interest rate hikes also threatened to dampen buyer sentiment. This forced developers to think out of the box to keep property prices attractive while maintaining their profitability.

BUILDING UPON SUCCESS

Challenges notwithstanding, Paramount Corporation Berhad (**Paramount** or **the Company**) and its subsidiaries (**the Group**) continued to advance in our value creation journey. While 2021 saw Paramount facing numerous pandemic-related operational challenges that disrupted our growth trajectory, in 2022 we leveraged the reopened economy to accelerate our construction processes to recover our momentum.

We also successfully capitalised on rejuvenated consumer sentiment to achieve two 'RM1 billion ringgit' milestones – namely, record sales of RM1.1 billion thereby topping our 2018 sales record, and the launch of a record RM1.2 billion worth of properties.

> "Paramount successfully capitalised on rejuvenated customer sentiment to achieve record sales of **RM1.1 billion** and the launch of a record **RM1.2 billion** worth of properties."

Management Discussion and Analysis

NET PROFIT
FY2022
RM75.1 million
FY2021
RM42.7 million

REVENUE
FY2022
RM847.5 million
FY2021
RM681.4 million

Paramount's strategic focus had helped us to continuously deliver stakeholder value during and after the pandemic. In FY2022, the Group generated a revenue of RM847.5 million and a profit before tax (**PBT**) of RM105.1 million – higher by 24% and 50% respectively over FY2021's revenue and PBT. Our net profit too surged by 76% to RM75.1 million.

Our FY2022 earnings also received a boost from the monetisation of non-core assets, which contributed to a net gain of RM15 million. This comprised the sale of a tertiary education campus in Damansara Jaya, Selangor, and the divestment of Paramount's remaining 20% effective stake in our pre-tertiary education business, which are further elaborated in the section on 'Review of Financial Results'.

Moving forward, we will continue to build upon our success while developing the Group's capacity for growth in a sustainable manner. Be it via the enhancement of our property development business, investments in new opportunities or unlocking the value of our investments, we aim to continue maintaining an equilibrium by upholding our legacy while embracing the future. In all that we do, we remain committed to creating value for our shareholders in a sustainable manner.

STRATEGIES FOR GROWTH

The need to future-proof our business has become all the more important amidst the ever-changing playing field that we operate in. The Board, having taken a mid-term review of the Company's 5-year strategic plan (2020-2024), extended its implementation by a year to 2025 to account for the disruptions caused by the pandemic. Our plan balances out our exploration of new business potential with the rationalisation of our existing operations to ensure efficiency and effectiveness.

In FY2022, we continued to leverage on the following strategies:

Proactive Land Banking

Paramount proactively engaged in land-banking activities whereby we strategically replenished our land bank with a preference for areas where our brand was already established. This strategy entailed focusing on locations with strong growth potential and scaling up our property development activities for long-term sustainable income, with the view to maintain a target revenue ratio of 70:30 between integrated mixed development and landed residential township development.

"As at 31 December 2022, Paramount's total land bank stood at **565.5 acres**."

For the year in review, we added 139 acres to our land bank. These included the conversion of suitable assets for development such as the redevelopment of the 14.4-acre clubhouse grounds at Bandar Laguna Merbok in Sungai Petani, Kedah.

We also acquired land banks that enabled speed-to-market, which is critical for preserving our margins. Our Sejati Lakeside 2 and The Atera projects, both in Selangor, were launched within six months of the completion of our purchase of the land, or in the case of the latter, having met the conditions precedent in the development rights agreement.

We also looked into industrial land opportunities to diversify our portfolio and reduce over-reliance on residential properties. The demand for industrial properties in Malaysia is largely influenced by economic development and investment growth particularly in the manufacturing sector. Bank Negara Malaysia has forecasted that the services and manufacturing sectors will continue to drive the Malaysian economy in 2023 which bodes well for our purchase of 17.9 acres of industrial land in Bukit Minyak, our maiden industrial development in Penang. The land is strategically located among major industrial parks in Penang.

For further details, please turn to the 'Land Banking' section under our 'Review of Operating Activities'.

Management Discussion and Analysis

Strong Value Propositions

Paramount's developments are carefully designed to offer our buyers a holistic approach to living. Paramount Property, The People's Developer™ puts people first, designs for life and strives to uplift communities via its offerings and activities. Prioritising wellness, safety and connectivity, our developments also feature recreational spaces that encourage community living.

Incorporating spacious built-ups with room for flexibility, our landed-residential homes are designed to accommodate residents at every phase of their lives. Developments such as our Sejati Lakeside series offer amenities such as wheel-chair friendly toilet access and seated bath areas for those with mobility concerns. On top of this, we offer an extended defect liability period for our Sejati Lakeside and Sejati Lakeside 2 homes.

Paramount's integrated mixed developments cater to those who desire the convenience of urban living in compact, yet comfortable settings. The year saw us launch The Atera in Petaling Jaya that is designed to cater to new families, singles and investors. Located next to the Asia Jaya LRT station and just at the border of the Federal Highway, this is Paramount's first transit-oriented development (TOD) project. It is also targeted to be GreenRE Silver-rated.

Meanwhile the low-density Arinna, Kemuning Utama, offers smart homes in the mature Kemuning Utama township in Shah Alam. We also continued selling The Atrium serviced apartments at the Embassy Row, Kuala Lumpur, which was launched at the end of FY2021, as well as Berkeley Uptown serviced apartments in Klang, and Sinaran Residences at Utropolis Batu Kawan, Penang. Our Utropolis Batu Kawan features modern high-rise eco-homes targeting high-tech engineers who work in Batu Kawan Industrial Park and the surrounding areas, new owners as well as upgraders.

By offering homes with strong value propositions, we ensure that we are meeting the needs of the communities, thus upholding our reputation as 'The People's Developer'.

Efficiency through Standardisation

We are committed to ensuring that our construction activities are carried out in a responsible manner that upholds our commitment to quality while minimising wastage. With the rising cost of construction materials and the shortage of workers, product standardisation and process efficiency have become all the more important to remain profitable. These measures are helping us to reduce costs, reduce our dependency on labour, fast-track construction and ensure consistency in product quality.

The continued use of Industrialised Building Systems (**IBS**) in the construction of our buildings enables us to standardise the quality of our properties as well as minimise wastage due to errors and other issues. Among other things, we use aluminium formwork systems which can be reused, thereby reducing construction waste disposal costs and generating cost savings instead.

In FY2022, we continued to use elements of IBS in all our projects except for The Atrium, which did not require it as the project maintained the core structure of the tower that used to be a hotel.

The Atrium

Management Discussion and Analysis

Digital Transformation

In line with our goal of streamlining our processes to enhance efficiency, we began our digital transformation prior to the COVID-19 pandemic. Since then, we have successfully migrated some of our operational processes onto digital platforms and are in the process of digitalising more of our processes.

The COVID-19 pandemic and the resulting lockdowns only served to expedite our adoption of digital solutions. Digital marketing is now Paramount Property's primary mode of marketing. Through our digital enhancements for customer experience, potential customers can interact with Paramount Property via its website and enjoy virtual tours to showrooms and showhouses from the comfort of their homes before making online bookings for onsite visits.

The Group also uses digital apps for handover procedures and defects-reporting, enabling both Paramount Property and our buyers to track development progress on a 24/7 basis.

Investments In the Digital Space

As part of our diversification strategy, the Group has identified startups within the digital space as a viable means of generating new revenue streams. To this end, we have invested in startups within the fintech sector, in line with our belief that the digital economy, particularly e-commerce, is the way forward.

In FY2022, the Group invested RM7.5 million in Commerce DotAsia Ventures Sdn Bhd (Commerce.Asia), an end-to-end e-commerce ecosystem service provider.

In August 2022, Bank Negara Malaysia announced the names of the successful applicants of the digital bank licences. However, the consortium led by Paramount was not one of them. We are now pursuing the digital economy via other means, including via the Fundaztic peer-to-peer financing platform that we invested in, in 2021. Moving forward, we hope to expand our footprint in the digital space that offers synergistic opportunities.

Monetisation of Non-core Assets

During the year in review, we continued to focus our efforts on the monetisation of non-core assets to realise shareholder value in businesses that no longer aligned with our value creation agenda. These divestments raised cash of RM180 million, of which 53% was utilised for the repayment of borrowings and 42% distributed as special dividend.

In July 2022, we also sold our tertiary education campus in Damansara Jaya, Selangor, to Nobel International School Sdn Bhd for RM60 million cash.

Later in September 2022, Paramount divested the remaining 20% effective interest in our pre-tertiary education business. The transaction concluded the divestment of Paramount's stake in Paramount Education Sdn Bhd, Sri KDU Klang Sdn Bhd and Sri KDU Sdn Bhd to XCL Education Malaysia Sdn Bhd (**XCL**) after the Group sold our majority stakes to XCL in 2019 for RM569.2 million. This exercise marked Paramount's exit from the school education business after 30 long years.

Notwithstanding this, Paramount still has stakes in the education sector, i.e., a 35% equity stake in our tertiary education associates, as well as three tertiary education campuses, one in Selangor and two in Penang.

REVIEW OF FINANCIAL RESULTS

"The Group's profit attributable to ordinary equity holders of the company increased by **111%** in FY2022 to **RM60.2 million**."

In FY2022, the Group achieved a revenue of RM847.5 million, which was 24% higher than in the previous year (FY2021: RM681.4 million), while PBT grew by 50% to RM105.1 million (FY2021: RM70.3 million). The Group's profit attributable to ordinary equity holders of the company also increased by 111% to RM60.2 million in FY2022 (FY2021: RM28.5 million).

All three business segments reported improvements in their financial performance, with the Property Division as the key contributor followed by the Coworking Division. The Investment & Others Division reported a marginal increase in PBT to RM1.0 million from the RM0.4 million recorded in FY2021.

For FY2022, the sale of the tertiary education campus in Damansara Jaya, Selangor produced a gain of RM53.7 million but this was offset by an impairment loss of RM38.7 million on the pre-tertiary education front. We incurred an impairment

Management Discussion and Analysis

loss as we sold the remaining 20% effective equity stake in our pre-tertiary education associates for RM120 million. Though the price was lower than the call option floor price of RM160 million, it was higher than the amount Paramount would have received had it exercised its put option under the first sale and purchase agreement in 2019, whereby the put option price was tied to the financial performance of the business that was unfortunately weakened by the COVID-19 pandemic. All in all, the monetisation initiatives resulted in a net gain of RM15 million for Paramount in FY2022.

The Group's total asset position rose by 5.8% or RM0.17 billion to RM3.12 billion in FY2022 from RM2.95 billion previously, while the Group's total liabilities stood at RM1.46 billion in FY2022, marking an increase of 15.9% or RM0.20 billion as compared to RM1.26 billion previously. The new development lands/rights acquired during the year and the liabilities arising therefrom were among the key contributors to the increase in assets and liabilities.

In respect of the financial year ended 31 December 2022, the Board has proposed a single tier final dividend of 3.5 sen per share that is subject to shareholders' approval at the forthcoming Annual General Meeting. This dividend is in addition to the 12 sen special dividend that was paid out on 29 March 2023 from the proceeds of the divestment of our remaining equity in our pre-tertiary education business in FY2022. With the Group having also paid out a 2.5 sen interim dividend in September 2022, this would bring the Group's total dividends for FY2022 to 18 sen should the final dividend be approved.

Capital Structure and Capital Resources

To ensure that our value creation efforts are supported by an optimal capital structure, we exercise careful management and monitoring of our resources. As of 31 December 2022, our debt-to-equity ratio stood at 0.61 times (31 December 2021: 0.57 times). Meanwhile, the Group's net gearing dropped slightly to 0.41 times (31 December 2021: 0.46 times). The debt-to-equity ratio is derived by dividing total debt to total equity.

Paramount's cash and cash equivalents increased considerably from RM123.3 million as at 31 December 2021 to RM296.8 million as at 31 December 2022, mainly due to the proceeds of RM120 million received from the completion of the divestment of the pre-tertiary education business on 29 December 2022. Meanwhile, share capital increased marginally by RM3.5 million to RM334.3 million (31 December 2021: RM330.8 million) due to the issuance of new shares to eligible employees pursuant to the Long Term Incentive Plan.

REVIEW OF OPERATING ACTIVITIES

Property

As testament to the Group's ability to thrive in a year of recovery, Paramount's Property Division registered a 23% improvement in revenue to RM823.4 million in comparison to the RM672.1 million achieved in FY2021 (which included a RM90 million land sale).[1] The full reopening of the economy in the second quarter of 2022 led to a surge in sales and that momentum was sustained for the rest of the year. By the first nine months of FY2022, we had already exceeded the financial results for all of FY2021.

In FY2022, our Property Division sold 1,612 units of property with a Gross Development Value (**GDV**) of RM1.1 billion in comparison to 1,062 units with a GDV of RM716 million in FY2021. The top three revenue contributors in FY2022 were our Sejati Lakeside development in Selangor, the Utropolis Batu Kawan development in Penang and the Bukit Banyan development in Kedah. On the back of higher revenue, the division recorded a PBT of RM104.7 million in FY2022, some 33% higher than the PBT of RM78.6 million registered in FY2021.

Unbilled sales stood at RM1.4 billion as at 31 December 2022. This was the third consecutive year that Paramount's unbilled sales has exceeded the billion Ringgit mark. This should provide an indication of our potential cashflow in the near term, contingent on construction progress.

> "In FY2022, Paramount's Property Division registered a **23%** improvement in revenue to **RM823.4 million**."

[1] FY2021 sales were boosted by the sale of a piece of commercial land at the Group's Sekitar26 development for RM90 million.

Management Discussion and Analysis

In FY2022, Paramount Property was working on 11 projects in Malaysia and one project in Bangkok through our associate. By the end of the year, we had completed 1,652 units with a GDV of RM896 million. Including our 2022 launches, we had 10 ongoing projects in Malaysia as at 31 December 2022, having completed Kemuning Idaman, a Rumah Selangorku scheme in Shah Alam.

The average take-up rate for Paramount Property's 10 ongoing projects (excluding the commercial component of ATWATER) was 71% as at end December 2022.

As at 31 December 2022, the inventory of our completed properties stood at RM58 million, almost all of which are commercial properties.

New Property Launches

> "In FY2022, the Property Division launched **1,702 units of property** worth **RM1.2 billion**."

In FY2022, the Property Division launched RM1.2 billion worth of properties, of which 92% was residential. Of the total launches, 75% of the GDV, or RM0.9 billion, was launched in the final quarter of the year. The launches at six locations comprised 1,702 units, that is 1,498 units in the Central region and 204 units in the Northern region.

Given the encouraging response, we expect our 2022 launches to contribute positively to the Group's sales performance in FY2023.

The following encapsulates some of the key attributes of the developments launched in FY2022:

Various Phases of Bukit Banyan, Sungai Petani

We launched 81 units of double-storey shop-offices with a total GDV of RM54 million at our award-winning Bukit Banyan development in March, April and June of the year. Later, in September and October, we launched 107 landed homes comprising double-storey terrace houses, double storey detached houses and a bungalow, with a total GDV of RM64 million. Bukit Banyan with its 25-acre hill park (with nine themed gardens) is Sungai Petani's first gated-and-guarded development.

Arinna, Kemuning Utama, Shah Alam

September 2022 saw Paramount launch Arinna, Kemuning Utama, comprising two towers of low density serviced apartments with smart home attributes. With a total GDV of RM201 million, the development features 356 residential units. A unique feature of Arinna is its retail complex of seven mini lots, which forms part of its common facilities. Rental collected from these lots will be income for Arinna owners and will help lower maintenance charges. Arinna is well-connected to major highways such as the KESAS, LKSA, ELITE, LDP, NPE and Federal Highway. Since its launch, 59% of the residential units have been taken up as at 31 December 2022.

The Atera, Petaling Jaya

In November 2022, we launched 760 units of Phase 1 of The Atera with a combined GDV of RM535 million. Phase 1 comprises 676 serviced apartments, 80 affordable units (*Rumah Mampu Milik*) and four commercial units. The Atera is Paramount's first mixed TOD. Once completed, it will comprise 2,091 units

Greenwoods Seraya

The Atera

Management Discussion and Analysis

of serviced apartments and nine retail lots on 9.7 acres of leasehold land. Set within the heart of Petaling Jaya, The Atera is surrounded by a host of facilities and amenities, including the Asia Jaya LRT station. It is well-connected to major highways. Since its launch, 20% of the residential units have been taken up as at 31 December 2022.

Sejati Lakeside 2, Cyberjaya

Following the success of our award-winning Sejati Lakeside development, we launched Sejati Lakeside 2 in November 2022. This first phase will consist of 122 semi-detached homes with a total GDV of RM191 million that was 58% sold as at 31 December 2022. Phase 2 of Sejati Lakeside 2 is to be launched in 2023, and together with the first phase, will form an exclusive development of 234 semi-detached homes with garden and lake views on 32.7 acres of freehold land. The development is located within the Cyberjaya Flagship Zone (CFZ) and is surrounded by world-class IT infrastructure, low density urban enterprises, state-of-the-art commercial developments, shopping malls, recreational parks, educational institutions, and good highway accessibility.

Sinaran Avenue, Utropolis Batu Kawan, Penang

In December 2022, we launched Sinaran Avenue comprising 16 units of shop lots with a GDV of RM36 million. As at 31 December 2022, 44% of these units had been sold. Sinaran Avenue is part of our growing Utropolis Batu Kawan development, a self-contained and integrated development with residences, flexible offices and retail spaces.

Greenwoods Seraya, Greenwoods Salak Perdana, Sepang

The month of December also saw us launching Greenwoods Seraya comprising 260 townhouses with a total GDV of RM132 million. As at 31 December 2022, 19% of the townhouses had been sold. Greenwoods, Salak Perdana is a freehold township development that offers convenient living in lush, green spaces.

Land Banking

Paramount's land-banking strategy focuses on purchasing land that is good for quick turnaround, with preference for locations where our brand is already present as this would facilitate speed-to-market. The speed-to-market approach to property development allows us to use our resources efficiently and lower our land holding cost.

Sejati Lakeside 2

FY2022 saw the completion of our purchase of 32.7 acres of freehold residential land in Cyberjaya, Selangor for RM102.7 million. The land is an extension of the 'Sejati' brand whereby Phase 1 of Sejati Lakeside 2 was launched in November 2022, within three months from completion of the transaction.

We also purchased 17.9 acres freehold industrial land at Bukit Minyak, Penang for RM29.5 million in FY2022. The land will be developed into 52 units of semi-detached light industrial properties and six units of detached light industrial properties with a projected GDV of RM173 million to be launched in 2023. This development will support the growth of Batu Kawan, which has been dubbed 'the future of Penang'.

In September 2022, we acquired full development rights on 9.7 acres of land in Petaling Jaya, pursuant to the Second Phase Conditions Precedent in the development rights agreement having been fulfilled with the land owner, Kumpulan Hartanah Selangor Berhad. The first phase of The Atera was launched in November 2022.

In Sungai Petani, Kedah, 14.4 acre of clubhouse grounds at Bandar Laguna Merbok has been earmarked for residential development, pursuant to the submission of a development plan to the authorities in FY2022.

We also purchased 64.3 acres of freehold residential land in Sepang, Selangor to expand our successful Greenwoods Salak Perdana development.

As at the end of FY2022, the Group's land bank stood at 565.5 acres, including the land in Petaling Jaya for which we have development rights.

Management Discussion and Analysis

Land Bank and GDV (as at 31 December 2022)

Region	Project	Status	Remaining Gross Undeveloped Land (Acres)	Remaining GDV* (RM'mil)	Development Period Start	Development Period End
Northern	Bukit Banyan & Bandar Laguna Merbok (BLM), Sungai Petani	On-going	97.0	382	2012	2027
Northern	Batu Kawan, Penang	On-going	17.1	1,390	2016	2030
Northern	Bukit Banyan (Expansion), Sungai Petani	In the pipeline	137.1	405	2023	2027
Northern	Bukit Minyak, Penang	In the pipeline	17.9	173	2023	2025
Northern	Machang Bubuk, Penang	Future	69.2	420	2024	2028
Northern	Redevelopment of BLM club house, Sungai Petani	Future	14.4	53	2025	2027
Central	Kemuning Utama, Shah Alam	On-going	20.0	422	2004	2028
Central	Sejati Residences, Cyberjaya	On-going	10.0	520	2013	2027
Central	Sekitar26, Shah Alam	Completed	0	56	2013	2021
Central	Greenwoods Salak Perdana, Sepang	On-going	78.7	714	2015	2027
Central	ATWATER, Section 13, Petaling Jaya	On-going	0	375	2018	2023
Central	Berkeley Uptown, Klang	On-going	15.4	777	2019	2028
Central	Sejati Lakeside, Cyberjaya	On-going	0	7	2019	2023
Central	Jalan Ampang Hilir, Kuala Lumpur	On-going	3.6	713	2021	2025
Central	The Atera, Petaling Jaya	On-going	5.6	1,156	2022	2030
Central	Sejati Lakeside 2, Cyberjaya	On-going	15.2	265	2022	2026
Central	Greenwoods 2 Salak Perdana, Sepang	Future	64.3	225	2024	2027
	Total		**565.5**	**8,053**		

Region	Ongoing Development by Associate Company	Remaining Gross Undeveloped Land (Acres)	Remaining GDV* (RM'mil)	Development Period Start	Development Period End
International	Na Reva, Bangkok	0	36	2020	2024

** Comprising potential GDV from undeveloped lands and GDV from properties launched but not sold as at 31 December 2022.*

Overseas Ventures

Paramount currently holds a 49% equity interest stake in Bangkok-based property development company, Navarang Charoennakorn Company Limited. The company is presently in the process of completing Na Reva, a 29-storey condominium in Bangkok. Situated next to the Chao Phraya River, the project has a GDV of 1.2 billion Thai Baht and is expected be completed in 2024.

Management Discussion and Analysis

Co-labs Coworking at Naza Tower

Coworking

> "The Coworking Division reported a **62%** increase in revenue in FY2022."

In FY2022, the Coworking Division reported a revenue of RM9.4 million, a 62.7% increase from the RM5.8 million attained in FY2021. The increase in revenue was mainly attributable to higher contributions from both Co-labs Coworking and Scalable Malaysia due to the reopening of public spaces and people returning to work in offices. On the back of higher revenue and lower depreciation, the Coworking Division's loss before tax (**LBT**) narrowed to RM0.6 million in FY2022 from RM4.1 million (excluding the impairment loss of RM4.6 million) in the preceding year.

Co-labs Coworking has five outlets in the Klang Valley that span a collective 115,000 square feet. With its offer of innovative workspaces that promote a holistic work environment, the company is looking to contribute positively moving forward. As at the end of FY2022, Co-labs Coworking had attained 70% occupancy rate.

Scalable Malaysia too is expected to deliver better contributions moving forward as companies review their office space needs. For organisations that wish to reintegrate employees back to their offices, Scalable Malaysia offers a team of experts from interior designers to architects, contractors, technicians, real estate agents and office management specialists. Scalable Malaysia is able to take on projects related to refurbishment as well as the fit-out of new buildings such as offices, sales galleries, among other spaces.

As both business units offer flexible solutions that are relevant to the needs of modern workforces and organisations, we are confident that the Coworking Division will be able to chart a clearer path to profitability.

Investment and Others

The Investment and Others Division reported a revenue of RM16.4 million, 209% higher than RM5.3 million recorded in FY2022. This was mainly attributable to the full year consolidation of Super Ace Resources Sdn Bhd, our subsidiary and the owner of our hotel, Mercure Kuala Lumpur Glenmarie. The PBT of the division increased to RM1.0 million in FY2022 (FY2021: RM0.4 million) boosted by the gain from the disposal of the tertiary education campus of RM53.7 million. This improvement was, however, moderated by the impairment loss of RM38.7 million on the disposal of Paramount's remaining stake in our pre-tertiary education business, coupled with the loss recorded by Mercure Kuala Lumpur Glenmarie. FY2022 was also without the RM7.9 million non-recurring gains from the consolidation of a subsidiary that had lifted the division's PBT in FY2021.

The key businesses covered in this division are investment properties (education assets), and the operations of Mercure Kuala Lumpur Glenmarie and that of Dewakan, a fine dining restaurant. Aside from this, the other contributors to the division's financial performance are the financials of our corporate headquarters as well as the share of results from our associates.

Management Discussion and Analysis

Rental income derived from the Group's education assets was RM6.1 million (FY2021: RM5.0 million), an increase of 22% mainly attributable to the lower rebate on rental granted in FY2022, coupled with the upward revision of the rental yield during the year. Meanwhile, LBT was lower at RM12.1 million for FY2022 (FY2021: LBT of RM13.4 million) mainly due to the higher revenue and lower operating expenses but moderated by the higher finance cost due to increase in interest rate.

Super Ace Resources Sdn Bhd, which owns the 4-star Mercure Kuala Lumpur Glenmarie recorded a revenue of RM7.9 million (FY2021: RM0.3 million) and a LBT of RM6.8 million (FY2021: LBT of RM3.5 million). The hotel, managed by Accor, a French multinational hotel group, had its soft opening in November 2021. The hotel began operating with 89 rooms but with the easing of COVID-19 restrictions by the Malaysian Government in April 2022, it opened up all of its 229 rooms. The average occupancy rate for FY2022 was 37%. In August 2022, the hotel was officially launched by the Selangor Menteri Besar YAB Dato' Seri Amirudin Shari.

Paramount FoodPrint Sdn Bhd, which owns Dewakan, the Group's fine-dining restaurant achieved an increase in revenue by 153% to RM 4.3 million in FY2022 (FY2021: RM1.7 million). On the back of higher revenue, it achieved a PBT of RM0.1 million as compared to a LBT of RM0.9 million. The full re-opening of the economy and international borders was among the key contributors to its improvement in financial performance in FY2022. Dewakan continues to be an asset to the Group's brand reputation. On 13 December 2022, Dewakan was one of the four restaurants in Kuala Lumpur and Penang to receive a MICHELIN star for *The MICHELIN Guide Kuala Lumpur and Penang 2023*. Its Beverage Manager Leanne Lim was also awarded a MICHELIN Service Award. Dewakan is also listed among the 50 Best Restaurants in Asia for 2022 and 2023.

> "The Group's fine-dining restaurant, Dewakan, received a MICHELIN star in *The MICHELIN Guide Kuala Lumpur and Penang 2023.*"

TRENDS AND RISKS

Paramount remains committed to safeguarding our businesses from any potential threats that may negatively impact the Group's operations, performance, financial condition, and liquidity. To help us anticipate and mitigate risks, we have established a formal and robust enterprise risk management process, the details of which are explained in the Statement on Risk Management and Internal Control on pages 67 to 73.

The following outlines the primary risk factors and known trends that may have an impact on Paramount's operations, financial condition and liquidity, as well as spells out the mitigation measures that we are bringing into play:

Poor Demand for Commercial Properties

Over the past few years – particularly since the onset of the pandemic – the demand for commercial properties has slowed down. Many investors have adopted a wait-and-see approach for major purchase or leasing decisions or are altogether deeming commercial spaces as unnecessary in the 'new normal'. Aside from working with reputable agencies to extend our reach to potential buyers and leasers, we also have our own central leasing team to lease and sell our slower-moving properties with lease novation.

Dewakan

Management Discussion and Analysis

To ensure that our commercial properties are populated and vibrant, we offer perks such as a rent-to-own scheme to attract business buyers to open shops within our commercial properties. This approach has worked particularly well at our Greenwoods and Sekitar26 Enterprise developments.

On the other hand, our Co-labs Coworking provides solutions to those averse to buying (or even leasing and renovating) at this point. We are still able to capture this market with our flexible workspace solutions with low upfront commitment. Our expertise in developing productivity-first spaces as well as curating experiences for all business types (such as start-ups, small businesses, corporations, and government agencies) enable organisations to ramp up their businesses quickly. These are proving to be attractive value propositions, particularly after two years of hybrid working.

On top of this, our one-stop end-to-end customised workspace solutions provided by Scalable Malaysia could also be bundled with the sale of our commercial properties as we are able to offer hassle-free workspace solutions that are aligned with rapidly evolving technologies and demand for wellness.

A Challenging and Uncertain Property Market

The discontinuation of incentives such as the Home Ownership Campaign and Bank Negara Malaysia's loan moratorium pose new challenges. However, we believe there will always be demand for properties that are priced attractively at good locations. Property investment is also traditionally viewed as excellent hedge against inflation, more so in the climate of rising costs. On top of this, a developer's reputation for delivering real value will also set it apart from the rest.

Given Paramount's track record of delivering value, our strong product propositions (i.e., good locations, attractive customer-centric features, and competitive prices) coupled with innovative marketing campaigns (such as the Paramount Property Priority Campaign and Paramount Circle customer loyalty programme), we believe we will be able to successfully ride through market challenges.

As part of our efforts to strengthen engagement with our target audiences, we continue to leverage on a host of digital marketing and social media tools. Adapting to market conditions and trends, we will continue to review our products and marketing strategies including timing our launches and deploying innovative development concepts that truly cater to the needs of our target buyers.

Labour Shortages and Rising Construction Costs

Worker shortages and rising construction costs are some of the recurrent challenges that property players face. These perennial issues have the potential to dampen the recovery of the property sector, or more importantly, impact the site progress and profit margins of developers. As 'The People's Developer', Paramount Property's main concern is to maintain our ability to build efficiently and deliver quality products to our customers while meeting market needs, preserving profit margins, and remain competitive.

To counter labour shortages and rising material costs, we are leveraging value engineering which facilitates improved designs and greater operational efficiencies. Simple measures such as enlarging the workforce of plasterers and tilers, are all helping us fast-track construction progress. We are also making greater use of IBS at almost all our developments to reduce reliance on manual labour. The use of robotics in hacking work and bobcats to clear debris are also enabling us to get past the manpower shortage. Moreover, by using local materials, we are helping to minimise supply chains risks and we continue to explore alternative materials that offer a similar quality.

Effective contractor management is another integral component of our operations and we are elevating our efforts in this area. From reviewing contractors' financial strength and ensuring they can deliver as per timelines, to undertaking tighter monitoring, more effective dialogue and collaborative firefighting, we are effectively bolstering the contractor management process.

We are also working to reduce the impact of price fluctuations by locking in prices with suppliers for bulk orders, building stronger working relationships with suppliers, actively monitoring major/critical material prices, and continuously expanding our pool of suppliers.

Sales Launch Delays

Over the course of pandemic-induced movement restrictions and the adoption of the work-from-home model, property players experienced slower processing of applications by the authorities overseeing property development. While this has stabilised to some extent, property players today still face potential delays in launches due to prolonged approval processes.

Management Discussion and Analysis

To mitigate this, we actively engage with industry stakeholders such as the authorities, regulatory bodies and professional firms to seek their advice and secure updates on the latest policies to ensure timely compliance. We also conduct client-consultant meetings to monitor the submission and approval progress of our launches.

OUTLOOK AND PROSPECTS

The Malaysian economy experienced a surge in growth by 8.7% in 2022, propelled by consumption and private sector investment. Domestic demand is expected to continue to drive economic growth in 2023, albeit at a more moderate rate of 4% to 5% due to challenging external factors. The recovery of the labour market and the realisation of multi-year investments is also expected to support the nation's economic growth.

According to the National Property Information Centre, the residential property market recorded a year-on-year increase of 22.3% in the volume of property transactions in 2022 with a total of 243,190 transactions valued at RM94.3 billion.

While the projected economic growth is unlikely to significantly uplift the domestic property market, the current economic climate can be deemed favourable for developers, particularly those whose target demographics is the middle-income segment. The pause in the interest rate upcycle and the stabilisation of building material costs is also expected to provide some relief to developers.

The announcement by the Malaysian Government that it will be easing the rules relating to foreign labour hiring bodes well for the property industry that has been heavily impacted by labour shortage. This positive change may have the most impact on developers with sizeable unbilled sales as the acceleration in construction and development processes will be translated into quicker recognised billings. Furthermore, the reopening of China's borders may signal the return of Chinese buying interest in Malaysian properties, albeit at the higher end of the price spectrum due to set minimum price thresholds for foreign buyers.

> "Paramount will be launching seven projects with an estimated GDV of **RM1.5 billion** in FY2023."

Riding on the growth momentum achieved in FY2022, Paramount will be launching seven projects (including new phases of existing projects) with an estimated GDV of RM1.5 billion in FY2023. We believe that Paramount Property, The People's Developer ™ will continue to enjoy the trust and confidence of buyers as we move forward to meet market needs. Apart from new launches, the Group's financial performance will also be supported by the contribution from its existing products. As at 31 December 2022, there were 10 ongoing projects in four states with a total GDV of RM3.2 billion.

The Group's unbilled sales of RM1.4 billion as at 31 December 2022 too are a good indication of near-term cashflow. The realisation of these earnings, however, is dependent on the construction progress of these projects.

Launches in 2023

Paramount Property has gained a solid reputation as 'The People's Developer', a title which we are committed to upholding. We remain steadfast in our purpose to be a quality developer that is dependable, trustworthy, financially strong, and timely in our delivery. We ensure our developments provide these values:

- Accessibility to daily conveniences
- Connectivity
- Lifestyle facilities within the development (especially for integrated developments)
- Safety and security
- Quality

Management Discussion and Analysis

With this goal, these are the launches for FY2023:

Sejati Lakeside 2, Cyberjaya

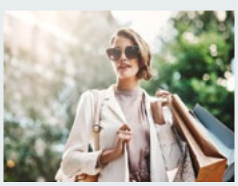
Phase 2 of Sejati Lakeside 2 comprising double storey semi-detached homes facing a lake. The target launch in the first half of 2023 follows the success of Phase 1 in FY2022, which achieved a take-up rate of 58% as at 31 December 2022, within two months of its launch. In view of the historically good take-up rates of the Sejati Lakeside brand, we are optimistic that this development will perform well.

Utropolis Batu Kawan, Penang

Utropolis Batu Kawan's newest tower, Savana, was launched in the first quarter of 2023. It is a 36-storey serviced apartment block of 522 units on 3.5 acres of freehold land. It offers layouts with versatile spaces, including dual key units, which are perfect for multi-generational living. Investors may also find Savana interesting as rental assets. Savana will leverage on the good take-up rates of earlier phases. Sinaran Tower A and Tower B were 100% and 92% sold out as at 31 December 2022.

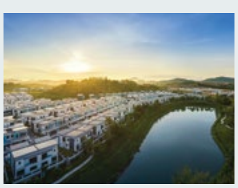
Greenwoods, Salak Perdana, Sepang

Paramount's freehold Greenwoods project will see the launch of Greenwoods Amaria, comprising 538 units of *Rumah Idaman*, an affordable housing development.



Jalan Ampang Hilir, Kuala Lumpur

Paramount's next project at the Embassy Row at the prestigious U-Thant enclave of Kuala Lumpur will be a high-end residential development consisting of 360 serviced apartments on 3.59 acres of freehold land. The development will be located next to The Atrium (another Paramount project), surrounded by embassies, high-end residences, international schools, medical centres, eateries and premium grocers. As at 31 December 2022, 93% of The Atrium had been taken up. The Atrium won the StarProperty Award in the 'Close to Home' category.



Bukit Banyan, Sungai Petani

Bukit Banyan saw the launch of double-storey terrace and double semi-detached homes in the first quarter of 2023. This will be followed by the launch of bungalows in the second half of the year. On-going phases of the award-winning development were 93% sold out as at 31 December 2022. This hill park development continues to be a steady contributor to Paramount's profits annually.

Bukit Banyan (Expansion), Sungai Petani

In FY2020, Paramount purchased adjoining land to our Bukit Banyan development to expand the township. The expansion will include low-cost apartments, townhouses, single and double-storey terrace houses as well as double-storey semi-detached homes. The first launch on this piece of land will consist of 137 units of single-storey affordable homes. Once completed in 2027, it will comprise 1,568 residential units on 137.1 acres of freehold land.

Paramount Palmera Industrial Park, Bukit Minyak, Penang

The Paramount Palmera Industrial Park in Bukit Minyak, Penang is set for launch in the first half of 2023. Comprising 52 semi-detached and six detached light industrial units, the business park spans 17.9 acres and is expected to be completed in 2025. Paramount Palmera is designed to accommodate the needs of growing businesses, particularly within the SME segment, and will serve as a support hub for the larger Batu Kawan Industrial Park nearby.

Management Discussion and Analysis

Meanwhile, Co-labs Coworking is well positioned to meet the needs of organisations that wish to mitigate risks arising from current uncertainties as it offers organisations the flexibility to scale up or scale down their workspace requirements depending on their business needs and market conditions. As for those organisations that wish to reintegrate employees back into their offices, Scalable Malaysia can help design, build, manage, and operate people-centric workspaces to bring out the best in its customers' workforce.

The Group's Coworking Division is also anticipating growth in the coming financial year as it continues to leverage the corporate sphere's need for flexible workspaces, including catering to hybrid work models that many mid-sized organisations are adopting post-pandemic. Co-labs Coworking will focus its efforts on improving its occupancy rate, while Scalable Malaysia will continue to leverage Paramount Property's expertise and Co-labs Coworking's understanding of workspaces to meet the needs of its growing customer base.

The Group will continue to stringently manage our risks and exercise careful stewardship of our resources. We will also continue to explore opportunities for investment to ensure the long-term sustainability of our business. While the forecast for the socioeconomic climate remains challenging at best, we remain resolute in our commitment to creating value. As a Group, we will undertake all that is necessary to build upon our successes, optimise our resources and operations while also ensuring that we operate in a sustainable and transparent manner that reflects our core values.

Against the backdrop of moderate growth in the Malaysian economy and a challenging external environment, the Group remains cautiously optimistic of our prospects for 2023 and will make every effort to build upon our successes, while navigating prudently and with agility throughout the year.

JEFFREY CHEW SUN TEONG
Group Chief Executive Officer & Executive Director

Five-Year Group *Financial Highlights*

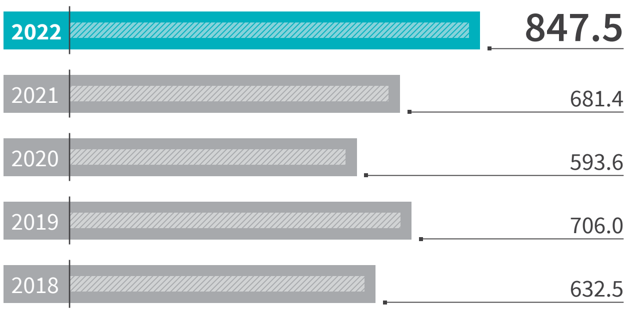
Financial Year Ended 31 December

	FY2022 RM'000	FY2021 RM'000	FY2020 RM'000 (Restated)	FY2019 RM'000 (Restated)	FY2018 RM'000 (Restated)
Continuing					
Revenue	**847,464**	681,351	593,562	705,974	632,493
Profit before tax	**105,123**	70,316	51,474	88,159	108,422
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**191,527**	113,928	89,147	126,366	131,674
Profit after tax	**75,138**	42,711	31,337	53,994	77,041
Discontinued					
Profit after tax	**0**	0	471,126	64,480	31,112
Profit for the period	**75,138**	42,711	502,463	118,474	108,153
Profit attributable to equity holders of the Company	**60,200**	28,534	486,390	103,533	90,476
Total assets	**3,125,145**	2,952,606	2,964,574	3,071,699	2,674,292
Total liabilities	**1,460,171**	1,262,086	1,285,266	1,609,404	1,329,345
Total borrowings	**1,015,238**	963,100	954,210	911,945	900,661
Shareholders' equity	**1,465,090**	1,440,962	1,429,653	1,139,126	1,069,953
Total equity	**1,664,974**	1,690,520	1,679,308	1,462,295	1,344,947
FINANCIAL INDICATORS					
Interest cover (times)	**5**	4	3	4	6
Earnings per share (sen)	**9.69**	4.61	79.33	17.09	15.34
Net assets per share (RM)	**2.36**	2.33	2.33	1.88	2.50
Gross dividend per share (sen)	**18.00**	3.00	31.50	6.50	8.50
Dividend yield (%)	**23.7%**	4.3%	38%	5.3%	4.2%
Return on equity (%)	**4%**	2%	43%	10%	9%
Return on total assets (%)	**2%**	1%	16%	3%	3%
Gross Gearing ratio (%)	**61%**	57%	57%	62%	67%
Net Gearing ratio (%)	**41%**	46%	45%	53%	57%

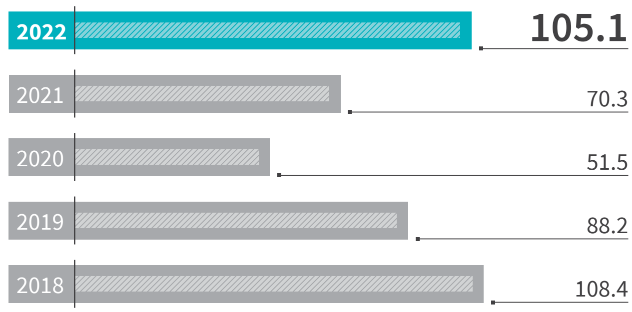
Five-Year Group Financial Highlights

Financial Year Ended 31 December

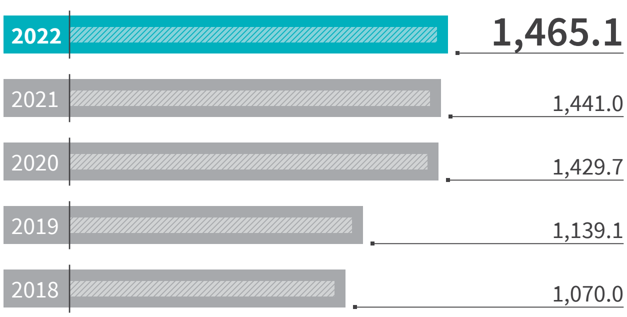
REVENUE
(RM MILLION)



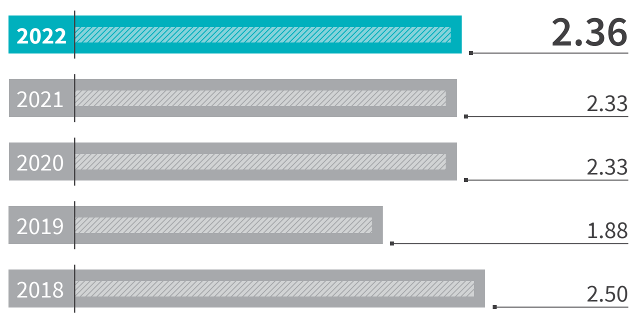
PROFIT BEFORE TAX
(RM MILLION)



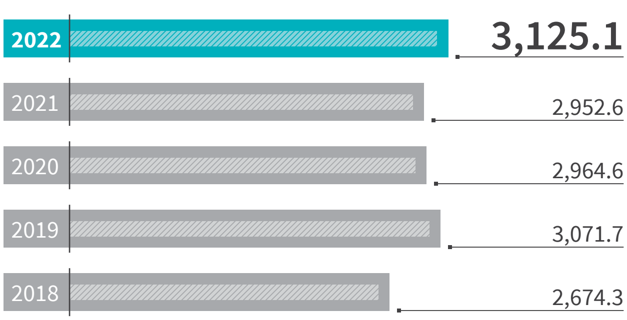
SHAREHOLDERS' EQUITY
(RM MILLION)



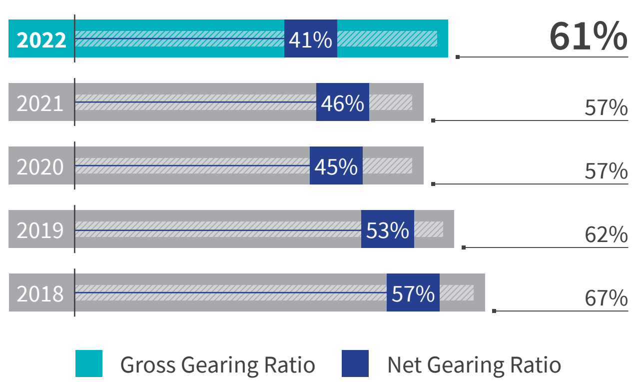
NET ASSETS PER SHARE
(RM)



TOTAL ASSETS
(RM MILLION)



GROSS/NET GEARING RATIO



Sustainability Statement

Guided by our vision of 'Changing Lives and Enriching Communities for a Better World', and reinforced by our TRIBE core values, Paramount seeks to create long-term value for stakeholders by managing our businesses in a responsible way.

This section provides a summary of the key sustainability highlights of Paramount Corporation Berhad (**the Company**) and its subsidiaries (**the Group**) for the reporting period from 01 January 2022 to 31 December 2022. It is to be read jointly with the standalone Sustainability Report which can be accessed via the QR code on this page.

SUSTAINABILITY FRAMEWORK

As we make our way on this sustainability journey, we are keeping our eye on four goals: promote sustainable financial growth, deliver excellent products and services, protect and conserve the environment and support community growth.

We have also identified thirteen (13) material matters which have the most impact to our society and our ability to create long-term value for the Group. These will be prioritised as we steer the Group to the future.

Vision

Changing Lives and Enriching Communities for a Better World

Mission

To deliver innovative products and services that benefit society, leveraging on the synergies within our business ecosystem while being respectful of the environment and caring for the safety, health and well-being of our people.

Sustainability priorities

Promote Sustainable Financial Growth	Deliver Excellent Products and Services	Protect and Conserve the Environment	Support Community Growth

Governance

Pillars / Material matters

Economic	Environmental	Social
• Economic and Business Performance • Corporate Governance and Anti-Bribery & Corruption • Product and Service Quality • Digital Transformation	• Biodiversity • Effluents and Waste • Water Management • Green Buildings	• Talent Development and Training • Safety and Health • Customer Satisfaction • Community Development • Labour Rights, Diversity and Equal Opportunity

Core values

Trust • Respect • Integrity • Bravery • Energy

Scan the QR code to view or download a soft copy of the Sustainability Report 2022

Sustainability Statement

SUSTAINABLE DEVELOPMENT GOALS (SDGs)

We have chosen to focus on six of United Nation's 17 Sustainable Development Goals (SDGs) which we believe we can meaningfully contribute to, after considering the markets where we operate.

3 GOOD HEALTH AND WELL-BEING

Ensuring healthy living and well-being

We care for the safety and health of our employees while contributing to the well-being of the communities around us.

11 SUSTAINABLE CITIES AND COMMUNITIES

Make cities and human settlements inclusive, safe, resilient, and sustainable

Whether they are homes, offices, shops, or green spaces, we recognise that the built environment contributes to improving the community's quality of life.

8 DECENT WORK AND ECONOMIC GROWTH

Promote inclusive and sustainable economic growth

We bring sustainable domestic economic growth to local communities by giving priority to local procurement, investing in community infrastructure, and creating more job opportunities. We also build affordable homes in line with the government's initiative to help the lower income group.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensure sustainable consumption and production patterns

We practise the 3R principles: 'Reduce, Reuse and Recycle'; as we aim to achieve positive changes in our operations and cut down waste. We also embed green designs and features into our projects in efforts to reduce the carbon footprint of our built environment.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Build resilient infrastructure, promote sustainable industrialisation and foster innovation

A variety of environmentally friendly and innovative concepts have been designed and built into the exteriors, fixtures, and fittings of our buildings. We continue to challenge the status quo and embrace new ideas and concepts that ultimately lead to improved products, services, and businesses.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Promote peaceful and inclusive societies, sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

We have policies and procedures in place to mitigate bribery & corruption and in doing so, encourage effective, accountable, and transparent business transactions. We also ensure responsive, inclusive, participatory, and representative decision-making at all levels.

Sustainability Statement

GOVERNANCE

The Board has overall responsibility for sustainability and provides guidance in formulating the direction of sustainability strategies. Reporting to the Board is the Sustainability Steering Committee (**SSC**) chaired by the Group CEO together with senior management representing key business functions. The SSC is assisted by the Sustainability Working Group (**SWG**) which comprise representatives from the key business areas to lead, coordinate and communicate Paramount's sustainability efforts in a structured manner.

Board of Directors

Sustainability Steering Committee

Chief Financial Officer (CFO)

Group Human Resource Director (GHRD)

Group Chief Executive Officer (GCEO)

Deputy Group Chief Executive Officer (DGCEO)

Property Division CEO

Sustainability Working Group

Sustainability Statement

HIGHLIGHTS & ACHIEVEMENTS

In 2022, Paramount started to implement key performance targets to track our sustainability performance. All achievements in FY2022 exceeded the performance targets as shown below:

Promote sustainable financial growth

RM847.5mil
Group revenue
Target: >RM800mil

Deliver excellent products and services

Average
80%
QLASSIC score
Target: >75%

Average
84.5%
Customer Satisfaction Index
Target: >80%

Protect and conserve the environment

Average 57pts
IBS score across two developments
Target: >50pts

82.5 kWh/m²
Electricity intensity across offices and coworking spaces
Target: <100kWh/m²

Zero Compound / Fines from Authorities
Environmental compliance

Support community growth

22
Average employee training hours
Target: >16hrs per employee

Zero Fatality
Zero Major Non-Compliance
Occupational Health & Safety

All projects received ratings from 3 to 5 stars
SHASSIC score
Target: At least 3-star

How We Are Governed

Board of Directors

QUAH CHEK TIN
Chairman & Independent Non-Executive Director

JEFFREY CHEW SUN TEONG
Group Chief Executive Officer & Executive Director

BENJAMIN TEO JONG HIAN
Deputy Group Chief Executive Officer & Executive Director

ONG KENG SIEW
Senior Independent Non-Executive Director

QUAH POH KEAT
Independent Non-Executive Director

FATIMAH BINTI MERICAN
Independent Non-Executive Director

FOONG PIK YEE
Independent Non-Executive Director

Profile of Board of Directors

QUAH CHEK TIN

Chairman & Independent Non-Executive Director

Age	Gender	Nationality
71	Male	Malaysian

Committee
- Nil

Appointed
27 August 2021

Qualification
- B.Sc. (Hons) Economics, the London School of Economics & Political Science, University of London
- Fellow of the Institute of Chartered Accountants in England and Wales
- Member of the Malaysian Institute of Accountants

Mr Quah Chek Tin joined the Board of Directors (**the Board)** of Paramount Corporation Berhad (**Paramount**) on 27 August 2021 and was appointed as Chairman of the Board on 1 September 2021.

Mr CT Quah began his career with Coopers & Lybrand, London in 1974 before returning to Malaysia in 1977. He then joined the Genting Group, and had a long and distinguished career in Genting from his early position as Treasurer to Director of Corporate Affairs and then as Executive Director and Chief Operating Officer of Genting Malaysia Berhad as well as Executive Director of Genting Berhad before retiring in 2006.

After his retirement, he remained active in the corporate world as an independent non-executive director of several public listed companies, including Paramount during the period from 2007 to 2019 where he had also served as Chairman of the Audit Committee and Chairman of the Remuneration Committee.

Mr CT Quah has through his long career accumulated a wealth of knowledge, experience and skills in corporate affairs and financial matters.

Directorship in other Public Companies

Listed
- Genting Malaysia Berhad
- Genting Plantations Berhad
- Batu Kawan Berhad

Non-listed
- Nil

Profile of Board of Directors

JEFFREY CHEW SUN TEONG

Group Chief Executive Officer & Executive Director

Age	Gender	Nationality
57	Male	Malaysian

Committee
- Nil

Appointed
8 June 2015

Qualification
- Fellow of the Association of Chartered Certified Accountants (**ACCA**), United Kingdom
- Fellow of the Asian Institute of Chartered Bankers
- Member of the Malaysian Institute of Accountants

Mr Jeffrey Chew joined Paramount on 1 July 2014 as its Group Chief Executive Officer (**CEO**) and was appointed to the Board on 8 June 2015.

He began his career at PricewaterhouseCoopers in 1987 and thereafter, joined Citibank Berhad in 1991, leaving as General Manager of Commercial Banking.

In 2003, he joined OCBC Bank (Malaysia) Berhad (**OCBC**) as Head of SME Businesses, and was subsequently promoted to Head of Business Banking. He was then appointed Director and CEO of OCBC in August 2008, a position that he helmed for six years. During his tenure at OCBC, he also served as a Director of Credit Bureau (Malaysia) Sdn Bhd, Credit Guarantee Corporation Malaysia Berhad and OCBC Al-Amin Bank Berhad.

As the Group CEO of Paramount, Mr Chew is responsible for the management of the Group's businesses and ensures that the Group's businesses deliver consistent shareholder value.

Under his management, Paramount consistently showed growth and profitability.

Paramount has launched 13 property projects comprising multiple phases since 2015, including a joint-venture in Bangkok in 2020. Locally, he led the property development team to enter Penang in 2016 and Kuala Lumpur in 2021.

Mr Chew also led the corporate exercise to transform Paramount's single-campus school education business into the largest pre-tertiary education group in Malaysia in 2017, subsequently unlocking its value in 2019 and completely exiting the business in 2022.

In 2018, Paramount also divested the majority stake of its home-grown KDU tertiary education business to University of Wollongong, an Australian public university, thus allowing the institution to grow to a different level.

Under Mr Chew's leadership, Paramount had won numerous awards, including two top awards at the MSWG-ASEAN Corporate Governance Awards 2020, and more recently, the Top 10 of The Chart (under RM1bil category) at the Malaysia Developer Awards 2022, Industry Excellence Awards for Corporate Governance Disclosure – Property at MSWG-ASEAN Corporate Governance Award 2021 and Highest Return on Equity Over Three Years in the Property Sector at The Edge Malaysia's Centurion Club & Corporate Awards 2022.

Mr Chew was on the Advisory Committee of ACCA Malaysia up to 2017. He is currently an Independent Director and Chairman of the Audit Committee of the Asian Banking School, and a member of the Small Debt Resolution Committee of Bank Negara Malaysia.

Directorship in other Public Companies

Listed
- Nil

Non-listed
- Nil

Profile of Board of Directors

BENJAMIN TEO JONG HIAN

Deputy Group Chief Executive Officer & Executive Director

Age	Gender	Nationality
34	Male	Malaysian

Committee
- Nil

Appointed
22 August 2019

Qualification
- Bachelor of Politics and Sociology (with Honours), University of Nottingham, United Kingdom

Mr Benjamin Teo joined the Board of Paramount as an Executive Director on 22 August 2019, and has assumed the position of Deputy Group CEO since 1 September 2021.

Mr Teo started his career at Paramount as a management trainee in 2012. He rose through the ranks to the position as Director of Innovation at Paramount Property in 2015 and as CEO of Paramount Property Development Sdn Bhd in 2018.

He spearheaded the development of Co-labs Coworking in 2016, providing alternative solutions to address the changing needs of today's workforce. Co-labs Coworking has since expanded from one space in Glenmarie, Shah Alam to five locations across the Klang Valley today namely The Starling Mall and The Starling Plus in Damansara Utama, Petaling Jaya, Sekitar26 Enterprise in Shah Alam, Naza Tower in KL City Centre and Tropicana Gardens in Kota Damansara.

On 1 March 2021, Mr Teo assumed the overall responsibility of formulating and implementing strategic and operational plans for Paramount Property, and navigating this business segment into its next phase of growth.

Mr Teo is also the designated officer within management to provide dedicated focus to manage the Group's environmental, social and governance (ESG) sustainability agenda.

Mr Teo, who is the son of the late Dato' Teo Chiang Quan, is a major shareholder of Paramount.

Directorship in other Public Companies

Listed
- Nil

Non-listed
- Nil

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Profile of Board of Directors

ONG KENG SIEW

Senior Independent Non-Executive Director

Age	Gender	Nationality
66	Male	Malaysian

Committee
- Nominating Committee (Chairman)
- Board Risk Management Committee (Chairman)
- Remuneration Committee (Member)

Appointed
14 November 1994
Re-designated as an Independent Non-Executive Director on 14 August 2014
Re-designated as Senior Independent Non-Executive Director on 3 August 2022

Qualification
- Fellow of the Association of Chartered Certified Accountants, United Kingdom
- Member of the Malaysian Institute of Accountants

Mr Ong Keng Siew joined the Board of Paramount on 14 November 1994 and was re-designated as an Independent Non-Executive Director on 14 August 2014. He assumed the role as the Senior Independent Non-Executive Director of Paramount on 3 August 2022.

Mr Ong began his career with the Group as an Accountant in 1981 and was promoted to the position of Finance and Administration Manager in 1984. He was subsequently appointed as the General Manager to oversee the operations of the property development and construction divisions in 1989.

Mr Ong assumed the post of Deputy Group Managing Director & Deputy Group CEO in 1997 before succeeding the late Dato' Teo Chiang Quan as the Managing Director and CEO of Paramount on 1 December 2008.

On 18 June 2012, after serving the Group with distinction for more than 30 years and ensuring that it was on a strong footing, he retired as the Managing Director and CEO of Paramount.

Directorship in other Public Companies
Listed
- Pekat Group Berhad
- United Malacca Berhad

Non-listed
- Nil

Profile of Board of Directors

QUAH POH KEAT

Independent Non-Executive Director

Age	Gender	Nationality
70	Male	Malaysian

Committee

- Audit Committee (Chairman)
- Nominating Committee (Member)

Appointed

8 June 2016

Qualification

- Fellow of the Chartered Tax Institute of Malaysia
- Fellow of the Association of Chartered Certified Accountants, United Kingdom
- Member of the Malaysian Institute of Accountants
- Member of the Malaysian Institute of Certified Public Accountants
- Member of the Chartered Institute of Management Accountants, United Kingdom

Mr Quah Poh Keat joined the Board of Paramount on 8 June 2016.

Mr PK Quah was a partner of KPMG Malaysia since 1 October 1982 before rising through the ranks to become the firm's Senior Partner (currently referred to as Managing Partner) on 1 October 2000.

Prior to taking up the position as Senior Partner, he led the Tax Practice and the Japanese Practice in KPMG Malaysia. He was also a member of the KPMG Japanese Practice Council, a governing body within KPMG International that oversees all Japanese Practices within KPMG. During his tenure as Senior Partner, he also served as a member of the KPMG Asia Pacific Board and KPMG International Council. Mr PK Quah retired from KPMG Malaysia on 31 December 2007.

After his retirement, he joined the board of Public Bank Berhad as an Independent Non-Executive Director from 30 July 2008 to 1 October 2013. He was then appointed as the Deputy CEO of the bank, a position that he held until 31 December 2015.

Prior to 1 October 2013, he had served on the boards of IOI Properties Berhad, PLUS Expressways Berhad, IOI Corporation and Telekom Malaysia Berhad.

Directorship in other Public Companies

Listed

- Kuala Lumpur Kepong Berhad
- LPI Capital Berhad
- Malayan Flour Mills Berhad

Non-listed

- Public Mutual Berhad
- Lonpac Insurance Berhad

Profile of Board of Directors

FATIMAH BINTI MERICAN

Independent Non-Executive Director

Age	Gender	Nationality
69	Female	Malaysian

Committee

- Remuneration Committee (Chairman)
- Nominating Committee (Member)
- Board Risk Management Committee (Member)
- Audit Committee (Member)

Appointed

2 July 2018

Qualification

- Higher National Diploma in Computer Science, Polytechnic of Central London (now known as University of Westminster)

Puan Fatimah Merican joined the Board of Paramount on 2 July 2018.

Puan Fatimah had an impressive career of 37 years at ExxonMobil where she rose through the ranks from the position of Information Technology (**IT**) Analyst at Esso Malaysia Berhad (**Esso**) in 1977 to Executive Director of Esso and Vice President & Director of ExxonMobil Exploration and Production Malaysia Inc before retiring in March 2014.

Puan Fatimah has accumulated a wealth of knowledge, skills and experience in IT application development and support, project management, system programming and planning during her tenure at ExxonMobil.

After the merger of Exxon (the parent company of Esso) and Mobil in 2000, ExxonMobil embarked on an ambitious plan to consolidate all IT services for all its key locations globally. Puan Fatimah was involved in this plan and led a global team that supported the non-Enterprise Resource Planning applications of all ExxonMobil Downstream and Chemical businesses. Under this posting, Puan Fatimah was also involved in the setting up of an IT support centre for ExxonMobil in Bangkok.

After her retirement, she embarked on a new role as an independent Executive Coach focusing on women in leadership and in collaboration with various organisations, such as the 30% Club Malaysia, TalentCorp Malaysia and the Institute of Chartered Accountants in England and Wales.

She is also a Neuro-Linguistic Programming (**NLP**) coach certified by the American Board of NLP since 2013.

Directorship in other Public Companies

Listed

- Nil

Non-listed

- United Overseas Bank (Malaysia) Berhad

Profile of Board of Directors

FOONG PIK YEE

Independent Non-Executive Director

Age	Gender	Nationality
63	Female	Malaysian

Committee
- Audit Committee (Member)
- Board Risk Management Committee (Member)

Appointed
22 August 2019

Qualification
- Bachelor of Commerce, University of Melbourne, Australia
- Member of the Institute of Chartered Accountants Australia and New Zealand
- Master of Business Administration, Monash University, Australia
- Chartered Banker, Asian Institute of Chartered Bankers

Ms Foong Pik Yee joined the Board of Paramount on 22 August 2019.

Ms Foong began her career as an auditor at KPMG Singapore and moved to Australia in 1983 to pursue her professional qualification and a Master of Business Administration degree. She stayed on in Australia for another nine years acquiring skills at various organisations including PricewaterhouseCoopers, JP Morgan, HSBC and ANZ Banking Group.

She joined Standard Chartered Bank (**SCB**) in 1993 after returning to Malaysia. In the course of her 19 years at SCB, Ms Foong took on various leadership roles and across many geographies including as Group Head of Credit Operations, Head of Sales for Corporate Banking Hong Kong, Chief Operating Officer for Wholesale Banking and Chief Financial Officer of SCB Malaysia. She also served as the CEO of SCB Lebanon from 2008 to 2012.

She returned to Malaysia under the Talentcorp Returning Expert programme in 2013 and joined Hong Leong Bank Berhad as its Chief Financial Officer until her retirement in June 2019.

Currently, Ms Foong chairs the Industry Advisory Board of the Business school at Monash University Malaysia, and is actively involved in the promotion of talent development. She is also involved in the women in leadership mentoring programmes of the 30% Club, Institute of Chartered Accountants in England and Wales and the Malaysia Australia Business Council. Ms Foong was also a recipient of the 'Most Inspiring Woman' in the 'Great Women of Our Time' awards from the Malaysian Women's Weekly Magazine in 2007.

Directorship in other Public Companies
Listed
- Nil

Non-listed
- AmBank (M) Berhad
- Prudential Assurance Malaysia Berhad
- QSR Brands (M) Holdings Berhad

The Directors' record of attendance at the Company's Board meetings and Board Committee meetings held in the financial year ended 31 December 2022 are disclosed in the Corporate Governance Overview Statement on pages 56 and 57 of this Annual Report.

None of the Directors:
- *has any family relationship with any Director and/or major shareholder; and*
- *had been convicted of any offence within the past five years nor have they received any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*

Save for related party transactions as disclosed in Note 38 on pages 177 and 178 of this Annual Report, none of the Directors has any conflict of interest with Paramount during the financial year.

Profile of Key Senior Management

JEFFREY CHEW SUN TEONG

Group Chief Executive Officer & Executive Director

Kindly refer to the Board of Directors' profile on page 46 for his profile.

BENJAMIN TEO JONG HIAN

Deputy Group Chief Executive Officer & Executive Director

Kindly refer to the Board of Directors' profile on page 47 for his profile.

FOONG POH SENG

Chief Financial Officer

Age 57	Male	Malaysian

- Associate Member of the Chartered Institute of Management Accountants
- Member of the Malaysian Institute of Accountants

Mr Foong Poh Seng has some 30 years of experience in financial management, during which he formed sound relationships with the financial community.

Mr Foong joined Paramount in 1989 as an accounts trainee and rose through the ranks to become Finance Manager of the property division when the Group expanded into the Klang Valley. He returned to corporate office in 2007 as Financial Controller before assuming his present role of Chief Financial Officer on 1 January 2014 to head the Group Finance function. His mandate covers three core areas – controllership, which includes presenting and reporting accurate and timely historical financial information of the Group, treasury duties, encompassing tracking, recording and presenting the Group's current financial condition, taking into consideration risk and liquidity as well as the capital structure of the Group, and financial strategy and forecasting, including identifying and reporting on financial efficiency and opportunities.

He oversees all finance initiatives to ensure that growth objectives are aligned with the Group's strategic financial objectives and its long-term financial sustainability, through the effective fiscal functions of the Group, namely financial risk management, financial planning and budgeting, fund raising and record keeping, forecasting, reporting, deal analysis and negotiations, and investor relations.

Profile of Key Senior Management

JEFFREY QUAH CHUAN TATT

Group Human Resource Director

Age 57	Male	Malaysian

- B. Arts in Government, Franklin and Marshall College, Lancaster, Pennsylvania, USA

Mr Jeffrey Quah Chuan Tatt has about 30 years of experience in the field of human resource (**HR**) management. He has extensive exposure in various industries including property development, construction, hospitality, logistics, retail, and manufacturing. Regarded as a generalist, he is familiar with strategic HR initiatives, organisational improvement, learning and development, performance management, business process improvement, compensation and benefits, talent management and recruitment. Prior to his current role, he has served in senior leadership roles in several public listed companies, a US-based multinational company, and a government agency.

Mr Quah joined Paramount as the Group Human Resource Director on 1 September 2014.

He has since reshaped and transformed the human resource functions across all businesses within the Group. His main responsibilities include the Group's HR strategies on succession planning, talent retention and development, compensation, and policy and compliance issues. He has played a key role in enhancing the overall talent acquisition, talent management, compensation and benefits and learning in the organisation, including development and driving the Group's talent management programmes: Leading with Energy and Passion (LEAP) and Emerging Leader in Transition (ELITe). He is currently focused on two main strategies - digitalisation, and employee health and wellness with the ultimate aim of creating a healthy and balanced lifestyle.

CHEE SIEW PIN

Chief Executive Officer of Paramount Property

Age 52	Male	Malaysian

- Bachelor of Civil Engineering, University Technology Malaysia

Mr Chee Siew Pin graduated from University Technology Malaysia with a degree in Civil Engineering and is a certified Professional Engineer with the Board of Engineers Malaysia. He has over 28 years of experience in property development and the construction industry, overseeing various large-scale masterplan developments (urban mixed-use) comprising high-rise buildings, residential, commercial, retail malls, and hotel & resort developments within Malaysia and in Thailand and Indonesia.

His field of experience includes development feasibility, product planning, project financing, costing, procurement, sales & marketing and project execution. Prior to joining Paramount, Mr Chee was the Chief Operating Officer of Pantai Bayu Indah, a subsidiary of The ParkCity Group.

Mr Chee was appointed CEO of Paramount Property on 3 January 2022. His mandate is to represent and uphold the Paramount vision, mission and core values while continuing to grow the business and safeguard the Paramount Property brand name. He is responsible for driving strategic planning in investments, portfolio developments and JV & partnerships to deliver results efficiently aligned to the Company's values, business objectives and shareholders' interests.

*None of the Key Senior Management (**KSM**):*

- *has any directorship in listed and non-listed public companies;*
- *has any family relationship with any director and/or major shareholder of Paramount; and*
- *had been convicted of any offence within the past five years nor have they received any public sanction or penalty imposted by the relevant regulatory bodies during the financial year.*

Save for the related party transactions as disclosed in the Note 38 on pages 177 and 178 of this Annual Report, none of the KSM has any conflict of interest with Paramount during the financial year.

Corporate Governance Overview Statement

The Board of Directors (**Board**) of Paramount Corporation Berhad (**Paramount** or **the Company**) presents this statement to provide shareholders and investors with an overview of the corporate governance framework of Paramount and its subsidiaries (**the Group**). It encapsulates Paramount's commitment to maintaining high standards of corporate governance in line with the three key corporate governance principles set out in the Malaysian Code on Corporate Governance 2021 (**MCCG**).

This statement is prepared in compliance with the Main Market Listing Requirements (**MMLR**) of Bursa Malaysia Securities Berhad (**Bursa Securities**), and it should be read together with Paramount's Corporate Governance Report 2022 (**CG Report 2022**) that is available on the Company's website at www.pcb.my. The CG Report 2022 provides a more detailed account of Paramount's corporate governance processes and activities in the financial year ended 31 December 2022 (**FY2022**) and during the period from 1 January 2023 up to the last practical date for the printing of this statement (being the date of signing of the Directors' Report for the Company's audited consolidated financial statements for FY2022).

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

The Board is collectively responsible for the overall corporate governance of the Company and the strategic direction of the Group. Although the Board confers some of its authorities to the Board Committees and delegates the day-to-day management of the Group's business operations to the management team, it reserves for its decision significant matters, such as the following, to ensure that the direction and control of the Group is firmly in its hand:

- Strategic planning
- Annual budgets and performance reviews
- Financial reporting
- Material acquisition and disposal of assets
- Major capital expenditure and material investments
- Fund raising activities
- Corporate governance policies
- Announcements to Bursa Securities
- Dividend payments
- Changes in the Board composition and principal officers
- Board remuneration and succession plan

Board Composition and Diversity

The current Board composition of Paramount reflects diversity in expertise, experience and background, and this provides objectivity in the Board's decision-making process. The wealth of experience of the Board members in property development, finance, banking, marketing, information technology (**IT**), and management allows for effective oversight of the Group's businesses based on diverse perspectives and insights.

The Board is led by Mr Quah Chek Tin, an Independent Non-Executive Chairman who is not a member of any of the four Board Committees, namely, the Audit Committee (**AC**), Nominating Committee (**NC**), Remuneration Committee (**RC**) and Board Risk Management Committee (**BRMC**) nor is he involved in the decision-making process of these committees.

In the year under review, there was a change to the Board composition with the retirement of Datuk Seri Dr Michael Yam Kong Choy, the Senior Independent Non-Executive Director (**INED**) at the 52nd Annual General Meeting on 8 June 2022 in accordance with the Board Charter, which states that all INEDs who have served for more than 12 years shall not be eligible for re-election. This year also saw the resignation of Puan Faizah Binti Khairuddin, an INED, on 1 September 2022 to pursue a full-time career engagement. Mr Ong Keng Siew, an INED since 14 August 2014, succeeded Datuk Seri Dr Michael Yam as the Senior INED on 3 August 2022.

Following the aforesaid retirement and resignation of INEDs, the composition of INEDs and female Directors were adjusted to 71% and 28.6% respectively. Hence, the Board had, in the first quarter of 2023 (**1Q23**) commenced activities to fill the vacancies, which are still in progress at the time of printing of this statement.

Corporate Governance Overview Statement

Corporate Governance Framework

The Board has put in place a corporate governance framework, as presented below, to ensure effective demarcation and discharge of duties amongst the Directors and the management team:

Chairman

Responsible for the effective leadership, operation and governance of the Board.

Senior INED

As a sounding board for the Chairman, an intermediary for other Directors, and the point of contact for shareholders and other stakeholders.

Board of Directors

Responsible for providing stewardship and oversight of the Group's businesses and affairs that are underpinned by strategic sustainability considerations through regular engagement with the management team.

Secretary

Supports the Board by monitoring the status of conformance with corporate governance best practices.

Board Committees

Audit Committee

Assists the Board in the effective discharge of its fiduciary responsibilities for timely and accurate financial reporting and the development of sound internal controls.

Nominating Committee

Assesses nominations for appointment to the Board. Conducts yearly assessment of the performance of the Directors, the Board, the Board Committees, the Chairman and the Group Chief Executive Officer, and assesses the eligibility of Directors for re-election.

Remuneration Committee

Assesses the remuneration of Executive and Non-Executive Directors as well as C-Suite executives to ensure that their remuneration commensurate with their responsibilities and contribution to the Group's performance and future growth. Administers the Company's Long Term Incentive Plan.

Board Risk Management Committee

Ensures that adequate measures are put in place to address and manage the principal risks and internal controls of the Group.

Executive Directors

Group Chief Executive Officer (GCEO)

Responsible for the management of the Group's businesses, formulating strategy proposals including annual and medium-term plans on the delivery of such strategies for the Board's consideration. Leads the management team in ensuring that the Group's businesses deliver shareholders value and support the Group's environmental, social and governance (**ESG**) sustainability agenda.

Deputy GCEO

Responsible for the planning, implementation, management and administration of the business activities of Paramount Property, Co-labs Coworking, and the operational as well as financial performance of these businesses. Is the designated officer within management to provide dedicated focus to manage the Group's ESG sustainability agenda.

Management Committees

Executive Risk Management Committee (ERMC)

Monitors adherence to the Group's risk management and internal control framework.

Finance Committee

Monitors management's progress in meeting the Group's financial targets and business plans.

Sustainability Steering Committee (SSC)

Evaluates the Group's sustainability risks and opportunities, and monitors the progress of the Group's sustainability commitments and initiatives.

Tender Committee

Evaluates and decides on the award of tenders, and develops tender processes, procedures and guidelines for the Group.

IT Committee

Oversees the establishment of appropriate governance to ensure that the application, management and review of the Group's IT strategies are consistent with the goals and objectives of the Group.

A more detailed account of the roles and responsibilities of each of the above governing bodies and positions are provided in the CG Report 2022 that is available on the Company's website.

Promotion of Good Business Conduct

Paramount had adopted a Directors' Code of Ethics and a Code of Business Conduct & Ethics since 2013 to ensure that high standards of governance, ethical, prudent and professional behaviour are embedded in the Board's activities and management practices across the Group. To reinforce Paramount's zero tolerance approach to bribery and corruption, the Board had adopted an Anti-Bribery & Corruption (**ABC**) Policy in 2020. A set of ABC Guidelines was also disseminated to all Directors and employees, and training is provided across the Group since 2020 to create greater awareness of Paramount's stance on bribery and corruption. The Internal Audit Department (**IAD**) had, in FY2022, assessed and was satisfied with the adequacy of the ABC Policy, and had recommended some enhancements to the implementation procedures.

The Directors also adhere to the practice of declaring at the outset their interests, if any, in transactions that are submitted to the Board or Board Committees for approval, and abstaining from deliberation and voting on all transactions in which they have an interest. Except as disclosed in Note 38 of the audited consolidated financial statements of the Company for FY2022, there were no related party transactions nor conflict of interest involving the Directors in FY2022 and during the period from 1 January 2023 up to the last practical date for the printing of this statement.

Insider Trading

In efforts to prevent insider trading in the listed securities of Paramount and to maintain the confidentiality of price sensitive information, the Board had, since 2013, adopted an Insider Dealing Policy, providing clarity to the definition of 'insider trading' and setting the steps that must be taken by all Directors and employees to ensure that full disclosure is made pre and post the act of trading during a closed period. The Board is not aware of any incidence of insider trading in FY2022 and during the period from 1 January 2023 up to the last practical date for the printing of this statement.

Whistleblowing Policy

In promoting a culture of high integrity and greater transparency, the Board had, since 2013, adopted a Whistleblowing Policy which provides employees of the Group and stakeholders an avenue to raise concerns regarding suspected fraud, wrongdoings and malpractices without being subject to victimization, harassment or discriminatory treatment. The policy also sets out the mechanism by which employees and any member of the public can confidently and anonymously voice concerns to the Chairman of the AC at pkquah@pcb.my or the Head of IAD at whistleblower@pcb.my. There were no major concerns reported to the whistleblowing channel in FY2022 and during the period from 1 January 2023 up to the last practical date for the printing of this statement.

Board Operations

The Board's activities in FY2022 were mostly carried out at the quarterly meetings of the Board and Board Committees, and by way of circular resolutions in the intervals between the meetings. There were six board meetings held in FY2022, and the Directors' attendance at the Board and Board Committee meetings held in FY2022 were as follows:

Director	Board	AC	NC	RC	BRMC
Quah Chek Tin	6/6	-	-	-	-
Jeffrey Chew Sun Teong	6/6#	-	-	-	-
Benjamin Teo Jong Hian	6/6#	-	-	-	-
Datuk Seri Dr Michael Yam Kong Choy (1)	3/3	-	1/1	2/2	-
Ong Keng Siew (2)	6/6	-	1/1	1/1	2/2
Quah Poh Keat (3)	6/6	5/5	-	2/2	-
Fatimah Merican (4)	6/6	-	1/1	1/1	2/2
Foong Pik Yee (5)	6/6	5/5	-	2/2	1/1
Faizah Khairuddin (6)	5/5	4/4	-	1/1	1/1

Corporate Governance Overview Statement

The INEDs met amongst themselves separately without the presence of the two Executive Directors (**EDs**), during one of the six Board meetings, to discuss strategic, governance and operational matters relating to the Group.

Notes:
(1) ceased to be a member of the Board, the NC and the RC following his retirement on 8 June 2022
(2) appointed as the chairman of the NC and as a member of the RC in the second half of FY2022 (**2H22**)
(3) appointed as a member of the NC and ceased to be a member of the RC in 2H22
(4) appointed as the chairman of the RC and as a member of the AC in 2H22
(5) appointed as a member of the BRMC and ceased to be a member of the RC in 2H22
(6) ceased to be a member of the Board, the AC, the RC and the BRMC following her resignation on 1 September 2022
excluding the separate meeting held among the INEDs without EDs

The composition of the four Board Committees and a more detailed report on the activities of the Board and the Board Committees in FY2022 and during the period from 1 January 2023 up to the last practical date for the printing of this statement are provided in the CG Report 2022 that is published on the Company's website.

Board Assessment

The Directors conducted their yearly Self and Peer Assessment in November 2022, and the results were reviewed by the NC in January 2023. The assessment was based on the performance of each of the Directors, the Board as a whole, the four Board Committees, the Chairman and the GCEO. Adequacy of the Board structure, efficiency and integrity of the Board's operations, effectiveness of the Board in the discharge of its duties and responsibilities are key criteria applied to the assessment of the Board and the Board Committees. The Directors were assessed based on their tenure of service as Board members, competence, capability, commitment, objectivity, participation in Board deliberations and their contribution to the objectives of the Board and the Board Committees on which they serve. The Chairman was assessed based on his leadership role and his impartiality in overseeing the deliberation and decision-making process of the Board whilst the assessment of the GCEO was co-related to the execution of the Group's strategic plans by management and the achievement of performance targets set by the Board. In addition to this assessment, all INEDs were required to sign a Declaration of Independence to re-confirm their status of independence. All Directors, the Board, the Board Committees, the Chairman and the GCEO attained above average ratings in the 2022 assessment exercise.

Appointment of New Directors

The NC is entrusted with the role of identifying, assessing and nominating candidates to fill Board vacancies and for succession planning. The NC leverages on the Directors' wide network of professional and business contacts as well as talent consultants as the main sources for Board candidacies, and its recommendations are generally based on its assessment of the expertise, skills and attributes of the current Board members and the needs of the Board.

Apart from skills and experience, important criteria such as the candidate's character, integrity, competence and commitment to serve the Company with diligence, are highly regarded by the Board. In making its recommendations to the Board, the NC will also assess the Board structure, as a whole, to ensure that the necessary skill sets are relevant to the Group's strategic direction. A more detailed account of the selection criteria is provided in the CG Report 2022 that is published on the Company's website.

Since the adoption of the Directors' Fit and Proper Policy in June 2022, the Board had required that new Board candidates be subject to a fit and proper screening by an external service provider prior to any appointment to the Board.

Re-election of Directors

The Company's Constitution provides that at each annual general meeting (**AGM**), one-third of the Directors or if their number is not three or multiples of three, then the number nearest to but not less than one-third shall retire from office by rotation, and are eligible for re-election. Retiring Directors are selected on the basis of those who have been longest in office since their last re-election. Additional Directors appointed during the interval between two AGMs are also subject to retirement, and are eligible for re-election at the second AGM. In the event of any vacancy in the Board, resulting in a non-compliance of at least two Directors or one-third of the Board are INEDs, the Company shall fill the vacancy within three months, as required under the MMLR.

Corporate Governance Overview Statement

The NC had, in accordance with these provisions in the Company's Constitution, conducted its evaluation of the eligibility of two Directors, namely, Mr Benjamin Teo Jong Hian and Puan Fatimah Merican, for re-election at the forthcoming 53rd AGM. The NC was satisfied with the evaluation results, and has recommended the abovementioned Directors for re-election at the AGM. The evaluation took into account the Self and Peer Assessment results of the two Directors as well as their time commitment to discharge their duties effectively on the Board and Board Committees on which they serve, where applicable. In addition, both Mr Benjamin Teo Jong Hian and Puan Fatimah Merican had declared their compliance with the Company's Directors' Fit and Proper Policy, as part of the assessment of their eligibility for re-election as a Director of the Company at the forthcoming 53rd AGM.

Directors' Continuing Development Programme

The Board Charter requires all Directors to attend continuing development programmes to keep abreast of regulatory changes pertaining to the functions of the Board as well as to be updated on relevant technical and industry related matters. In FY2022, all Directors of Paramount have attended training programmes on a wide range of topics, as listed in the CG Report 2022 that is available on the Company's website.

Succession Planning

The Board takes a pivotal role in ensuring continuity in leadership at the board and senior management level. For board succession, the Board, through the NC, conducts a yearly analysis of the skills matrix of the Directors to ensure that the Board continues to be well-equipped with skills and expertise that are aligned with the Group's strategic directions. The procedural guide for this yearly succession planning exercise is disclosed in the CG Report 2022 that is published on the Company's website.

In addition, the Board had, since 2016 and through the Group Human Resource Department, developed a group-wide management succession plan which entails the identification of three different levels of successors at different levels of readiness for CEOs and senior management positions. The identified successors are required to participate in the STARS (Sustainable Talent Acceleration & Retention Strategy) and LEAP (Leading with Energy and Passion) programmes that are specifically designed to develop the management capabilities and leadership skills of the candidates, and to prepare them for CEOs and senior management roles.

Remuneration of Directors and Key Senior Management

The Board had, since 2014, adopted a Board Remuneration Policy that sets out the manner in which the remuneration of Directors is determined. The policy is reviewed by the RC and the Board once in every three years. An excerpt of the Remuneration Policy is available in the Board Policies section of the Company's website at www.pcb.my.

The Directors are entitled to Directors' fees and Board Committee fees (where applicable), which are benchmarked, once in every two years, against fees paid by comparable public listed companies in Malaysia.

Paramount also adopts the practice of seeking shareholders' prior approval, at the AGMs, for the payment of Directors and Board Committee fees up to a certain amount for a 12-month period after the AGM. An aggregate amount of fees not exceeding RM1,500,000.00 for the 12-month period from 1 July 2023 to 30 June 2024 had been proposed for shareholders' approval at the forthcoming 53rd AGM. A detailed disclosure of the Directors' current remuneration on a named basis is presented in the CG Report 2022 that is available on the Company's website.

The Group also has in place an established procedure to determine and approve the remuneration of EDs and C-suite executives. This procedure includes the Board's approval of salary increments and bonus payments to EDs as well as the overall average salary increments and bonus payments of the Group based on the recommendation of the RC, which is tasked to review management's proposals on increments and bonuses. The Group's performance, prevailing market conditions, the level of responsibility, performance and contribution of the employees to the Group's performance and long-term objectives are key considerations in the determination of salary increments and bonuses.

Corporate Governance Overview Statement

Governance of Sustainability

The Board acknowledges the importance of integrating sustainability considerations into the development of the Group's strategic business plans, and had, in 1Q23 adopted a Sustainability Policy, which is published on the Company's website, to give more guidance on its expectations of management's performance in advancing the Company's sustainability agenda.

The Board had also identified Mr Benjamin Teo Jong Hian, the Deputy GCEO, as the designated officer within management to provide dedicated focus to manage the Group’s ESG sustainability agenda including the integration of sustainability considerations into the day-to-day operations of the Group.

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

Independence and Effectiveness of the AC

The AC of Paramount comprises entirely INEDs, and it is led by an INED who is not a Chairman of the Board or any other Board Committees. This composition reinforces the independence of the AC. A majority of the members of the AC are members of professional accounting bodies such as the Malaysian Institute of Accountants, the Malaysian Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, and the Institute of Chartered Accountants, Australia. Their qualifications and extensive experience in the area of financial reporting and the management of internal controls provide assurance to the Board that the AC is well equipped with the necessary expertise and skills to oversee the financial reporting processes of the Company and the internal control governance of the Group. In addition, the re-appointment of Puan Fatimah Merican as a member of the AC provides diversity of views, particularly from a systems perspective, to strengthen the quality of deliberations at the AC meetings.

In the discharge of its duties, the AC has adopted sound practices for its review of all financial reporting by management, including related party transactions, if any, before tabling to the Board for approval as well as for its evaluation of the external auditors and oversight on the Internal Audit function. A more detailed description of such practices is presented in the CG Report 2022 that is published on the Company’s website.

Risk Management and Internal Control Framework

During the year under review, the Board, through the BRMC, continued to monitor the Group's risk exposure, and was regularly updated on the implementation progress of the risk management plans to mitigate those risks based on the ISO 31000 Enterprise Risk Management methodology. The reporting process involves monthly monitoring of the risk status by the risk owners in the strategic business units who submit their findings to the ERMC for its review on a quarterly basis. The ERMC, in turn, submits its report to the BRMC on a half-yearly basis.

The identified key risks were grouped into eight categories, namely strategic, operational, finance-related, compliance, reputational, cyber security, bribery and corruption, and sustainability. A detailed account of such risks is provided in the Statement on Risk Management and Internal Control of this Annual Report.

To further strengthen the Group’s system of internal controls, the Board had, on the recommendation of the AC, upgraded the Group’s internal control framework by adopting the methodologies prescribed in the COSO Internal Control Integrated Framework. The reporting process involves annual monitoring of the implementation progress of the framework by the ERMC which, in turn, submits its report to the BRMC.

The Statement on Risk Management and Internal Control, which has been reviewed by the external auditors and presented in this Annual Report, provides a detailed report on the Group’s level of risk management and internal control for the year under review.

Corporate Governance Overview Statement

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

Communication with Stakeholders

The Company is committed to maintaining on-going communication across its entire shareholder base, whether institutional investors, private or employee shareholders. This is achieved principally through annual and quarterly reports to Bursa Securities, the Company's AGM and timely dissemination of information on significant company developments and price sensitive information in accordance with the MMLR.

All general announcements and quarterly results released to Bursa Securities, and presentation slides presented at Investor Relations (**IR**) and Media Briefing sessions are also available on the Company's website. The Company's website is constantly updated with information pertaining to the Group's business activities and corporate affairs for dissemination to all stakeholders in a timely manner.

Additionally, the Company holds scheduled IR and Media Briefings, coinciding with the release of the half-year and full-year results of the Group to Bursa Securities, to investment analysts, fund managers and the media. Media briefing is held upon the conclusion of the Company's AGM for the benefit of potential investors as well as shareholders who are unable to attend the meeting. The Company also obliges the requests of analysts, fund managers and the media for company visits, briefings and interviews. More details on the Company's IR activities and briefing schedules are available on the Company's website.

Stakeholders are welcomed to provide their views, feedback or complaints to the IR Department at ir@pcb.my.

Conduct of General Meetings

The Company's AGM, in addition to dealing with the formal business of the Company, represents the principal forum for dialogue and interaction with shareholders, providing an opportunity for the Board to communicate directly with shareholders and vice versa. Furthermore, barring any unforeseen circumstances, notice of 28 clear days is given to all shareholders for the convening of all AGMs.

An overview of the Group's performance for the financial year ended 31 December 2021 was presented to shareholders at the 52nd AGM that was held physically at the Company's hotel, Mercure Kuala Lumpur Glenmarie, on 8 June 2022. Shareholders were invited to raise queries, and in this respect, the Board is pleased to report that all questions raised by shareholders at the 52nd AGM were adequately attended to by the Board. All resolutions proposed were duly approved by the shareholders present at the meeting, and the minutes of the said AGM was made available on the Company's website within 30 business days after the conclusion of the AGM.

Voting on all resolutions proposed in the Notice of the forthcoming 53rd AGM, to be held at Mercure Kuala Lumpur Glenmarie, will be by poll, and Paramount has appointed Tricor Investor & Issuing House Services Sdn Bhd as the Poll Administrator whilst Asia Securities Sdn Bhd shall be the Scrutineer to validate the votes cast at the meeting.

COMPLIANCE STATEMENT

The Company has, as at the last practical date for the printing of this statement, adopted all material aspects of the principles and recommendations of the MCCG save for the following:

- Limiting the tenure of INEDs to nine years or re-designating INEDs who have served for more than nine years as Non-Independent Directors and subject to annual shareholders' approval through two-tier voting process. Nevertheless, the Board has adopted the alternative approach of seeking shareholders' approval at the Company's AGM for such Directors to remain in office as INEDs on an annual basis up to the 12th year, after which time, they will not be eligible for re-election and their tenure shall expire at the nearest AGM.

Corporate Governance Overview Statement

- Disclosing in the annual report the detailed remuneration of the Company's Key Senior Management (**KSM**) on a named basis. Nevertheless, the Board has adopted the alternative approach of making the disclosure on an aggregate basis due to the commercially sensitive nature of a full disclosure. The detailed remuneration of KSM who are EDs are, nevertheless, disclosed on a named basis in the CG Report 2022.
- Leveraging technology to facilitate voting in absentia and remote shareholders' participation at general meetings. The Company, after having conducted a post-event evaluation of the two virtual AGMs held in 2020 and 2021, found that physical meetings are more effective for interactive engagement and robust discussion with shareholders on a face-to-face basis without the technical constraints of a virtual meeting. The Company do encourage voting in absentia by providing shareholders with an online platform to submit their proxy forms with voting instructions to the Company's Share Registrar 24 hours prior to the meetings.

Note:

The Board Charter, Anti-Bribery and Corruption Policy, Boardroom Diversity Policy, Code of Business Conduct & Ethics, Directors' Fit and Proper Policy, Succession Planning Policy, Sustainability Policy, and Whistleblowing Policy, and excerpts of the following policies are available on the Company's website at www.pcb.my:

Board Remuneration Policy
Directors' Assessment Policy
Directors' Code of Ethics
Dividend Policy
Insider Dealing Policy
Investor Relations Policy
Related Party Transaction Policy

Internal Policies, *Frameworks and Guidelines*

Paramount Corporation Berhad (**Paramount** or **the Company**) has, over the years, put in place an extensive range of policies, frameworks and guidelines to govern its day-to-day business operations. Paramount also recognises the need to ensure that its policies, frameworks and guidelines remain relevant to the evolving corporate and business environment. Hence, in 2019, Paramount adopted the COSO Internal Control Integrated Framework to better manage and monitor its policies, frameworks and guidelines, which is essential in strengthening its internal control and governance structure.

Some of the key policies, frameworks and guidelines of Paramount and its subsidiaries (**the Group**) are listed below in alphabetical order:

No.	Title	Content
1.	Anti-Bribery & Corruption Policy*	Outlines Paramount's stance of negative tolerance to bribery and corruption.
2.	Anti-Bribery & Corruption Guidelines	Provide guidance to the directors and employees in the Group on compliance with the Anti-Bribery & Corruption Policy.
3.	Board Charter*	Sets out the role, functions, duties and responsibilities of the Company's Directors, Board of Directors, Board Committees, Chairman and Group Chief Executive Officer (**CEO**).
4.	Board Remuneration Policy	Provides guidance and clarity to the Remuneration Committee for its determination and recommendation of the remuneration of the Company's Directors.
5.	Boardroom Diversity Policy*	Sets out Paramount's commitment to boardroom diversity which entails balancing the different skills and industry experience, background and gender of its Directors.
6.	Code of Business Conduct and Ethics*	Sets out Paramount's commitment to upholding the highest standards of honesty, integrity, ethical and legal behavior in the conduct of the Group's business operations.
7.	Crisis Communications Guidelines	Outline processes, roles and responsibilities in communicating with stakeholders in the event of a crisis.
8.	Crisis Management and Business Continuity Guidelines	Sets out procedures to stablise the effects of a potentially disruptive event, and to ensure the Group's businesses return to normalcy with full recovery as soon as possible.
9.	Directors' Assessment Policy	Provides guidance and criteria for the yearly assessment of Paramount's directors, Board of Directors, Board Committees, Chairman, and Group CEO.
10.	Directors' Code of Ethics	Sets out the accountability standards required of Directors.
11.	Directors' Fit and Proper Policy*	Sets out the criteria for assessment of new board candidates and existing Directors for re-election.
12.	Digital Policy	Sets out the parameters, roles, and responsibilities of those who manage or use applications, data and information that belongs to the Group.
13.	Dividend Policy	Sets out the parameters and procedures for the distribution of dividends by Paramount.
14.	Financial Authority Limits and Payment Policies	Sets out the financial authority limits across the Group for the approval of transactions and authorisation for payments within the Group's ordinary course of business.
15.	Fixed Asset Management Policy	Provides guidance for proper and consistent application of the relevant accounting standards and policies on acquisition, disposal and transfer of assets, both tangible and intangible.
16.	Group Internal Control Framework based on COSO principles	Sets out the principles of internal controls to be instituted across the Group and provides clarity on the responsibilities of management at different levels of authority.

Internal Policies, Frameworks and Guidelines

No.	Title	Content
17.	Human Resource Policies	Provide guidance to employees and management concerning employment terms and conditions, covering recruitment, training and development, leave management, employee relation, promotion, performance management, and termination.
18.	Insider Dealing Policy	Sets out clear definition for "securities", "information", "insider", and prohibitions on insider dealing under the Capital Markets and Services Act, 2007 to prevent insider dealing of securities.
19.	Internal Audit Charter	Sets out the mission, authority, independence, objectivity, scope and responsibility of the Company's internal audit function based on applicable international standards for internal audit.
20.	Internal Audit Policies and Procedures	Provide a framework that guides the activities and functionality of the Company's internal audit function, as mandated in the Audit Charter.
21.	Investor Relations Policy	Sets out the manner in which the Company's Investor Relations programmes will be executed to ensure integrity and transparency in the disclosure of accurate, high quality and timely information.
22.	ISO Related Policies	An array of policies for the Group's property development operations, which include but are not limited to those set out in ISO 9001, 14001 and 45001.
23.	Land Banking Guidelines	Sets out the salient legal parameters for the Group's land banking (both acquisition and disposal) transactions.
24.	Media Engagement Policy	Sets out principles, roles and responsibilities of employees in relation to media engagement and communications.
25.	Privacy Policy	Provides clear definition on ownership, responsibility and effective management of information assets, and sets out information handling rules.
26.	Related Party Transaction Policy	Sets out requirements and procedures for evaluating potential conflicts of interest and disclosure obligations in all related party transactions.
27.	Risk Management Policy and Framework	Sets out the processes, roles and responsibilities of risk identification, assessment and management of risks.
28.	Succession Planning Policy*	Sets out the roles, responsibilities and processes for board and senior management succession planning.
29.	Succession Planning Framework	Identifies internal talents to key and critical positions, as well as areas for development, to ensure continuity in the Group's business operations.
30.	Sustainability Policy*	Sets out the roles and responsibilities of the Board and management, and the core pillars upon which the Group's environmental, social and governance (ESG) sustainability agenda is anchored.
31.	Tender Procedures	Provide detailed steps for compliance at four stages of the Group's tender process – (1) pre-tender, (2) tender, (3) evaluation, and (4) approval of award, and sets out authority limits at different stages of tender process, and the key selection criteria.
32.	Whistleblowing Policy*	Sets out the mechanism for whistleblowers to voice concerns regarding suspected fraud, wrongdoings and malpractices to the Chairman of the Audit Committee at pkquah@pcb.my or the Head of Internal Audit at whistleblower@pcb.my.

* Available on Paramount's website at **www.pcb.my**

Audit Committee Report

The Board of Directors (**the Board**) of Paramount Corporation Berhad (**Paramount** or **the Company**) is pleased to present the Audit Committee Report for the financial year ended 31 December 2022 (**FY2022**).

In performing its duties and discharging its responsibilities, the Audit Committee (**the Committee**) is guided by its Terms of Reference which are available in the Corporate Governance section of the Company's website at www.pcb.my.

COMPOSITION AND MEETINGS

The Committee consists of entirely Independent Non-Executive Directors (**INED**) and are appointed by the Board. The Board, through the Nominating Committee, reviews the terms of office and performance of the Committee and each of its members annually to determine whether the Committee and its members have carried out their functions, duties and responsibilities in accordance with the Committee's Terms of Reference.

The Committee convened five (5) meetings during FY2022 and the attendance of the members of the Committee at the meetings were as follows:

Name of Directors	Number of Meetings	
	Held	Attended
Quah Poh Keat (Chairman)	5	5
Foong Pik Yee	5	5
Faizah Binti Khairuddin*	4	4
Fatimah Binti Merican**	-	-

**Resigned as an INED on 1 September 2022*
***Appointed as a member of the Committee on 30 November 2022*

The Chairman of the Committee reported the activities and concerns, if any, of the Committee to the Board at the nearest Board meeting after each Committee meeting for the information and attention of the Board.

SUMMARY OF ACTIVITIES OF THE COMMITTEE

During the financial year under review, the Committee had carried out the following activities in the discharge of its functions and duties:

1. **Financial Reporting**

   a. Reviewed the unaudited quarterly financial results and the consolidated financial statements of the Company and recommended to the Board for approval.

   b. Reviewed and highlighted to the Board significant matters raised by the external auditors including financial reporting issues, significant judgements made by management, significant events or transactions, and received updates from management on actions taken for improvement.

   c. Deliberated significant changes in relevant regulatory requirements, accounting and auditing standards that would affect the Group, and the adoption of such changes by management.

2. **External Audit**

   a. Reviewed the external auditors' audit plan, which included the scope and timeline of their annual audit, prior to the commencement of audit.

   b. Deliberated and reported the results of the annual statutory audit to the Board.

   c. Reviewed the external auditors' report to the Committee.

   d. Reviewed the written assurance from the external auditors to the Committee that, they had been independent throughout the audit engagement for FY2022 in accordance with the terms of engagement, and all relevant professional and regulatory requirements.

   e. Undertook an annual assessment of the performance of the external auditors which encompassed the quality of communications with the Committee and the Group, their independence, objectivity and professionalism. Assessment questionnaires were used as a tool to obtain input from Paramount personnel who had substantial contact with the external audit team.

Audit Committee Report

The Committee was satisfied with the suitability of the external auditors based on the quality of audit service and adequacy of resources they provided to the Paramount Group in relation to the year-end audit. The Committee took note of the openness in communication and interaction with the lead audit engagement partner and the engagement team, which demonstrated their independence, objectivity and professionalism.

The results of the performance assessment of the external auditors for FY2022 supports the Committee's recommendation to the Board for the re-appointment of EY as the external auditors of the Group.

f. Reviewed the non-audit related services by the external auditors. The amount of the external audit fees and non-audit fees incurred for FY2022 are disclosed on page 81 and page 192.

g. Met with the external auditors on 24 February 2022 and 24 November 2022 without the presence of executive board members and management to review and discuss key issues within their duties and responsibilities. There were no major concerns raised by the external auditors at these meetings.

3. Internal Audit

a. Reviewed and approved the Internal Audit Department's (**IAD**) staffing requirements, budget and annual internal audit (**IA**) plan to ensure adequacy of resources, competencies and coverage.

b. Reviewed IA reports on subsidiaries and key functional units issued by IAD covering the adequacy and effectiveness of governance, risk management, operational and compliance processes.

c. Reviewed the adequacy of corrective actions taken by management on all significant audit issues raised including status of completion achieved.

d. Assessed IAD's quarterly audit progress report to ensure the IA plan remained relevant amidst changes in the business environment.

e. Reviewed and approved the outsourced of IA service for a scheduled assurance engagement.

f. Met with the Head of IA on 23 May 2022 and 24 November 2022 without the presence of the executive board members and management.

g. Reviewed the report on the Long Term Incentive Plan (**LTIP**) of the Company to ensure compliance with the criteria set out in the By-Laws of the LTIP.

h. Reviewed and approved the amendments to IA Charter of the Company.

i. Reviewed and approved the amendments to the IA Policy of the IAD.

j. Reviewed and approved the report on the overall effectiveness of risk management and internal control of the Company.

k. Reviewed and noted the concern reported to the whistleblowing channel in FY2022.

l. Assessed the adequacy and effectiveness of Paramount's Anti-Bribery and Corruption Policy and procedures.

m. Evaluated the performance of IAD and was satisfied with the performance, which has been free from any relationship or conflict of interest that could impair their objectivity and independence.

4. Related Party Transactions

a. Reviewed the related party transactions (**RPTs**) entered into by the Group, including the review and monitoring of recurrent RPTs to ensure:

(i) that such transactions were carried out on normal commercial terms and were not detrimental to the interest of the Company or its minority shareholders; and

(ii) adequate oversight over the internal control procedures with regard to such transactions.

b. Reviewed the processes and procedures in the policy on RPTs to ensure that related parties are appropriately identified and RPTs are appropriately declared, evaluated, approved, reported and monitored.

Audit Committee Report

5. Annual Reporting

a. Reviewed the Committee's Report, summary of activities of the IA Function, Statement on Risk Management and Internal Control before submission to the Board for approval and for inclusion in the 2022 Annual Report.

6. Others

a. Reviewed the Terms of Reference of the Committee with reference to the new provisions in the Listing Requirements of Bursa Malaysia Securities Berhad and recommended the revisions to the Board for approval.

b. Reviewed the solvency assessments performed by management for the declaration of dividends.

c. Quarterly review of management's progress in meeting the financial key performance indicators.

SUMMARY OF ACTIVITIES OF THE IA FUNCTION

The Committee is assisted by IAD in the discharge of its duties and responsibilities. IAD is independent of operations and reports functionally to the Committee and administratively to the Group Chief Executive Officer. The team of three personnel in IAD as at the financial year-end was headed by Mr Wong Ket Keong who is a Certified Internal Auditor of the Institute of Internal Auditors (USA), a member of the Malaysia Institute of Accountants, and a Fellow of the Association of Chartered Certified Accountants (UK).

The primary responsibility of IAD is to provide reasonable assurances to the Committee on the effectiveness of the governance, risk management and internal control processes within the Company and the Group.

All IA activities of the Group are guided by the International Professional Practices Framework issued by the Institute of Internal Auditors, the IA Charter as well as policies and procedures of the Group. An annual risk-based IA plan, after having reviewed the adequacy of the scope, functions and resources of IAD as well as the competency of the internal auditors, will be presented by IAD to the Committee for approval. IAD adopts a risk-based approach, focusing on high risk impact areas and prepares its plan based on the risk profiles of the auditable units in alignment with the strategic objectives of the Group.

During the financial year under review, IAD conducted assurance engagements in accordance with its approved IA plan and conducted follow-up audits on management remedial actions on a quarterly basis. Evaluations were made to assess the adequacy and effectiveness of key controls in responding to risks within the Group's governance, operations and information systems, in terms of:

- Achievement of the Group's strategic objectives;
- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations and programmes;
- Safeguarding of assets;
- Compliance with laws, regulations, policies, procedures, and material contracts; and
- Potential occurrence of fraud.

Baker Tilly Monteiro Heng Governance Sdn Bhd, the outsourced IA service provider, was appointed to perform one of the two scheduled assurance engagements on specific scopes of the Property Division for FY2022.

IA reports which contained key strategic, operational analysis, insights, improvement opportunities, audit observations, management response, corrective and preventive actions as well as the targeted date of completion of those actions were issued to management. Issues that required significant improvement were highlighted to the Committee for deliberation. The IAD provided quarterly updates to management and the Committee on the progress and status of the corrective actions.

IAD verified the terms of the RPTs from the perspective of fairness and at arms' length before submission thereof to the Committee for consideration.

All IAD's staff are members of relevant professional bodies. The internal auditors are encouraged to continuously enhance their knowledge, skills and competencies through a combination of external and in-house training.

The total costs incurred for the IA function was RM769,203.00 for FY2022 (RM858,813.00 for FY2021).

Statement On Risk Management and Internal Control

INTRODUCTION

This Statement on Risk Management and Internal Control for the financial year ended 31 December 2022 (**FY2022**) is made pursuant to the Main Market Listing Requirements (**MMLR**) of Bursa Malaysia Securities Berhad (**Bursa Securities**). It is drawn up with reference to the Principles set out in the Malaysian Code on Corporate Governance 2021 (**MCCG**) and the Statement on Risk Management and Internal Control Guidelines for Directors of Listed Issuers issued by Bursa Securities.

BOARD RESPONSIBILITY

The Board of Directors (**the Board**) of Paramount Corporation Berhad (**Paramount** or **the Company**) acknowledges its overall responsibility in maintaining an adequate and sound framework for risk management and internal control to safeguard shareholders' investment in the Company as well as the assets of the Company and its subsidiaries (**the Group**).

The Board continuously reviews the adequacy and integrity of the Group's risk management and internal control system, which has been embedded in all aspects of the Group's activities, and its alignment with the Group's business objectives. In view of the limitations inherent in any system of risk management and internal control, the Board recognises that such a system can only provide reasonable but not absolute assurance against material misstatement, loss or fraud.

The Board has established an ongoing process for identifying, evaluating, monitoring and managing the significant risks faced by the Group in achieving its business objectives. This process has been in practice for the year under review up to the date of approval of this statement. The Board has also evaluated the risks associated with new businesses undertaken and major investments made during the year.

The disclosures in this statement, however, do not cover associate or joint venture companies which the Group does not have any direct operational control. Nevertheless, board representation in the associate or joint venture companies and key financial data made available periodically to the Group by those companies at their board meetings do provide vital information necessary for decisions on the investment and safeguarding of the Group's interests in those companies.

RISK MANAGEMENT

Part II of Principle B in the MCCG states that the Board should establish an effective risk management and internal control framework to manage risks. In fulfilling this responsibility, the Board has put in place a well-defined risk management structure with clearly delineated lines of accountability, authority and responsibility, as explained in the following paragraphs:

- ***Board Risk Management Committee (BRMC)***

  The BRMC is the main governing body authorised by the Board to ensure that adequate measures are put in place to address and manage the key risk exposure of the Group. It is set out in the terms of reference of the BRMC that the BRMC shall consist of at least two (2) directors, a majority of whom shall be Independent Non-Executive Directors (**INEDs**). Currently, the BRMC has three (3) members, all of whom are INEDs. The BRMC functions within its terms of reference, and it meets on a half-yearly basis to review and deliberate all key risks identified by management. Further details on the BRMC and its activities during the year under review are reported in the Corporate Governance Overview Statement.

- ***Executive Risk Management Committee (ERMC)***

  The ERMC supports the BRMC in its oversight on the implementation of the Company's risk management strategies and policies, as well as to coordinate the Group's risk management activities and provide recommendations to the BRMC, if there is any improvement required.

Statement On Risk Management and Internal Control

The ERMC comprises the Group's key senior management including Chief Executive Officers (**CEOs**) of Strategic Business Units. It is chaired by the Group Chief Executive Officer (**GCEO**), and meets quarterly to monitor the Group's risk exposure, discuss the appropriateness of the key risk management plans (**KRMPs**), and ensure that the KRMPs are implemented consistently. It also monitors the post-implementation effectiveness of the KRMPs. The ERMC reports to the BRMC on the key risks faced by the Group and the implementation progress of the KRMPs.

- ***Corporate Risk Management (CRM) Department***

  The CRM Department assists the ERMC in the discharge of its functions by organising and facilitating risk management awareness workshops and training for employees of the Group, as well as conducting research and updating the ERMC based on the latest requirements and best practices with regard to risk management. It also assists the ERMC by reviewing and recommending key risks to the ERMC for consideration and highlighting whether the Group's risks have been correctly identified and are being appropriately managed.

- ***Strategic Business Units (SBUs) and Corporate Functions***

  All SBUs within the Group and the corporate functions of the Company participate actively in the Group's Enterprise-Wide Risk Management activities, and they report their key risks to the ERMC on a quarterly basis. The CEOs of the SBUs and heads of the corporate functions, being risk owners, are responsible for the effective management of their respective risk profiles. Such responsibilities include identifying potential risks and the impact thereof to the SBUs or the Group as a whole and implementing KRMPs to mitigate those risks. Regular review of the identified risks and KRMPs are also conducted in tandem with changes in the business or operating environment of the Group. Risks that may have a material impact on the Group's corporate objectives and financial position will be highlighted to the attention of the ERMC and the BRMC.

- ***Audit Committee (AC)***

  The AC is assisted by the Internal Audit Department (**IAD**) to conduct periodic audit of the Group's risk management processes and to evaluate the adequacy and effectiveness of the risk management framework that has been adopted by the Group.

The Board regards risk management as an important component that underpins the Group's strategic planning process and business operations. It is on this premise that the Board has included in the Group's risk management framework the following guiding principles to instill a culture of robust risk management across the Group:

- ***Risk Management Policy***

  The Risk Management Policy outlines the risk management philosophy, framework and processes of the Group. This policy is subject to periodic review once in every three years by the Board to ensure that it remains relevant and effective in driving the Group's risk management practices under different economic and business environment.

- ***Enterprise-Wide Risk Management (EWRM) Framework***

  The Group's EWRM framework that mirrors the ISO31000 Risk Management – Principles and Guidelines sets out the risk management practices adopted by the Group with some revisions to cater to the specific needs of the Group and to align with the best practices promulgated in the MCCG.

- ***Risk Appetite Statement and Risk Tolerance***

  A statement on the risk appetite and risk tolerance of the Group, based on measurable parameters that may impact the achievement of corporate objectives, has also been established. The objective is to ensure consistent understanding of the risk exposures which are acceptable or unacceptable to the Group.

  Management, through the ERMC, continuously review, communicate and reinforce the Group's risk appetite to ensure that the Group's business activities are conducted within the acceptable risk appetite and risk tolerance levels.

Statement On Risk Management and Internal Control

- ***Risk assessment reviews***

  Under the EWRM framework, all key risks identified by the SBUs and corporate functions are categorised according to the nature of the Group's business activities, and the rating of such risks are assessed based on the likelihood of occurrence via a self-assessment approach. All SBUs and corporate functions are required to report their key risk profiles and KRMPs to the ERMC on a quarterly basis. All key risks that are deemed to have a significant impact to the Group are then reported to the BRMC on a half-yearly basis. The BRMC will, in turn, highlight such risks to the Board for its attention. A database on all key risks, key controls and KRMPs as well as the status of implementation of the KRMPs is maintained by the respective SBUs and corporate functions.

The Group's key risks are identified based on the following eight (8) categories:

1) Strategic risks

Strategic risks are risks that may arise due to potential market uncertainties and in the course of executing the Group's strategies in arriving at certain business decisions and/or participation in strategic investment opportunities. The Group may have exposure to potential negative impact that can inhibit or prevent the Group from achieving its strategic objectives. They include market volatility risk, equity investment risk, project investment risk including land acquisition, product development risk, business sustainability risk, and human capital risk. To manage these risks, the Group has implemented the following measures:

- Putting in place robust strategic planning processes
- Closely monitoring the marketplace for any signs of threats to the achievement of the strategic objectives
- Tracking the expected deliverables identified under the Group's 5-Year Plan, annual business plans and budgets
- Conducting feasibility studies and due diligence exercises to ensure that investment decisions are made based on the viability of the projects and their ability to fulfil the objectives and goals of the Group
- Actively source for joint venture opportunities with appropriate partners to gain access to overseas markets for expansion of the Group's businesses and revenue stream
- Continue to explore and introduce new and innovative products, services and sales packages to meet the evolving needs of customers
- Closely engaging with the boards and management of companies where the Group holds minority stakes to offer guidance and advice, where appropriate

2) Operational risks

Operational risks are risks that may be encountered in the Group's day-to-day business operations in the event of a breakdown in internal control processes and systems or a change in the people structure of the Group.

Given that the Group's Property Division is a major contributor to the Group's revenue and profits, the risks faced by this division, such as escalation in material costs, shortage of skilled site workers, quality risk and the risk of delay in the receipt of approvals from the authorities for project launches, may have a significant impact to the Group's performance.

To manage the risk of escalating material costs, the Group practises bulk purchasing of key materials and continues to maintain good relationship with vendors and keeps abreast of the price movements of such key materials. In addition, the Group continues to review and enhance its internal policies and procedures to ensure robustness, and devise ways to increase operational efficiency and productivity. In this regard, contractors who are found to be non-performing will be barred from further participation in tenders called by the Group.

Statement On Risk Management and Internal Control

3) *Finance-related risks*

The Group is exposed to finance-related risks, such as liquidity, interest rate and foreign exchange movements, as well as credit and investment risks. To address these risks, prudent funding and treasury policies with regard to the Group's business operations are adopted to minimise the potential adverse impact that such risks could have on the financial performance of the Group. A liquidity stress test is also carried out to assess the financial impact of these risks to the Group, whenever applicable. The Group continues to maintain an optimal liquidity position against volatilities in the global and local economies and fluctuations in interest rates.

4) *Compliance risks*

The Group's businesses are governed by various relevant legislations, regulations, industry codes, standards as well as internal policies and corporate governance principles. The Group constantly reviews its operational processes to ensure that there are no breaches of applicable laws, regulations, government policies or contractual obligations that may have a material and adverse impact on the financial prospects of the Group. The Board is leveraging on the expertise of the management team to ensure that these risks are identified, monitored and managed effectively. Regular communication on compliance matters is conducted to bring a higher degree of awareness to the employees involved. Employees receive training to keep abreast of the latest applicable requirements and regulations.

5) *Reputational risks*

The reputation of the Group and its brand is one of the most important assets, and it forms the basis upon which the long-term business success of the Group is anchored. To this end, the Group continues to ensure the delivery of high-quality products and services and creating better customer experience to meet the evolving expectations of customers. The Group also engages with other stakeholders, such as employees, the media, investors and bankers in a constant and constructive manner to preserve the Group's reputation.

6) *Cyber security risks*

The Group leverages on websites and social media to better serve its existing customers and to widen its market reach to new customers. As such, cyber security risks, such as defacement of the Group's websites, phishing emails and ransomware attack could cause disruption to the Group's operations. In view of the heightened threat of cyber-attacks in recent years, the Group has put in place the following cyber security control measures to mitigate this risk:

- Establishing Information Technology (**IT**) security policies and procedures based on relevant data security standards and industry best practices
- Deploying cyber security monitoring tools to trace potential intrusion by unauthorised users
- Installing a robust firewall and intrusion prevention mechanism to the Group's IT infrastructure
- Hosting the cloud infrastructure offsite and subscriptions for disaster recovery services to restore critical systems should a disruption occur

The Group will continue to review and assess the adequacy of such measures and will keep abreast of the latest IT security landscape to enhance the KRMPs to mitigate this risk.

7) *Bribery and corruption risks*

The Group's Anti-Bribery and Corruption (**ABC**) Policy was adopted in 2020 and published on Paramount's website. Under this ABC Policy, the Group adopts a zero-tolerance stance against bribery and corruption and a set of ABC Guidelines had also been put in place since 2020 to guide employees on compliance with the ABC Policy.

The BRMC and ERMC will also continue to evaluate the effectiveness of the existing controls to mitigate the risk of non-compliance by associated persons with the Group's ABC Policy.

Statement On Risk Management and Internal Control

8) Sustainability risks

Sustainability risks refer to uncertain social or environmental events or conditions that, if occurred, could have a material negative impact on the Group.

In managing these risks, the Group has a dedicated Sustainability Steering Committee to review, monitor and ensure that the Group's sustainability commitments are aligned with the Company's vision and mission. Further details on these risks and the Group's key risk management plans are provided in the Company's Sustainability Report, published on Paramount's website.

- ***Key Risk Indicators***

  Key risk indicators have been applied for better tracking of the effectiveness of the control measures and the KRMPs to mitigate all top key risks of the Group.

- ***Continuous education***

  Although the Group has achieved a reasonably high level of robustness in managing a wide range of risks, continuous education takes place at the knowledge sharing sessions between the CRM Department and risk owners across the Group to reinforce the best practices.

INTERNAL CONTROL

The Board, through the AC, reviews and monitors the adequacy and integrity of the Group's internal controls. The internal control system covers policies, procedures, day-to-day activities and the overall governance of the Group.

In the year under review, the Group has benchmarked the internal control system against an internal control framework based on the principles set out in the Internal Control Integrated Framework prescribed by the Committee of the Sponsoring Organisations of the Treadway Commission (**COSO Framework**). The results of the benchmarking exercise and the implementation status of the framework were reported to the ERMC and the BRMC accordingly.

The salient features of the internal control system are as follows:

- The Board has adopted a Code of Business Conduct and Ethics (**Code of Conduct**) with the objective of upholding the highest standards of honesty, integrity, ethical, and legal behavior in the conduct of all business operations of the Group. All employees are required to adhere to the principles set out in the Code of Conduct whilst carrying out their duties and responsibilities. The Code of Conduct is also made available to employees of the Group via the Employee Awareness Tool and to the public via the Company's website. The Code of Conduct covers areas such as conflict of interest, business conduct in the workplace, confidentiality, fair dealing, gift and entertainment.

- The Group has clearly defined areas of responsibilities for all committees of the Board and clear lines of authority and accountability for various levels of management. It has an appropriate organisational structure which facilitates the segregation of duties and accountability.

- Selection and recruitment of new employees are based on both the business requirements and the individual's competency assessment. The Human Resource Department has in place processes for performance management and human resource development to ensure that employees of the Group are equipped with the necessary skills that enable them to deliver high quality performance.

- Succession planning is designed to ensure that the Group identifies and develops a talent pool of staff through mentoring and training for high-level management positions. This is to ensure continuity in leadership of the Group's key positions.

Statement On Risk Management and Internal Control

- Well-established and documented policies and procedures which are aligned with business objectives and goals within the Group are continuously reviewed and updated.
- Various reports on key financial data, key performance indicators, and status updates on business plans, are submitted by the SBUs on a quarterly basis. The reporting mechanism is to enable matters that require the Board's and management's attention are highlighted for review, deliberation and timely decision making. All members of the Board have unrestricted access to information.
- A whistleblowing policy is established to provide appropriate communication and feedback channels which facilitate whistleblowing in a transparent and confidential manner and to enable staff and stakeholders to raise genuine concerns about possible improprieties, improper conduct or other malpractices within the Group in an appropriate manner.
- Insurance coverage and physical safeguards on major assets are in place to ensure that the Group's assets are adequately insured against any mishap or incidents that could result in a material loss to the Group.
- Information system that supports the financial and operational requirements of the Group is established. The integrity, adequacy, timeliness and security of the information system are consistently monitored by management.
- Business plans which include a 5-year strategic plan, an annual business plan and annual budgets are prepared by the SBUs. The plans are presented and approved by the Board.
- Management holds Finance Committee meetings on a quarterly basis where comprehensive financial results are reviewed by comparing actual performance against the approved budget and that of prior periods. The quarterly financial results and management reviews are then summarised for presentation to the Board during their quarterly meetings.
- An effective management tender committee ensures that a proper procurement process for material purchases of goods and services is in place.

These internal control processes are reviewed and revised from time to time to ensure that they are relevant and effective in responding to changing business and operational needs, whenever practical.

INTERNAL AUDIT FUNCTION

The AC endorses and approves the scope of work and the resource budget of the internal audit function through a review of IAD's Internal Audit Plan (**IAP**) on a yearly basis. The Board places emphasis on the independence and integrity of the internal audit function and ensures that IAD has adequate resources to effectively carry out its work and report to the AC. Quarterly progress reports on the IAP and on the key activities undertaken by IAD are submitted to the AC for review at the quarterly meetings of the AC. Details on the activities of the internal audit function are disclosed in the Audit Committee Report.

IAD submits regular internal audit reports to the AC for review at the AC's quarterly meetings, which are also attended by members of the management team and the external auditors on the invitation of the AC. IAD also conducts follow-up sessions with management on the audit recommendations and matters highlighted by the AC. The status of corrective actions taken by management to address IAD's audit findings are also reported to the AC to enable the AC to have an overview of the state of internal controls within the Group.

SBUs that are accredited with ISO certifications are audited as scheduled by auditors of the relevant certification bodies, and the audit results are reported to management for improvement purposes.

Statement On Risk Management and Internal Control

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the MMLR of Bursa Securities, the external auditors, Ernst & Young PLT have performed limited assurance procedures on this Statement on Risk Management and Internal Control. The review was performed in accordance with the Malaysian Approved Standard on Assurance Engagements, International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3 (**AAPG 3**), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report.

Based on their review, they have reported to the Board that nothing has come to their attention that causes them to believe that this statement intended to be included in the annual report is not prepared, in all material respects, in accordance with disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or that the statement is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and management thereon.

CONCLUSION

The Board has received assurances from both the GCEO and the Chief Financial Officer of the Company that the risk management and internal control system is operating adequately and effectively in all material aspects for FY2022 and up to the date of this statement.

For the financial year under review, the Board is satisfied with the adequacy and effectiveness of the Group's risk management, and the review and monitoring of the internal control system gives reasonable assurance that the internal controls in place are adequate. There were no material control failures or adverse compliance events that have directly resulted in any material loss to the Group.

Where exceptions were noted, they were not material in the context of this statement and corrective actions have been taken.

The *Financials*

Directors' Report

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 activities of the Company are investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 18 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit after tax	75,138	122,944
Attributable to:		
Owners of parent	60,200	107,833
Holders of Private Debt Securities ("PDS")	15,111	15,111
Non-controlling interests	(173)	-
	75,138	122,944

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

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, other than as disclosed in the financial statements.

DIVIDENDS

The amounts of dividends declared by the Company since 31 December 2021 were as follows:

	RM'000
In respect of the financial year ended 31 December 2021:	
Single-tier final dividend of 3.00 sen on 621,926,466 ordinary shares, paid on 28 June 2022	18,658
In respect of the financial year ended 31 December 2022:	
Single-tier interim dividend of 2.50 sen on 621,926,466 ordinary shares, paid on 22 September 2022	15,548
	34,206

Directors' Report

DIVIDENDS (CONT'D.)

On 27 February 2023, the Company has declared a single tier special dividend of 12.0 sen per share in respect of the financial year ended 31 December 2022 on 622,726,366 ordinary shares, amounting to a dividend payable of RM74,727,000 which was paid on 29 March 2023.

A single-tier final dividend of 3.50 sen per share, in respect of the financial year ended 31 December 2022 on 622,726,366 ordinary shares amounting to a dividend payable of RM21,795,000 will be proposed for shareholders' approval at the forthcoming annual general meeting.

The financial statements for the current financial year do not reflect the proposed special and final dividends. The final dividend, if approved by the shareholders, together with the special dividend, will be accounted for in equity as appropriation of retained earnings in the financial year ending 31 December 2023.

DIRECTORS OF THE COMPANY

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Quah Chek Tin
Chew Sun Teong *
Benjamin Teo Jong Hian *
Ong Keng Siew *
Quah Poh Keat
Fatimah Binti Merican
Foong Pik Yee
Datuk Seri Dr Yam Kong Choy (retired on 8 June 2022)
Faizah Binti Khairuddin (resigned on 1 September 2022)

* These directors are also directors of subsidiaries of the Company.

DIRECTORS OF THE SUBSIDIARIES

The names of the directors of the Company's subsidiaries since the beginning of the financial year to the date of this report, excluding those who are already listed above, are:

Datuk Seri Dr Yam Kong Choy
Foong Poh Seng
Jeffrey Quah Chuan Tatt
Chee Siew Pin
Wang Chong Hwa
Ooi Hun Peng
Dion Tan Yong Chien
Datuk Wong Baan Chun
Aidan Hamidon
Terence Chun Kiat Tan

Directors' Report

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 38(a) to the financial statements.

	Group RM'000	Company RM'000
Directors of the Company		
Executive:		
Salaries	2,244	2,244
Fees	168	168
Bonus and other benefits	3,285	3,285
Defined contribution plan	510	510
Executive directors' remuneration excluding benefits-in-kind	6,207	6,207
Estimated monetary value of benefits-in-kind	247	247
	6,454	6,454
Non-executive:		
Fees	772	772
Other emoluments (meeting allowances)	77	77
	849	849
Total	7,303	7,303

DIRECTORS' INDEMNITY

As at the date of this report, the Company has maintained a Directors' and Officers' Liability Insurance ("D&O Insurance") of RM15.0 million in respect of liabilities arising from civil claims against the directors and officers for alleged wrongful acts committed in their capacity as directors and officers while holding office for the Company and the Group. The directors and officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

Directors' Report

DIRECTORS' INTERESTS

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

	Number of ordinary shares			
	At 1 January 2022	Bought/ Transmission	LTIP Shares Vested	At 31 December 2022
The Company				
Direct Interest				
Ong Keng Siew	5,582,780	-	-	5,582,780
Chew Sun Teong	8,028,140	52,000	849,700	8,929,840
Benjamin Teo Jong Hian	1,242,280	-	122,000	1,364,280
Deemed Interest				
Quah Poh Keat	1,339,520	-	-	1,339,520
Benjamin Teo Jong Hian *	-	178,322,900	-	178,322,900

* Pursuant to a transmission of shares of the Estate of Dato' Teo Chiang Quan on 8 December 2022.

	Number of warrants			
	At 1 January 2022	Bought	Sold	At 31 December 2022
The Company				
Direct Interest				
Ong Keng Siew	1,595,080	-	-	1,595,080
Chew Sun Teong	1,351,440	-	(706,800)	644,640
Benjamin Teo Jong Hian	342,480	-	-	342,480
Deemed Interest				
Quah Poh Keat	382,720	-	-	382,720

Directors' Report

DIRECTORS' INTERESTS (CONT'D.)

	Number of ordinary shares under the LTIP			
	At 1 January 2022	Vested	Forfeited	At 31 December 2022
The Company				
Chew Sun Teong	2,651,200	(849,700)	(551,100)	1,250,400
Benjamin Teo Jong Hian	477,300	(122,000)	(69,400)	285,900

Benjamin Teo Jong Hian by virture of his interest in shares in the Company is also deemed interested in the shares in all the Company's subsidiaries to the extent that the Company has an interest.

The other directors in office at the end of the financial year did not have any interest in shares in the Company or its related corporations during the financial year.

ISSUANCE OF SHARES

On 21 March 2022, 2,728,100 new ordinary shares in the Company were allotted and issued pursuant to the Company's Long Term Incentive Plan ("LTIP") via:

(i) Third vesting of 799,100 restricted shares ("RS") under the 2019 RS Grant;
(ii) Second vesting of 821,700 RS under the 2020 RS Grant; and
(iii) Vesting of 1,107,300 performance-based shares ("PS") under the 2019 PS Grant.

EMPLOYEE SHARE SCHEME

On 17 September 2013, the Company implemented the LTIP, which involves the allotment and issuance of new ordinary shares in the Company to eligible employees and executive directors of the Group and of the Company, provided that the total number of shares so allotted shall not at any time exceed ten per centum (10%) of the total number of issued shares of the Company (''LTIP shares'').

The LTIP shares were awarded, without any cash consideration, to those who have attained the identified performance objectives of the Group and of the Company. The LTIP serves to attract, retain, motivate and reward valuable employees of the Group and of the Company.

Details of LTIP shares granted to the directors are disclosed in the Directors' Interests section in this report.

The fair values of the LTIP shares granted are estimated at the grant dates using a Monte Carlo Simulation pricing model, taking into account the terms and conditions upon which the instruments were granted.

Further information on LTIP shares is disclosed in Note 34 to the financial statements.

Directors' Report

OTHER STATUTORY INFORMATION

(a) Before the income statements 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 provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and

    (ii) to ensure that any current assets which were unlikely to realise their values 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 amount of the provision for doubtful debts 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 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.

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

    (i) any charge on the assets of the Group or 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 or 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 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 or of the Company to meet their 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 or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 44 to the financial statements.

Directors' Report

SUBSEQUENT EVENT

Significant events subsequent to the end of financial year are disclosed in Note 44 to the financial statements.

AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration is as follow:

	Group RM'000	Company RM'000
Statutory audit		
- Ernst & Young PLT	614	259
- Other auditor	30	-
Non-audit fee	36	5

There was no payment made or insurance effected to indemnify the auditors during the financial year and the period from 1 January 2023 to the date of this report.

Signed on behalf of the Board in accordance with a resolution of the directors dated 7 April 2023.

Chew Sun Teong

Benjamin Teo Jong Hian

Statement by Directors

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

We, Chew Sun Teong and Benjamin Teo Jong Hian, being two of the directors of Paramount Corporation Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 87 to 189 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of the financial performance and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 7 April 2023.

Chew Sun Teong

Benjamin Teo Jong Hian

Statutory Declaration

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

I, Foong Poh Seng, being the officer primarily responsible for the financial management of Paramount Corporation Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 87 to 189 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declaration Act, 1960.

Subscribed and solemnly declared by
the abovenamed Foong Poh Seng at
Petaling Jaya in Selangor Darul Ehsan
on 7 April 2023

Foong Poh Seng
MA 7519

Before me,

Commissioner for Oaths

Yeoh Poh Im
B375
902, Level 9, Uptown 1
No. 1, Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor

Independent Auditors' Report

to the members of Paramount Corporation Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Paramount Corporation Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and income statements and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 87 to 189.

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

Basis for opinion

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

Independence and other ethical responsibilities

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matter for the audit of the financial statements of the Group is described below. This matter was addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis of our audit opinion on the accompanying financial statements.

Recognition of revenue and cost on property development projects

The revenue on property development projects contributed approximately 97% of the Group's revenue. The revenue and costs on property development projects were mainly computed based on the stage of completion method. Stage of completion is determined by the proportion of property development cost incurred for work performed to date, to the estimated/budgeted total property development cost. We focused on this area because management made significant judgement in determining the stage of completion, the extent of the property development cost incurred and the estimated/budgeted total property development cost.

Independent Auditors' Report

to the members of Paramount Corporation Berhad (Incorporated in Malaysia)

Recognition of revenue and cost on property development projects (cont'd.)

We have assessed and tested the design and operating effectiveness of the management's budgeting process. In addition, we have reviewed management's workings on the computation of revenue and cost. Our audit procedures included, amongst others, reviewing the gross development value by agreeing the estimated sales to the signed sales and purchase agreements for sold units and the approved selling prices for the remaining unsold units, determining the completeness of cost components in the budget through discussion with the project managers and agreeing the estimated construction cost to the awarded contracts. We also have assessed the completeness of the cost incurred by vouching to the latest progress claims from the contractors, re-computed the stage of completion and observed the progress of the projects by performing site visits.

The Group's disclosures on property development activities are included in Notes 2.20(a), 3.2(a), 4, 14(b) and 15 to the financial statements.

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 Company's Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

Independent Auditors' Report

to the members of Paramount Corporation Berhad (Incorporated in Malaysia)

Auditors' responsibilities for the audit of the financial statements (cont'd.)

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

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

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

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

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditors' Report

to the members of Paramount Corporation Berhad (Incorporated in Malaysia)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 18 to the financial statements.

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.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Hoh Yoon Hoong
No. 02990/08/2024 J
Chartered Accountant

Kuala Lumpur, Malaysia
7 April 2023

Consolidated Income Statement

For the financial year ended 31 December 2022

	Note	2022 RM'000	2021 RM'000
Revenue	4	847,464	681,351
Other income		62,184	22,650
Property development costs		(608,775)	(506,437)
Employee benefits expense	5	(54,939)	(53,201)
Depreciation and amortisation		(25,152)	(18,824)
Other expenses		(89,250)	(35,085)
Finance costs	7	(28,202)	(21,725)
Share of results of associates		1,793	2,697
Share of results of a joint venture		-	(1,110)
Profit before tax	8	105,123	70,316
Taxation	9	(29,985)	(27,605)
Profit for the year		75,138	42,711
Profit attributable to:			
Ordinary equity holders of the Company		60,200	28,534
Holders of Private Debt Securities ("PDS") of the Company		15,111	14,603
Non-controlling interests		(173)	(426)
		75,138	42,711
Earnings per share ("EPS") attributable to ordinary equity holders of the Company (sen)			
- Basic	10(a)	9.69	4.61
- Diluted	10(b)	9.56	4.53

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

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2022

	2022 RM'000	2021 RM'000
Profit for the year	75,138	42,711
Other comprehensive income:		
Item that will not be reclassified to profit or loss		
Net loss on investment in quoted shares designated at fair value through other comprehensive income	(2,177)	(4,868)
Item that may be reclassified subsequently to profit or loss		
Foreign currency translation	(105)	(265)
Total comprehensive income	72,856	37,578
Total comprehensive income attributable to:		
Ordinary equity holders of the Company	57,918	23,401
Holders of PDS of the Company	15,111	14,603
Non-controlling interests	(173)	(426)
	72,856	37,578

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

Consolidated Statement of Financial Position

As at 31 December 2022

	Note	2022 RM'000	2021 RM'000
Non-current assets			
Property, plant and equipment	12	118,897	128,520
Right-of-use assets	13	8,538	11,096
Inventories - land held for property development	14	860,690	735,623
Investment properties	16	522,176	516,081
Investments in associates	19	40,172	199,076
Other investments	20	8,730	3,124
Other receivables	22	15,076	17,847
Deferred tax assets	31	50,895	46,353
		1,625,174	1,657,720
Current assets			
Inventories - property development costs	14	232,986	287,087
Inventories - completed properties and other inventories	14	58,558	68,366
Contract cost assets	15	172,244	124,395
Trade receivables	21	111,374	211,239
Other receivables	22	35,307	32,360
Other current assets	23	9,118	8,762
Contract assets	24	534,590	372,154
Tax recoverable		10,774	12,164
Cash and bank balances	26	331,050	178,359
		1,496,001	1,294,886
Non-current assets held for sale	17	3,970	-
		1,499,971	1,294,886
Total assets		3,125,145	2,952,606
Current liabilities			
Borrowings	27	329,807	266,845
Lease liabilities	28	5,210	5,014
Trade payables	29	184,775	148,333
Other payables	30	181,235	124,156
Tax payable		7,396	1,405
Contract liabilities	24	206	136
		708,629	545,889
Net current assets		791,342	748,997

Consolidated Statement Of Financial Position

As at 31 December 2022 (cont'd.)

	Note	2022 RM'000	2021 RM'000
Non-current liabilities			
Borrowings	27	685,431	696,255
Lease liabilities	28	5,791	10,386
Other payables	30	56,494	-
Deferred tax liabilities	31	3,826	9,556
		751,542	716,197
Total liabilities		1,460,171	1,262,086
Equity			
Share capital	32	334,299	330,834
Reserves		1,130,791	1,110,128
Private debt securities	33	199,206	248,707
Non-controlling interests		678	851
Total equity		1,664,974	1,690,520
Total equity and liabilities		3,125,145	2,952,606

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

Consolidated Statement of *Changes in Equity*

For the financial year ended 31 December 2022

	← Non-distributable			→	Distributable			
	Share capital	**Employee share reserve # (Note 34)**	**Fair value reserve**	**Translation reserve**	**Retained earnings (Note 35)**	**Non-controlling interests**	**Private debt securities (Note 33)**	**Total equity**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January 2022	330,834	6,252	(4,792)	(410)	1,109,078	851	248,707	1,690,520
Total comprehensive income/(loss)	-	-	(2,177)	(105)	60,200	(173)	15,111	72,856
Transactions with owners								
Vesting of LTIP shares	3,465	(3,465)	-	-	-	-	-	-
Award of LTIP shares to employees	-	416	-	-	-	-	-	416
Private debt securities distribution	-	-	-	-	-	-	(14,612)	(14,612)
Redemption of private debt securities	-	-	-	-	-	-	(50,000)	(50,000)
Dividend (Note 11)	-	-	-	-	(34,206)	-	-	(34,206)
Total transactions with owners	3,465	(3,049)	-	-	(34,206)	-	(64,612)	(98,402)
At 31 December 2022	334,299	3,203	(6,969)	(515)	1,135,072	678	199,206	1,664,974

Consolidated Statement of Changes In Equity

For the financial year ended 31 December 2022 (cont'd.)

	◄— Non-distributable			—► Distributable				
	Share capital	Employee share reserve # (Note 34)	Fair value reserve	Translation reserve	Retained earnings (Note 35)	Non-controlling interests	Private debt securities (Note 33)	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	324,909	8,789	76	(145)	1,096,024	948	248,707	1,679,308
Total comprehensive income/(loss)	-	-	(4,868)	(265)	28,534	(426)	14,603	37,578
Transactions with owners								
Vesting of LTIP shares	5,925	(5,925)	-	-	-	-	-	-
Award of LTIP shares to employees	-	3,388	-	-	-	-	-	3,388
Private debt securities distribution	-	-	-	-	-	-	(14,603)	(14,603)
Dividends (Note 11)	-	-	-	-	(15,480)	-	-	(15,480)
Capital contribution by non-controlling interests	-	-	-	-	-	329	-	329
Total transactions with owners	5,925	(2,537)	-	-	(15,480)	329	(14,603)	(26,366)
At 31 December 2021	330,834	6,252	(4,792)	(410)	1,109,078	851	248,707	1,690,520

This represents reserve relating to the fair valuation of restricted shares and performance-based shares under the LTIP.

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2022

	2022 RM'000	2021 RM'000
Cash flows from operating activities		
Profit before tax	105,123	70,316
Adjustments for:		
Depreciation of property, plant and equipment	12,741	6,154
Depreciation of right-of-use assets	4 ,086	4,134
Depreciation of investment properties	8,325	8,536
Property, plant and equipment written off	214	9
Impairment of property, plant and equipment	-	2,877
Impairment of right-of-use assets	-	1,737
Loss on measurement to fair value less costs to sell of non-current assets held for sale	38,664	-
Additions of allowance for impairment of receivables	1	5
Reversal of allowance for impairment of receivables	(13)	-
Share-based payment	416	3,388
Bad debts written off	62	-
Negative goodwill on consolidation	-	(3,424)
Gain on remeasurement of previously held equity interest in a joint venture	-	(4,446)
Gain on disposal of investments in associate	-	(1,160)
Loss/(gain) on disposal of property, plant and equipment	5	(55)
Gain on disposal of investment properties	(53,686)	-
Loss on lease remeasurement	52	-
Gain on lease derecognition	(99)	-
Unrealised foreign exchange (gain)/loss	(281)	603
Share of profit of associates	(1,793)	(2,697)
Share of loss of a joint venture	-	1 ,110
Interest expense	28,202	21,725
Interest income	(2,807)	(1,551)
Operating profit before working capital changes	139,212	107,261
Increase in receivables	(63,083)	(120,062)
Decrease in inventories - property development costs, completed properties and other inventories	16,060	128,614
Increase/(decrease) in payables	147,962	(40,688)
Cash generated from operations	240,151	75,125
Net taxes paid	(32,876)	(25,413)
Interest paid	(36,716)	(31,934)
Net cash generated from operating activities	170,559	17,778

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2022 (cont'd.)

	2022 RM'000	2021 RM'000
Cash flows from investing activities		
Net cash outflow on acquisition of a subsidiary (Note 18.1)	-	(6,159)
Capital contribution from non-controlling interest	-	329
(Increase)/decrease in land held for property development	(113,798)	50,663
Purchase of property, plant and equipment	(7,217)	(5,024)
Purchase of investment properties	(19,075)	(5,756)
Purchase of unquoted investement	(7,500)	-
Purchase of quoted investment	(283)	-
Proceeds from disposal of property, plant and equipment	18	163
Proceeds from disposal of investment properties	60,000	-
Proceeds from disposal of investments in associates	120,000	1,622
Movement in other investments	-	4,960
Interest received	2,807	1,551
Investment in an associate	-	(13,700)
Net cash generated from investing activities	34,952	28,649
Cash flows from financing activities		
Dividends paid	(34,206)	(15,480)
Redemption of PDS	(50,000)	-
Payment of PDS distribution	(14,612)	(14,603)
Drawdown of borrowings	478,689	275,664
Repayment of borrowings	(402,703)	(332,741)
Placements in banks restricted for use	(3,052)	(6,764)
Principal portion of lease payments	(5,588)	(4,589)
Interest portion on lease payments	(552)	(690)
Net cash used in financing activities	(32,024)	(99,203)
Net increase/(decrease) in cash and cash equivalents	173,487	(52,776)
Cash and cash equivalents at beginning of year	123,324	176,100
Cash and cash equivalents at end of year (Note 26)	296,811	123,324

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2022 (cont'd.)

Note:

Reconciliation of liabilities arising from financing activities:

	2022 RM'000	2021 RM'000
Borrowings (excluding overdraft) (Note 27)		
At 1 January	927,519	938,740
Drawdown of borrowings	478,689	275,664
Repayment of borrowings	(402,703)	(332,741)
Net changes in financing cash flows	75,986	(57,077)
Other changes:		
Arising from acquisition of a subsidiary	-	45,856
At 31 December	1,003,505	927,519
Lease liabilities (Note 28)		
As at 1 January	15,400	19,744
Principal portion of lease payments	(5,588)	(4,589)
Interest portion on lease payments	(552)	(690)
Net changes in financing cash flows	(6,140)	(5,279)
Other changes:		
Interest expense (Note 7)	552	690
Additions	2,596	256
Lease remeasurement (Note 28)	(108)	-
Lease derecognition (Note 28)	(1,007)	-
Others	(292)	(11)
	1,741	935
As at 31 December	11,001	15,400

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

Income Statement

For the financial year ended 31 December 2022

	Note	2022 RM'000	2021 RM'000
Revenue	4	54,286	36,330
Other income		98,433	35,000
Employee benefits expense	5	(14,959)	(16,458)
Depreciation		(1,959)	(1,312)
Other expenses		(4,092)	(38,269)
Finance costs	7	(3,964)	(2,064)
Profit before tax	8	127,745	13,227
Taxation	9	(4,801)	(447)
Profit after tax, representing total comprehensive income for the year		122,944	12,780
Total comprehensive income attributable to:			
Ordinary equity holders of the Company		107,833	(1,823)
Holders of PDS of the Company		15,111	14,603
		122,944	12,780

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

Statement of Financial Position

As at 31 December 2022

	Note	2022 RM'000	2021 RM'000
Non-current assets			
Property, plant and equipment	12	1,584	2,607
Right-of-use assets	13	812	2,532
Investment properties	16	555	570
Investments in subsidiaries	18	789,287	735,202
Investments in associates	19	16,394	76,437
Due from subsidiaries	25	2,787	11,790
Other investments	20	228,095	192,758
		1,039,514	1,021,896
Current assets			
Other receivables	22	495	507
Due from subsidiaries	25	608,783	626,602
Tax recoverable		4,612	4,796
Cash and bank balances	26	37,945	799
Non-current assets held for sale	17	2,732	-
		654,567	632,704
Total assets		1,694,081	1,654,600
Current liabilities			
Borrowings	27	130,904	114,013
Lease liabilities	28	727	857
Other payables	30	15,699	16,466
Due to subsidiaries	25	448	1
		147,778	131,337
Net current assets		506,789	501,367
Non-current liabilities			
Lease liabilities	28	-	1,767
Deferred tax liabilities	31	329	64
		329	1,831
Total liabilities		148,107	133,168
Equity			
Share capital	32	334,299	330,834
Reserves		1,012,469	941,891
Private debt securities	33	199,206	248,707
		1,545,974	1,521,432
Total equity and liabilities		1,694,081	1,654,600

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

Statement of *Changes in Equity*

For the financial year ended 31 December 2022

	Share capital RM'000	Non-distributable Employee share reserve # (Note 34) RM'000	Distributable Retained earnings (Note 35) RM'000	Private debt securities (Note 33) RM'000	Total equity RM'000
At 1 January 2022	330,834	6,252	935,639	248,707	1,521,432
Total comprehensive income	-	-	107,833	15,111	122,944
Transactions with owners					
Vesting of LTIP shares	3,465	(3,465)	-	-	-
Award of LTIP shares to employees	-	416	-	-	416
Private debt securities distribution	-	-	-	(14,612)	(14,612)
Redemption of private debt securities	-	-	-	(50,000)	(50,000)
Dividend (Note 11)	-	-	(34,206)	-	(34,206)
Total transactions with owners	3,465	(3,049)	(34,206)	(64,612)	(98,402)
At 31 December 2022	334,299	3,203	1,009,266	199,206	1,545,974
At 1 January 2021	324,909	8,789	952,942	248,707	1,535,347
Total comprehensive income	-	-	(1,823)	14,603	12,780
Transactions with owners					
Vesting of LTIP shares	5,925	(5,925)	-	-	-
Award of LTIP shares to employees	-	3,388	-	-	3,388
Private debt securities distribution	-	-	-	(14,603)	(14,603)
Dividends (Note 11)	-	-	(15,480)	-	(15,480)
Total transactions with owners	5,925	(2,537)	(15,480)	(14,603)	(26,695)
At 31 December 2021	330,834	6,252	935,639	248,707	1,521,432

This represents reserve relating to the fair valuation of restricted shares and performance-based shares under the LTIP.

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

Statement of Cash Flows

For the financial year ended 31 December 2022

	2022 RM'000	2021 RM'000
Cash flows from operating activities		
Profit before tax	127,745	13,227
Adjustments for:		
Depreciation of property, plant and equipment	1,132	430
Depreciation of right-of-use assets	812	867
Depreciation of investment properties	15	15
Impairment of investment in subsidiaries	-	32,989
Gain on disposal of investments in associates	(62,689)	-
Gain on lease derecognition	(99)	-
Share-based payment	1,196	1,728
Accretion of investment income	(35,337)	(29,860)
Dividend income	(20,000)	-
Interest income	(19,600)	(23,121)
Interest expense	3,964	2,064
Operating loss before working capital changes	(2,861)	(1,661)
Decrease in receivables	12	1,556
Decrease in payables	(767)	(5,634)
Changes in subsidiaries balances	26,489	232,502
Cash generated from operations	22,873	226,763
Interest paid	(3,908)	(1,914)
Net tax paid	(4,352)	(3,373)
Net cash generated from operating activities	14,613	221,476
Cash flows from investing activities		
Proceed from disposal of investments in associates	120,000	-
Interest received	19,600	23,121
Dividends received	20,000	-
Subscription of Non-Cumulative Redeemable Convertible Preference Shares ("NCRCPS") in subsidiaries	(51,175)	(281,010)
Acquisition of a subsidiary (Note 18.1)	-	(4,854)
Subscription of ordinary shares in subsidiaries	(2,910)	(9,069)
Purchase of property, plant and equipment	(109)	(2,091)
Net cash generated from/(used in) investing activities	105,406	(273,903)

Statement of Cash Flows

For the financial year ended 31 December 2022 (cont'd.)

	2022 RM'000	2021 RM'000
Cash flows from financing activities		
Drawdown of borrowings	120,000	150,000
Repayment of borrowings	(80,000)	(100,000)
Distribution of PDS	(14,612)	(14,603)
Redemption of PDS	(50,000)	-
Dividends paid	(34,206)	(15,480)
Principal portion of lease payments	(890)	(815)
Interest portion on lease payments	(56)	(150)
Placement in banks restricted for use	(2)	-
Net cash (used in)/generated from financing activities	(59,766)	18,952
Net increase/(decrease) in cash and cash equivalents	60,253	(33,475)
Cash and cash equivalents at beginning of year	(33,282)	193
Cash and cash equivalents at end of year (Note 26)	26,971	(33,282)

Note:

Reconciliation of liabilities arising from financing activities:

	2022 RM'000	2021 RM'000
Borrowings (excluding overdraft) (Note 27)		
At 1 January	80,000	30,000
Drawdown of borrowings	120,000	150,000
Repayment of borrowings	(80,000)	(100,000)
Net changes in financing cash flows	40,000	50,000
At 31 December	120,000	80,000
Lease liabilities (Note 28)		
As at 1 January	2,624	3,439
Principal portion of lease payments	(890)	(815)
Interest portion on lease payments	(56)	(150)
Net changes in financing cash flows	(946)	(965)
Other changes:		
Interest expense (Note 7)	56	150
Lease derecognition (Note 28)	(1,007)	-
	(951)	150
As at 31 December	727	2,624

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

Notes to the Financial Statements

31 December 2022

1. CORPORATE INFORMATION

Paramount Corporation Berhad ("the Company") is a public limited liability company incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company is located at Level 8, Uptown 1, 1 Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan.

The principal activities of the Company are investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 18. There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 7 April 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The financial statements of the Group and of the Company have been prepared on a going concern basis and under the historical cost convention, except as disclosed in the notes to the financial statements.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ('000) except when otherwise indicated.

2.2 Changes in accounting policies

On 1 January 2022, the Group and the Company adopted the following pronouncements mandatory for annual financial periods beginning on or after 1 January 2022:

- Reference to the Conceptual Framework (Amendments to MFRS 3 Business Combinations)
- Property, Plant and Equipment - Proceeds before Intended Use (Amendements to MFRS 116 Property, Plant and Equipment)
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets)
- Annual Improvements to MFRS 1 First-time Adoption of International Financial Reporting Standard - Subsidiary as a first-time adopter
- Annual Improvements to MFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities
- Annual Improvements to MFRS 141 Agriculture - Taxation in fair value measurements

Adoption of the above pronouncements did not have any material effect on the financial performance or position of the Group and the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards issued but not yet effective

The standards and amendments to standards that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards and amendments to standards, if applicable, when they become effective.

	Effective for annual periods beginning on or after
MFRS 17 - Insurance Contracts (including amendments on Initial Application of MFRS 17 and MFRS 9 - Comparative Information)	1 January 2023
Definition of Accounting Estimates (Amendments to MFRS 108)	1 January 2023
Disclosure of Accounting Policies (Amendments to MFRS 101 and MFRS Practice Statement 2)	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112)	1 January 2023
Lease Liabilities in a Sale and Leaseback (Amendments to MFRS 16 Leases)	1 January 2024
Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 Presentation of Financial Statements)	1 January 2024
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	To be announced

The revised MFRSs and amendments to MFRSs that are not yet effective are not expected to have a material impact on the Group and the Company in the current or future reporting periods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(ii) Potential voting rights held by the Company, other vote holders or other parties;
(iii) Rights arising from other contractual arrangements; and
(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until that date such control ceases.

The cost of acquisition of a subsidiary consists of consideration transferred, and the amount of any non-controlling interests in the acquiree. The acquisition-related costs are recognised in profit or loss as incurred.

Any excess of the cost of business combination, as the case may be, over the net amount of the fair value of identifiable assets acquired and liabilities assumed is recognised as goodwill. Any excess in the Group's interest in the net fair value of the identifiable assets acquired and liabilities assumed over the cost of business combination is recognised immediately in profit or loss.

Profit or loss and each component of other comprehensive income are attributed to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Uniform accounting policies are adopted in the consolidated financial statements for similar transactions and other events in similar circumstances. In the preparation of the consolidated financial statements, the financial statements of all subsidiaries are adjusted for the material effects of dissimilar accounting policies. Intragroup assets and liabilities, equity, income, expenses, unrealised gains and losses resulting from intra-group transactions are eliminated in full on consolidation.

Non-controlling interests represent the equity in subsidiary companies not attributable, direct or indirectly, to the Group which consist of the amount of those non-controlling interests at the date of original combination, and the non-controlling interests' share of changes in the equity since the date of the combination.

Notes to the Financial Statements

31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Basis of consolidation (cont'd.)

Non-controlling interests are presented separately in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

2.5 Investments in subsidiaries

A subsidiary is an entity over which the Company controls and the Company has the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.6 Investments in associates and joint ventures

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

On acquisition of an investment in associate or joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's or joint venture's profit or loss for the period in which the investment is acquired.

Notes to the Financial Statements
31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.6 Investments in associates and joint ventures (cont'd.)

An associate or a joint venture is equity accounted for from the date on which the investee becomes an associate.

Under the equity method, on initial recognition, the investment in an associate or a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture after the date of acquisition. When the Group’s share of losses in the associate or joint venture equal or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate or joint venture are recognised in the Group’s financial statements only to the extent of unrelated investors’ interests in the associate or joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the associates and joint venture are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136: *Impairment of Assets* as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

In the Company’s separate financial statements, investments in associates and joint venture are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.7 Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets acquired and liabilities assumed. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of annual impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group’s cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

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Notes to the Financial Statements
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Freehold buildings	50 years
Plant and equipment	10 years
Furniture and fittings	10 years
Motor vehicles	5 years

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.9 Leases

The Group and the Company assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) As lessee

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.9 Leases (cont'd.)

(a) As lessee (cont'd.)

(i) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (i.e., the date the underlying asset is available for use). The cost of right-of-use assets are initially recognised as the amount of lease liabilities recognised adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the asset, as follows:

Building	2 - 50 years

The right-of-use assets are also subject to impairment as disclosed in Note 2.14.

(ii) Lease liabilities

At the commencement date of the lease, the Group and the Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and the Company use its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.9 Leases (cont'd.)

(a) As lessee (cont'd.)

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

The Group and the Company have applied the amendment to MFRS 16 Leases (Covid-19 Related Rent Concessions) issued by MASB in June 2020. The amendment introduces an optional practical expedient that simplifies how a lessee accounts for rent concessions arising as a direct consequence of the Covid-19 pandemic.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.20(e).

When the assets are leased out under an operating lease, the assets are included in the statement of financial position based on the nature of the assets. Lease income is recognised over the term of the lease on a straight-line basis.

2.10 Disposal groups and non-current assets held for sale

The Group classifies disposal groups and non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Disposal groups and non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the disposal group or asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale is expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Notes to the Financial Statements
31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.11 Inventories

(a) Property inventories

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realisable value.

Cost includes:
- Freehold and leasehold rights for land;
- Amounts paid to contractors for construction;
- Borrowing costs, planning and design costs, costs of site, preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs; and
- Non-refundable commission cost.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated costs of sales.

Property inventories under construction are referred to as property development costs and comprise the cost of land, direct building costs and a share of development costs common to the entire development project where applicable. Once sold, the cost of these inventories is transferred to contract cost assets and recognised in profit or loss as and when control passes to the respective customers.

Units of development properties completed and held for sale are stated at the lower of cost and net realisable value. Costs comprise costs of acquisition of land including all related costs incurred subsequent to the acquisition necessary to prepare the land for its intended use, related development costs to projects and direct building costs.

Property inventories where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle are referred to as land held for development and classified within non-current assets. Generally no significant development work would have been undertaken on these lands other than infrastructure work, earth work and landscape work incurred to prepare the land for development and these inventory properties are stated at cost plus incidental expenditure incurred to put the land in a condition ready for development. These property inventories are classified to current assets (i.e. property development costs) at the point when active development project activities have commenced and when it can be demonstrated that the development activities can be completed within the normal operating cycle.

(b) Food and beverages

Inventories of food and beverages are stated at lower of cost and net realisable value. Food and beverages comprise purchase price and directly attributable costs of bringing the inventories to their present location and condition and the cost is determined by using the weighted average cost method.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.12 Contract cost assets

(a) Incremental costs of obtaining a contract

The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer which they would not have incurred if the contract had not been obtained. The incremental costs of obtaining a contract with a customer are recognised as contract cost assets when the Group expects those costs to be recoverable.

(b) Costs to fulfill a contract

The costs incurred in fulfilling a contract with a customer which are not within the scope of other MFRSs, such as MFRS 102: *Inventories*, MFRS 116: *Property, Plant and Equipment* or MFRS 138: *Intangible Assets*, are recognised as contract cost assets when all of the following criteria are met:

(i) the costs relate directly to a contract or to an anticipated contract that can be specifically identified;
(ii) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
(iii) the costs are expected to be recovered.

Contract cost assets are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. The amortisation shall be updated subsequently to reflect any significant change to the expected timing of transfer to the customer of the goods or services to which the asset relates in accordance with MFRS 108: *Accounting Policies, Changes in Accounting Estimate and Errors*.

Impairment loss is recognised in profit or loss to the extent that the carrying amount of the contract cost assets exceeds:

(i) the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; less
(ii) the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

Before an impairment loss is recognised for contract cost assets, the Group shall recognise any impairment loss for assets related to the contract that are recognised in accordance with other MFRSs, such as MFRS 102, MFRS 116 and MFRS 138. The Group shall include the resulting carrying amount of the contract cost assets in the carrying amount of the cash-generating unit to which it belongs for the purpose of applying MFRS 136: *Impairment of Assets* to that cash-generating unit.

An impairment loss is reversed when the impairment conditions no longer exist or have improved. Such reversal is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.13 Contract assets and contract liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer when that right is conditioned on something other than the passage of time, for example, billings require certification by the architect. Upon receipt of such certification from the architect, the amount recognised as contract assets is reclassified to trade receivables. Contract assets are subject to impairment assessment on the same basis as financial assets that are within the scope of MFRS 9 as disclosed in Note 2.15(a).

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised as revenue when the Group performs its obligations under the contract (i.e. transfers control of the related goods or services to the customer).

Unlike the method used to recognise contract revenue related to sale of completed property, the amounts billed to the customer for the sale of a property under development are based on achievement of the various milestones established in the contract. The amounts recognised as revenue for a given period do not necessarily coincide with the amounts certified by the architect and billed to the customer. In the case of contracts in which the goods or services transferred to the customer exceed the related amount certified by the architect and billed to the customer, the difference is recognised as a contract asset, whereas in contracts in which the goods or services transferred are lower than the amount certified by the architect and billed to the customer (i.e., when a payment is due or a payment is received before the Group transfers the remaining goods or services), the difference is recognised as a contract liability.

2.14 Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.

Notes to the Financial Statements
31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.15 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and measured at either amortised cost, fair value through other comprehensive income or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. The assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

Subsequent measurement

For the purpose of subsequent measurement, financial assets of the Group and of the Company are classified in three categories:

(i) Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group and the Company. The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.15 Financial instruments (cont'd.)

(a) Financial assets (cont'd.)

Subsequent measurement (cont'd.)

(i) Financial assets at amortised cost (debt instruments) (cont'd.)

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and Company's financial assets at amortised cost include other investment in cumulative redeemable non-convertible preference shares ("CRNCPS"), cash and bank balances, trade receivables, other receivables and amounts due from subsidiaries.

(ii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income ("OCI"), debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with the net changes in fair value recognised in the statements of profit or loss.

The Group's and the Company's financial assets at fair value through profit or loss include derivative instruments.

(iii) Financial assets at fair value through other comprehensive income (no recycling)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 132 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to income statement. Dividends are recognised as other income in the income statement when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its equity investments under this category.

Notes to the Financial Statements
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.15 Financial instruments (cont'd.)

(a) Financial assets (cont'd.)

<u>Subsequent measurement (cont'd.)</u>

(iv) Financial assets at fair value through other comprehensive income (with recycling) (debt instruments)

The Group and the Company measure debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group and the Company have elected to classify its investments in debt instruments included in other investments in this category.

<u>Derecognition</u>

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) and the Company's statement of financial position when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group and the Company have transferred the rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.15 Financial instruments (cont'd.)

(a) Financial assets (cont'd.)

Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment (if any).

The Group and the Company consider a financial asset in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, amounts due to subsidiaries and derivative instruments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.15 Financial instruments (cont'd.)

(b) Financial liabilities (cont'd.)

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and the Company that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statements of profit or loss.

The Group's and the Company's financial liabilities carried at fair value through profit or loss include derivative liabilities.

(ii) Financial liabilities at amortised cost

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

The Group's and the Company's financial liabilities at amortised cost include trade and other payables (other than derivative liability and provisions), loans and borrowings including bank overdrafts and amounts due to subsidiaries.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statements of profit or loss.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of the financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Notes to the Financial Statements
31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.16 Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise cash at banks and on hand, deposits with licensed banks and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.17 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group or the Company incurred in connection with the borrowing of funds.

2.18 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.19 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.20 Revenue and other income recognition

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

Notes to the Financial Statements
31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.20 Revenue and other income recognition (cont'd.)

(a) Revenue from property development

The revenue from property development is measured at the fixed transaction price agreed under the sale and purchase agreement.

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

This is generally established when:

- The promised properties are specifically identified by its plot, lot and parcel number and its attributes (such as its size and location) in the sale and purchase agreements and the attached layout plan and the purchasers could enforce its rights to the promised properties if the Group seeks to sell the unit to another purchaser. The contractual restriction on the Group’s ability to direct the promised residential property for another use is substantive and the promised properties sold to the purchasers do not have an alternative use to the Group; and

- The Group has the right to payment for performance completed to date and is entitled to continue to transfer to the customer the development units promised and has the rights to complete the construction of the properties and enforce its rights to full payment.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group recognises revenue over time using the input method, which is based on the actual cost incurred to date on the property development project as compared to the total budgeted cost for the respective development projects.

The Group recognises sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Group will collect the considerations to which it will be entitled to in exchange for the assets sold.

(b) Revenue from construction contract

The Group recognises revenue from construction contract with customers.

The Group's contract with customers mainly contain one performance obligation where the Group is contracted to construct a specific asset for the customers.

The Group considers whether there are other promises in the contract with customers that are separate performance obligations. The Group typically only provides assurance type warranties to assure that the completed project complies with agreed-upon specifications of the contract and therefore, does not give rise to a separate performance obligation.

Notes to the Financial Statements

31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.20 Revenue and other income recognition (cont'd.)

(b) Revenue from construction contract (cont'd.)

Where the outcome of a contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred, that is probable to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Transaction price comprises the initial amount of consideration agreed in the contract, variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

The Group's construction contracts contain penalty clauses (i.e. liquidated and ascertained damages) for late delivery. When it is probable that the construction contract will not be fulfilled on time, the penalty will be deducted from the contract transaction price.

Revenue from construction contract is recognised progressively based on percentage of completion method determined based on either input or output method. Output method is measured by reference to the proportion of physical completion based on technical milestones defined under the contracts and taking into account the nature of activities and its associated risks. Input method is measured based on the ratio of costs incurred to date to total estimated costs.

In determining the appropriate method for measuring progress, the Group shall consider the method that best depicts the Group's performance in transferring control of goods or services promised to a customer.

Contract assets represent the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditioned on something other than the passage of time. Contract assets are subjected to impairment in accordance to MFRS 9: *Financial Instruments*. The contract assets of the Group comprise of amounts due from customers on contracts.

Contract liabilities represent the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. The contract liabilities of the Group comprise of amounts due to customers on contracts.

(c) Sale of completed properties, food and beverages

Sales are recognised upon delivery of goods, net of returns and trade discount.

(d) Revenue from rooms

Revenue from rooms is recognised on a daily basis on customer-occupied rooms. Hotel revenue is recorded based on the published rates, net of discounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.20 Revenue and other income recognition (cont'd.)

(e) Rental income

Rental income is recognised on a straight-line basis over the lease term.

(f) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(g) Dividend income

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

(h) Membership fee

Revenue from annual membership fees is recognised on a straight-line basis over the term of the membership.

(i) Management fees

Management fees are recognised when services are rendered.

2.21 Current and non-current classification

The Group and the Company present assets and liabilities in statements of financial position based on current and non-current classification.

An asset is classified as current when it is:
(i) expected to be realised or intended to be sold or consumed in normal operating cycle;
(ii) held primarily for the purpose of trading;
(iii) expected to be realised within 12 months after the reporting period; or
(iv) cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:
(i) it is expected to be settled in normal operating cycle;
(ii) it is held primarily for the purpose of trading;
(iii) it is due to be settled within 12 months after the reporting period; or
(iv) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

Notes to the Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.22 Taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes 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.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.22 Taxes (cont'd.)

(b) Deferred tax (cont'd.)

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 transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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

2.23 Employee benefits

(a) 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 of 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. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

The Group and the Company make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension scheme are recognised as an expense in the period in which the related service is performed.

(c) Employee share scheme

Employees of the Group and of the Company receive remuneration in the form of shares as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the shares at the date on which the shares are granted, which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's and the Company's best estimate of the number of shares that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for shares that do not ultimately vest, except for shares where vesting is conditional upon a market condition or a non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the shares do not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group, the Company or the employee, this is accounted for as a cancellation.

In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation. The employee share reserve is transferred to retained earnings upon expiry of the shares. When the shares are vested, the employee share reserve is transferred to share capital if new shares are issued, or to treasury shares if the shares are satisfied by the reissuance of treasury shares.

Notes to the Financial Statements
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.24 Foreign currencies

(a) Functional and presentation currency

The individual financial statements of each company in the Group are measured using the currency of the primary economic environment in which the Company operates (“functional currency”). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company’s functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group’s net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.25 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2.26 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

2.27 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 43, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.28 Fair value measurement

The Group and the Company measure financial instruments such as derivative and certain non-financial assets such as other investments at fair value at each reporting date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability, or

(b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Notes to the Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.28 Fair value measurement (cont'd.)

A fair value measurement of a non-financial asset 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.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

(a) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

(b) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

(c) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Selection criteria of external valuers include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group's and the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Group's external valuers, also compares each of the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

The management and the Group's external valuers present the valuation results to the audit committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.29 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Building is depreciated over its estimated useful life of 50 years.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Investment property under construction (''IPUC'') is measured at fair value (when the fair value is reliably determinable). When assessing whether the fair value of IPUC can be determined reliably the company considers, among other things:

(a) Is the asset being constructed in a developed liquid market?
(b) Has a construction contract with the contractor been signed?
(c) Have the required building and letting permits been obtained?
(d) What percentage of rentable area has been pre-leased to tenants?

IPUC for which fair value cannot be determined reliably is measured at cost less impairment.

IPUC are not depreciated as these assets are not yet available for use.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Critical judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(a) Classification between investment properties and property, plant and equipment

The Group and the Company have developed certain criteria based on MFRS 140: *Investment Property* in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group and the Company would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

3.2 Key sources of estimation uncertainty

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

(a) Property development costs

The Group recognises property development revenue and costs in the income statement by using the stage of completion method. The stage of completion is determined by the proportion of property development costs incurred for work performed to date to the estimated total property development costs.

Significant estimates are required in determining the stage of completion, the extent of the construction or property development costs incurred, the estimated total construction revenue and costs, as well as the recoverability of the construction or property development projects. In making the estimate, the Group evaluates based on past experience and by relying on the work of specialists.

(b) Impairment of property, plant and equipment ("PPE") and investment properties ("IP")

The Group assesses whether there are any indicators of impairment for PPE and IP at each reporting date. PPE and IP are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

The Group carried out the impairment test based on the fair value less cost to sell the PPE and IP. Fair value is obtained from valuation reports performed by independent third party valuers based on best information available. Significant estimate is involved in deriving at the fair value as there are possible variations in the basis and assumptions used by the valuers. The details of the PPE and IP are disclosed in Note 12 and Note 16 respectively.

(c) Undiscounted potential future rental payments relating to extension options that are not included in the lease term

The Group has several lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group’s business needs. Significant estimate is involved in determining whether these extension options are reasonably certain to be exercised.

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension options that are not included in the lease term.

	Within five years RM'000	More than five years RM'000	Total RM'000
2022			
Extension options expected not to be exercised	3,619	833	4,452
2021			
Extension options expected not to be exercised	1,633	1,969	3,602

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4. REVENUE

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers				
Sale of completed properties	13,505	148,841	-	-
Sale of properties under construction	806,554	520,949	-	-
Rental income	15,190	9,741	-	-
Revenue from rooms	5,486	-	-	-
Sale of food and beverages	6,729	1,711	-	-
Club membership fee	-	109	-	-
Interest income from advances to subsidiaries	-	-	19,486	22,860
Management fees from subsidiaries	-	-	14,800	13,470
Dividend from subsidiary	-	-	20,000	-
Total revenue	847,464	681,351	54,286	36,330
Timing of revenue recognition				
Goods transferred at a point in time	20,234	150,552	20,000	-
Goods and services transferred over time	827,230	530,799	34,286	36,330
	847,464	681,351	54,286	36,330

5. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	44,645	36,883	11,009	7,255
Contributions to defined contribution plan	5,536	4,688	1,325	903
Share-based payment*	416	3,388	1,196	1,728
Other benefits	4,342	8,242	1,429	6,572
	54,939	53,201	14,959	16,458

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM6,207,000 (2021: RM11,161,000) and RM6,207,000 (2021: RM10,188,000) respectively.

Notes to the Financial Statements
31 December 2022

6. DIRECTORS' REMUNERATION

The details of the remuneration received/receivable by directors of the Group and the Company during the year are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
Executive:				
Salaries	2,244	2,995	2,244	2,155
Fees	168	222	168	222
Bonus and other benefits	3,285	7,434	3,285	7,405
Defined contribution plan	510	510	510	406
Executive directors' remuneration excluding benefits-in-kind	6,207	11,161	6,207	10,188
Estimated monetary value of benefits-in-kind	247	278	247	186
	6,454	11,439	6,454	10,374
Non-executive:				
Fees	772	770	772	770
Other emoluments (meeting allowances)	77	90	77	90
	849	860	849	860
Total	7,303	12,299	7,303	11,234
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration excluding benefits-in-kind (Note 5)	6,207	11,161	6,207	10,188
Total non-executive directors' remuneration excluding benefits-in-kind (Note 8)	849	860	849	860
Total directors' remuneration excluding benefits-in-kind	7,056	12,021	7,056	11,048

Notes to the Financial Statements

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6. DIRECTORS' REMUNERATION (CONT'D.)

The details of the remuneration paid by the Group and the Company to each director who served during the financial year ended 31 December 2022 are as follows:

	Salaries, bonus and EPF RM'000	Fees RM'000	Other emoluments* RM'000	Total RM'000
2022				
Directors of the Group				
Executive:				
Chew Sun Teong	3,341	84	1,352	4,777
Benjamin Teo Jong Hian	1,228	84	365	1,677
	4,569	168	1,717	6,454
Non-executive:				
Quah Chek Tin	-	168	7	175
Datuk Seri Dr Yam Kong Choy	-	52	7	59
Ong Keng Siew	-	122	11	133
Quah Poh Keat	-	123	14	137
Fatimah Binti Merican	-	117	11	128
Foong Pik Yee	-	114	15	129
Faizah Binti Khairuddin	-	76	12	88
	-	772	77	849
Directors of the Company				
Executive:				
Chew Sun Teong	3,341	84	1,352	4,777
Benjamin Teo Jong Hian	1,228	84	365	1,677
	4,569	168	1,717	6,454
Non-executive:				
Quah Chek Tin	-	168	7	175
Datuk Seri Dr Yam Kong Choy	-	52	7	59
Ong Keng Siew	-	122	11	133
Quah Poh Keat	-	123	14	137
Fatimah Binti Merican	-	117	11	128
Foong Pik Yee	-	114	15	129
Faizah Binti Khairuddin	-	76	12	88
	-	772	77	849

6. DIRECTORS' REMUNERATION (CONT'D.)

The details of the remuneration paid by the Group and the Company to each director who served during the financial year ended 31 December 2021 are as follows:

	Salaries, bonus and EPF RM'000	Fees RM'000	Other emoluments* RM'000	Total RM'000
2021				
Directors of the Group				
Executive:				
Dato' Teo Chiang Quan	1,120	54	4,531	5,705
Chew Sun Teong	2,837	84	1,735	4,656
Benjamin Teo Jong Hian	634	84	360	1,078
	4,591	222	6,626	11,439
Non-executive:				
Quah Chek Tin	-	57	2	59
Datuk Seri Dr Yam Kong Choy	-	140	18	158
Ong Keng Siew	-	114	12	126
Quah Poh Keat	-	125	17	142
Fatimah Binti Merican	-	108	12	120
Foong Pik Yee	-	114	16	130
Faizah Binti Khairuddin	-	112	13	125
	-	770	90	860
Directors of the Company				
Executive:				
Dato' Teo Chiang Quan	448	54	4,524	5,026
Chew Sun Teong	2,837	84	1,735	4,656
Benjamin Teo Jong Hian	362	84	246	692
	3,647	222	6,505	10,374
Non-executive:				
Quah Chek Tin	-	57	2	59
Datuk Seri Dr Yam Kong Choy	-	140	18	158
Ong Keng Siew	-	114	12	126
Quah Poh Keat	-	125	17	142
Fatimah Binti Merican	-	108	12	120
Foong Pik Yee	-	114	16	130
Faizah Binti Khairuddin	-	112	13	125
	-	770	90	860

* Included in other emoluments are allowances, share-based payments, gratuity and benefits-in-kind.

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7. FINANCE COSTS

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
- Term loans	16,861	14,683	-	-
- Islamic Medium Term Notes (iMTN)	3,296	3,821	-	-
- Medium Term Notes	11,885	10,309	-	-
- Other borrowings	4,674	3,121	3,908	1,914
- Lease liabilities (Note 28)	552	690	56	150
	37,268	32,624	3,964	2,064
Less: Interest expense capitalised in:				
- Investment properties (Note 16)	(1,659)	(1,847)	-	-
- Land held for property development (Note 14(a))	(7,407)	(9,052)	-	-
	28,202	21,725	3,964	2,064

8. PROFIT BEFORE TAX

Profit before tax are derived after charging/(crediting):

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Non-executive directors' remuneration (Note 6)	849	860	849	860
Auditors' remuneration				
- statutory audit				
- Ernst & Young PLT	614	521	259	185
- Other auditor	30	-	-	-
- non-audit fee	36	70	5	39
Lease expense relating to short-term leases	127	407	8	9
Lease expense relating to leases of low value assets	48	33	11	7
Loss on lease remeasurement	52	-	-	-
Gain on lease derecognition	(99)	-	(99)	-
COVID-19 related rental concession	41	74	-	-
Direct operating expenses of investment properties	4,038	3,199	6	6
Impairment of property, plant and equipment (Note 12)	-	2,877	-	-
Impairment of right-of-use assets (Note 13)	-	1,737	-	-
Impairment of investments in subsidiaries	-	-	-	32,989

Notes to the Financial Statements

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8. PROFIT BEFORE TAX (CONT'D.)

Profit before tax are derived after charging/(crediting) (cont'd.):

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Loss on measurement to fair value less costs to sell of non-current assets held for sale (Note 17 and 44(e))	38,664	-	-	-
Depreciation of:				
- property, plant and equipment (Note 12)	12,741	6,154	1,132	430
- right-of-use assets (Note 13)	4,086	4,134	812	867
- investment properties (Note 16)	8,325	8,536	15	15
Property, plant and equipment written off	214	9	-	-
Loss/(gain) on disposal of property, plant and equipment	5	(55)	-	-
Gain on disposal of investment properties (Note 16 and 44(b))	(53,686)	-	-	-
Gain on disposal of investments in associates (Note 19 and 44(e))	-	(1,160)	(62,689)	-
Gain on remeasurement of previously held equity interest in a joint venture	-	(4,446)	-	-
Negative goodwill on consolidation (Note 18.1)	-	(3,424)	-	-
Additions of allowance for impairment of receivables (Note 21)	1	5	-	-
Reversal of allowance for impairment of receivables (Note 21)	(13)	-	-	-
Bad debts written off	62	-	-	-
Accretion of investment income	-	-	(35,337)	(29,860)
Interest income from:				
- deposits with licensed banks	(2,807)	(1,551)	(114)	(261)
- advances to subsidiaries	-	-	(19,486)	(22,860)
Rental income				
- recognised in revenue	(15,190)	(9,741)	-	-
- recognised in other income	(1,748)	(3,859)	(30)	(30)
Net foreign exchange (gain)/loss:				
- unrealised	(281)	603	-	-

Notes to the Financial Statements

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9. TAXATION

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
Malaysian income tax	38,352	13,660	384	336
(Over)/underprovision in prior years	(2,025)	2,164	222	26
Real property gains tax (RPGT)	3,930	-	3,930	-
	40,257	15,824	4,536	362
Deferred tax (Note 31):				
Relating to origination and reversal of temporary differences	(11,471)	7,817	89	66
Under provision in prior years	1,199	3,964	176	19
	(10,272)	11,781	265	85
Taxation	29,985	27,605	4,801	447

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the year.

9. TAXATION (CONT'D.)

A reconciliation of tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2022 and 31 December 2021 are as follows:

	2022 RM'000	2021 RM'000
Group		
Profit before tax	105,123	70,316
Taxation at Malaysian statutory tax rate of 24% (2021: 24%)	25,230	16,876
Effect of share of results of associates and a joint venture	(430)	(381)
Income not subject to tax	(12,907)	(1,711)
Effect of PDS's distribution deductible for tax purposes	(3,627)	(3,505)
RPGT	3,930	-
Expenses not deductible for tax purposes	19,116	9,266
Deferred tax assets not recognised during the year	-	932
Utilisation of previously unrecognised deferred tax assets	(501)	-
Underprovision of deferred tax in prior years	1,199	3,964
(Over)/underprovision of income tax in prior years	(2,025)	2,164
Taxation	29,985	27,605
Company		
Profit before tax	127,745	13,227
Taxation at Malaysian statutory tax rate of 24% (2021: 24%)	30,659	3,174
Income not subject to tax	(28,361)	(8,330)
RPGT	3,930	-
Effect of PDS's distribution deductible for tax purposes	(3,627)	(3,505)
Expenses not deductible for tax purposes	1,802	9,063
Underprovision of deferred tax in prior years	176	19
Underprovision of current income tax in prior years	222	26
Taxation	4,801	447

10. EARNINGS PER SHARE

(a) Basic

	Group	
	2022	2021
Profit attributable to ordinary equity holders of the Company (RM'000)	60,200	28,534
Issued ordinary shares at beginning of the year ('000)	619,198	614,444
Effect of vesting of LTIP shares ('000)	2,274	3,962
Weighted average number of ordinary shares in issue ('000)	621,472	618,406
Basic earnings per share (sen)	9.69	4.61

(b) Diluted

For the purpose of calculating diluted earnings per share, the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of the dilutive instruments of the Group.

	Group	
	2022	2021
Profit attributable to ordinary equity holders of the Company (RM'000)	60,200	28,534
Weighted average number of ordinary shares in issue ('000)	621,472	618,406
Dilutive effect of shares issued under the LTIP ('000)	8,531	11,259
Adjusted weighted average number of ordinary shares ('000)	630,003	629,665
Diluted earnings per share (sen)	9.56	4.53

At the reporting date, the Company's warrants do not have dilutive effects to the Group's earnings per share as the warrants' exercise price is higher than the market price.

11. DIVIDENDS

	Amount		Net dividends paid per ordinary share	
	2022	2021	2022	2021
	RM'000	RM'000	Sen	Sen
Recognised during the year:				
For the financial year ended 31 December 2022				
Single-tier interim dividend	15,548	-	2.50	-
For the financial year ended 31 December 2021				
Single-tier final dividend	18,658	-	3.00	-
For the financial year ended 31 December 2020				
Single-tier second interim dividend	-	15,480	-	2.50
	34,206	15,480	5.50	2.50

On 27 February 2023, the Company has declared a single-tier special dividend of 12.0 sen per share, in respect of the financial year ended 31 December 2022 on 622,726,366 ordinary shares, amounting to a dividend payable of RM74,727,000 which was paid on 29 March 2023.

A single-tier final dividend of 3.50 sen per share, in respect of the financial year ended 31 December 2022 on 622,726,366 ordinary shares amounting to a dividend payable of RM21,795,000 will be proposed for shareholders' approval at the forthcoming annual general meeting.

The financial statements for the current financial year do not reflect the proposed special and final dividends. The final dividend, if approved by the shareholders, together with the special dividend, will be accounted for in equity as appropriation of retained earnings in the financial year ending 31 December 2023.

Notes to the Financial Statements

31 December 2022

12. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings* RM'000	Plant, equipment, furniture, fixtures, fitting and motor vehicles RM'000	Total RM'000
Group			
Cost			
At 1 January 2021	21,176	48,410	69,586
Additions	221	4,803	5,024
Acquisition of subsidiary (Note 18.1)	75,016	12,984	88,000
Disposals	-	(465)	(465)
Write-off	-	(181)	(181)
At 31 December 2021/1 January 2022	96,413	65,551	161,964
Additions	5,735	1,482	7,217
Disposals	-	(474)	(474)
Write-off	-	(2,105)	(2,105)
Reclassification	(82)	82	-
Transfer to land held for property development (Note 14(a))	(9,472)	-	(9,472)
At 31 December 2022	92,594	64,536	157,130
Accumulated depreciation			
At 1 January 2021	3,070	21,872	24,942
Depreciation charge for the year (Note 8)	320	5,834	6,154
Disposals	-	(357)	(357)
Write-off	-	(172)	(172)
At 31 December 2021/1 January 2022	3,390	27,177	30,567
Depreciation charge for the year (Note 8)	5,103	7,638	12,741
Disposals	-	(451)	(451)
Write-off	-	(1,891)	(1,891)
Transfer to land held for property development (Note 14(a))	(5,610)	-	(5,610)
At 31 December 2022	2,883	32,473	35,356

Notes to the Financial Statements

31 December 2022

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Land and buildings* RM'000	Plant, equipment, furniture, fixtures, fitting and motor vehicles RM'000	Total RM'000
Group			
Accumulated impairment			
At 1 January 2021	-	-	-
Impairment loss (Note 8)	-	2,877	2,877
At 31 December 2021/1 January 2022/31 December 2022	-	2,877	2,877
Net carrying amount			
At 31 December 2022	89,711	29,186	118,897
At 31 December 2021	93,023	35,497	128,520

In previous financial year, the Group has conducted an impairment assessment on the property, plant and equipment and right-of-use assets of the subsidiary involved in the operation of coworking spaces. Each coworking outlet was identified as a separate cash-generating unit as they have their own independent cash inflows. The Company has determined the recoverable amount of the loss-making coworking outlets based on the value-in-use ("VIU") approach. Cash flows projections were prepared based on the remaining lease terms for the respective outlets. Based on the Group's assessment, an impairment loss of RM2,877,000 and RM1,737,000 was determined for property, plant and equipment and right-of use assets, respectively. The impairment loss was included in "other expenses" of the consolidated income statement.

Notes to the Financial Statements

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12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

* Land and buildings

	Freehold land RM'000	Freehold buildings RM'000	Capital work-in progress RM'000	Total RM'000
Group				
Cost				
At 1 January 2021	4,433	16,012	731	21,176
Additions	-	-	221	221
Acquisition of subsidiary	4,400	70,616	-	75,016
At 31 December 2021/1 January 2022	8,833	86,628	952	96,413
Additions	-	-	5,735	5,735
Reclassification	712	(794)	-	(82)
Transfer to land held for property development (Note 14(a))	(3,862)	(5,610)	-	(9,472)
At 31 December 2022	5,683	80,224	6,687	92,594
Accumulated depreciation				
At 1 January 2021	-	3,070	-	3,070
Depreciation chargefor the year	-	320	-	320
At 31 December 2021/1 January 2022	-	3,390	-	3,390
Depreciation chargefor the year	-	5,103	-	5,103
Transfer to land held for property development (Note 14(a))	-	(5,610)	-	(5,610)
At 31 December 2022	-	2,883	-	2,883
Net carrying amount				
At 31 December 2022	5,683	77,341	6,687	89,711
At 31 December 2021	8,833	83,238	952	93,023

The freehold land and buildings of the Group with net carrying amount of RM85,430,000 (2021: RM88,000,000) has been pledged as security for borrowing as disclosed in Note 27.

Notes to the Financial Statements
31 December 2022

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Plant, equipment, furniture, fixtures, fitting and motor vehicles RM'000
Company	
Cost	
At 1 January 2021	4,086
Additions	2,091
At 31 December 2021/1 January 2022	6,177
Additions	109
Disposal	(6)
Write-off	(1,268)
At 31 December 2022	5,012
Accumulated depreciation	
At 1 January 2021	3,140
Depreciation charge for the year (Note 8)	430
At 31 December 2021/1 January 2022	3,570
Depreciation charge for the year (Note 8)	1,132
Disposal	(6)
Write-off	(1,268)
At 31 December 2022	3,428
Net carrying amount	
At 31 December 2022	1,584
At 31 December 2021	2,607

13. RIGHT-OF-USE ASSETS

	Building RM'000
Group	
Cost	
At 1 January 2021	26,763
Additions during the year	453
At 31 December 2021/1 January 2022	27,216
Additions during the year	2,596
Lease remeasurement	(160)
Derecognition	(1,178)
At 31 December 2022	28,474
Accumulated depreciation	
At 1 January 2021	9,541
Depreciation charge for the year (Note 8)	4,134
At 31 December 2021/1 January 2022	13,675
Depreciation charge for the year (Note 8)	4,086
Derecognition	(270)
At 31 December 2022	17,491
Accumulated impairment	
At 1 January 2021	708
Impairment loss (Note 8)	1,737
At 31 December 2021/1 January 2022 /31 December 2022	2,445
Net carrying amount	
At 31 December 2022	8,538
At 31 December 2021	11,096

As disclosed in Note 12, the Group has recognised impairment loss of RM1,737,000 in "other expenses" of the consolidated income statement, in the previous financial year.

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13. RIGHT-OF-USE ASSETS (CONT'D.)

	Building RM'000
Company	
Cost	
At 1 January 2021/31 December 2021/1 January 2022	5,133
Derecognition	(1,178)
At 31 December 2022	3,955
Accumulated depreciation	
At 1 January 2021	1,734
Depreciation charge for the year (Note 8)	867
At 31 December 2021/1 January 2022	2,601
Depreciation charge for the year (Note 8)	812
Derecognition	(270)
At 31 December 2022	3,413
Net carrying amount	
At 31 December 2022	812
At 31 December 2021	2,532

14. INVENTORIES

	Group	
	2022 RM'000	2021 RM'000
Non-current		
At cost:		
Land held for property development (Note a)	860,690	735,623
Current		
At cost:		
- Property development costs (Note b)	232,986	287,087
At cost:		
- Completed properties	58,413	68,322
- Food and beverages	145	44
	58,558	68,366
Total current inventories	291,544	355,453
Total inventories	1,152,234	1,091,076

During the year, the amount of inventories recognised as an expense in property development cost of the Group was RM10,788,000 (2021: RM44,837,000).

14. INVENTORIES (CONT'D.)

(a) Land held for property development

	Group	
	2022	**2021**
	RM'000	**RM'000**
Freehold land		
At 1 January	554,304	718,238
Additions	157,220	302
Transfer from property, plant and equipments (Note 12)	3,862	-
Transfer to property development costs (Note b)	(83,896)	(113,653)
Disposal	-	(50,583)
Reclassification	(45,543)	-
At 31 December	585,947	554,304
Leasehold land		
At 1 January	1,457	11,863
Additions	98,695	-
Transfer to property development costs (Note b)	(60,665)	(10,406)
Reclassification	47,371	-
At 31 December	86,858	1,457
Development costs		
At 1 January	179,862	263,580
Costs incurred during the financial year	73,753	68,101
Transfer to property development costs (Note b)	(63,902)	(115,047)
Disposal	-	(36,772)
Reclassification	(1,828)	-
At 31 December	187,885	179,862
Carrying amount at 31 December	860,690	735,623

The freehold land held for property development with net carrying amount of RM527,946,000 (2021: RM445,634,000) has been pledged as security for borrowings as disclosed in Note 27.

The Group's land held for property development include borrowing costs arising from borrowings drawdown specifically for the purpose of the development and construction of the projects. The rates used to determine the amount of borrowing costs for capitalisation were ranging from 3.19% to 4.35% (2021: 3.16% to 3.75%) which are the effective interest rate of the specific borrowings. During the financial year, the borrowing costs capitalised under land held for property development amounted to RM7,407,000 (2021: RM9,052,000).

14. INVENTORIES (CONT'D.)

(b) Property development costs, at cost

	Group 2022 RM'000	Group 2021 RM'000
Property development costs		
As at 1 January:		
Freehold land	75,661	39,717
Leasehold land	26,120	22,127
Development costs	185,306	93,987
	287,087	155,831
Cost incurred during the year:		
Development costs	10,568	65,100
Transfer from land held for property development (Note a)		
Freehold land	83,896	113,653
Leasehold land	60,665	10,406
Development costs	63,902	115,047
At 31 December	208,463	239,106
To contract cost assets (Note 15(b))		
Freehold land	(105,290)	(77,653)
Leasehold land	(22,842)	(6,413)
Development costs	(144,121)	(87,018)
	(272,253)	(171,084)
To inventory - completed properties		
Freehold land	(207)	(56)
Development costs	(672)	(1,810)
	(879)	(1,866)
Property development costs at 31 December	232,986	287,087

15. CONTRACT COST ASSETS

	Group 2022 RM'000	Group 2021 RM'000
Costs to obtain contracts with customers (Note a)	28,408	22,002
Costs to fulfill contracts with customers (Note b)	143,836	102,393
	172,244	124,395

15. CONTRACT COST ASSETS (CONT'D.)

(a) Costs to obtain contracts with customers

	Group	
	2022	2021
	RM'000	RM'000
At 1 January	22,002	20,400
Additions	26,948	13,442
Amortisation	(20,542)	(11,840)
At 31 December	28,408	22,002

(b) Costs to fulfill contracts with customers

	Group	
	2022	2021
	RM'000	RM'000
Property development activities:		
At cost:		
At 1 January		
Freehold land	185,647	113,820
Leasehold land	60,536	54,123
Development costs	306,610	177,125
	552,793	345,068
Costs incurred during the financial year:		
Development costs	376,218	204,087
Transferred during the financial year from property development costs (Note 14(b))		
Freehold land	105,290	77,653
Leasehold land	22,842	6,413
Development costs	144,121	87,018
	272,253	171,084
Costs eliminated during the financial year due to completion of projects:		
Freehold land	(1,035)	(5,826)
Development costs	(36,917)	(161,620)
	(37,952)	(167,446)
At 31 December	1,163,312	552,793
Costs recognised in profit or loss:		
At 1 January	(450,400)	(253,264)
Recognised during the financial year	(607,028)	(364,582)
Eliminated during the financial year due to completion of projects	37,952	167,446
At 31 December	(1,019,476)	(450,400)
Carrying amount as at 31 December	143,836	102,393

Notes to the Financial Statements

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16. INVESTMENT PROPERTIES

	Buildings RM'000	Freehold land RM'000	Investment properties under construction RM'000	Total RM'000
Group				
Cost				
At 1 January 2021	449,408	48,446	77,951	575,805
Additions	312	-	7,291	7,603
At 31 December 2021/1 January 2022	449,720	48,446	85,242	583,408
Additions	-	-	20,734	20,734
Disposal	(15,093)	(1,982)	-	(17,075)
At 31 December 2022	434,627	46,464	105,976	587,067
Accumulated depreciation				
At 1 January 2021	56,827	-	-	56,827
Depreciation charge for the year (Note 8)	8,536	-	-	8,536
At 31 December 2021/1 January 2022	65,363	-	-	65,363
Depreciation charge for the year (Note 8)	8,325	-	-	8,325
Disposal	(10,761)	-	-	(10,761)
At 31 December 2022	62,927	-	-	62,927
Accumulated impairment				
At 1 January 2021/31 December 2021 /1 January 2022/31 December 2022	1,964	-	-	1,964
Net carrying amount				
At 31 December 2022	369,736	46,464	105,976	522,176
At 31 December 2021	382,393	48,446	85,242	516,081

16. INVESTMENT PROPERTIES (CONT'D.)

	Building RM'000
Company	
Cost	
At 1 January 2021/31 December 2021/ 1 January 2022/31 December 2022	750
Accumulated depreciation	
At 1 January 2021	165
Depreciation charge for the year (Note 8)	15
At 31 December 2021/1 January 2022	180
Depreciation charge for the year (Note 8)	15
At 31 December 2022	195
Net carrying amount	
At 31 December 2022	555
At 31 December 2021	570

The freehold land and buildings of the Group with net carrying amount of RM481,161,000 (2021: RM467,835,000) have been pledged as security for borrowings as disclosed in Note 27.

The fair value of the investment properties of the Group and of the Company were estimated based on valuation performed by independent third party valuers. Details of the fair value, valuation techniques and inputs used are disclosed in Note 40.

The Group's investment properties under construction include borrowing costs arising from borrowings drawdown specifically for the purpose of the construction of the investment properties. The rates used to determine the amount of borrowing costs for capitalisation were ranging from 3.30% to 4.45% (2021: 3.30% to 3.45%) which are the effective interest rate of the specific borrowings. During the financial year, the borrowing costs capitalised amounted to RM1,659,000 (2021: RM1,847,000).

Details on the disposal of the investment property are disclosed in Note 44(b).

17. NON-CURRENT ASSETS HELD FOR SALE

	Group RM'000	Company RM'000
At 1 January 2022	-	-
Transfer from investments in associates (Note 19)	162,634	60,043
Disposal during the year (Note 44(e))	(120,000)	(57,311)
Loss on measurement to fair value less costs to sell (Note 8 and Note 44(e))	(38,664)	-
At 31 December 2022	3,970	2,732

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17. NON-CURRENT ASSETS HELD FOR SALE (CONT'D.)

Pursuant to the Share Purchase Agreement ("SPA") dated 19 November 2018 between the Company and UOWM Sdn. Bhd. ("UOWM"), the parties have agreed to irrevocably and unconditionally undertake a sale and purchase of another 5% of the total issued ordinary shares of UOW KDU University College Sdn. Bhd. ("KDUUC") and UOW KDU Penang University Sdn. Bhd. ("KDUPG") on 3 September 2023, being 4th anniversary of the completion date of the SPA.

Accordingly, the Group's and the Company's 5% interest in KDUUC and KDUPG of RM3,970,000 and RM2,732,000 respectively have been classified as non-current assets held for sale in accordance with MFRS 5 Non-current Assets Held for Sale and Discontinued Operation.

18. INVESTMENTS IN SUBSIDIARIES

	Company	
	2022 RM'000	2021 RM'000
Unquoted shares, at cost	238,890	235,980
Investment in Non-cumulative Redeemable Convertible Preference Shares ("NCRCPS")	666,672	615,497
Less: Accumulated impairment losses	(116,275)	(116,275)
	789,287	735,202

The salient terms of the NCRCPS subscribed by the Company are summarised below:

(i) Preferential non-cumulative dividends are payable at a rate to be mutually agreed and are payable on a date determined by the issuer subject to availability of profits.

(ii) The NCRCPS are redeemable at the issuer's option at any time out of profits or out of fresh issues of shares.

(iii) The NCRCPS are convertible at the issuer's option at any time into ordinary shares in the issuer at a conversion rate to be determined by the issuer.

Details of the subsidiaries as at 31 December 2022 and 31 December 2021 are as follows:

Name of subsidiaries	Effective interest 2022 %	Effective interest 2021 %	Share capital '000	Principal activities
Incorporated in Malaysia				
Berkeley Sdn. Bhd.	100	100	RM5,000	Property development
Berkeley Maju Sdn. Bhd.	100	100	RM5,000	Property investment
Paramount Engineering & Construction Sdn. Bhd.	100	100	RM5,000	In the process of winding up
Paramount Construction Sdn. Bhd.	100	100	RM5,000	Building and engineering contractor
Paramount Property Construction Sdn. Bhd.	100	100	RM5,000	Building and engineering contractor
Seleksi Megah Sdn. Bhd.	100	100	RM5,000	In the process of winding up
Paramount Property (Sekitar 26 Enterprise) Sdn. Bhd.	100	100	RM5,000	Property development

18. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Details of the subsidiaries as at 31 December 2022 and 31 December 2021 are as follows (cont'd.):

Name of subsidiaries	Effective interest 2022 %	Effective interest 2021 %	Share capital '000	Principal activities
Incorporated in Malaysia (cont'd.)				
Janahasil Sdn. Bhd.	100	100	RM5,000	Property investment
Paramount Property Holdings Sdn. Bhd.	100	100	RM10,000	Investment holding ^
Paramount Property (Utara) Sdn. Bhd.	100	100	RM5,001	Property development
Kelab Bandar Laguna Merbok Sdn. Bhd.	100	100	*	Operator of club house ^
Paramount Utropolis Retail Sdn. Bhd.	100	100	RM5,000	Property investment and management
Paramount Holdings Sdn. Bhd.	100	100	RM226	Property development
Paramount Property Development Sdn. Bhd.	100	100	RM5,002	Property development
Jasarim Bina Sdn. Bhd.	100	100	RM5,006	Property investment ^
Broad Projects Sdn. Bhd.	100	100	RM5,004	Investment holding and car park operator
Paramount Property (Glenmarie) Sdn. Bhd.	100	100	RM5,000	Property development
Paramount Property (Cjaya) Sdn. Bhd.	100	100	RM5,003	Property development
Utropolis Sdn. Bhd.	70	70	RM100	Property development
Paramount Property (PG) Sdn. Bhd.	100	100	RM5,000	Property development
Carp Legacy Sdn. Bhd.	100	100	RM5,000	Investment holding and car park operator
Paramount Property (PW) Sdn. Bhd.	100	100	RM5,000	Property development and investment holding
Paramount Construction (PG) Sdn. Bhd.	100	100	RM5,000	Building and engineering contractor
Paramount Property (Sepang) Sdn. Bhd.	100	100	RM5,000	Property development
Paramount Coworking Sdn. Bhd.	100	100	RM14,000	Providing coworking spaces and incubator-related services
Paramount Property (Lakeside) Sdn. Bhd.	99	99	RM4,500	Property development
Aneka Sepakat Sdn. Bhd.	100	100	RM5,000	Property development
Paramount Capital Resources Sdn. Bhd.	100	100	RM5,000	In house treasury management
Paramount Greencity Sdn. Bhd.	100	100	RM5,000	Property investment ^
Magna Intelligent Sdn. Bhd.	100	100	RM1,000	Investment holding
Paramount Property (Seaview) Sdn. Bhd.	100	100	****	Property development ^
Paramount Property (Cityview) Sdn. Bhd.	100	100	RM5,000	Property development
Paramount FoodPrint Sdn. Bhd.	100	100	RM5,000	Provision of food & beverage services
Paramount Global Sdn. Bhd.	100	100	RM5,000	Investment holding
Paramount Globalcom Sdn. Bhd.	100	100	***	Investment holding

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18. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Details of the subsidiaries as at 31 December 2022 and 31 December 2021 are as follows (cont'd.):

Name of subsidiaries	Effective interest 2022 %	2021 %	Share capital '000	Principal activities
Incorporated in Malaysia (cont'd.)				
Gardens of Hope Sdn. Bhd.	70	70	RM2,000	Providing coworking spaces and incubator-related services
Flexsis Sdn. Bhd.	100	100	***	Investment holding ^
Paramount Property (Lakeview) Sdn. Bhd.	100	100	***	Property development ^
Super Ace Resources Sdn. Bhd.^^	100	100	RM5,000	Property investment and hospitality-related services
Incorporated in Australia				
Paramount Global Investments Pty. Ltd. #	100	100	**	Investment holding
Paramount Investments & Properties Pty. Ltd. #	100	100	**	Investment holding

*   Share capital of RM2
**   Share capital of AUD2
*** Share capital of RM100
**** Share capital of RM1
AUD Represents currency denoted in Australian Dollars
Subsidiaries not audited in accordance with requirements of respective countries
^   Subsidiaries are inactive as of reporting date
^^   This subsidiary is audited by other firm of auditors other than Ernst & Young PLT

18.1 Acquisition of control in Super Ace Resources Sdn. Bhd.

On 1 November 2021, the Company entered into a Share Sale and Purchase Agreement with Lasseters Properties Sdn. Bhd. ("LPSB") and Lasseters Management (M) Sdn. Bhd. ("LMSB") to acquire the remaining 29% collective shareholdings of LPSB and LMSB in Super Ace Resources Sdn. Bhd. ("SAR"), represented by 550,000 ordinary shares and 6,941,000 redeemable non-cumulative non-convertible preference shares, for a total cash consideration of RM4,854,180.

The acquisition was completed on 17 December 2021 resulting in SAR becoming a wholly owned subsidiary of the Company and the termination of the joint venture agreements entered into between the Company, LPSB and LMSB.

18. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

18.1 Acquisition of control in Super Ace Resources Sdn. Bhd. (cont'd.)

The fair value of the identifiable assets acquired and liabilities assumed on is as follow:

	2021 RM'000
Group	
Property, plant and equipment	88,000
Other receivables	51
Cash and bank balances	263
Trade and other payables	(10,426)
Borrowings	(47,424)
Deferred tax liability	(1,920)
Net assets acquired	28,544
Less:	
Purchase consideration	4,854
Acquisition-date fair value of previously held equity interest	20,266
	25,120
Negative goodwill recognised to profit or loss	3,424
The net cash flows on acquisition were as follows:	
Purchase consideration satisfied by cash	4,854
Cash and cash equivalent of subsidiary acquired	(263)
Bank overdraft	1,568
Net cash outflow	6,159

The above fair value of assets and liabilities and negative goodwill arising on the above acquisitions are based on the Company's final purchase price allocation exercises to determine the final fair values of identifiable assets (including intangible assets) and liabilities at acquisition. There are no adjustments required to the provisional amounts determined in the prior year.

18.2 Subsidiaries with non-controlling interests

Summarised financial information (before inter-company elimination) of the subsidiaries which have non-controlling interests has not been presented as the non-controlling interests of the subsidiaries are individually not material to the Group.

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19. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	193,693	193,693	76,437	76,437
Share of post-acquisition reserves	9,113	5,383	-	-
Transfer to asset held for sale (Note 17)	(162,634)	-	(60,043)	-
	40,172	199,076	16,394	76,437

In previous financial year, Paramount Investment & Properties Pty Ltd, a wholly-owned subsidiary of the Company, entered into Securities Sale Deed with VIP Woodlea Pty Ltd, Kian Thiam Lim and VIP Rockbank Pty Ltd (collectively known as "the Purchasers") for the disposal of its shares in VIP Paramount Pty Ltd and all its units issued by VIP Paramount Unit Trust for a cash consideration of RM11,000,000 ("Purchase Price"). The disposal was completed on 29 October 2021. Upon completion, the Group recognised a gain on disposal of RM1,160,000 to profit or loss.

The Purchase Price will be settled as follows:

(i) 15% on completion date;
(ii) 10% on the first anniversary of the completion date; and
(iii) 75% on the second anniversary of the completion date.

The outstanding balances due from the Purchasers are disclosed in Note 22.

19. INVESTMENTS IN ASSOCIATES (CONT'D.)

The summarised financial information of material associates, UOW Malaysia KDU University College Sdn. Bhd. ("KDUUC"), UOW Malaysia KDU Penang University College Sdn. Bhd. ("KDUPG") and Omegaxis Sdn. Bhd. ("OMGX"), not adjusted for the proportion of ownership interest held by the Group, are as follows:

	KDUUC RM'000	KDUPG RM'000	OMGX RM'000
Group			
2022			
Assets and liabilities			
Total assets	77,102	53,965	81,209
Total liabilities	(42,583)	(9,085)	261
Results			
Revenue	44,292	27,469	4,662
Profit/(loss) after tax, representing total comprehensive income for the year	3,075	1,664	(505)

The summarised financial information of material associates, Sri KDU Sdn. Bhd. ("SKDU"), UOW Malaysia KDU University College Sdn. Bhd. ("KDUUC") and Paramount Education Sdn. Bhd. ("PESB"), not adjusted for the proportion of ownership interest held by the Group, are as follows:

	SKDU RM'000	KDUUC RM'000	PESB RM'000
Group			
2021			
Assets and liabilities			
Total assets	600,433	80,483	329,736
Total liabilities	(97,654)	(49,167)	(148,861)
Results			
Revenue	83,775	48,636	81,309
Profit/(loss) after tax, representing total comprehensive income for the year	24,449	6,607	(3,429)

During the year, the share of post-acquisition reserves includes the effect of foreign currency translation gain of RM313,000 (2021: RM624,000).

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19. INVESTMENTS IN ASSOCIATES (CONT'D.)

Reconciliation of net assets to carrying amount as at 31 December:

	KDUUC RM'000	KDUPG RM'000	OMGX RM'000	Total RM'000
Group				
2022				
Net assets	34,519	44,880	81,470	
Interest in associates	35.0%	35.0%	16.5%	
Group's share of net assets	12,082	15,708	13,443	41,233
Goodwill	-	-	-	
Carrying amount of investments in associates	12,082	15,708	13,443	41,233

	SKDU RM'000	KDUUC RM'000	PESB RM'000	Total RM'000
Group				
2021				
Net assets	502,779	31,316	180,875	
Interest in associates	20.0%	35.0%	30.3%	
Group's share of net assets	100,556	10,961	54,805	166,322
Goodwill	-	-	-	-
Carrying amount of investments in associates	100,556	10,961	54,805	166,322

Aggregate information of associates that are not individually material:

	Group 2022 RM'000	Group 2021 RM'000
The Group's share of loss for the financial year	(1,808)	(2,328)
The Group's share of total comprehensive loss for the financial year	(1,771)	(2,328)
Aggregate carrying amount of the Group's interests in these associates	2,909	32,754

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19. INVESTMENTS IN ASSOCIATES (CONT'D.)

Details of the associates are as follows:

Name of associates	Effective Interest 2022 %	Effective Interest 2021 %	Share capital '000	Principal activities
Incorporated in Malaysia				
Sri KDU Sdn. Bhd.	-	20	RM2,250	Educational services
Sri KDU Klang Sdn. Bhd.	-	20	RM1,000	Educational services
Paramount Education Sdn. Bhd.	-	30.3	RM187,000	Investment holding
R.E.A.L. Education Group Sdn. Bhd.	-	20	RM10,813	Educational services
R.E.A.L. Kids (Ampang) Sdn. Bhd.	-	20	RM200	Educational services
R.E.A.L. Education Corporation Sdn. Bhd.	-	20	RM350	Educational services
Cambridge Education For Life Sdn. Bhd.	-	20	RM1,000	Educational services
R.E.A.L. Education International Sdn. Bhd.	-	20	RM1,500	Educational services
Cambridge Children's House Sdn. Bhd.	-	20	*	Educational services
Cambridge English For Life Sdn. Bhd.	-	20	RM100	Educational services
UOW Malaysia KDU University College Sdn. Bhd.	35	35	RM20,059	Educational services
UOW Malaysia KDU Penang University College Sdn. Bhd.	35	35	RM15,000	Educational services
Omegaxis Sdn. Bhd.	30	30	RM45,667	Investment holding
Peoplender Sdn. Bhd.	16.5	19.1	RM30,729	Peer-to-peer financing platform
Incorporated in Singapore				
Fundaztic SG Pte. Ltd.	8.4	9.7	SGD3,021	Peer-to-peer financing platform
Incorporated in Thailand				
Navarang Charoennakhon Company Limited	49	49	THB100,000	Property development

* Share capital of RM2
SGD Represents currency denoted in Singapore Dollars
THB Represents currency denoted in Thailand Baht

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20. OTHER INVESTMENTS

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Non-current:				
At fair value:				
Quoted investment:				
Ordinary shares outside Malaysia	1,093	2,987	-	-
Unquoted investments:				
Ordinary shares inside Malaysia	7,500	-	-	-
Club memberships	137	137	110	110
At amortised cost:				
Unquoted investments:				
Cumulative redeemable non-convertible preference shares ("CRNCPS")	-	-	227,985	192,648
	8,730	3,124	228,095	192,758

The CRNCPS has been pledged as securities for borrowings as disclosed in Note 27.

Details on the fair value for the other investments measured at fair value are disclosed in Note 40.

21. TRADE RECEIVABLES

	Group	
	2022	2021
	RM'000	RM'000
Third parties	91,627	165,154
Stakeholders' sum	19,748	46,098
	111,375	211,252
Less: Allowance for impairment	(1)	(13)
Trade receivables, net	111,374	211,239

Trade receivables are non-interest bearing and are generally on 14 to 30 days (2021: 14 to 60 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

21. TRADE RECEIVABLES (CONT'D.)

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2022	2021
	RM'000	RM'000
Neither past due nor impaired	91,642	167,787
1 to 30 days past due not impaired	5,862	16,905
31 to 60 days past due not impaired	3,721	5,762
61 to 90 days past due not impaired	2,329	5,738
91 to 120 days past due not impaired	5,477	10,066
More than 121 days past due not impaired	2,343	4,981
	19,732	43,452
Impaired	1	13
	111,375	211,252

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are credit worthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The receivables that are past due but not impaired amounted to RM19,732,000 (2021: RM43,452,000). There is no concern on the credit worthiness of the counter parties and the recoverability of these debts.

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21. TRADE RECEIVABLES (CONT'D.)

Receivables that are impaired

The Group's trade receivables that are individually impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2022	2021
	RM'000	RM'000
Trade receivables - nominal amount	1	13
Less: Allowance for impairment	(1)	(13)
	-	-
Movement in allowance accounts:		
At 1 January	13	8
Addition during the year (Note 8)	1	5
Reversal for the year (Note 8)	(13)	-
At 31 December	1	13

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

22. OTHER RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Non-current				
Amount due from an associate	15,076	10,146	-	-
Receivable from disposal of an associate (Note 19)	-	7,701	-	-
	15,076	17,847	-	-
Current				
Deposits	17,959	25,546	313	316
Receivable from disposal of an associate (Note 19)	7,885	1,063	-	-
Sundry receivables	9,463	5,751	182	191
	35,307	32,360	495	507
Total	50,383	50,207	495	507

Amount due from an associate bears interest rate of 7% (2021: 7%) per annum, unsecured and repayable on demand. The Group does not expect that the amount due from an associate will be realised within the next 12 months.

23. OTHER CURRENT ASSETS

	Group	
	2022	2021
	RM'000	RM'000
Prepaid expenses	9,118	8,762

24. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2022	2021
	RM'000	RM'000
Contract assets		
Accrued billings in respect of contract costs (Note a)	534,590	372,154
Contract liabilities		
Deferred income	(206)	(136)

Set out below is the amount of revenue recognised from:

	2022	2021
	RM'000	RM'000
Amounts included in contract liabilities at the beginning of the year	(136)	(214)

(a) Revenue from property development

Revenue from property development activities are recognised over time using the input method, which is based on the actual cost incurred to date on the property development project as compared to the total budgeted cost for the respective development projects.

The transaction price allocated to the unsatisfied performance obligations as at 31 December 2022 is RM778,750,000 (2021: RM717,629,000). The remaining performance obligations expected to be recognised over years are as follows:

	2022	2021
	RM'000	RM'000
Within one year	426,406	512,133
More than one year but not later than five years	352,344	205,496
	778,750	717,629

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25. DUE FROM/(TO) SUBSIDIARIES

The amounts due from/(to) subsidiaries are unsecured, repayable on demand and bear interest of 1.20% to 6.35% (2021: 1.20% to 6.35%) per annum.

	Company	
	2022	2021
	RM'000	RM'000
Non-current		
Due from subsidiaries	2,787	11,790
Current		
Due from subsidiaries	608,783	626,602
Total	611,570	638,392
Current		
Due to subsidiaries	448	1

26. CASH AND BANK BALANCES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Cash on hand and at banks	218,792	142,095	16,279	733
Deposits with licensed banks	112,258	36,264	21,666	66
Cash and bank balances	331,050	178,359	37,945	799
Cash and bank balances restricted from use	(12,411)	(19,360)	(3)	(2)
Deposits maturing more than 3 months from reporting date	(10,095)	(94)	(67)	(66)
Bank overdraft (Note 27)	(11,733)	(35,581)	(10,904)	(34,013)
Cash and cash equivalents	296,811	123,324	26,971	(33,282)

Included in cash and cash equivalents of the Group are amounts of RM167,978,000 (2021: RM100,433,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966. Also, included in cash and bank balances of the Group is an amount of RM1,252,000 (2021: RM1,778,000) in relation to sinking fund held in trust until the formation of Joint Management Body ("JMB"), which is restricted in usage and does not form part of cash and cash equivalents.

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26. CASH AND BANK BALANCES (CONT'D.)

Included in cash and bank balances restricted from use of the Group are amounts of RM11,065,000 (2021: RM10,540,000) in the Financial Service Reserve Account ("FSRA"), Debt Service Reserve Account ("DSRA"), Proceeds Account ("PA") and Profit Service Reserve Account ("PSRA") which are restricted in usage and do not form part of cash and cash equivalents. The FSRA, DSRA, PA and PSRA are secured against the iMTN Sukuk Programmes and term loans as disclosed in Note 27.

Included also in cash and bank balances restricted from use of the Group are amounts of RM87.000 (2021: RM7,036,000) in the Project Development Account ("PDA") and Redemption Account ("RA") which are restricted in usage and do not form part of cash and cash equivalents.

Included in cash and bank balances restricted from use of the Group and Company are amounts of RM7,000 and RM3,000 respectively (2021: RM6,000 and RM2,000) in the Trustees' Reimbursement Account ("TRA") which are restricted in usage and do not form part of cash and cash equivalents.

Included in deposits maturing more than 3 months from the reporting date of the Group is an amount of RM10,000,000 which has been pledged as collateral for the term loan facilities as disclosed in Note 27.

Included in cash on hand and at banks of the Group and of the Company are interest-bearing bank balances amounting to RM34,143,000 (2021: RM30,583,000) and RM16,171,000 (2021: RM633,000) which bear interest rates ranging from 0.10% to 1.75% (2021: 0.10% to 0.45%) per annum.

Deposits with licensed banks are made for varying periods of between 2 days and 6 months (2021: 3 days and 6 months) depending on the immediate cash requirements of the Group and of the Company, and earn interests at the respective short-term deposit rates. The effective interest rates as at 31 December 2022 for the Group and the Company were 2.00% to 2.40% (2021: 1.20% to 1.70%) per annum and 2.10% to 2.40% (2021: 1.60% to 1.70%) per annum respectively.

Deposits with licensed banks are placed with or entered into with reputable licensed banks.

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27. BORROWINGS

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Current				
Unsecured:				
Bank overdraft - Floating rate (Note 26)	10,904	34,013	10,904	34,013
Revolving credit - Fixed rate	120,000	80,000	120,000	80,000
	130,904	114,013	130,904	114,013
Secured:				
Bank overdraft - Floating rate (Note 26)	829	1,568	-	-
Revolving credit - Fixed rate	69,620	29,200	-	-
Term loans - Floating rate	110,393	108,553	-	-
iMTN Sukuk Programme - Floating rate	18,061	13,511	-	-
	198,903	152,832	-	-
	329,807	266,845	130,904	114,013
Non-current				
Secured:				
Term loans - Floating rate	310,868	338,384	-	-
iMTN Sukuk Programme - Floating rate	81,313	64,835	-	-
MTN Programme - Floating rate	293,250	293,036	-	-
	685,431	696,255	-	-
Total	1,015,238	963,100	130,904	114,013

The maturities of the borrowings as at 31 December 2022 and 31 December 2021 are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Within one year	329,807	266,845	130,904	114,013
More than 1 year but not later than 2 years	211,133	163,545	-	-
More than 2 years but not later than 5 years	404,421	372,668	-	-
More than 5 years	69,877	160,042	-	-
	1,015,238	963,100	130,904	114,013

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27. BORROWINGS (CONT'D.)

(i) RM800 Million Sukuk Murabahah Programme ("iMTN Sukuk Programme")

On 25 February and 26 March 2019, Paramount Capital Resources Sdn. Bhd. ("PCR"), a wholly owned subsidiary of the Company, made the first and second issuance of RM121,168,000 and RM6,332,000 in nominal value of Sukuk Murabahah respectively, with a ten (10) years tenure under the Sukuk Murabahah Programme.

On 25 August 2022, PCR made the third issuance of RM82,000,000 in nominal value of Sukuk Murabahah with a ten (10) years tenure under the Sukuk Murabahah Programme.

The iMTN Sukuk Programme bears interest ("Sukuk Profit") at the prevailing cost of funds of the Sukuk holder ("Cost of Funds") plus 1.00% per annum. The average effective Sukuk Profit rates range from 3.50% to 4.47% (2021: 3.50% to 3.75%) per annum.

The iMTN Sukuk Programme is secured by the following:

(a) Third party legal charge over the land held for development as disclosed in Note 14(a);

(b) Debentures incorporating a fixed and floating charge on the assets of Paramount Property (Lakeside) Sdn. Bhd. ("PPL") and Utropolis Sdn. Bhd. ("USB") both present and future;

(c) Irrevocable Letter of Undertaking from PPL and USB to transfer the redemption sum received and such other monies under Housing Development Account to the Proceeds Account;

(d) A legal charge and assignment of the PA and PSRA as disclosed in Note 26; and

(e) Corporate guarantee by the Company, PPL and USB.

(ii) RM300 Million Medium Term Notes Programme ("MTN Programme")

On 19 July and 22 August 2019, Dynamic Gates Sdn. Bhd. ("DGSB"), a special purpose vehicle incorporated to undertake the Asset-Backed Securitisation exercise, made the first and second issuance of RM185,130,000 and RM108,870,000 in nominal value of Medium Term Notes respectively, with a tenure of seven (7) years under the MTN Programme.

The MTN Programme bears interest at the prevailing cost of funds of the MTN holder ("Cost of Funds") plus 1.00% per annum for the first two years since the first drawdown date and Cost of Funds plus 1.15% per annum from the third up to the seventh year. The average effective interest rates range from 3.61% to 4.60% (2021: 3.37% to 3.61%) per annum.

The MTN Programme is secured by the following:

(a) First party legal charge over the investment properties as disclosed in Note 16;

(b) Assignment of rights, benefits and interests of the Master Lease Agreement, including the security provided or to be provided to the Issuer thereunder and the guarantee of the Company in respect of the lease payments;

(c) Irrevocable Power of Attorney for disposal of the investment properties in favour of the Security Trustee;

27. BORROWINGS (CONT'D.)

(ii) RM300 Million Medium Term Notes Programme ("MTN Programme") (cont'd.)

The MTN Programme is secured by the following (cont'd.):

(d) Assignment of Put Option agreement whereby the Company has granted a put option in favour of DGSB where DGSB can require the Company to purchase from DGSB its campus properties at their then prevailing market value; and

(e) Assignment of the CRNCPS Subscription Agreement as disclosed in Note 20.

(iii) RM195 Million Term Loans

In the previous financial year, Paramount Property (Cityview) Sdn. Bhd. ("PPCV") had obtained two term loans facilities to fund the purchase of freehold lands and buildings at Ampang Hillir.

The term loans bear interest at the prevailing cost of funds plus 1.00% per annum. The average effective interest rate is 4.31% (2021: 3.20%) per annum during the financial year.

The term loans are secured by the following:

(a) Assignment of rights and benefits arising from the construction contracts and contractor's performance bond in favour of PPCV in respect of the Project;

(b) Assignment of sales proceed of the Project between the bank and PPCV;

(c) A legal charge and assignment of the DSRA and RA as disclosed in Note 26; and

(d) Corporate guarantee by the Company.

(iv) RM144 Million Term Loan/Bank Guarantee

In October 2022, Aneka Sepakat Sdn. Bhd. ("ASSB") has obtained a term loan/bank guarantee facility to fund the payments of the development rights at Section 51 Petaling Jaya.

The term loan bears interest at the prevailing cost of funds plus 1.00% per annum. The average effective interest rate is 4.46% per annum during the financial year.

The term loans are secured by the following:

(a) Third party legal charge over the leasehold land as disclosed in Note 14(a);

(b) A debenture incorporating a fixed and floating charge over all present and future assets of ASSB;

(c) Assignment of rights and benefits arising from the construction contracts and contractor's performance bond in favour of ASSB in respect of the Project;

(d) Assignment of sales proceed of the Project between the bank and ASSB;

27. BORROWINGS (CONT'D.)

(iv) RM144 Million Term Loan/Bank Guarantee (cont'd.)

The term loans are secured by the following (cont'd.):

(e) Corporate guarantee by the Company; and

(f) A fixed deposit pledged of RM10,000,000 as disclosed in Note 26.

The other term loans and revolving credit of the Group and the Company are secured by the following:

(a) Fixed charge and deposit of land titles over the freehold land and buildings and land held for property development of the Group as disclosed in Notes 12 and 14 respectively;

(b) Fixed charge and deposit of land titles over the investment properties of the Group as disclosed in Note 16; and

(c) A legal charge and assignment of the Proceeds Account and DSRA as disclosed in Note 26.

The effective interest rates of the borrowings (other than iMTN Sukuk Programmes and MTN Programme) as at reporting date are as follows:

	2022 per annum	2021 per annum
- Bank overdraft	5.31% - 5.32%	3.20% - 5.56%
- Revolving credit	3.78% - 4.53%	2.88% - 3.63%
- Term loans	4.25% - 5.15%	3.20% - 4.90%

The management of the interest rate risk of the Group is disclosed in Note 41(c).

28. LEASE LIABILITIES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current				
Lease liabilities	5,791	10,386	-	1,767
Current				
Lease liabilities	5,210	5,014	727	857
Total lease liabilities	11,001	15,400	727	2,624

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28. LEASE LIABILITIES (CONT'D.)

The movement of lease liabilities during the year is as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
As at 1 January	15,400	19,744	2,624	3,439
Additions	2,596	256	-	-
Lease remeasurement	(108)	-	-	-
Lease derecognition	(1,007)	-	(1,007)	-
Principal portion of lease payments	(5,588)	(4,589)	(890)	(815)
Interest expense (Note 7)	552	690	56	150
Interest portion on lease payments	(552)	(690)	(56)	(150)
Others	(292)	(11)	-	-
As at 31 December	11,001	15,400	727	2,624

The maturities of the lease liabilities as at reporting date are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Within one year	5,210	5,014	727	857
More than 1 year but not later than 2 years	3,072	4,524	-	901
More than 2 years but not later than 5 years	2,177	4,845	-	866
More than 5 years	542	1,017	-	-
	11,001	15,400	727	2,624

29. TRADE PAYABLES

	Group	
	2022	2021
	RM'000	RM'000
Trade payables	82,121	56,522
Trade accruals	71,554	54,929
Retention sums on contracts	31,100	36,882
	184,775	148,333

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days (2021: 30 to 90 days). The retention sums are payable upon expiry of the defect liability period of 18 to 24 months (2021: 18 to 24 months).

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30. OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Non-current				
Sundry payables	56,494	-	-	-
Current				
Sundry payables	174,046	115,923	15,691	16,458
Refundable deposits	7,189	8,233	8	8
	181,235	124,156	15,699	16,466
	237,729	124,156	15,699	16,466

Sundry payables are non-interest bearing and the normal credit terms granted to the Group and the Company range from 30 to 90 days (2021: 30 to 90 days) and 30 days (2021: 30 days) respectively.

Included in sundry payables is balance of consideration for the acquisition of development right for a piece of land of RM80,000,000 which will be settled in cash over eight equal installments annually.

31. DEFERRED TAX (ASSETS)/LIABILITIES

	2022	2021
	RM'000	RM'000
Group		
At 1 January	(36,797)	(50,868)
Recognised in the income statement (Note 9)	(10,272)	11,781
Acquisition of subsidiary	-	2,290
At 31 December	(47,069)	(36,797)
Presented after appropriate offsetting as follows:		
Deferred tax assets	(50,895)	(46,353)
Deferred tax liabilities	3,826	9,556
	(47,069)	(36,797)

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31. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D.)

	At 1 January 2022 RM'000	Recognised in the income statement RM'000	At 31 December 2022 RM'000
Deferred tax (assets)/liabilities of the Group:			
Unrealised gain from transfer of investment properties and land held for property development	(9,989)	2,722	(7,267)
Fair value adjustment from business combination	2,290	(46)	2,244
Interest capitalised*	(13,662)	(414)	(14,076)
Unutilised tax losses and unabsorbed capital allowances	(2,601)	(4,342)	(6,943)
Property development profits	(11,794)	(8,105)	(19,899)
Others	(1,041)	(87)	(1,128)
	(36,797)	(10,272)	(47,069)

	At 1 January 2021 RM'000	Recognised in the income statement RM'000	At 31 December 2021 RM'000
Deferred tax (assets)/liabilities of the Group:			
Unrealised gain from transfer of investment properties and land held for property development	(17,067)	7,078	(9,989)
Fair value adjustment from business combination	-	2,290	2,290
Interest capitalised*	(13,487)	(175)	(13,662)
Unutilised tax losses and unabsorbed capital allowances	(3,326)	725	(2,601)
Property development profits	(12,889)	1,095	(11,794)
Others	(4,099)	3,058	(1,041)
	(50,868)	14,071	(36,797)

* Interest capitalised refers to intercompany interest capitalised in land held for property development which will be deductible upon future disposal.

	2022 RM'000	2021 RM'000
Company		
At 1 January	64	(21)
Recognised in the income statement (Note 9)	265	85
At 31 December	329	64

31. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D.)

	At 1 January 2022 RM'000	Recognised in the income statement RM'000	At 31 December 2022 RM'000
Deferred tax liabilities of the Company:			
Others	64	265	329

	At 1 January 2021 RM'000	Recognised in the income statement RM'000	At 31 December 2021 RM'000
Deferred tax (assets)/liabilities of the Company:			
Others	(21)	85	64

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2022 RM'000	2021 RM'000
Unutilised tax losses	45,333	47,918
Unabsorbed capital allowances	14,308	12,734
Other deductible temporary differences	3,042	4,117
	62,683	64,769

The unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences of the Group are available for offsetting against future taxable profits of the respective subsidiaries within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority. The unused tax losses of the Group can be available for carry forward for a period of 10 consecutive years. Upon expiry of the 10 years, the unabsorbed losses will be disregarded.

Deferred tax assets have not been recognised in respect of these items because it is not probable that they may be used to offset taxable profits of the respective subsidiaries of the Group.

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32. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2022	2021	2022	2021
	'000	'000	RM'000	RM'000
Issued and fully paid				
At 1 January	619,198	614,444	330,834	324,909
Ordinary shares issued pursuant to LTIP	2,728	4,754	3,465	5,925
At 31 December	621,926	619,198	334,299	330,834

During the financial year, the Company issued 1,620,800 new ordinary shares to its eligible employees, pursuant to the vesting of the restricted shares under the 2019 and 2020 RS Grants of LTIP, that have been awarded on 13 March 2019 and 13 March 2020, respectively. The Company also issued another 1,107,300 new ordinary shares to its eligible employees, pursuant to the vesting of the performance-based shares under the 2019 PS Grant of LTIP, that has been awarded on 13 March 2019.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

33. PRIVATE DEBT SECURITIES

	Group and Company	
	2022	2021
	RM'000	RM'000
Private debt securities	-	49,787
Perpetual securities	199,206	198,920
	199,206	248,707

Private debt securities ("PDS")
The salient terms of PDS are as follows:

The PDS holders are conferred a right to receive distribution on a semi-annual basis from their issue date at the rate of 3.00% above the cost of fund ("COF") per annum, subject to a yearly step-up rate after the first call date. The distribution paid for the financial year ended 31 December 2022 is RM2,723,000 (2021: RM2,736,000).

The PDS has no fixed maturity and is redeemable in whole, but not in part, at the Company's option on or after 21 September 2022, together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, the Company will not declare, pay dividends or make similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank.

These PDS were issued for the Company's working capital purposes as well as to finance future capital expenditure and acquisition of land bank for development.

On 21 September 2022, the Company has redeemed the remaining RM50,000,000 in nominal value of the PDS.

33. PRIVATE DEBT SECURITIES (CONT'D.)

Perpetual securities

The salient terms of perpetual securities are as follows:

The perpetual securities holders are conferred a right to receive distribution on a semi-annual basis from their issue date at the rates of 4.65% and 6.35% per annum, subject to a yearly step-up rate after the first call date. The distribution paid for the financial year ended 31 December 2022 is RM11,889,000 (2021: RM11,867,000).

The perpetual securities have no fixed maturity and are redeemable in whole, but not in part, at the Company's option on or after 13 August 2024, 23 October 2024 and 24 September 2025 in the amount of RM100,000,000, RM50,000,000 and RM50,000,000, respectively, together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, the Company will not declare, pay dividends or make similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank.

34. EMPLOYEE SHARE SCHEME

On 17 September 2013, the Company implemented the Long Term Incentive Plan (''LTIP''), which involves the allotment and issuance of new ordinary shares in the Company to eligible employees and executive directors of the Group and the Company, provided that the total number of shares so allotted shall not at any time exceed ten per centum (10%) of the total number of issued shares in the Company (''LTIP shares'').

The details of the LTIP shares are as set out below:

2015 LTIP

(a) On 13 March 2015, the Company made its first award of up to 5,444,300 LTIP shares, comprising the following:

  (i) 2,200,100 restricted shares ("RS") under the 2015 RS Grant to be vested one-third annually over a period of three (3) years with the first vesting commencing on 13 March 2016; and

  (ii) up to 3,244,200 performance-based shares ("PS") under the 2015 PS Grant and vested on 13 March 2018.

2016 LTIP

(b) On 14 March 2016, the Company made its second award of up to 6,063,200 LTIP shares, comprising:

  (i) 2,362,600 RS under the 2016 RS Grant to be vested one-third annually over a period of three (3) years with the first vesting commencing on 14 March 2017; and

  (ii) up to 3,700,600 PS under the 2016 PS Grant and vested on 14 March 2019.

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34. EMPLOYEE SHARE SCHEME (CONT'D.)

2017 LTIP

(c) On 13 March 2017, the Company made its third award of up to 7,456,600 LTIP shares, comprising:

(i) 2,440,400 RS under the 2017 RS Grant to be vested one-third annually over a period of three (3) years with the first vesting commencing on 13 March 2018; and

(ii) up to 5,016,200 PS under the 2017 PS Grant and vested on 13 March 2020.

2018 LTIP

(d) On 11 June 2018, the Company made its fourth award of up to 6,247,700 LTIP shares, comprising:

(i) 2,138,900 RS under the 2018 RS Grant to be vested one-third annually over a period of three (3) years with the first vesting commencing on 13 March 2019; and

(ii) up to 4,108,800 PS under the 2018 PS Grant and vested on 15 March 2021.

2019 LTIP

(e) On 13 March 2019, the Company made its fifth award of up to 5,399,900 LTIP shares, comprising:

(i) 2,091,500 RS under the 2019 RS Grant to be vested one-third annually over a period of three (3) years with the first vesting commencing on 13 March 2020; and

(ii) up to 3,308,400 PS under the 2019 PS Grant to be vested on 13 March 2022.

The 2019 RS Grant was adjusted to 2,925,100 RS to take into account the bonus issue, on the basis of 2 bonus shares for every 5 existing ordinary shares, that was announced on 25 July 2019.

2020 LTIP

(f) On 13 March 2020, the Company made its sixth award of up to 6,568,300 LTIP shares, comprising:

(i) 2,754,500 RS under the 2020 RS Grant to be vested one-third annually over a period of three (3) years with the first vesting commencing on 15 March 2021; and

(ii) up to 3,813,800 PS under the 2020 PS Grant to be vested on 13 March 2023.

The LTIP shares were awarded, without any cash consideration to those who have attained the identified performance objectives of the Group and of the Company. The LTIP serves to attract, retain, motivate and reward valuable employees of the Group and of the Company.

34. EMPLOYEE SHARE SCHEME (CONT'D.)

LTIP movement

	Group and Company	
	2022	2021
	RM'000	RM'000
At 1 January	6,252	8,789
Fourth award of up to 6,247,700 LTIP shares	-	284
Fifth award of up to 5,399,900 LTIP shares	-	1,411
Sixth award of up to 6,568,300 LTIP shares	416	1,693
Vesting of RS under the 2018 RS Grant	-	(1,097)
Vesting of PS under the 2018 PS Grant	-	(2,546)
Vesting of RS under the 2019 RS Grant	(1,054)	(1,252)
Vesting of PS under the 2019 PS Grant	(1,460)	-
Vesting of RS under the 2020 RS Grant	(951)	(1,030)
At 31 December	3,203	6,252

On 22 March 2022, 799,100 and 821,700 new ordinary shares in the Company were allotted and issued at the issue prices of RM1.318 and RM1.158 per share pursuant to the third vesting of RS under the 2019 RS Grant and the second vesting of RS under 2020 RS Grant, respectively. Pursuant to the vesting of PS under 2019 PS Grant, 1,107,300 new ordinary shares in the Company were allotted and issued to its eligible employees at the issue price of RM1.319.

Fair value of shares granted

The fair values of the shares granted are estimated at the grant dates using a Monte Carlo Simulation pricing model, taking into account the terms and conditions upon which the instruments were granted.

34. EMPLOYEE SHARE SCHEME (CONT'D.)

The following table lists out the relevant input to the share scheme pricing model:

	2020 LTIP	2019 LTIP	2018 LTIP
Fair value per share			
- Restricted shares			
- 1st vesting	RM1.218	RM1.460	RM1.885
- 2nd vesting	RM1.158	RM1.384	RM1.277
- 3rd vesting	RM1.102	RM1.322	RM1.214
- Performance-based shares			
- Total shareholder return	RM0.804	RM0.866	RM0.890
- Profit before tax	RM1.102	RM1.319	RM1.212
Dividend yield (%)	5.00%	5.00%	5.35%
Expected volatility (%)	22.91%	21.32%	22.61%
Risk-free interest rate (% p.a)	2.73%	3.48%	3.59%
Expected life of the scheme (Years)			
	Annually for	Annually for	Annually for
- Restricted shares	3 years	3 years	3 years
- Performance-based shares	3 years	3 years	3 years
Underlying share price	RM1.28	RM2.14	RM1.96

The expected life of the share scheme is based on the contractual life of the scheme. The expected volatility reflects the assumption that the historical volatility, over a period similar to the life of the scheme, is indicative of future trends, which may not necessarily be the actual outcome.

35. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings as at 31 December 2022 and 31 December 2021 under the single-tier system.

36. OPERATING LEASE ARRANGEMENTS

The Group as lessor

The Group has entered into non-cancellable operating lease agreements on its investment property portfolio. These leases have remaining non-cancellable lease terms of between 1 and 4 years.

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36. OPERATING LEASE ARRANGEMENTS (CONT'D.)

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the reporting date but not recognised as receivables, are as follows:

	Group	
	2022 RM'000	2021 RM'000
Not later than 1 year	13,474	9,877
Later than 1 year and not later than 5 years	17,892	17,844
	31,366	27,721

37. COMMITMENTS

	Group	
	2022 RM'000	2021 RM'000
Approved and contracted for:		
- Property, plant and equipment	161	-
- Investment properties	46,059	63,416
- Land held for future development	-	92,419
- Development right value	-	113,000
	46,220	268,835
Approved but not contracted for:		
- Property, plant and equipment	1,116	-

As at 31 December 2022, no values were ascribed to the corporate guarantees provided by the Company to secure banking facilities described in Note 27 as the Directors regard the value of the credit enhancement provided by the corporate guarantees as minimal and the probability of default, based on historical track records of the parties receiving the corporate guarantees are remote.

38. RELATED PARTY DISCLOSURES

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions between the Group and the related parties took place at terms agreed between the parties during the financial year:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Sale of property to Mr Benjamin Teo Jong Hian	-	(899)	-	-
Sale of property to Ms Nicole Chew Sue Ann, the daughter of Mr Chew Sun Teong	-	(685)	-	-
Sale of property to Mr Chee Siew Pin and his spouse	(688)	-	-	-
Rental income received from Peoplender Sdn. Bhd., a company in which Mr Chew Sun Teong and Mr Benjamin Teo Jong Hian have interests	(126)	(126)	-	-
Rental income received from UOW Malaysia KDU University College Sdn. Bhd., an associate of the Company	(3,063)	(2,596)	-	-
Rental income received from UOW Malaysia KDU Penang University College Sdn. Bhd., an associate of the Company	(867)	(645)	-	-
Rental charges paid to Mr Chew Sun Teong	48	48	-	-
Rental charges paid to Damansara Uptown One Sdn. Bhd., a company in which a brother of the late Dato' Teo Chiang Quan*, has interest	870	965	870	965
Rental charges paid to Damansara Uptown Car Parks Sdn. Bhd., a company in which a brother of the late Dato' Teo Chiang Quan*, has interest	142	150	44	68
Rental charges paid to Damansara Uptown Retail Centre Sdn. Bhd., a company in which a brother of the late Dato' Teo Chiang Quan*, has interest	567	586	-	-
Rental charges paid to Damansara Uptown Seven Sdn. Bhd., a company in which a brother of the late Dato' Teo Chiang Quan*, has interest	344	370	-	-

38. RELATED PARTY DISCLOSURES (CONT'D.)

(a) Sale and purchase of goods and services (cont'd.)

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Rental of wall space paid to Damansara Uptown Retail Centre Sdn. Bhd., a company in which a brother of the late Dato' Teo Chiang Quan*, has interest	3	-	-	-
Refund of signage security deposit from Damansara Uptown Retail Centre Sdn. Bhd., a company in which a brother of the late Dato' Teo Chiang Quan*, has interest	-	(5)	-	-
Consultancy fee paid to Datuk Wong Baan Chun	180	-	-	-
Management fees received from subsidiaries	-	-	(14,800)	(13,470)
Interest income received from subsidiaries	-	-	(19,486)	(22,860)
Interest income received from an associate	767	626	-	-

* The late Dato' Teo Chiang Quan was a former director and former major shareholder of the Company.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Short term employee benefits	12,250	15,459	9,432	13,165
Defined contribution plan	1,096	853	775	614
	13,346	16,312	10,207	13,779

Key management personnel are defined as persons having the authority and responsibility for planning, directing and controlling the activities of the Group and of the Company.

Included in key management personnel are directors' remuneration as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
Executive	6,454	11,439	6,454	10,374
Non-executive	849	860	849	860
	7,303	12,299	7,303	11,234

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39. CLASSIFICATION OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The accounting policies in Note 2.15 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Note	At amortised cost RM'000	At fair value through other comprehensive income RM'000	Total RM'000
Group				
31 December 2022				
Financial assets:				
Other investments	20	-	8,730	8,730
Trade receivables	21	111,374	-	111,374
Other receivables	22	50,383	-	50,383
Cash and bank balances	26	331,050	-	331,050
Total financial assets		492,807	8,730	501,537
Financial liabilities:				
Trade payables	29	184,775	-	184,775
Other payables	30	237,729	-	237,729
Lease liabilities	28	11,001	-	11,001
Borrowings	27	1,015,238	-	1,015,238
Total financial liabilities		1,448,743	-	1,448,743
31 December 2021				
Financial assets:				
Other investments	20	-	3,124	3,124
Trade receivables	21	211,239	-	211,239
Other receivables	22	50,207	-	50,207
Cash and bank balances	26	178,359	-	178,359
Total financial assets		439,805	3,124	442,929
Financial liabilities:				
Trade payables	29	148,333	-	148,333
Other payables	30	124,156	-	124,156
Lease liabilities	28	15,400	-	15,400
Borrowings	27	963,100	-	963,100
Total financial liabilities		1,250,989	-	1,250,989

Notes to the Financial Statements

31 December 2022

39. CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D.)

	Note	At amortised cost RM'000	At fair value through other comprehensive income RM'000	Total RM'000
Company				
31 December 2022				
Financial assets:				
Other investments	20	227,985	110	228,095
Other receivables	22	495	-	495
Amounts due from subsidiaries	25	611,570	-	611,570
Cash and bank balances	26	37,945	-	37,945
Total financial assets		877,995	110	878,105
Financial liabilities:				
Amounts due to subsidiaries	25	448	-	448
Other payables	30	15,699	-	15,699
Lease liabilities	28	727	-	727
Borrowings	27	130,904	-	130,904
Total financial liabilities		147,778	-	147,778
31 December 2021				
Financial assets:				
Other investments	20	192,648	110	192,758
Other receivables	22	507	-	507
Amount due from subsidiaries	25	638,392	-	638,392
Cash and bank balances	26	799	-	799
Total financial assets		832,346	110	832,456
Financial liabilities:				
Amount due to subsidiaries	25	1	-	1
Other payables	30	16,466	-	16,466
Lease liabilities	28	2,624	-	2,624
Borrowings	27	114,013	-	114,013
Total financial liabilities		133,104	-	133,104

* These balances exclude non-financial instruments balances which are not within the scope of MFRS 9: *Financial Instruments*.

Notes to the Financial Statements

31 December 2022

40. FAIR VALUE OF ASSETS AND LIABILITIES

The following table provides the fair value measurement hierarchy of the Group's and the Company's assets and liabilities:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2022				
Group				
Assets for which fair values are disclosed				
Investment properties (Note 16)	-	-	543,960	543,960
Assets measured at fair value				
Other investments - quoted (Note 20)	1,093	-	-	1,093
Other investments - unquoted (Note 20)	-	-	7,637	7,637
Company				
Assets for which fair values are disclosed				
Investment properties (Note 16)	-	-	2,000	2,000
Assets measured at fair value				
Other investment - unquoted (Note 20)	-	-	110	110
31 December 2021				
Group				
Assets for which fair values are disclosed				
Investment properties (Note 16)	-	-	598,760	598,760
Assets measured at fair value				
Other investments - quoted (Note 20)	2,987	-	-	2,987
Other investments - unquoted (Note 20)	-	-	137	137
Company				
Assets for which fair values are disclosed				
Investment properties (Note 16)	-	-	1,800	1,800
Assets measured at fair value				
Other investment - unquoted (Note 20)	-	-	110	110

During the year, there were no transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy.

Notes to the Financial Statements

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40. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D.)

Level 1 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 1 of the fair value hierarchy:

Other investment

Fair value is determined directly by reference to their published market bid price at the reporting date.

Level 3 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 3 of the fair value hierarchy:

Investment properties

The valuation of investment properties, which comprise the freehold land and buildings, are performed by independent third party valuers which are based on comparable market transactions that consider sales of similar properties that have been transacted in the open market.

The fair value of the investment properties under construction is not presented as it cannot be determined reliably.

Other investments

The fair value of the unquoted investments are estimated by discounting expected future cash flows at market discount rate for similar types of assets at the reporting date.

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values:

	Note
Trade receivables (current)	21
Other receivables (current & non-current)	22
Trade payables (current)	29
Other payables (current & non-current)	30
Borrowings (current & non-current)	27
Lease liabilities (current & non-current)	28

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

Notes to the Financial Statements
31 December 2022

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Financial Officer. The Board Risk Management Committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) 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 and the Company's exposure to credit risk arises primarily from trade receivables, other receivables and due from subsidiaries. For cash and bank balances, the Group and the Company minimise credit risk by dealing exclusively with reputable licensed banks.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position.
- A nominal amount of RM1,261,548,000 (2021: RM1,027,774,000) relating to guarantees extended in support of banking and other credit facilities granted to subsidiaries.

Credit risk concentrate profile

The Group and the Company do not have any major concentration of credit risk related to any major customer except for an amount due from a customer as at 31 December 2021 that represented 38% of the Group's trade receivables in previous year.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and stand-by credit facilities with several banks.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	One to five years RM'000	More than five years RM'000	Total RM'000
31 December 2022				
Group				
Financial liabilities:				
Trade and other payables	366,437	40,000	30,000	436,437
Lease liabilities	5,540	5,621	556	11,717
Borrowings	375,315	757,074	34,087	1,166,476
Total undiscounted financial liabilities	747,292	802,695	64,643	1,614,630
31 December 2022				
Company				
Financial liabilities:				
Other payables	15,699	-	-	15,699
Due to subsidiaries	448	-	-	448
Lease liabilities	743	-	-	743
Borrowings	136,545	-	-	136,545
Total undiscounted financial liabilities	153,435	-	-	153,435
31 December 2021				
Group				
Financial liabilities:				
Trade and other payables	272,489	-	-	272,489
Lease liabilities	5,594	10,092	1,069	16,755
Borrowings	300,647	753,507	41,220	1,095,374
Total undiscounted financial liabilities	578,730	763,599	42,289	1,384,618
31 December 2021				
Company				
Financial liabilities:				
Other payables	16,466	-	-	16,466
Due to subsidiaries	1	-	-	1
Lease liabilities	965	1,849	-	2,814
Borrowings	117,784	-	-	117,784
Total undiscounted financial liabilities	135,216	1,849	-	137,065

Notes to the Financial Statements
31 December 2022

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group’s financial instruments will fluctuate because of changes in market interest rates.

The Group’s exposure to interest rate risk arises primarily from their floating rate borrowings. The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rate had been 50 basis points lower/higher with all other variables held constant, the Group's investment properties, land held for development, and profit before tax, and the Company's profit before tax would have been RM4,160,000 and RM55,000 (2021: RM4,247,000 and RM170,000) lower/higher respectively arising mainly as a result of lower/higher interest expense on floating rate term loans (including the portion capitalised in investment properties and land held for development). The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

42. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to maintain an optimal capital structure in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in accordance to changes in economic condition. To maintain or adjust its capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group and the Company monitors its capital structure using its debts to equity ratio, which is total debts divided by total equity.

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
Total debts (RM'000)	27	1,015,238	963,100	130,904	114,013
Total equity (RM'000)		1,664,974	1,690,520	1,545,974	1,521,432
Debts to equity ratio		61%	57%	8%	7%

43. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

(i) Property - the development and construction of residential and commercial properties and property investment of retail and car parks;

(ii) Coworking - the operation of coworking spaces and incubator-related services; and

(iii) Investment and others - investment holding, provision of Group-level corporate services and property investment of campus buildings.

Except as indicated above, no operating segment has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Transfer prices between operating segments took place at terms agreed between the parties.

31 December 2022	Property RM'000	Coworking RM'000	Investment and others RM'000	Adjustments and eliminations RM'000	Note	Consolidated RM'000
Revenue :						
External customers	823,403	7,645	16,416	-		847,464
Inter-company sales	226,650	1,749	97,884	(326,283)	A	-
Total revenue	1,050,053	9,394	114,300	(326,283)		847,464
Results:						
Interest income	7,100	20	49,330	(53,643)	A	2,807
Interest expense	19,706	441	82,613	(74,558)	A	28,202
Depreciation and amortisation	10,464	3,848	23,926	(13,086)		25,152
Share of results of associates	-	-	1,793	-		1,793
Segment profit/(loss)	93,172	(713)	74,746	(62,082)	B	105,123

43. SEGMENT INFORMATION (CONT'D.)

	Property RM'000	Coworking RM'000	Investment and others RM'000	Adjustments and eliminations RM'000	Note	Consolidated RM'000
31 December 2021						
Revenue :						
External customers	672,124	3,969	5,258	-		681,351
Inter-company sales	159,986	1,804	79,161	(240,951)	A	-
Total revenue	832,110	5,773	84,419	(240,951)		681,351
Results:						
Interest income	3,360	7	53,145	(54,961)	A	1,551
Interest expense	17,232	524	71,052	(67,083)	A	21,725
Depreciation and amortisation	6,118	5,172	20,508	(12,974)		18,824
Share of results of associates and joint venture	-	-	1,587	-		1,587
Segment profit/(loss)	59,213	(8,670)	(34,794)	54,567	B	70,316
31 December 2022						
Assets:						
Investments in associates	-	-	44,142	-		44,142
Additions to non-current assets	356,952	185	482	-	C	357,619
Segment assets	3,036,301	13,091	2,300,653	(2,224,900)	D	3,125,145
Segment liabilities	1,846,080	16,086	1,616,614	(2,018,609)	E	1,460,171
31 December 2021						
Assets:						
Investments in associates	-	-	199,076	-		199,076
Additions to non-current assets	77,892	1,032	90,106	-	C	169,030
Segment assets	2,605,270	14,791	2,290,217	(1,957,672)	D	2,952,606
Segment liabilities	1,510,881	16,007	1,547,205	(1,812,007)	E	1,262,086

43. SEGMENT INFORMATION (CONT'D.)

A Inter-segment revenues and expenses are eliminated on consolidation.

B The following items are (deducted from)/added to segment profit to arrive at "Profit before tax" presented in the consolidated income statement:

	2022 RM'000	2021 RM'000
Inter-segment dividends	(20,000)	-
Inter-segment interests	20,915	1,691
Other inter-segment transactions	(62,997)	52,876
	(62,082)	54,567

C Additions to non-current assets consist of:

	2022 RM'000	2021 RM'000
Property, plant and equipment	7,217	93,024
Inventories	329,668	68,403
Investment properties	20,734	7,603
	357,619	169,030

D The following items are deducted from segment assets to arrive at the total assets reported in the consolidated statement of financial position:

	2022 RM'000	2021 RM'000
Investments in associates	2,878	100,500
Inter-segment assets	(2,215,438)	(2,046,627)
Unrealised gains from inter-segment transactions	(12,340)	(11,545)
	(2,224,900)	(1,957,672)

E Inter-segment liabilities are eliminated on consolidation.

The revenue and non-current assets of the Group based on geographical location of customers and assets are mainly attributed to Malaysia.

For the year ended 31 December 2022 and 31 December 2021, there is no revenue concentration from a single customer that exceeds 10% of the total Group's revenue.

Notes to the Financial Statements

31 December 2022

44. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT EVENTS AFTER THE FINANCIAL YEAR

(a) On 1 September 2021, Utropolis Sdn. Bhd., a wholly-owned subsidiary of the Company, entered into a Sale and Purchase Agreement with Makmur Asiamaju Sdn. Bhd. for the proposed acquisition of a piece of freehold residential land measuring approximately 13.25 hectares (equivalent to 32.74 acres) in Mukim Dengkil, Daerah Sepang, Negeri Selangor for a total cash consideration of RM102,687,696. The balance purchase price of RM92,418,926 in relation to the proposed acquisition was settled on 25 August 2022.

(b) On 22 July 2022, Paramount Greencity Sdn. Bhd. has entered into a Sale and Purchase Agreement (SPA) with Nobel International School Sdn. Bhd. for the disposal of the buildings erected on all that piece of freehold land held under GRN 40139, Lot 32182 Seksyen 39, Bandar Petaling Jaya, Selangor for total cash consideration of RM60,000,000. The SPA was completed on 18 October 2022 and the final payment was received on 21 October 2022. Upon completion, a gain on disposal of investment property of RM53,686,000 was recognised to profit or loss.

(c) On 25 August 2022, Paramount Capital Resources Sdn. Bhd., a wholly-owned subsidiary of the Company, made the third issuance of RM82,000,000.00 in nominal value of Sukuk Murabahah with a ten (10) years tenure under the Sukuk Murabahah Programme.

(d) On 21 September 2022, the Company has redeemed RM50,000,000.00 in nominal value of Series B2 PDS from the PDS Programme, which were issued on 21 September 2015. The PDS programme concluded on 21 September 2022 after the redemption.

(e) On 26 September 2022, the Company has entered into a conditional Share Sale and Purchase Agreement with XCL Education Malaysia Sdn. Bhd. (formerly known as Prestigion Education Sdn. Bhd.) for the proposed disposal by the Company of all its remaining equity interest in PESB, SKDU, Sri KDU Klang Sdn. Bhd. ("SKDUK") for a total cash consideration of RM120,000,000. The Group's and the Company's carrying amount of the investments in PESB, SKDU and SKDUK was RM158,664,000 and RM57,311,000 respectively as at 30 September 2022. Given that the condition precedents were still pending as at 30 September 2022 and that the transaction met the criteria of MFRS 5 Non-current Assets Held For Sale and Discontinued Operations, the investment in these associates was presented as investment held for sale and the loss on measurement to fair value less costs to sell of RM38,664,000 was recognised by the Group level. The transaction was subsequently completed on 29 December 2022. Upon completion, the Group has derecognised the investment held for sale with no further adjustments to profit or loss whilst the Company has recognised a gain on disposal of investments in associates of RM62,689,000 to profit or loss.

Statement of Directors' Responsibility

In Relation to the Financial Statements

This statement is prepared as required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Group and the Company as at the end of each financial year and of their results and their cash flows for that year then ended.

The Directors consider that in preparing the financial statements:

- the Group and the Company have used appropriate accounting policies and are consistently applied;
- reasonable and prudent judgements and estimates were made; and
- all applicable approved accounting standards in Malaysia have been followed.

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

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group and the Company, and to prevent and detect fraud and other irregularities.

Additional *Information*

Additional Compliance Information

AUDIT AND NON-AUDIT SERVICES RENDERED

The amount of audit and non-audit fees paid/payable to the Company's external auditors, Ernst & Young PLT, for the services rendered to the Group for the financial year ended 31 December 2022.

	Company RM'000	Group RM'000
• Audit fee	259	614
• Non-audit fee		
- Review of the Statement on Risk Management and Internal Control	5	5
- Review of the Group's compliance with the Housing Development (Control and Licensing) Act, 1966	-	31
Total	**264**	**650**

MATERIAL CONTRACTS

There were no material contracts entered into by the Group involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2022 or entered into since the end of the previous financial year.

EMPLOYEE SHARE SCHEME

The Long Term Incentive Plan (**LTIP**) 2013-2023, which involves the allotment and issuance of new ordinary shares in the Company to eligible employees and executive directors of Paramount Corporation Berhad and its subsidiaries provided that the total number of shares so allotted shall not at any time exceed ten per centum (10%) of the issued share capital of the Company, was implemented on 17 September 2013.

Details of the LTIP are set out in Note 34 to the Audited Financial Statements on pages 172 to 175 of this Annual Report, and the number of LTIP Shares granted, vested and outstanding since the commencement of the LTIP up to the end of the financial year ended
31 December 2022 are set out below:

1. LTIP Shares granted

Type of Grant	Total Granted	Executive Directors (EDs)	Key Senior Management (KSM)	Other Selected Employees (OSE)
2015 Restricted Shares (**RS**)	2,200,100	444,800	423,200	1,332,100
2015 Performance-based Shares (**PS**)	Up to 3,244,200	Up to 996,400	Up to 947,800	Up to 1,300,000
2016 RS	2,362,600	501,700	456,700	1,404,200
2016 PS	Up to 3,700,600	Up to 1,260,400	Up to 1,147,200	Up to 1,293,000
2017 RS	2,440,400	576,600	535,700	1,328,100
2017 PS	Up to 5,016,200	Up to 1,382,000	Up to 1,284,200	Up to 2,350,000
2018 RS	2,138,900	447,200	382,100	1,309,600
2018 PS	Up to 4,108,800	Up to 1,136,400	Up to 971,000	Up to 2,001,400
2019 RS	2,091,500	367,800	250,400	1,473,300
2019 PS	Up to 3,308,400	Up to 886,600	Up to 603,400	Up to 1,818,400
2020 RS	2,754,500	538,900	245,800	1,969,800
2020 PS	Up to 3,813,800	Up to 1,356,600	Up to 619,000	Up to 1,838,200

Additional Compliance Information

2. LTIP Shares vested

Type of Grant	Total Vested	EDs	KSM	OSE
2015 RS	1,895,000	444,800	423,200	1,027,000
2015 PS	1,801,500	685,000	579,600	536,900
2016 RS	2,236,600	501,700	418,400	1,316,500
2016 PS	2,841,300	1,052,400	817,500	971,400
2017 RS	2,722,700	653,400	557,600	1,511,700
2017 PS	4,734,300	1,377,100	1,151,600	2,205,600
2018 RS	2,551,100	566,400	403,000	1,581,700
2018 PS	2,100,800	795,400	457,600	847,800
2019 RS	2,666,200	514,800	284,100	1,867,300
2019 PS	1,107,300	620,500	302,500	184,300
2020 RS	1,667,500	359,200	98,300	1,210,000
2020 PS	0	0	0	0

3. Outstanding LTIP Shares (adjusted after the issue of bonus shares on 25 July 2019)

Type of Grant	Total Outstanding	EDs	KSM	OSE
2015 RS	0	0	0	0
2015 PS	0	0	0	0
2016 RS	0	0	0	0
2016 PS	0	0	0	0
2017 RS	0	0	0	0
2017 PS	0	0	0	0
2018 RS	0	0	0	0
2018 PS	0	0	0	0
2019 RS	0	0	0	0
2019 PS	0	0	0	0
2020 RS	920,500	179,700	49,300	691,500
2020 PS	Up to 3,813,800	Up to 1,356,600	Up to 619,000	Up to 1,838,200

With regard to the LTIP Shares granted to the EDs and KSM:

(1) the maximum allocation of LTIP Shares to the ED who is also the Group Chief Executive Officer was 15% of the maximum number of LTIP Shares available under the LTIP, which shall not exceed 10% of the issued share capital of the Company (excluding treasury shares, if any) at any point in time during the plan period of the LTIP;

(2) the maximum allocation of LTIP Shares to the ED who is also the Deputy Group Chief Executive Officer, but was a KSM and a person connected with an ED at the time of the grant, was 2.5% of the maximum number of LTIP Shares available under the LTIP, which shall not exceed 10% of the issued share capital of the Company (excluding treasury shares, if any) at any point in time during the plan period of the LTIP;

(3) the granting of LTIP Shares to the remaining KSM was not subject to any maximum allocation; and

(4) the actual percentage of LTIP Shares granted to these two categories of Eligible Employees as at 31 December 2020 (2020 being the year of the last grant) was 47.8% of the total number of LTIP Shares granted.

Non-Executive Directors of the Company are not eligible to participate in the LTIP.

Analysis of Shareholdings

As at 31 March 2023

Issued share capital of the Company: 622,726,366 ordinary shares which confer the right to one vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholding	No. of Shareholders	%	No. of Shares Held	%
1 - 99	243	2.998	6,826	0.001
100 - 1,000	601	7.415	362,991	0.058
1,001 - 10,000	3,933	48.526	21,753,134	3.493
10,001 - 100,000	2,843	35.077	91,359,256	14.671
100,001 - 31,136,317*	483	5.959	302,861,059	48.635
31,136,318 and above**	2	0.025	206,383,100	33.142
Total	**8,105**	**100.000**	**622,726,366**	**100.000**

* Less than 5% of issued shares
** 5% and above of issued shares

THIRTY (30) LARGEST SHAREHOLDERS

	Name of Shareholder	No. of Shares Held	%
1	Paramount Equities Sdn Bhd	154,252,000	24.770
2	Southern Palm Industries Sdn Bhd	52,131,100	8.371
3	Southern Acids (M) Berhad	27,043,100	4.342
4	CIMB Group Nominees (Asing) Sdn. Bhd. Exempt An For DBS Bank Ltd (SFS-PB)	18,833,500	3.024
5	Bunga Indah (M) Sdn Bhd	16,216,200	2.604
6	Southern Realty (Malaya) Sdn Bhd	14,695,100	2.359
7	Eliyezer Resources Sdn Bhd	8,541,600	1.371
8	Amanahraya Trustees Berhad Public Smallcap Fund	7,997,800	1.284
9	Rockwills Trustee Berhad Teo Chiang Quan	7,854,700	1.261
10	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For Chew Sun Teong (PB)	6,817,940	1.094
11	Wong Chong Ngin	5,700,000	0.915
12	Ong Keng Siew	5,582,780	0.896
13	RHB Nominees (Asing) Sdn Bhd Exempt An For Phillip Securities Pte. Ltd. (A/C Clients)	5,334,560	0.856
14	Leong Kok Tai	4,991,400	0.801

Analysis of Shareholdings

As at 31 March 2023

THIRTY (30) LARGEST SHAREHOLDERS (CONT'D.)

	Name of Shareholder	No. of Shares Held	%
15	Eunice Teo Wan Tien	3,691,800	0.592
16	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For Teh Wao Kheng (PB)	3,238,100	0.519
17	Teh Geok Lian	2,682,540	0.430
18	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)	2,350,320	0.377
19	Chew Sun Teong	2,258,100	0.362
20	Mikdavid Sdn Bhd	2,123,100	0.340
21	Gemas Bahru Estates Sdn. Bhd.	2,111,900	0.339
22	Yeo Khee Huat	2,107,000	0.338
23	Gan Peoy Hong	2,038,880	0.327
24	Citigroup Nominees (Asing) Sdn Bhd CBNY For Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	1,893,175	0.304
25	Ho Huey Chuin	1,859,500	0.298
26	Tan Ai Leng	1,850,056	0.297
27	Maybank Nominees (Tempatan) Sdn Bhd Mokhtar Bin Md Isa	1,850,000	0.297
28	Liew Yoon Yee	1,730,000	0.277
29	Tay Lee Kong	1,662,680	0.267
30	Southern Edible Oil Industries (M) Sdn Bhd	1,631,700	0.262

Analysis of Shareholdings

As at 31 March 2023

SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Direct Interest No. of Shares Held	Direct Interest %	Deemed Interest No. of Shares Held	Deemed Interest %
Paramount Equities Sdn Bhd	154,252,000	24.770	16,216,200 (1)	2.604
Benjamin Teo Jong Hian	1,397,780	0.224	178,322,900 (2)	28.636
Rockwills Trustee Berhad	-	-	178,322,900 (3)	28.636
Southern Palm Industries Sdn Bhd	52,131,100	8.371	27,043,100 (4)	4.342
Southern Edible Oil Industries (M) Sdn Bhd	1,631,700	0.262	79,174,200 (5)	12.714
Southern Realty (Malaya) Sdn Bhd	14,695,100	2.359	80,805,900 (6)	12.976
Banting Hock Hin Estate Co Sdn Bhd	901,600	0.145	95,501,000 (7)	15.336

DIRECTORS' SHAREHOLDINGS

Name of Director	Direct Interest No. of Shares Held	Direct Interest %	Deemed Interest No. of Shares Held	Deemed Interest %
Chew Sun Teong	9,076,040	1.457	-	-
Benjamin Teo Jong Hian	1,397,780	0.224	178,322,900 (2)	28.636
Ong Keng Siew	5,582,780	0.896	-	-
Quah Poh Keat	-	-	1,339,520 (8)	0.215

Notes:

(1) *By virtue of its deemed interest in Bunga Indah (M) Sdn Bhd.*

(2) *By virtue of his deemed interest as the beneficiary of all shares in Paramount Equities Sdn Bhd held in the name of Rockwills Trustee Berhad as Trustee for Ben Welfare Trust and all shares in the Company held by Rockwills Trustee Berhad Teo Chiang Quan, as well as deemed interest in Bunga Indah (M) Sdn Bhd to the extent that Paramount Equities Sdn Bhd has an interest.*

(3) *By virtue of its deemed interest as the Executor of the Estate of Teo Chiang Quan (**the Deceased**) and as Trustee for Ben Welfare Trust pursuant to the last Will and Testament of the Deceased.*

(4) *By virtue of its deemed interest in Southern Acids (M) Berhad.*

(5) *By virtue of its deemed interest in Southern Palm Industries Sdn Bhd and Southern Acids (M) Berhad.*

(6) *By virtue of its deemed interest in Southern Edible Oil Industries (M) Sdn Bhd, Southern Palm Industries Sdn Bhd and Southern Acids (M) Berhad.*

(7) *By virtue of its deemed interest in Southern Realty (Malaya) Sdn Bhd, Southern Edible Oil Industries (M) Sdn Bhd, Southern Palm Industries Sdn Bhd and Southern Acids (M) Berhad.*

(8) *By virtue of his deemed interest in the shareholding of his spouse.*

Analysis of Warrant Holdings

As At 31 March 2023

Warrants 2019/2024
No. of warrants issued: 173,337,846
No. of warrants outstanding: 173,337,846
Exercise price of warrants: RM1.79 each
Expiry date of warrants: 28 July 2024

DISTRIBUTION OF WARRANT HOLDINGS

Size of Warrant Holdings	No. of Warrant holders	%	No. of Warrants Held	%
1 – 99	287	7.175	9,792	0.006
100 – 1,000	586	14.650	331,694	0.191
1,001 – 10,000	2,271	56.775	7,715,996	4.451
10,001 – 100,000	686	17.150	22,935,198	13.232
100,001 – 8,666,891*	168	4.200	83,378,566	48.102
8,666,892 and above**	2	0.050	58,966,600	34.018
Total	**4,000**	**100.000**	**173,337,846**	**100.000**

* Less than 5% of issued warrants
** 5% and above of issued warrants

THIRTY (30) LARGEST WARRANT HOLDERS

	Name of Warrant holder	No. of Warrants Held	%
1	Paramount Equities Sdn Bhd	44,072,000	25.425
2	Southern Palm Industries Sdn Bhd	14,894,600	8.592
3	Southern Acids (M) Berhad	7,726,600	4.457
4	CIMB Group Nominees (Asing) Sdn. Bhd. Exempt An For DBS Bank Ltd (SFS-PB)	5,381,000	3.104
5	Bunga Indah (M) Sdn Bhd	4,633,200	2.672
6	Southern Realty (Malaya) Sdn Bhd	4,198,600	2.422
7	Eliyezer Resources Sdn Bhd	2,497,600	1.440
8	Rockwills Trustee Berhad Teo Chiang Quan	2,244,200	1.294
9	Amanahraya Trustees Berhad Public Optimal Growth Fund	1,813,560	1.046
10	Ho Huey Chuin	1,726,800	0.996
11	Leong Kok Tai	1,607,200	0.927
12	Ong Keng Siew	1,595,080	0.920

Analysis of Warrant Holdings

As at 31 March 2023

THIRTY (30) LARGEST WARRANT HOLDERS (CONT'D.)

	Name of Warrant holder	No. of Warrants Held	%
13	Maybank Nominees (Tempatan) Sdn Bhd Tang Mun Phun	1,428,400	0.824
14	Ho Chun Foh	1,300,000	0.749
15	Ng Lim Mooi	1,111,400	0.641
16	Khor Kim Choon	1,107,000	0.638
17	Chan Wai Mun	1,105,000	0.637
18	Tee Kheng Ean @ Tee Cheng Yan	1,050,000	0.605
19	Eunice Teo Wan Tien	1,014,800	0.585
20	Teng Se Tan	1,003,000	0.578
21	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For Teh Wao Kheng (PB)	924,800	0.533
22	Yap Siew Geok	900,000	0.519
23	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lai Chee Chuen (MY3671)	866,900	0.500
24	Teh Wao Kheng	858,200	0.495
25	Maryam @ Muhaini Binti Mohamad Ariff	800,000	0.461
26	Rachel Lai	800,000	0.461
27	Eng Zer Lin	783,000	0.451
28	Ting Wei Leong	780,000	0.449
29	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Roderick Lee Ka Won (MQ0509)	678,100	0.391
30	Tay Ching Huay	661,700	0.381

DIRECTORS' WARRANT HOLDINGS

	Direct Interest		Deemed Interest	
Name of Director	No. of Warrants Held	%	No. of Warrants Held	%
Chew Sun Teong	246,640	0.142	-	-
Benjamin Teo Jong Hian	342,480	0.198	-	-
Ong Keng Siew	1,595,080	0.920	-	-
Quah Poh Keat	-	-	382,720 [1]	0.221

Notes:

[1] *By virtue of his deemed interest in the warrant holding of his spouse.*

List of Top 10 Properties

Held by the Group

SCHEDULE OF PROPERTIES HELD BY THE GROUP

	Location of Property	Date of Acquisition	Description & Existing Use	Age of Building	Tenure	Land Area (Sq.Ft.)	NBV (RM'000) As at 31.12.2022
1	Lot PT 35291 Mukim of Damansara District of Petaling Selangor Darul Ehsan	31.01.2012	Utropolis Glenmarie Campus - Sub-leased to UOW Malaysia KDU University College Sdn Bhd	8 years	Freehold	1,011,483*	191,898
2	Lots 262 & 263 Seksyen 89A Bandar Kuala Lumpur Daerah Kuala Lumpur State of Wilayah Persekutuan Kuala Lumpur	16.10.2020	Land approved for commercial and residential development - Ampang Hilir	-	Freehold	156,816	178,617
3	Lots 17171-17176, 17182, 17184-17185 PT 56231-56327, 56556-56557 Mukim Dengkil, Daerah Sepang Selangor Darul Ehsan	02.01.2015	Land approved for commercial and residential use - Greenwoods	-	Freehold	3,428,172	146,055
4	Lot PT 29, Section 13 Town of Petaliing Jaya District of Petaling Jaya Selangor Darul Ehsan	20.02.2008	An office tower, retail units/ shops and carpark bays - ATWATER (under construction)	-	99 years lease expiring 12.12.2116	667,000*	106,927
5	Lots 75, 164, 203-206, 932-935, 1873-1875, 2518 & 2519 Mukim Kapar, District of Klang Selangor Darul Ehsan	02.12.2011 and 24.09.2012	Land approved for commercial and residential use - Berkeley Uptown	-	Freehold	670,824	104,691
6	Lot 20022 & Lot 2003, Seksyen 14 Bandar Petaling Jaya District of Petaling Selangor Darul Ehsan	22.12.2017	Development rights for The Atera development	-	99 years lease expiring 07.04.2103	243,936	99,648
7	Lot 21590 & Lot PT 5828 Mukim 13, Seberang Prai Selatan Penang	05.12.2014	Utropolis Batu Kawan Campus - Sub-leased to UOW Malaysia KDU Penang University College Sdn Bhd	3 years	Freehold	232,521*	99,389
8	Lot PT 35292 Mukim of Damansara District of Petaling Selangor Darul Ehsan	31.01.2012	Retail mall and car-park - Paramount Utropolis Marketplace	7 years	Freehold	257,004*	90,510
9	Lot PT 91903 Mukim of Damansara District of Petaling Selangor Darul Ehsan	17.12.2021	13-storey purpose-built hotel building - Mercure Kuala Lumpur Glenmarie Hotel	1 year	Freehold	156,102*	85,430
10	Lots 557-558, 560, 565-566, 570-572, 575, 1652-1653, 1657-1658, 1660-1661, 1663-1664, 1860, 1952-1954 Mukim 17, Daerah Prai Tengah Penang	08.04.2013, 21.06.2013, 09.08.2014, 18.08.2014, 19.08.2014, 03.12.2014, 27.07.2016	Agriculture lands (Held for future development)	-	Freehold	3,014,352	66,907

* Gross floor area/net lettable area

Appendices

- Notice of Fifty-Third Annual General Meeting
- Electronic Submission of Proxy Form
- Proxy Form

Notice Of Fifty-Third Annual General Meeting

PARAMOUNT

NOTICE IS HEREBY GIVEN THAT the Fifty-Third Annual General Meeting of Paramount Corporation Berhad (**Paramount** or **the Company**) will be held at Suite I, Level 2, Mercure Kuala Lumpur Glenmarie Hotel, Jalan Kontraktor U1/14, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan on Thursday, 15 June 2023 at 10.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To lay before the meeting the Audited Financial Statements of the Company for the year ended 31 December 2022 together with the Reports of the Directors and the Auditors thereon. **(Please see Explanatory Note A)**

2. To approve the declaration of a single-tier final dividend of 3.5 sen per share in respect of the year ended 31 December 2022. **Resolution 1**

3. To approve the payment of Directors' fees and meeting allowances not exceeding an aggregate amount of RM1,500,000.00 for the period from 1 July 2023 to 30 June 2024. **Resolution 2 (Please see Explanatory Note B)**

4. To re-elect the following Directors who are retiring pursuant to Clause 85 of the Company's Constitution:

   (a) Mr Benjamin Teo Jong Hian **Resolution 3**
   (b) Puan Fatimah Binti Merican **Resolution 4**
   (Please see Explanatory Note C)

5. To re-appoint Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolution:

6. **Authority to Directors to allot and issue shares** **Resolution 6 (Please see Explanatory Note D)**

   "That, subject always to the Companies Act, 2016, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approval of the relevant governmental or regulatory bodies, where such approval is necessary, full authority be and is hereby given to the Board of Directors pursuant to Section 75 of the Companies Act, 2016, to allot and issue shares in the capital of the Company at any time upon such terms and conditions and for such purposes as the Board of Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be allotted and issued pursuant to this resolution does not exceed ten per centum (10%) of the issued share capital of the Company as at the date of such allotment, and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of the shareholders, a single-tier final dividend of 3.5 sen per share in respect of the year ended 31 December 2022, will be paid on 12 July 2023 to shareholders whose names appear in the Record of Depositors on 28 June 2023.

A depositor shall qualify for entitlement only in respect of:

(a) Shares transferred into the depositor's securities account before 4.30 p.m. on 28 June 2023 in respect of ordinary transfers; and

(b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of Bursa Malaysia Securities Berhad.

By Order of the Board

NG WAI PENG
Secretary

Petaling Jaya
Selangor Darul Ehsan
28 April 2023

NOTES

General Meeting Record of Depositors

In respect of deposited securities, only members whose names appear in the Record of Depositors on 8 June 2023 (General Meeting Record of Depositors) shall be entitled to attend, participate, speak and vote at the Fifty-Third Annual General Meeting (**AGM**).

Appointment of Proxy

1. A member entitled to attend, participate, speak and vote at the above meeting is entitled to appoint more than one (1) proxy to attend, participate, speak and vote on his/her/its stead provided that the member specifies in the instrument appointing a proxy the proportion of the member's shareholding to be represented by each proxy. A proxy need not be a member of the Company.

2. Where a member of the Company is an authorised nominee (as defined in the Securities Industry (Central Depositories) Act, 1991), it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares in the Company standing to the credit of the said securities account.

3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (**omnibus account**), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds (as indicated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad).

4. The instrument appointing a proxy (**Proxy Form**) must be in writing under the hand of the member or his/her attorney duly authorised in writing, or if the member is a corporation, must be executed under its common seal or under the hand of two (2) authorised officers, one (1) of whom shall be its director or its attorney duly authorised in writing, or if the corporation has only one (1) director, by that sole director in the presence of a witness who attests the director's signature in accordance with the provisions of Section 66 of the Companies Act, 2016. The power of attorney or a duly certified copy thereof must be submitted to the Company's Share Registrar.

5. The appointment of a proxy may be made in a hardcopy form or submitted by electronic means in the following manner not less than twenty-four (24) hours before the time appointed for the holding of the AGM or any adjournment thereof:

   i) deposit the Proxy Form physically with the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd (**Tricor**) at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur; or

   ii) submit the Proxy Form electronically to Tricor via https://tiih.online. Please refer to the procedures for electronic submission of Proxy Form set out in the 'Electronic Submission of Proxy Form'.

Explanatory Note A

Item 1 on the Agenda is meant for discussion only as the Audited Financial Statements do not require the formal approval of the shareholders pursuant to Sections 248(2) and 340(1)(a) of the Companies Act, 2016. Hence, the matter will not be put forward for voting.

Explanatory Note B

The aggregate amount not exceeding RM1,500,000.00 proposed in Resolution 2 represents an estimated provision for Directors' fees and meeting allowances payable for the period from 1 July 2023 to 30 June 2024 to the Company's Directors, including new Directors as may be appointed by the Board from time to time during the same period. The current rates are as follows:

Type of Fees	Amount (RM per annum)
Board of Paramount	
Board Chairman	168,000
Director	84,000
Audit Committee	
Committee Chairman	27,000
Member	18,000
Nominating Committee, Remuneration Committee, and Board Risk Management Committee	
Committee Chairman	18,000
Member	12,000
Board of Subsidiary	
Board Chairman	30,000
Director	12,000 - 16,000

Meeting allowance	RM1,000 per meeting

Explanatory Note C

Resolution 3

Mr Benjamin Teo Jong Hian, a Malaysian, aged 34, joined the Board of Paramount as an Executive Director on 22 August 2019, and has assumed the position of Deputy Group Chief Executive Officer since 1 September 2021. Mr Teo, who is the son of the late Dato' Teo Chiang Quan, is also a major shareholder of Paramount.

Mr Teo started his career at Paramount as a management trainee in 2012. He rose through the ranks to the position as Director of Innovation at Paramount Property in 2015 and as Chief Executive Officer of Paramount Property Development Sdn Bhd in 2018. He spearheaded the development of Co-labs Coworking in 2016, providing alternative solutions to address the changing needs of today's workforce. Co-labs Coworking has since expanded from one space in Glenmarie, Shah Alam to five locations across the Klang Valley today, namely at The Starling Mall and The Starling Plus in Damansara Utama, Petaling Jaya, Sekitar26 Enterprise in Shah Alam, Naza Tower in KL City Centre and Tropicana Gardens in Kota Damansara.

On 1 March 2021, Mr Teo assumed the overall responsibility of formulating and implementing strategic and operational plans for Paramount Property, and navigating this business segment into its next phase of growth.

Mr Teo is also the designated officer within management to provide dedicated focus to manage the Group's sustainability agenda.

<u>Resolution 4</u>

Puan Fatimah Merican, a Malaysian, aged 69, joined the Board of Paramount on 2 July 2018.

Puan Fatimah had an impressive career of 37 years at ExxonMobil where she rose through the ranks from the position of Information Technology (**IT**) Analyst at Esso Malaysia Berhad (**Esso**) in 1977 to Executive Director of Esso and Vice President & Director of ExxonMobil Exploration and Production Malaysia Inc before retiring in March 2014.

Puan Fatimah has accumulated a wealth of knowledge, skills and experience in IT application development and support, project management, system programming and planning during her tenure at ExxonMobil. After the merger of Exxon (the parent company of Esso) and Mobil in 2000, ExxonMobil embarked on an ambitious plan to consolidate all IT services for all its key locations globally. Puan Fatimah was involved in this plan and led a global team that supported the non-Enterprise Resource Planning applications of all ExxonMobil Downstream and Chemical businesses. Under this posting, Puan Fatimah was also involved in the setting up of an IT support centre for ExxonMobil in Bangkok.

After her retirement, she embarked on a new role as an independent Executive Coach focusing on women in leadership and in collaboration with various organisations, such as the 30% Club Malaysia, TalentCorp Malaysia and the Institute of Chartered Accountants in England and Wales. She is also a Neuro-Linguistic Programming (**NLP**) coach certified by the American Board of NLP since 2013.

Explanatory Note D

The Ordinary Resolution proposed under item 6, if passed, will renew the powers given to the Directors at the last AGM, to allot and issue up to ten per centum (10%) of the issued share capital of the Company as at the date of such allotment for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied by the Company in a meeting of members, will expire at the conclusion of the next AGM. As at the date of this Notice, no new shares in the Company were issued pursuant to the general mandate granted to the Directors at the Fifty-Second AGM held on 8 June 2022, which will lapse at the conclusion of the Fifty-Third AGM. The general mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placement of shares for the purpose of funding future investment projects, working capital and/or acquisitions without having to convene a meeting of members.

Voting by Poll

In compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice shall be voted by poll at the AGM venue.

Electronic Submission of Proxy Form

PARAMOUNT

Procedure	Action
Steps for Individual Shareholders	
1. Register as a User with TIIH Online	• Access TIIH Online at https://tiih.online. Under the "e-Services", select "Sign Up" and followed by **Create Account by Individual Holder**. Refer to the tutorial guide posted on the homepage for assistance. • If you are already a TIIH Online user, you are not required to register again.
2. Proceed with submission of Proxy Form	• Login to https://tiih.online with your username (i.e. email address) and password. • Select the corporate event: **PARAMOUNT 53RD AGM - SUBMISSION OF PROXY FORM**. • Read and agree to the Terms and Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf. • Appoint your proxy(ies) and insert the required details of your proxy(ies) or the Chairman of the meeting to vote on your behalf. • Indicate your voting instructions - **FOR** or **AGAINST**, otherwise your proxy will decide your vote. • Review and confirm your proxy(ies) appointment. • Print the Proxy Form for your record.
Steps for Corporate or Institutional Shareholders	
1. Register as a User with TIIH Online	• Authorised or nominated representative of the corporate or institutional shareholder to access TIIH Online at https://tiih.online. • Under "e-Services", select "Sign Up" and followed by **Create Account by Representative of Corporate Holder**. • Complete the registration form and upload the required documents. • The registration will be verified, and you will be notified by email within one (1) to two (2) working days. • Proceed to activate your account with the temporary password given in the email and re-set to your own password. *(Note: The representative of a corporate or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact Tricor, our Share Registrar, if you need clarifications on the user registration.)*
2. Proceed with submission of Proxy Form	• Login to https://tiih.online with your username (i.e. email address) and password. • Select the corporate event: **PARAMOUNT 53RD AGM - SUBMISSION OF PROXY FORM**. • Read and agree to the Terms & Conditions and confirm the Declaration. • Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set out therein. • Prepare the file for the appointment of proxy(ies) by inserting the required data. • Login to TIIH Online, select the corporate event: **PARAMOUNT 53RD AGM - SUBMISSION OF PROXY FORM**. • Proceed to upload the duly completed proxy appointment file. • Select "Submit" to complete your submission. • Print the confirmation report of your submission for your record.

If you have any enquiry, please contact our Share Registrar, Tricor, at +603-2783 9299 during office hours from 9.00 a.m. to 5.30 p.m. on Mondays to Fridays (except public holidays) prior to the AGM.

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Proxy Form

PARAMOUNT CORPORATION BERHAD
Registration No: 196901000222 (8578-A)

PARAMOUNT

I/We ____
(name of shareholder as per NRIC or name of company, in capital letters)

NRIC No./Passport No./Company No. ____________________(New) ____________________(Old)

Contact No. ____________________ of ______________________________

____
(full address)

being a member of Paramount Corporation Berhad (**the Company**) hereby appoint

Name	Address	NRIC No./ Passport No.	No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC No./ Passport No.	No. of Shares	%

or failing him/her, the Chairman of the meeting as my/our proxy to vote on my/our behalf at the Fifty-Third Annual General Meeting (**AGM**) of the Company to be held at Suite I, Level 2, Mercure Kuala Lumpur Glenmarie Hotel, Jalan Kontraktor U1/14, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan on Thursday, 15 June 2023 at 10.30 a.m. and at any adjournment thereof.

I/We direct my/our proxy to vote (see Note 5) for or against the resolutions to be proposed at the meeting as indicated hereunder.

		For	Against
Resolution 1	Final Dividend		
Resolution 2	Directors' fees and meeting allowances for the period from 1 July 2023 to 30 June 2024		
Resolution 3	Re-election of Mr Benjamin Teo Jong Hian as a Director		
Resolution 4	Re-election of Puan Fatimah Binti Merican as a Director		
Resolution 5	Re-appointment of Auditors and authority to Directors to fix their remuneration		
Resolution 6	Authority to Directors to allot and issue shares		

Dated this ________ day ____________________ 2023

CDS ACCOUNT NO.	NO. OF SHARES HELD

____
Signature/Common Seal

NOTES

1. A member entitled to attend, participate, speak and vote at the AGM is entitled to appoint more than one (1) proxy to attend, participate, speak and vote on his/her/its stead provided that the member specifies in the instrument appointing a proxy the proportion of the member's shareholding to be represented by each proxy. A proxy need not be a member of the Company.
2. Where a member of the Company is an authorised nominee (as defined in the Securities Industry (Central Depositories) Act, 1991), it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares in the Company standing to the credit of the said securities account.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (**omnibus account**), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds (as indicated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad).
4. The instrument appointing a proxy (**Proxy Form**) must be in writing under the hand of the member or his/her attorney duly authorised in writing, or if the member is a corporation, must be executed under its common seal or under the hand of two (2) authorised officers, one (1) of whom shall be its director or its attorney duly authorised in writing, or if the corporation has only one (1) director, by that sole director in the presence of a witness who attests the director's signature in accordance with the provisions of Section 66 of the Companies Act, 2016. The power of attorney or a duly certified copy thereof must be submitted to the Company's Share Registrar.
5. Please indicate with an "X" in the appropriate box against each resolution how you wish your proxy to vote. If this Proxy Form is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.
6. The appointment of a proxy may be made in a hardcopy form or submitted by electronic means in the following manner not less than twenty-four (24) hours before the time appointed for the holding of the AGM or any adjournment thereof:
   i) deposit the Proxy Form physically with the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd (**Tricor**) at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur; or
   ii) submit the Proxy Form electronically to Tricor via https://tiih.online. Please refer to the procedures for electronic submission of Proxy Form set out in 'Electronic Submission of Proxy Form'.
7. In respect of deposited securities, only members whose names appear in the Record of Depositors on 8 June 2023 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this AGM.

1. Fold along this line first

Please
Affix
Stamp

The Share Registrar of
PARAMOUNT CORPORATION BERHAD

TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD

Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

2. Then fold along this line

www.pcb.my

Paramount Corporation Berhad
Registration No: 196901000222 (8578-A)

Level 8, Uptown 1
1, Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
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Malaysia

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